

THE JAMES BEARD FOUNDATION, INC.
FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2013 AND 2012

THE JAMES BEARD FOUNDATION, INC.
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of The James Beard Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of March 31, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

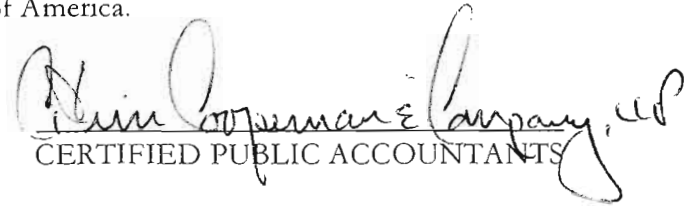
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The James Beard Foundation, Inc. as of March 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


CITRIN COOPERMAN & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

August 6, 2013

THE JAMES BEARD FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2013 AND 2012

	2013	2012
<u>ASSETS</u>		
Cash	\$ 471,082	\$ 830,671
Restricted cash and cash equivalents	183,847	183,544
Grants and other receivables	352,399	313,327
Prepaid expenses and other assets	548,048	425,029
Property and equipment, net	1,078,942	1,047,532
Deferred financing costs, net	18,050	-
TOTAL ASSETS	\$ 2,652,368	\$ 2,800,103
<u>LIABILITIES AND NET DEFICIENCY</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 348,394	\$ 266,249
Mortgage note payable	1,905,805	1,957,117
Deferred revenue	1,014,119	1,378,733
Total liabilities	3,268,318	3,602,099
Commitments and contingencies (Notes 6 and 9)		
Net assets (deficiency):		
Unrestricted	(1,650,035)	(1,746,181)
Temporarily restricted	1,034,085	944,185
Net deficiency	(615,950)	(801,996)
TOTAL LIABILITIES AND NET DEFICIENCY	\$ 2,652,368	\$ 2,800,103

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 1,465,507	\$ 382,950	\$ 1,848,457
Membership fees	597,550	-	597,550
In-house events	1,483,397	-	1,483,397
Gala event sponsorships and ticket sales	1,855,825	-	1,855,825
Out-of-house events and auctions	1,316,006	-	1,316,006
Newsletter advertising and directories income	129,704	-	129,704
Miscellaneous	12,183	-	12,183
Dividend and interest income	1,394	-	1,394
Educational program fee	267,386	-	267,386
Net assets released from restrictions - satisfaction of program and time restrictions	<u>293,050</u>	<u>(293,050)</u>	<u>-</u>
Total support and revenue	<u>7,422,002</u>	<u>89,900</u>	<u>7,511,902</u>
Expenses:			
Program services:			
Scholarship and education	958,422	-	958,422
Member services	225,716	-	225,716
In-house events	1,553,287	-	1,553,287
Awards	1,723,825	-	1,723,825
Out-of-house events	523,116	-	523,116
Publications and communications	<u>581,873</u>	<u>-</u>	<u>581,873</u>
Total program services	<u>5,566,239</u>	<u>-</u>	<u>5,566,239</u>
Supporting services:			
Management and general	1,198,147	-	1,198,147
Fundraising	<u>561,470</u>	<u>-</u>	<u>561,470</u>
Total supporting services	<u>1,759,617</u>	<u>-</u>	<u>1,759,617</u>
Total expenses	<u>7,325,856</u>	<u>-</u>	<u>7,325,856</u>
Increase in net assets	96,146	89,900	186,046
Net assets (deficiency) - beginning	<u>(1,746,181)</u>	<u>944,185</u>	<u>(801,996)</u>
NET ASSETS (DEFICIENCY) - ENDING	<u>\$ (1,650,035)</u>	<u>\$ 1,034,085</u>	<u>\$ (615,950)</u>

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 1,177,072	\$ 342,040	\$ 1,519,112
Membership fees	589,949	-	589,949
In-house events	1,562,129	-	1,562,129
Gala event sponsorships and ticket sales	1,972,515	-	1,972,515
Out-of-house events and auctions	1,433,618	-	1,433,618
Newsletter advertising and directories income	99,336	-	99,336
Dividend and interest income	2,432	-	2,432
Educational program fee	152,500	-	152,500
Net assets released from restrictions - satisfaction of program and time restrictions	<u>350,389</u>	<u>(350,389)</u>	<u>-</u>
Total support and revenue	<u>7,339,940</u>	<u>(8,349)</u>	<u>7,331,591</u>
Expenses:			
Program services:			
Scholarship and education	669,004	-	669,004
Member services	232,686	-	232,686
In-house events	1,512,863	-	1,512,863
Awards	1,665,151	-	1,665,151
Out-of-house events	723,165	-	723,165
Publications and communications	<u>559,951</u>	<u>-</u>	<u>559,951</u>
Total program services	<u>5,362,820</u>	<u>-</u>	<u>5,362,820</u>
Supporting services:			
Management and general	1,062,868	-	1,062,868
Fundraising	<u>569,826</u>	<u>-</u>	<u>569,826</u>
Total supporting services	<u>1,632,694</u>	<u>-</u>	<u>1,632,694</u>
Total expenses	<u>6,995,514</u>	<u>-</u>	<u>6,995,514</u>
Increase (decrease) in net assets	344,426	(8,349)	336,077
Net assets (deficiency) - beginning	<u>(2,090,607)</u>	<u>952,534</u>	<u>(1,138,073)</u>
NET ASSETS (DEFICIENCY) - ENDING	<u>\$ (1,746,181)</u>	<u>\$ 944,185</u>	<u>\$ (801,996)</u>

