

THE JAMES BEARD FOUNDATION, INC.
FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2012 AND 2011

THE JAMES BEARD FOUNDATION, INC.
FOR THE YEARS ENDED MARCH 31, 2012 AND 2011

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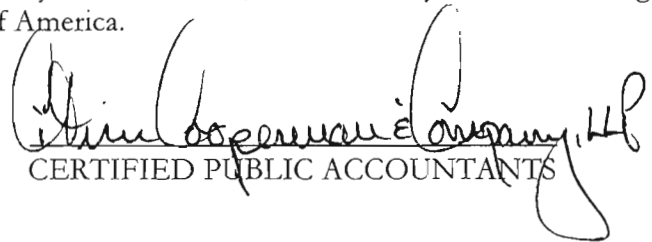
INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
The James Beard Foundation, Inc.

We have audited the accompanying statement of financial position of The James Beard Foundation, Inc. (the "Foundation") as of March 31, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized information has been derived from the Foundation's March 31, 2011 financial statements which were audited by other auditors, whose report, dated September 13, 2011, expressed an unqualified opinion on those statements (not presented herein).

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the March 31, 2012 financial statements referred to above present fairly, in all material respects, the financial position of The James Beard Foundation, Inc. as of March 31, 2012, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.


CERTIFIED PUBLIC ACCOUNTANTS

August 29, 2012

THE JAMES BEARD FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2012 AND 2011

	2012	2011
<u>ASSETS</u>		
Cash	\$ 830,671	\$ 611,688
Restricted cash and cash equivalents	183,544	333,154
Grants and other receivables	313,327	272,602
Prepaid expenses and other assets	425,029	419,891
Property and equipment, net	1,047,532	921,726
TOTAL ASSETS	\$ 2,800,103	\$ 2,559,061
<u>LIABILITIES AND NET DEFICIENCY</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 266,249	377,043
Mortgage note payable	1,957,117	2,000,000
Deferred revenue	1,378,733	1,320,091
Total liabilities	3,602,099	3,697,134
Commitments and contingencies (Notes 6 and 9)		
Net assets (deficiency):		
Unrestricted	(1,746,181)	(2,090,607)
Temporarily restricted	944,185	952,534
Net deficiency	(801,996)	(1,138,073)
TOTAL LIABILITIES AND NET DEFICIENCY	\$ 2,800,103	\$ 2,559,061

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2012
(with summarized comparative financial information for the year ended March 31, 2011)

	2012			2011
	Unrestricted	Temporarily Restricted	Total	Total
Support and revenue:				
Contributions	\$ 1,177,072	\$ 342,040	\$ 1,519,112	\$ 1,161,808
Membership fees	589,949	-	589,949	560,915
In-house events	1,562,129	-	1,562,129	1,612,980
Gala event sponsorships and ticket sales	1,972,515	-	1,972,515	1,836,920
Out-of-house events and auctions	1,433,618	-	1,433,618	1,321,610
Newsletter advertising and directories income	99,336	-	99,336	104,576
Miscellaneous	-	-	-	1,000
Dividend and interest income	2,432	-	2,432	4,553
Educational program fee	152,500	-	152,500	90,000
Net assets released from restrictions - satisfaction of program and time restrictions	350,389	(350,389)	-	-
Total support and revenue	7,339,940	(8,349)	7,331,591	6,694,362
Expenses:				
Program services:				
Scholarship and education	669,004	-	669,004	446,099
Member services	232,686	-	232,686	242,500
In-house events	1,512,863	-	1,512,863	1,411,778
Awards	1,665,151	-	1,665,151	1,453,837
Out-of-house events	723,165	-	723,165	575,915
Publications and communications	559,951	-	559,951	513,277
Total program services	5,362,820	-	5,362,820	4,643,406
Supporting services:				
Management and general	1,062,868	-	1,062,868	1,165,293
Fundraising	569,826	-	569,826	488,272
Total supporting services	1,632,694	-	1,632,694	1,653,565
Total expenses	6,995,514	-	6,995,514	6,296,971
Increase (decrease) in net assets	344,426	(8,349)	336,077	397,391
Net assets (deficiency) - beginning	(2,090,607)	952,534	(1,138,073)	(1,535,464)
NET ASSETS (DEFICIENCY) - ENDING	\$ (1,746,181)	\$ 944,185	\$ (801,996)	\$ (1,138,073)

