

THE JAMES BEARD FOUNDATION, INC.
FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2017 AND 2016

**THE JAMES BEARD FOUNDATION, INC.
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016**

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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, 2017 and 2016, 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, 2017 and 2016, 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 21, 2017

THE JAMES BEARD FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2017 AND 2016

	2017	2016
<u>ASSETS</u>		
Cash	\$ 2,843,828	\$ 2,825,627
Restricted cash and cash equivalents	400,000	400,823
Grants and other receivables	361,799	183,928
Prepaid expenses and other assets	812,771	1,022,829
Property and equipment, net	1,108,781	1,089,928
TOTAL ASSETS	\$ 5,527,179	\$ 5,523,135
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 473,829	\$ 454,156
Mortgage note payable, net	1,628,449	1,716,440
Deferred revenue	1,854,924	2,172,538
Total liabilities	3,957,202	4,343,134
Commitments (Notes 7 and 10)		
Net assets:		
Unrestricted	96,327	(346,673)
Temporarily restricted	1,473,650	1,526,674
Total net assets	1,569,977	1,180,001
TOTAL LIABILITIES AND NET ASSETS	\$ 5,527,179	\$ 5,523,135

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 1,783,668	\$ 788,593	\$ 2,572,261
Membership fees	599,223	-	599,223
In-house events	1,793,991	-	1,793,991
Awards event sponsorships and ticket sales	3,433,991	-	3,433,991
Out-of-house events and auctions	3,359,567	-	3,359,567
Newsletter advertising and directories income	101,384	-	101,384
Educational program fees and grants	432,575	262,500	695,075
Dividend and interest income	19,594	-	19,594
Net assets released from restrictions - satisfaction of program and time restrictions	<u>1,104,117</u>	<u>(1,104,117)</u>	<u>-</u>
Total support and revenue	<u>12,628,110</u>	<u>(53,024)</u>	<u>12,575,086</u>
Expenses:			
Program services:			
Scholarships	865,510	-	865,510
Education and impact	1,224,913	-	1,224,913
Member services	198,966	-	198,966
In-house events	1,848,557	-	1,848,557
Awards	2,585,415	-	2,585,415
Out-of-house events	2,403,825	-	2,403,825
Publications and communications	<u>701,426</u>	<u>-</u>	<u>701,426</u>
Total program services	<u>9,828,612</u>	<u>-</u>	<u>9,828,612</u>
Supporting services:			
Management and general	1,743,117	-	1,743,117
Fundraising	<u>613,381</u>	<u>-</u>	<u>613,381</u>
Total supporting services	<u>2,356,498</u>	<u>-</u>	<u>2,356,498</u>
Total expenses	<u>12,185,110</u>	<u>-</u>	<u>12,185,110</u>
Change in net assets	443,000	(53,024)	389,976
Net assets (deficiency) - beginning	<u>(346,673)</u>	<u>1,526,674</u>	<u>1,180,001</u>
NET ASSETS - ENDING	<u>\$ 96,327</u>	<u>\$ 1,473,650</u>	<u>\$ 1,569,977</u>

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 fees and grants	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:			
Scholarship	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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2017

