

THE JAMES BEARD FOUNDATION, INC.
FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2016 AND 2015

**THE JAMES BEARD FOUNDATION, INC.
FOR THE YEARS ENDED MARCH 31, 2016 AND 2015**

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements	
Statements of financial position	3
Statements of activities	4 - 5
Statements of functional expenses	6 - 7
Statements of cash flows	8
Notes to financial statements	9 - 16



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of The James Beard Foundation, Inc., which comprise the statements of financial position as of March 31, 2016 and 2015, 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.

Auditor's 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 auditor's 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 auditor considers 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, 2016 and 2015, 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

New York, New York
August 8, 2016

THE JAMES BEARD FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2016 AND 2015

	2016	2015
<u>ASSETS</u>		
Cash	\$ 2,825,627	\$ 2,427,182
Restricted cash and cash equivalents	400,823	184,462
Grants and other receivables	183,928	301,827
Prepaid expenses and other assets	1,022,829	701,573
Property and equipment, net	1,089,928	983,140
Deferred financing costs, net	6,650	10,450
TOTAL ASSETS	\$ 5,529,785	\$ 4,608,634
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 454,156	\$ 543,967
Mortgage note payable	1,723,090	1,786,348
Deferred revenue	2,172,538	2,255,995
Total liabilities	4,349,784	4,586,310
Commitments and contingencies (Notes 6 and 9)		
Net assets:		
Unrestricted	(346,673)	(1,492,501)
Temporarily restricted	1,526,674	1,514,825
Total net assets	1,180,001	22,324
TOTAL LIABILITIES AND NET ASSETS	\$ 5,529,785	\$ 4,608,634

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 1,797,743	\$ 680,613	\$ 2,478,356
Membership fees	596,318	-	596,318
In-house events	1,679,648	-	1,679,648
Awards event sponsorships and ticket sales	3,827,386	-	3,827,386
Out-of-house events and auctions	3,639,224	-	3,639,224
Newsletter advertising and directories income	104,070	-	104,070
Educational program fee	271,050	-	271,050
Miscellaneous	2,500	-	2,500
Dividend and interest income	7,702	-	7,702
Net assets released from restrictions - satisfaction of program and time restrictions	<u>668,764</u>	<u>(668,764)</u>	<u>-</u>
Total support and revenue	<u>12,594,405</u>	<u>11,849</u>	<u>12,606,254</u>
Expenses:			
Program services:			
Scholarships	769,459	-	769,459
Education and impact	831,328	-	831,328
Member services	255,871	-	255,871
In-house events	1,918,103	-	1,918,103
Awards	2,597,282	-	2,597,282
Out-of-house events	2,157,159	-	2,157,159
Publications and communications	<u>709,198</u>	<u>-</u>	<u>709,198</u>
Total program services	<u>9,238,400</u>	<u>-</u>	<u>9,238,400</u>
Supporting services:			
Management and general	1,505,979	-	1,505,979
Fundraising	<u>704,198</u>	<u>-</u>	<u>704,198</u>
Total supporting services	<u>2,210,177</u>	<u>-</u>	<u>2,210,177</u>
Total expenses	<u>11,448,577</u>	<u>-</u>	<u>11,448,577</u>
Change in net assets	1,145,828	11,849	1,157,677
Net assets (deficiency) - beginning	<u>(1,492,501)</u>	<u>1,514,825</u>	<u>22,324</u>
NET ASSETS (DEFICIENCY) - ENDING	<u>\$ (346,673)</u>	<u>\$ 1,526,674</u>	<u>\$ 1,180,001</u>