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2012
(with summarized comparative financial information for the year ended March 31, 2011)

	2012										2011											
	Program Services					Supporting Services					Program Services					Supporting Services						
	Scholarship and Education	Member Services	In-house Events	Awards	Out-of-House Events	Publications & Communications	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total	Scholarship and Education	Member Services	In-house Events	Awards	Out-of-House Events	Publications & Communications	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 207,123	\$ 124,272	\$ 832,853	\$ 132,996	\$ 115,554	\$ 159,161	\$ 1,571,959	\$ 436,046	\$ 172,238	\$ 608,284	\$ 2,180,243	\$ 207,123	\$ 124,272	\$ 832,853	\$ 132,996	\$ 115,554	\$ 159,161	\$ 1,571,959	\$ 436,046	\$ 172,238	\$ 608,284	\$ 2,180,243
Payroll taxes and employee benefits	41,085	24,651	165,204	26,381	22,921	32,358	312,600	86,702	34,165	120,867	433,467	41,085	24,651	165,204	26,381	22,921	32,358	312,600	86,702	34,165	120,867	433,467
Scholarship grants	168,955	-	-	-	-	-	168,955	-	-	-	168,955	168,955	-	-	-	-	-	168,955	-	-	-	168,955
Grants to other organizations	385	-	230	-	-	-	615	-	-	-	615	-	-	-	805	-	-	805	-	-	-	71,263
Accounting and legal fees	-	-	-	805	-	-	805	35,235	70,648	38,470	71,263	-	-	-	-	-	-	805	35,235	70,648	38,470	144,816
Consultants and other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional fees	125,269	20,192	39,525	356,864	203,559	14,402	759,811	166,423	43,539	209,962	969,773	125,269	20,192	39,525	356,864	203,559	14,402	759,811	166,423	43,539	209,962	969,773
Office expense	1,691	1,595	4,987	4,275	2,670	6,529	21,747	6,371	411	6,782	28,529	1,691	1,595	4,987	4,275	2,670	6,529	21,747	6,371	411	6,782	28,529
Postage and shipping	889	1,166	5,044	19,860	6,619	25,228	58,806	5,971	5,921	11,892	70,698	889	1,166	5,044	19,860	6,619	25,228	58,806	5,971	5,921	11,892	70,698
Printing	2,552	868	2,829	2,994	146	78,684	88,073	8,000	1,174	9,174	97,247	2,552	868	2,829	2,994	146	78,684	88,073	8,000	1,174	9,174	97,247
Equipment rental and computer maintenance	1,594	3,067	14,641	12,683	70,041	8,120	110,146	13,822	24,921	38,743	148,889	1,594	3,067	14,641	12,683	70,041	8,120	110,146	13,822	24,921	38,743	148,889
Maintenance	831	529	8,133	838	12,615	4,241	27,187	33,071	-	33,071	60,258	831	529	8,133	838	12,615	4,241	27,187	33,071	-	33,071	60,258
Advertising and newsletter	600	-	23	25,573	2,743	51,463	80,402	500	68,560	69,060	149,462	600	-	23	25,573	2,743	51,463	80,402	500	68,560	69,060	149,462
Event and kitchen supplies	590	218	305,158	15,093	61,938	1,001	383,998	4,756	12,836	17,592	401,590	590	218	305,158	15,093	61,938	1,001	383,998	4,756	12,836	17,592	401,590
Design and layout	-	-	-	18,000	21,550	88,030	127,580	-	750	750	128,330	-	-	-	18,000	21,550	88,030	127,580	-	750	750	128,330