See accompanying notes to financial statements.

**THE JAMES BEARD FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2013**

	Program Services										Supporting Services			Total
	Scholarship and Education	Member Services	In-house Events	Awards	Out-of-House Events	Publications and Communications	Total		Management and General	Fundraising	Supporting Services			
							Program Services	Supporting Services						
Salaries	\$ 240,973	\$ 126,335	\$ 867,971	\$ 105,279	\$ 163,768	\$ 168,447	\$ 1,672,773	\$ 463,230	\$ 203,541	\$ 666,771	\$ 2,339,544			
Payroll taxes and employee benefits	47,364	24,831	170,601	20,693	32,189	33,109	328,787	91,049	40,006	131,055	459,842			
Scholarship grants	209,865	-	-	-	-	-	209,865	-	-	-	209,865			
Grants to other organizations	30,350	-	-	-	-	-	30,350	-	-	-	30,350			
Accounting and legal fees	-	-	-	-	-	-	-	99,239	7,330	-	106,569			
Consultants and other professional fees	170,538	23,778	40,775	394,519	77,532	6,095	713,237	178,493	53,079	231,572	944,809			
Office expense	2,647	2,122	5,500	5,064	2,486	2,068	19,887	5,546	873	6,419	26,306			
Postage and shipping	4,196	1,552	6,428	20,195	3,767	25,823	61,961	5,834	7,392	13,226	75,187			
Printing	55,165	3,124	2,729	1,469	2,647	75,641	140,775	6,087	2,687	8,774	149,549			
Equipment rental and computer maintenance	3,731	3,515	14,585	12,432	72,324	4,627	111,214	15,980	29,236	45,216	156,430			
Maintenance	1,541	842	8,778	2,190	1,737	1,953	17,041	36,961	-	36,961	54,002			
Advertising and newsletter	-	-	-	19,466	3,844	75,600	98,910	-	66,743	66,743	165,653			
Event and kitchen supplies	714	299	301,502	23,791	7,701	5,821	339,828	5,852	3,098	8,950	348,778			
Design and layout	-	-	-	20,000	24,000	94,615	138,615	-	750	750	139,365			
Event and meeting space rental	-	-	-	60,248	10,000	-	70,248	-	45,000	45,000	115,248			
Event production	43,508	-	-	635,996	21,456	-	700,960	-	-	-	700,960			
Invitations and programs	-	-	-	44,682	9,075	-	53,757	-	13,007	13,007	66,764			
Award items and decorations	25,467	261	12,350	175,116	3,880	401	217,475	10,210	9,355	19,565	237,040			
Rent	18,475	4,783	7,262	12,024	18,059	21,463	82,066	10,391	-	10,391	92,457			
Telephone	3,336	3,211	7,447	3,360	4,185	4,292	25,831	12,535	-	12,535	38,366			
Utilities	949	569	35,376	645	949	1,130	39,618	12,122	22	12,144	51,762			
Insurance	-	-	-	-	-	-	-	48,856	-	48,856	48,856			
Travel and entertainment	77,843	2,436	2,367	114,925	40,720	1,537	239,828	24,547	30,908	55,455	295,283			
Real estate taxes	-	-	-	-	-	-	-	29,497	-	29,497	29,497			
Photography	1,200	-	-	8,400	900	635	11,135	9	1,985	1,994	13,129			
Library	500	-	-	-	-	307	807	-	-	-	807			
Auction items	-	-	-	-	-	-	-	-	-	-	-			
Web site and Internet fees	6,417	931	2,074	17,262	1,457	41,868	70,009	5,471	85	5,556	75,565			
Interest	-	-	-	-	-	-	-	92,968	-	92,968	92,968			
Amortization of deferred financing charges	-	-	-	-	-	-	-	950	-	950	950			
Bank and credit card and other processing fees	996	14,480	37,190	15,177	6,429	-	74,272	14,296	14,136	28,432	102,704			
Bad debt	-	-	-	-	-	-	-	-	-	-	-			
Miscellaneous	-	-	-	775	100	-	875	3,995	4,845	8,840	9,715			
Depreciation	945,775	213,069	1,522,935	1,713,708	509,205	565,432	5,470,124	1,174,118	555,146	1,729,264	7,199,388			
	12,647	12,647	30,352	10,117	13,911	16,441	96,115	24,029	6,324	30,353	126,468			
TOTAL	\$ 958,422	\$ 225,716	\$ 1,553,287	\$ 1,723,825	\$ 523,116	\$ 581,873	\$ 5,566,239	\$ 1,198,147	\$ 561,470	\$ 1,759,617	\$ 7,325,856			

See accompanying notes to financial statements.