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 1,885,020	\$ 615,045	\$ 2,500,065
Membership fees	609,088	-	609,088
In-house events	1,650,230	-	1,650,230
Awards event sponsorships and ticket sales	1,797,135	-	1,797,135
Out-of-house events and auctions	3,698,854	-	3,698,854
Newsletter advertising and directories income	84,267	-	84,267
Educational program fee	377,500	-	377,500
Miscellaneous	3,750	-	3,750
Dividend and interest income	3,100	-	3,100
Net assets released from restrictions - satisfaction of program and time restrictions	<u>166,140</u>	<u>(166,140)</u>	<u>-</u>
Total support and revenue	<u>10,275,084</u>	<u>448,905</u>	<u>10,723,989</u>
Expenses:			
Program services:			
Scholarship	437,462	-	437,462
Education and impact	652,535	-	652,535
Member services	239,525	-	239,525
In-house events	1,682,621	-	1,682,621
Awards	2,097,213	-	2,097,213
Out-of-house events	2,236,047	-	2,236,047
Publications and communications	<u>798,634</u>	<u>-</u>	<u>798,634</u>
Total program services	<u>8,144,037</u>	<u>-</u>	<u>8,144,037</u>
Supporting services:			
Management and general	1,322,830	-	1,322,830
Fundraising	<u>679,601</u>	<u>-</u>	<u>679,601</u>
Total supporting services	<u>2,002,431</u>	<u>-</u>	<u>2,002,431</u>
Total expenses	<u>10,146,468</u>	<u>-</u>	<u>10,146,468</u>
Change in net assets	128,616	448,905	577,521
Net assets (deficiency) - beginning	<u>(1,621,117)</u>	<u>1,065,920</u>	<u>(555,197)</u>
NET ASSETS (DEFICIENCY) - ENDING	<u>\$ (1,492,501)</u>	<u>\$ 1,514,825</u>	<u>\$ 22,324</u>