Event and meeting space rental	-	-	-	126,037	31,100	-	157,137	-	64,500	64,500	221,637	-	-	-	126,037	31,100	-	157,137	-	64,500	64,500	221,637
Event production	56,163	-	-	523,762	35,803	-	615,728	-	-	-	615,728	56,163	-	-	523,762	35,803	-	615,728	-	-	-	615,728
Invitations and programs	-	-	-	31,851	8,812	-	40,663	-	9,780	9,780	50,443	-	-	-	31,851	8,812	-	40,663	-	9,780	9,780	50,443
Award items and decorations	15,737	1,465	17,826	177,126	14,364	11,473	237,991	9,179	10,994	20,173	258,164	15,737	1,465	17,826	177,126	14,364	11,473	237,991	9,179	10,994	20,173	258,164
Rent	8,950	1,329	3,899	10,309	27,137	37,617	89,241	3,733	-	3,733	92,974	8,950	1,329	3,899	10,309	27,137	37,617	89,241	3,733	-	3,733	92,974
Telephone	1,610	2,722	8,145	3,573	5,481	7,126	28,657	11,725	67	11,792	40,449	1,610	2,722	8,145	3,573	5,481	7,126	28,657	11,725	67	11,792	40,449
Utilities	419	408	35,417	525	1,360	1,884	40,013	11,503	-	11,503	51,516	419	408	35,417	525	1,360	1,884	40,013	11,503	-	11,503	51,516
Insurance	-	-	-	-	-	-	-	47,498	-	47,498	47,498	-	-	-	-	-	-	-	47,498	-	-	47,498
Travel and entertainment	18,702	4,101	2,255	124,557	47,029	217	196,861	13,027	17,950	30,977	227,838	18,702	4,101	2,255	124,557	47,029	217	196,861	13,027	17,950	30,977	227,838
Real estate taxes	-	-	-	-	-	-	-	27,352	-	27,352	27,352	-	-	-	-	-	-	-	27,352	-	-	27,352
Photography	2,025	-	-	7,155	1,400	-	10,580	-	1,150	1,150	11,730	2,025	-	-	7,155	1,400	-	10,580	-	1,150	1,150	11,730
Library	-	-	-	-	-	619	619	-	-	-	619	-	-	-	-	-	-	-	-	-	-	619
Auction items	-	-	-	-	2,895	-	2,895	-	8,164	8,164	11,059	-	-	-	-	-	-	-	-	-	8,164	11,059
Web site and Internet fees	8,848	24,084	1,895	23,787	1,594	13,010	73,218	3,316	67	3,383	76,601	8,848	24,084	1,895	23,787	1,594	13,010	73,218	3,316	67	3,383	76,601
Interest	-	-	-	-	-	-	-	103,971	-	103,971	103,971	-	-	-	-	-	-	-	103,971	-	-	103,971
Amortization of deferred financing charges	-	-	-	-	-	-	-	1,114	-	1,114	1,114	-	-	-	-	-	-	-	1,114	-	-	1,114
Bank and credit card and other processing fees	1,413	14,273	43,282	15,354	12,504	74	86,900	12,178	7,811	19,989	106,889	1,413	14,273	43,282	15,354	12,504	74	86,900	12,178	7,811	19,989	106,889
Bad debt	-	-	-	-	3,500	1,500	5,000	-	-	-	5,000	-	-	-	-	-	-	-	5,000	-	-	5,000
Miscellaneous	130	-	-	450	3,805	-	4,385	1,579	4,920	6,499	10,884	130	-	-	450	3,805	-	4,385	1,579	4,920	6,499	10,884
Depreciation	665,561	224,940	1,491,346	1,660,848	717,140	542,737	5,302,572	1,043,072	563,801	1,606,873	6,909,445	665,561	224,940	1,491,346	1,660,848	717,140	542,737	5,302,572	1,043,072	563,801	1,606,873	6,909,445
	3,443	7,746	21,517	4,303	6,025	17,214	60,248	19,796	6,025	25,821	86,069	3,443	7,746	21,517	4,303	6,025	17,214	60,248	19,796	6,025	25,821	86,069
TOTAL	\$ 669,004	\$ 232,686	\$ 1,512,863	\$ 1,665,151	\$ 723,165	\$ 559,951	\$ 5,362,820	\$ 1,062,868	\$ 569,826	\$ 1,632,694	\$ 6,296,971	\$ 669,004	\$ 232,686	\$ 1,512,863	\$ 1,665,151	\$ 723,165	\$ 559,951	\$ 5,362,820	\$ 1,062,868	\$ 569,826	\$ 1,632,694	\$ 6,296,971