**THE JAMES BEARD FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2012**

	Program Services										Supporting Services			Total
	Scholarship and Education	Member Services	In-house Events	Awards	Out-of-house Events	Publications and Communications	Total			Management and General	Fundraising	Supporting Services		
							Program Services	Program Services	Program Services					
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			
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			
Scholarship grants	168,955	-	-	-	-	-	168,955	-	-	-	168,955			
Grants to other organizations	385	-	230	-	-	-	615	-	70,648	70,648	71,263			
Accounting and legal fees	-	-	-	805	-	-	805	35,235	3,235	38,470	39,275			
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			
Office expense	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			
Printing	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			
Maintenance	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			
Event and kitchen supplies	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	127,550	-	750	750	128,330			
Event and meeting space rental	-	-	-	126,037	31,100	-	157,137	-	64,500	64,500	221,637			
Event production	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			
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			
Rent	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			
Utilities	419	408	35,417	525	1,360	1,884	40,013	11,503	-	11,503	51,516			
Insurance	-	-	-	-	-	-	-	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			
Real estate taxes	-	-	-	-	-	-	-	27,352	-	27,352	27,352			
Photography	2,025	-	-	7,155	1,400	-	10,580	-	1,150	1,150	11,730			
Library	-	-	-	-	-	619	619	-	-	-	619			
Auction items	-	-	-	-	2,895	-	2,895	-	8,164	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			
Interest	-	-	-	-	-	-	-	103,971	-	103,971	103,971			
Amortization of deferred financing charges	-	-	-	-	-	-	-	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			
Bad debt	-	-	-	-	3,500	1,500	5,000	-	-	-	5,000			
Miscellaneous	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			
	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	\$ 6,995,514			

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 186,046	\$ 336,077
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	126,468	86,069
Amortization	950	1,114
Bad debt	-	5,000
Deferred financing costs - in-kind donation	(19,000)	-
Fixed asset additions - in-kind donation	(78,804)	(42,230)
Changes in assets and liabilities:		
Restricted cash and cash equivalents	(303)	149,610
Grants and other receivables	(39,072)	(45,725)
Prepaid expenses and other assets	(123,019)	(6,252)
Accounts payable and accrued expenses	82,145	(110,794)
Deferred revenue	<u>(364,614)</u>	<u>58,642</u>
Net cash provided by (used in) operating activities	(229,203)	431,511
Cash used in investing activities:		
Purchases of property and equipment	(79,074)	(169,645)
Cash used in financing activities:		
Repayments of loan payable	<u>(51,312)</u>	<u>(42,883)</u>
Net increase (decrease) in cash	(359,589)	218,983
Cash - beginning of year	<u>830,671</u>	<u>611,688</u>
CASH - END OF YEAR	<u>\$ 471,082</u>	<u>\$ 830,671</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 101,682</u>	<u>\$ 106,882</u>

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

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

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 (or "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 the 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 a statement of cash flows, and that net assets be classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or 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 their use 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, 2013 AND 2012

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 goods and services.

Cash and Cash Equivalents

The Foundation maintains cash in bank deposit accounts that, 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 their 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 2009.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012

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 and are performed by people whose services would otherwise be purchased by the Foundation.

Donated legal services amounting to \$41,949 and \$33,446 were provided to the Foundation during the years ended March 31, 2013 and 2012, respectively. Donated legal services for the years ended March 31, 2013 and 2012, are included in "Contributions" and "Management and general expenses" in the accompanying statements of activities.

The value of sanitation services contributed by a corporate sponsor amounted to \$15,000 for each of the years ended March 31, 2013 and 2012.

The value of computer services contributed by a corporate sponsor amounted to \$14,160 for each of the years ended March 31, 2013 and 2012, and is included in "Contributions" in the accompanying statements of activities and "Consultants and other professional fees" in the accompanying statements of functional expenses.