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2016

	Program Services							Supporting Services				Total
	Scholarships	Education and Impact	Member Services	In-House Events	Awards	Out-of-House Events	Publications and Communications	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 103,058	\$ 209,240	\$ 165,518	\$ 993,107	\$ 159,272	\$ 381,003	\$ 149,903	\$ 2,161,101	\$ 640,211	\$ 321,666	\$ 961,877	\$ 3,122,978
Payroll taxes and employee benefits	22,431	45,543	36,026	216,158	34,667	82,929	32,628	470,382	139,347	70,014	209,361	679,743
Scholarship grants	571,415	-	-	-	-	-	-	571,415	-	-	-	571,415
Grants to other organizations	-	1,000	-	1,065	-	-	-	2,065	500	-	500	2,565
Accounting and legal fees	-	-	-	23,540	490	210	-	24,240	137,149	7,015	144,164	168,404
Consultants and other professional fees	55,060	235,943	195	46,387	514,354	667,577	78,112	1,597,628	188,927	61,270	250,197	1,847,825
Office expense	187	3,325	1,575	5,466	3,604	3,070	2,750	19,977	12,841	9,246	22,087	42,064
Postage and shipping	223	6,111	1,071	4,802	23,873	7,240	26,772	70,092	3,895	5,985	9,880	79,972
Printing	100	1,200	3,313	1,074	7,171	1,410	67,013	81,281	10,134	3,567	13,701	94,982
Equipment rental and computer maintenance	604	4,461	3,039	19,683	4,089	89,554	8,331	129,761	17,689	17,893	35,582	165,343
Maintenance	371	1,128	955	12,453	1,214	1,648	2,484	20,253	37,678	200	37,878	58,131
Advertising and newsletter	50	4,771	-	80	122,552	170,484	17,371	315,308	500	1,000	1,500	316,808
Event and kitchen supplies	95	2,886	416	412,728	32,238	14,604	663	463,630	4,227	1,469	5,696	469,326
Design and layout	-	5,000	-	-	49,800	54,000	157,870	266,670	-	400	400	267,070
Event and meeting space rental	-	-	-	-	106,346	10,000	-	116,346	-	55,000	55,000	171,346
Event production	-	115,829	-	-	813,954	330,678	3,850	1,264,311	-	31,650	31,650	1,295,961
Invitations and programs	-	-	-	-	37,995	18,921	-	56,916	-	20,216	20,216	77,132
Promotional materials and decorations	-	21,669	-	17,638	289,359	85,051	24,055	437,772	5,718	15,087	20,805	458,577
Rent	3,836	16,852	5,427	8,292	15,893	21,627	24,185	96,112	11,889	-	11,889	108,001
Telephone	689	2,905	3,444	8,925	4,662	6,891	4,783	32,299	13,801	-	13,801	46,100
Utilities	196	831	754	36,036	816	1,026	1,222	40,881	13,508	-	13,508	54,389
Insurance	-	-	-	-	-	-	-	-	72,452	-	72,452	72,452
Travel and entertainment	7,554	129,796	2,975	6,982	303,262	124,740	3,225	578,534	44,960	43,909	88,869	667,403
Real estate taxes	-	-	-	-	-	-	-	-	38,063	-	38,063	38,063
Photography	100	4,100	100	26,000	11,300	17,786	7,125	66,511	400	5,700	6,100	72,611
Library	-	-	-	-	-	-	1,395	1,395	-	-	-	1,395
Auction items	-	-	-	-	-	11,473	-	11,473	-	1,200	1,200	12,673
Web site and Internet fees	663	8,559	10,613	2,528	25,680	11,491	82,313	141,847	2,844	53	2,897	144,744
Interest	-	-	-	-	-	-	-	-	71,297	-	71,297	71,297
Bank and credit card and other processing fee	805	2,090	10,339	50,892	26,601	32,354	4	123,085	13,669	20,165	33,834	156,919
Amortization of deferred financing charges	-	-	-	-	-	-	-	-	3,800	-	3,800	3,800
Government registration fees	-	-	-	-	-	270	-	270	1,269	6,438	7,707	7,977
	767,437	823,239	245,760	1,893,836	2,589,192	2,146,037	696,054	9,161,555	1,486,768	699,143	2,185,911	11,347,466
Depreciation	2,022	8,089	10,111	24,267	8,090	11,122	13,144	76,845	19,211	5,055	24,266	101,111
TOTAL	\$ 769,459	\$ 831,328	\$ 255,871	\$ 1,918,103	\$ 2,597,282	\$ 2,157,159	\$ 709,198	\$ 9,238,400	\$ 1,505,979	\$ 704,198	\$ 2,210,177	\$ 11,448,577

See accompanying notes to financial statements.