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2012 AND 2011

	2012	2011
Cash flows from operating activities:		
Change in net assets	\$ 336,077	\$ 397,391
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	86,069	80,281
Amortization of deferred financing costs	1,114	13,372
Bad debt	5,000	6,500
Changes in assets and liabilities:		
Restricted cash and cash equivalents	149,610	(41,805)
Grants and other receivables	(45,725)	307,090
Prepaid expenses and other assets	(6,252)	90,143
Accounts payable and accrued expenses	(110,794)	(145,259)
Deferred revenue	58,642	(320,246)
Net cash provided by operating activities	473,741	387,467
Cash used in investing activities:		
Purchases of property and equipment	(211,875)	(26,201)
Cash flows from financing activities:		
Additions to deferred mortgage costs	-	(13,372)
Repayments of loan payable	(42,883)	-
Cash used in financing activities	(42,883)	(13,372)
Net increase in cash	218,983	347,894
Cash - beginning of year	611,688	263,794
CASH - END OF YEAR	\$ 830,671	\$ 611,688
Supplemental disclosure of cash flow information:		
Interest paid	\$ 106,882	\$ 113,625

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012 AND 2011

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

The James Beard Foundation, Inc. (the "Foundation") was incorporated under the Not-For-Profit Corporation Law of the State of New York on September 19, 1985.

The charitable and educational purposes for which the Foundation was established are to preserve and promulgate America's culinary heritage and the legacy of James Beard, maintain the Beard house as a historical culinary center, maintain the Beard house as a showcase for educational programs relating to food, and maintain the Beard house as a performance space, gallery, research library and meeting center for those interested in the advancement of the culinary arts in America. Additionally, the Foundation was established to support other not-for-profit culinary organizations, provide scholarships to individuals pursuing a career in the culinary arts and recognize and promote excellence in all aspects of the culinary arts.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statements

The accompanying financial statements have been prepared on an accrual basis of accounting and are presented in accordance with accounting requirements for not-for-profit organizations. These requirements provide that all not-for-profit organizations provide a statement of financial position, a statement of activities and statement of cash flows and that net assets are classified as unrestricted, temporarily restricted, or permanently restricted based on the existence of absence of donor stipulations regarding the use of such assets.

The net assets of the Foundation and changes therein are classified and reported as follows:

(i) Unrestricted

The Foundation reports all gifts of cash and other assets as unrestricted support unless they are received with donor stipulations that limit the use of the donated assets or are designated for future periods. When a purpose restriction is accomplished or a stipulated time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(ii) Temporarily restricted

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and released from restrictions. Contributions of assets other than cash are recorded at their estimated fair value.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012 AND 2011

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized in the statement of activities as revenue in the period in which they are received. This revenue is recorded net of any resulting direct donor benefit. Additionally, the Foundation recognizes revenue and expenses associated with donated good and services.

Cash and Cash Equivalents

The Foundation maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in these accounts. The Foundation considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Property and Equipment

The Foundation's policy for capitalization of building, building improvements and office equipment is limited to purchases of \$1,000 or more. Building, building improvements and office equipment are recorded at cost. Depreciation of building, building improvements and office equipment is being provided for by the straight-line method over their estimated useful lives, which are as follows:

Building and building improvements	27 years
Office equipment	3-7 years

Income Taxes

The Foundation is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"), and from state income taxes. As a not-for-profit entity, the Foundation is subject to unrelated business income tax ("UBIT"), if applicable.

The Foundation recognizes and measures its unrecognized tax benefits in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*. Under that guidance, the Foundation assesses the likelihood, based on its technical merit, that tax positions will be sustained upon examination based on the facts, circumstances, and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

Management has evaluated the Foundation's tax positions and has concluded that the Foundation has taken no uncertain tax positions that require adjustment to the financial statements. Generally, the Foundation is no longer subject to income tax examinations by U.S. federal, state or local taxing authorities for years before 2008.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012 AND 2011

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Donations

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Foundation.

Donated legal services amounting to \$33,446 and \$76,190 were provided to the Foundation during the years ended March 31, 2012 and 2011, respectively. Donated legal services for the years ended March 31, 2012 and 2011, are included in "Contributions" and "Management and general expenses" in the accompanying statement of activities.