The value of kitchen equipment contributed by a corporate sponsor amounted to \$78,804 (includes furniture) and \$42,230 for the years ended March 31, 2013 and 2012, and has been included in "Property and equipment" in the accompanying statements of financial position and in "Contributions" in the accompanying statements 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 years ended March 31, 2013 and 2012, these contributed goods, services and facilities amounted to \$214,500 and \$223,500, respectively, and are recorded as "Contributions" in the accompanying statements of activities, and "Event and kitchen supplies," "Event production" and "Event and meeting space rental" (only for the year ended March 31, 2012) in the accompanying statements of functional expenses.

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. In accordance with GAAP, the value of this contributed time is not reflected in these financial statements.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012

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, and office and personnel administration. Fundraising expenses include costs incurred in connection with solicitation activities being performed by the Foundation.

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 in-house, out-of-house, and awards gala events is recognized upon completion of the activity. The payments received for the May 2013 awards gala event and the fiscal year 2014 in-house and out-of-house events are reflected as "Deferred revenue" in the accompanying statements of financial position.

Deferred Financing Costs

Deferred financing costs are amortized over the term of the related debt as a component of interest expense.

Advertising

Advertising costs are expensed as incurred and aggregated \$165,653 and \$149,462 for the years ended March 31, 2013 and 2012, respectively.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. These reclassification adjustments had no effect on the Foundation's previously reported change in net assets.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Foundation has evaluated subsequent events through August 6, 2013, 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.

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 consisted of the following as of March 31, 2013 and 2012:

	2013	2012
Scholarship funds	\$ 83,847	\$ 83,544
House Preservation Fund	100,000	100,000
	\$ 183,847	\$ 183,544

NOTE 4. GRANTS AND OTHER RECEIVABLES

Grants and other receivables include unconditional promises to give due in less than one year amounting to \$352,399 and \$313,327 for the years ended March 31, 2013 and 2012, 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, 2013 and 2012:

	2013	2012
Land	\$ 418,869	\$ 418,869
Office equipment	543,844	412,742
Building and building improvements	1,191,261	1,164,485
	2,153,974	1,996,096
Less: accumulated depreciation	(1,075,032)	(948,564)
	\$ 1,078,942	\$ 1,047,532

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012

NOTE 6. MORTGAGE NOTE PAYABLE

The Foundation entered into a mortgage note agreement with Union Center National Bank ("UCNB") 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.

On January 1, 2013, the Foundation entered into a mortgage note modification agreement with UCNB whereby the Foundation obtained a 3.99% interest rate. The Loan will mature on April 29, 2034. In lieu of payment of the \$19,000 modification fee, the Foundation agreed to provide advertising for UCNB. This modification fee is presented as "Deferred financing costs" in the accompanying statement of financial position.

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

As of March 31, 2013, future principal payments are summarized as follows:

<u>Year Ending March 31:</u>	<u>Amount</u>
2014	\$ 58,477
2015	60,887
2016	63,397
2017	66,010
2018	68,730
Thereafter	<u>1,588,304</u>
	<u>\$ 1,905,805</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, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Scholarship funds	\$ 851,610	\$ 720,275
House Preservation Fund	100,000	100,000
House renovations	66,087	97,522
Jean-Louis Palladin master classes	<u>16,388</u>	<u>26,388</u>
	<u>\$ 1,034,085</u>	<u>\$ 944,185</u>

During the year ended March 31, 2013, net assets were released from donor restrictions by incurring expenses satisfying the following purposes:

Scholarship funds	\$ 206,615
House renovations	76,435
Jean-Louis Palladin master classes	<u>10,000</u>
	<u>\$ 293,050</u>

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012

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 to the plan on behalf of employees for the years ended March 31, 2013 and 2012.

NOTE 9. COMMITMENTS

The Foundation leases office space under a noncancelable operating lease expiring on November 30, 2017. 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.

At March 31, 2013, the aggregate minimum annual rental commitments under the above noncancelable leases are as follows:

<u>Year Ending March 31:</u>	<u>Amount</u>
2014	\$ 108,934
2015	82,130
2016	80,363
2017	82,774
2018	<u>56,275</u>
	<u>\$ 410,476</u>

NOTE 10. UNRESTRICTED NET ASSET DEFICIENCY

Through March 31, 2013, the Foundation has continued to experience an unrestricted net asset deficiency as a result of fiscal improprieties by a former President of the Foundation. Further, the downturn in the general economy, which began in 2008, also had a negative impact on the Foundation's financial results.

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 all events, 2) increasing emphasis on national programming, including the reprising of a 10-city Taste America event, 3) developing programs to increase the professional membership base, 4) developing new donor funding sources, with support by a strategic partnership director, 5) developing new educational initiatives, building on the success of the Food Conference and Leadership Awards programming, 6) pursuing marketing initiatives to support in-house dinner event attendance, 7) expanding social media strategy to exploit branding and marketing efforts, and 8) evaluating vendor and consultant relationships to assure cost efficiency.