**THE JAMES BEARD FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2015**

	Program Services							Supporting Services				Total
	Scholarship	Education and Impact	Member Services	In-House Events	Awards	Out-of-House Events	Publications and Communications	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 80,309	\$ 143,409	\$ 140,541	\$ 926,422	\$ 134,805	\$ 433,095	\$ 174,959	\$ 2,033,540	\$ 550,691	\$ 283,950	\$ 834,641	\$ 2,868,181
Payroll taxes and employee benefits	17,321	30,930	30,312	199,809	29,074	93,409	37,735	438,590	118,772	61,242	180,014	618,604
Scholarship grants	274,530	-	-	-	-	-	-	274,530	-	-	-	274,530
Grants to other organizations	-	-	-	2,000	-	-	-	2,000	-	-	-	2,000
Accounting and legal fees	-	-	-	6,051	245	4,440	-	10,736	120,592	6,840	127,432	138,168
Consultants and other professional fees	48,425	140,650	9,530	41,050	458,673	648,643	71,444	1,418,415	149,361	65,045	214,406	1,632,821
Office expense	308	3,789	3,369	8,597	4,505	3,113	3,044	26,725	16,759	985	17,744	44,469
Postage and shipping	401	2,689	1,302	6,938	23,068	7,014	27,359	68,771	4,051	9,729	13,780	82,551
Printing	3,934	9,628	66	616	3,255	2,457	78,756	98,712	7,056	4,331	11,387	110,099
Equipment rental and computer maintenance	643	3,969	3,369	16,106	9,267	83,102	10,206	126,662	15,632	24,017	39,649	166,311
Maintenance	371	1,128	923	10,228	1,201	1,584	2,602	18,037	32,980	-	32,980	51,017
Advertising and newsletter	-	-	-	-	23,330	76,341	49,230	148,901	160	4,718	4,878	153,779
Event and kitchen supplies	191	419	408	312,097	8,879	37,405	587	359,986	3,122	4,128	7,250	367,236
Design and layout	-	-	-	300	39,000	69,000	105,278	213,578	-	750	750	214,328
Event and meeting space rental	-	5,500	-	-	61,048	51,131	-	117,679	-	59,750	59,750	177,429
Event production	-	92,847	-	-	769,643	335,622	-	1,198,112	-	860	860	1,198,972
Invitations and programs	-	-	-	-	38,577	25,284	-	63,861	-	16,724	16,724	80,585
Promotional materials and decorations	-	31,345	-	14,930	128,527	86,066	43,348	304,216	7,889	12,817	20,706	324,922
Rent	3,680	16,292	5,163	7,832	15,299	20,452	23,220	91,938	11,235	-	11,235	103,173
Telephone	594	2,594	2,970	7,848	5,287	6,193	5,478	30,964	11,952	-	11,952	42,916
Utilities	211	899	764	36,684	908	1,110	1,322	41,898	13,429	-	13,429	55,327
Insurance	-	-	-	-	505	500	-	1,005	-	-	62,082	63,087
Travel and entertainment	1,613	144,368	1,128	5,398	276,486	161,333	6,992	597,318	33,900	50,762	84,662	681,980
Real estate taxes	-	-	-	-	-	-	-	-	34,867	-	34,867	34,867
Photography	400	2,200	-	-	9,950	11,607	6,217	30,374	-	2,250	2,250	32,624
Library	-	-	-	-	-	-	423	423	-	-	-	423
Auction items	-	-	-	-	-	5,447	-	5,447	-	43,506	43,506	48,953
Web site and Internet fees	663	7,523	12,727	2,396	26,474	30,869	134,604	215,256	2,823	125	2,948	218,204
Interest	-	-	-	-	-	-	-	-	73,616	-	73,616	73,616
Bank and credit card and other processing fee	1,466	2,749	14,944	47,709	19,600	27,435	218	114,121	15,647	15,759	31,406	145,527
Amortization of deferred financing charges	-	-	-	-	-	-	-	-	3,800	-	3,800	3,800
Government registration fees	-	-	-	788	-	185	-	973	9,597	5,308	14,905	15,878
	435,060	642,928	227,516	1,653,799	2,087,606	2,222,837	783,022	8,052,768	1,300,013	673,596	1,973,609	10,026,377
Depreciation	2,402	9,607	12,009	28,822	9,607	13,210	15,612	91,269	22,817	6,005	28,822	120,091
TOTAL	\$ 437,462	\$ 652,535	\$ 239,525	\$ 1,682,621	\$ 2,097,213	\$ 2,236,047	\$ 798,634	\$ 8,144,037	\$ 1,322,830	\$ 679,601	\$ 2,002,431	\$ 10,146,468

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ 1,157,677	\$ 577,521
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	101,111	120,091
Amortization	3,800	3,800
Fixed asset additions - in-kind donation	-	(50,632)
Changes in assets and liabilities:		
Restricted cash and cash equivalents	(216,361)	(323)
Grants and other receivables	117,899	(24,326)
Prepaid expenses and other assets	(321,256)	(134,797)
Accounts payable and accrued expenses	(89,811)	101,746
Deferred revenue	(83,457)	1,297,179
Net cash provided by operating activities	669,602	1,890,259
Cash flows from investing activities:		
Repayments on note receivable	-	35,511
Purchases of property and equipment	(207,899)	(26,018)
Net cash provided by (used in) investing activities	(207,899)	9,493
Cash used in financing activities:		
Repayments of loan payable	(63,258)	(60,940)
Net increase in cash	398,445	1,838,812
Cash - beginning of year	2,427,182	588,370
CASH - END OF YEAR	\$ 2,825,627	\$ 2,427,182
Supplemental disclosures of cash flow information:		
Interest paid	\$ 71,512	\$ 73,415