The value of sanitation services contributed by a corporate sponsor amounted to \$15,000 for each of the years ended March 31, 2012 and 2011.

The value of computer services contributed by a corporate sponsor amounted to \$14,160 and \$18,360 for each of the years ended March 31, 2012 and 2011, and is included in "Contributions" in the accompanying statement of activities and "Consultants and other professional fees" in the accompanying statement of functional expenses.

The value of kitchen equipment contributed by a corporate sponsor amounted to \$42,230 for the year ended March 31, 2012, and has been included in "Property and equipment" in the accompanying statement of financial position and in "Contributions" in the accompanying statement of activities.

The value of garden renovation services contributed by a corporate sponsor amounted to \$6,176 for the year ended March 31, 2012, and has been included in "Property and equipment" in the accompanying statement of financial position and in "Contributions" in the accompanying statement of activities.

The Foundation received food, wine, sparkling water, coffee, tea, countertop appliances, utensils and venue space in connection with its in-house and out-of-house events. For the year ended March 31, 2012, these contributed goods, services and facilities amounted to \$223,500 and were recorded as contributions in the accompanying statement of activities, and event and kitchen supplies and event and meeting space rental in the accompanying statement of functional expenses. No amounts have been recognized for such goods, services and facilities for the year ended March 31, 2011, which management estimates approximated \$213,500.

A number of volunteers have made a contribution of their time to the Foundation to develop its programs and to serve on the Foundation's board of trustees. The value of this contributed time is not reflected in these financial statements.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012 AND 2011

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

Expenses are classified according to the categories for which they were incurred and are summarized on a functional basis in the accompanying statement of activities. Program services include costs directly associated with regularly scheduled dinner events held to celebrate and support the development of the culinary arts in America; special events promoting innovations in American cuisine and encouraging the careers of aspiring chefs; conferences gathering visionaries in the food world; publication of membership calendars and newsletters; and scholarships awarded to assist culinary students with tuition expenses. Management and general expenses include costs indirectly related to the Foundation's purpose or mission such as back-office accounting, legal services, office and personnel administration. Fund-raising expenses include costs incurred in connection with solicitation activities being performed by the Foundation.

The statement of activities and functional expenses includes certain prior-year summarized comparative information in total but not by net asset or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended March 31, 2011, from which this summarized information was derived.

Membership Fees

Membership fees are recorded in the applicable membership period. Members of the Foundation receive reduced rates to in-house and out-of-house events based on their membership level. Prepayment of membership fees as well as the unexpired portion of payments made by members are reflected as deferred revenue.

Deferred Revenue

Contributions related to and received in advance of a fundraising event or stipulated contract year are deferred until the actual occurrence of the event or the appropriate fiscal year, at which time the contributions are then recognized as revenue.

In-House, Out-of-House, Gala Events Revenue

Revenue received from the in-house, out-of-house and awards gala events are recognized upon completion of the activity. The payments received for the May 2012 awards gala event and the fiscal 2013 in-house and out-of-house events are reflected as deferred revenue.

Mortgage Note Payable

Deferred financing charges are amortized over the term of the related debt.

Advertising

Advertising costs are expensed as incurred and aggregated \$149,462 and \$161,687 for the years ended March 31, 2012 and 2011, respectively.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Foundation has evaluated subsequent events through August 29, 2012, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012 AND 2011

NOTE 3. RESTRICTED CASH AND CASH EQUIVALENTS

The Foundation maintains funds in a money market account for the general scholarship fund to fund scholarship grants. The House Preservation Fund's cash and cash equivalents are maintained for the preservation of the Foundation and to fund renovations needed for the Beard House.

Restricted cash and cash equivalents consist of the following as of March 31,

	2012	2011
Scholarship funds	\$ 83,544	\$ 83,154
House preservation fund	100,000	250,000
	\$ 183,544	\$ 333,154

NOTE 4. GRANTS AND OTHER RECEIVABLES

Grants and other receivables include unconditional promises to give due in less than one year amounting to \$313,327 and \$272,602 for the years ended March 31, 2012 and 2011, respectively.