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016 AND 2015

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 in accordance with accounting principles generally accepted in the United States of America ("GAAP") 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 statements 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.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016 AND 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with 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 revenues 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 statements of activities as revenue in the period in which they are received. This revenue is recorded net of any resulting direct donor benefit. Contributions of assets other than cash are recorded at their estimated fair value. 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 purchases are recorded at cost. Donated office and kitchen equipment are recorded at fair market value at the date of the donation. 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 and kitchen 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 or state taxing authorities for years before 2012.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016 AND 2015

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 \$79,417 and \$64,223 were provided to the Foundation during the years ended March 31, 2016 and 2015, respectively, and are included in "Contributions" in the accompanying statements of activities and "Accounting and legal fees" in the accompanying statements of functional expenses.

The value of computer services contributed by a corporate sponsor amounted to \$14,160 for each of the years ended March 31, 2016 and 2015, 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 (included in building and building improvements) contributed by a corporate sponsor amounted to \$50,632 for the year ended March 31, 2015, and is 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, travel vouchers, sanitation services, and venue space in connection with its in-house and out-of-house events. For the years ended March 31, 2016 and 2015, these contributed goods, services and facilities amounted to \$372,000 and \$386,000, respectively, and are included in "Contributions" in the accompanying statements of activities, and "Event and kitchen supplies," "Travel and entertainment," "Promotional materials and decorations" and "Event production" in the accompanying statements of functional expenses.

As part of the annual awards gala, Choose Chicago provided the organization with in-kind services amounting to \$250,000, comprised of the provision of \$125,000 of promotional materials and \$125,000 of event production. These amounts are included in "Contributions" in the accompanying statements of activities, and "Promotional materials and decorations" and "Event production" 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, 2016 AND 2015

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 statements 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, Awards 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 2016 awards gala event and the fiscal year 2017 in-house and out-of-house events are reflected as "Deferred revenue" in the accompanying statements of financial position.

Reclassifications

Certain expenses in the prior year financial statements have been reclassified between "Scholarships" and "Education and Impact," as well as between "In-house events" and "Out-of house events" on the accompanying statements of functional expenses to conform to the current year presentation. These reclassification adjustments had no effect on the Foundation's previously reported change in net assets.

Advertising

Advertising costs are expensed as incurred and aggregated \$314,097 and \$148,648 for the years ended March 31, 2016 and 2015, respectively.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016 AND 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

On April 7, 2015, FASB issued Accounting Standards Update ("ASU") No. 2015-03, *Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. The new guidance requires that debt issuance costs be presented in the statement of financial position as a direct deduction from the carrying amount of the related liability. Such treatment is consistent with the current presentation of debt discounts or premiums. As it stood prior to amendment, debt issuance costs were reported in the statement of financial position as an asset (i.e., a deferred charge), whereas debt discounts and premiums were, and remain, reported as deductions from or additions to the debt itself. The Foundation's management has elected to adopt this new guidance on April 1, 2016.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Foundation has evaluated subsequent events through August 8, 2016, the date on which these financial statements were available to be issued. Management has determined that 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, 2016 and 2015:

	2016	2015
Scholarship funds	\$ 300,823	\$ 84,462
House Preservation Fund	100,000	100,000
	\$ 400,823	\$ 184,462

NOTE 4. GRANTS AND OTHER RECEIVABLES

Grants and other receivables include unconditional promises to give due in less than one year amounting to \$183,928 and \$301,827 for the years ended March 31, 2016 and 2015, respectively.