Management believes that the entire amount of grants and other receivables are fully collectible and, accordingly, has not provided an allowance on such receivables.

NOTE 5. PROPERTY AND EQUIPMENT

The Foundation's property and equipment consisted of the following at March 31, 2012 and 2011:

	2012	2011
Land	\$ 418,869	\$ 418,869
Office equipment	412,742	267,806
Building and building improvements	1,164,485	1,097,546
	1,996,096	1,784,221
Less: accumulated depreciation	(948,564)	(862,495)
	\$ 1,047,532	\$ 921,726

NOTE 6. MORTGAGE NOTE PAYABLE

The Foundation entered into a mortgage note agreement with Union Center National Bank on April 29, 2009 (the "Loan"). The Loan bore interest at 6.75% for the initial two-year term and required interest only payments. The Loan was renegotiated on March 21, 2011, whereby the Foundation was able to obtain a 5% interest rate and the Foundation would also start paying down the principal on the Loan over the next 23 years.

The Loan is secured by the Foundation's land, building and office equipment used in connection with its real estate.

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NOTE 6. MORTGAGE NOTE PAYABLE (CONTINUED)

As of March 31, 2012, future principal payments are summarized as follows:

Year Ending March 31:	Amount
2013	\$ 49,381
2014	51,944
2015	54,640
2016	57,475
2017	60,458
Thereafter	1,683,219
	<u>\$ 1,957,117</u>

NOTE 7. TEMPORARILY RESTRICTED NET ASSETS

The Foundation's temporarily restricted net assets are available to satisfy the following purposes as of March 31, 2012 and 2011:

	2012	2011
Scholarship funds	\$ 720,275	\$ 666,146
House preservation fund	100,000	250,000
House renovations	97,522	-
Jean-Louis Palladin master classes	26,388	36,388
	<u>\$ 944,185</u>	<u>\$ 952,534</u>

During the year ended March 31, 2012, net assets were released from donor restrictions by incurring expenses satisfying the following temporarily restricted purposes or by passage of time:

Scholarship funds	\$ 167,911
House preservation fund	150,000
House renovations	22,478
Jean-Louis Palladin master classes	10,000
	<u>\$ 350,389</u>

NOTE 8. EMPLOYEE BENEFIT PLAN

The Foundation maintains a defined contribution plan under Section 403(b) of the Code covering all eligible employees. Contributions by the Foundation to the plan are at the discretion of the board of trustees. No contributions were made on behalf of employees to the plan for the years ended March 31, 2012 and 2011.

NOTE 9. COMMITMENTS

The Foundation leases office space under a noncancelable operating lease expiring on November 30, 2012. The lease is subject to escalations for the Foundation's proportionate share of increases in real estate taxes and other operating expenses.

The Foundation is obligated under operating leases for office equipment expiring through June 2015.

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NOTE 9. COMMITMENTS (CONTINUED)

At March 31, 2012, the aggregate minimum annual rental commitments under the above noncancelable leases are as follows:

<u>Year Ending March 31:</u>	<u>Amount</u>
2013	\$ 84,192
2014	34,538
2015	<u>4,104</u>
	<u>\$ 122,834</u>

NOTE 10. UNRESTRICTED NET ASSET DEFICIENCY

Through the year ended March 31, 2012, the Foundation has continued to experience an unrestricted net asset deficiency. A significant portion of the initial cumulative operating deficits resulted from a prior investigation of a former president/chief executive officer's unsubstantiated expenditures, related professional fees incurred, and the hiring of new management personnel. Additionally, the Foundation had developed new programs that generated deficits in prior years coupled with being challenged by the downturn in the economy.

Management will continue to attempt to reduce the unrestricted net asset deficiency by 1) seeking additional corporate sponsorship opportunities and increasing levels of support by current sponsors for its events, 2) developing programs to increase its professional membership base, 3) evaluating and developing prospective new donor funding sources, and employing a development staff professional to support these efforts, 4) further developing and supporting new mission supportive programs like the Food Conferences, and Leadership Awards events, 5) filling every seat for in-house dinner events and canceling any events that predict losses, 6) implementing publishing economies to save on production expenses, and 7) evaluating current - and considering future - vendor and consultant relationships to assure cost efficiency.