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

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016 AND 2015

NOTE 5. PROPERTY AND EQUIPMENT

The Foundation's property and equipment consisted of the following at March 31, 2016 and 2015:

	2016	2015
Land	\$ 418,869	\$ 418,869
Office and kitchen equipment	585,626	499,763
Building and building improvements	1,264,029	1,241,894
	2,268,524	2,160,526
Less: accumulated depreciation	1,178,596	1,177,386
	\$ 1,089,928	\$ 983,140

NOTE 6. MORTGAGE NOTE PAYABLE

The Foundation entered into a mortgage note agreement with a financial institution (the "Bank") on April 29, 2009 in the original amount of \$2,000,000 (the "Loan").

The original terms were modified on January 1, 2013. In accordance with this modification, outstanding borrowings initially bore interest at the rate of 3.99% per annum and were subject to periodic adjustments to the five-year Federal Home Loan Bank rate plus 2%, as further described in the agreement. Through March 31, 2016, the Loan was currently payable in monthly installments of \$11,213, including principal and interest.

On April 8, 2016, the Loan was further modified whereby the interest rate was lowered to 3.75% per annum payable through equal monthly installments of \$12,577, inclusive of principal and interest beginning May 1, 2016, and maturing in April 2031.

Borrowings outstanding are secured by the Foundation's real property.

In conjunction with the January 2013 modification, a modification fee of \$19,000 was due to the Bank. In lieu of payment of the fee, the Foundation agreed to provide an annual image advertising for the Bank over a period of five years. This modification fee is presented as "Deferred financing costs, net" in the accompanying statements of financial position.

In conjunction with the April 2016 modification, a modification fee of \$5,000 was due to the Bank. This modification fee will be presented as "Deferred financing costs" on the March 31, 2017 statement of financial position.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016 AND 2015

NOTE 6. MORTGAGE NOTE PAYABLE (CONTINUED)

As of March 31, 2016, future principal payments are summarized as follows:

Year Ending March 31:	Amount
2017	\$ 86,891
2018	90,253
2019	93,745
2020	97,372
2021	101,140
Thereafter	1,253,689
	\$ 1,723,090

As of March 31, 2016, future amortization of deferred financing costs are summarized as follows:

Year Ending March 31:	Amount
2017	\$ 3,800
2018	2,850
	\$ 6,650

NOTE 7. TEMPORARILY RESTRICTED NET ASSETS

The Foundation's temporarily restricted net assets are available to satisfy the following purposes as of March 31, 2016 and 2015:

	2016	2015
Scholarship funds	\$ 1,214,578	\$ 1,248,306
House Preservation Fund	100,000	100,000
House renovations	143,096	166,519
Women in Culinary Executive Program	69,000	-
	\$ 1,526,674	\$ 1,514,825

In prior years, the Foundation had released \$120,641 from temporarily restricted net assets as part of their scholarship awards program in excess of actual contributions restricted for such purposes. Management has been unable to obtain contributions to offset the specific expenditures and, therefore, deemed it prudent to adjust the balance of its temporarily restricted net assets for these amounts. Accordingly, net assets released from restrictions during the year ended March 31, 2015, have been reduced by \$120,641.

During the years ended March 31, 2016 and 2015, net assets were released from donor restrictions by incurring expenses satisfying the following purposes:

	2016	2015
Scholarship funds	\$ 607,841	\$ 159,752
House renovations	60,923	-
Jean-Louis Palladin master classes	-	6,388
	\$ 668,764	\$ 166,140

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016 AND 2015

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, 2016 and 2015.

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 2020.

At March 31, 2016, the aggregate minimum annual rental commitments under the above noncancelable office and equipment leases are as follows:

<u>Year Ending March 31:</u>	<u>Amount</u>
2017	\$ 113,722
2018	82,653
2019	12,672
2020	<u>6,336</u>
	<u>\$ 215,383</u>