	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	\$ 114,561	\$ 267,523	\$ 113,921	\$ 955,849	\$ 202,242	\$ 450,244	\$ 180,802	\$ 2,285,142	\$ 678,086	\$ 236,802	\$ 914,888	\$ 3,200,030
Payroll taxes and employee benefits	25,427	59,377	25,285	212,151	44,888	99,932	40,129	507,189	150,502	52,558	203,060	710,249
Scholarship grants	624,699	-	-	-	-	-	-	624,699	-	-	-	624,699
Grants to other organizations	-	1,000	-	4,000	-	10,000	-	15,000	-	-	-	15,000
Accounting and legal fees	1,028	3,160	-	343	33,710	-	-	38,241	224,100	7,700	231,800	270,041
Consultants and other professional fees	74,500	359,544	-	48,431	478,948	828,924	21,750	1,812,097	235,969	70,719	306,688	2,118,785
Office expense	193	21,541	2,341	8,733	2,085	2,692	3,164	40,749	16,378	11,677	28,055	68,804
Postage and shipping	278	11,647	782	6,788	12,854	6,285	27,778	66,412	3,212	4,612	7,824	74,236
Printing	-	1,342	4,852	1,424	3,097	3,083	74,504	88,302	13,170	4,024	17,194	105,496
Equipment rental and computer maintenance	596	3,082	2,784	11,858	3,627	115,698	5,205	142,850	22,480	6,380	28,860	171,710
Maintenance	412	2,120	1,070	10,240	1,256	1,143	2,684	18,925	38,698	-	38,698	57,623
Advertising and newsletter	857	1,326	-	-	252,195	120,530	17,493	392,401	1,115	-	3,229	395,630
Event and kitchen supplies	105	3,216	403	386,706	30,900	18,485	1,054	440,869	4,274	11,125	15,399	456,268
Design and layout	-	-	-	-	45,000	65,750	180,350	291,100	-	-	-	291,100
Event and meeting space rental	-	-	-	-	107,614	10,000	-	117,614	-	65,000	65,000	182,614
Event production	-	160,254	-	-	747,326	302,828	-	1,210,408	-	18,604	18,604	1,229,012
Invitations and programs	-	-	-	-	29,340	7,284	-	36,624	-	9,238	9,238	45,862
Promotional materials and decorations	-	34,657	206	20,545	211,296	69,582	13,527	349,813	4,360	19,009	23,369	373,182
Rent	3,002	27,618	4,543	4,294	14,979	13,303	29,247	96,986	21,005	-	21,005	117,991
Telephone	712	5,487	2,846	7,125	4,007	4,998	6,049	31,224	16,467	64	16,531	47,755
Utilities	142	1,277	1,053	36,079	555	568	1,372	41,046	13,140	-	13,140	54,186
Insurance	-	-	-	-	-	-	-	-	92,400	-	92,400	92,400
Travel and entertainment	12,784	221,070	2,083	6,818	296,798	152,910	3,443	695,906	48,806	44,201	93,007	788,913
Real estate taxes	-	-	-	-	-	-	-	-	40,610	-	40,610	40,610
Photography	-	5,950	200	46,250	11,900	26,315	2,082	92,697	100	2,250	2,350	95,047
Auction items	-	-	-	-	-	26,550	-	26,550	-	8,911	8,911	35,461
Web site and internet fees	3,122	8,620	12,871	2,481	17,873	15,150	65,293	125,410	3,574	-	3,574	128,984
Interest	-	-	-	-	-	-	-	-	68,162	-	68,162	68,162
Bank and credit card and other processing fee	671	2,964	11,621	51,812	24,452	40,958	80	132,558	16,548	16,748	33,296	165,854
Government registration fees	-	350	-	-	-	929	-	1,279	910	7,120	8,030	9,309
	863,089	1,203,125	186,861	1,821,927	2,576,942	2,394,141	676,006	9,722,091	1,714,066	598,856	2,312,922	12,035,013
Depreciation	2,421	21,788	12,105	26,630	8,473	9,684	25,420	106,521	29,051	14,525	43,576	150,097
TOTAL	\$ 865,510	\$ 1,224,913	\$ 198,966	\$ 1,848,557	\$ 2,585,415	\$ 2,403,825	\$ 701,426	\$ 9,828,612	\$ 1,743,117	\$ 613,381	\$ 2,356,498	\$ 12,185,110

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	
	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	\$ 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	-	-	-	-	-	-	-	-	75,097	-	75,097	75,097
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
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.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 389,976	\$ 1,157,677
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	150,097	101,111
Amortization of debt issuance costs	4,148	3,800
Changes in assets and liabilities:		
Restricted cash and cash equivalents	823	(216,361)
Grants and other receivables	(177,871)	117,899
Prepaid expenses and other assets	210,058	(321,256)
Accounts payable and accrued expenses	(5,512)	(89,811)
Deferred revenue	(317,614)	(83,457)
Net cash provided by operating activities	254,105	669,602
Cash used in investing activities:		
Purchases of property and equipment	(143,765)	(207,899)
Cash flows from financing activities:		
Payments related to debt issuance costs	(5,225)	-
Repayments of mortgage note payable	(86,914)	(63,258)
Net cash used in financing activities	(92,139)	(63,258)
Net increase in cash	18,201	398,445
Cash - beginning of year	2,825,627	2,427,182
CASH - END OF YEAR	\$ 2,843,828	\$ 2,825,627
Supplemental disclosures of cash flow information:		
Interest paid	\$ 64,647	\$ 71,512
Supplemental disclosure of non-cash investing activity:		
Purchase of property and equipment included in accounts payable and accrued expenses	\$ 25,185	\$ -

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

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 or resources that have been received that are restricted by the passage of time. 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.

(iii) Permanently restricted

Permanently restricted net assets represent those resources that are subject to donor-imposed restrictions that the principal be invested in perpetuity. There were no permanently restricted net assets as of March 31, 2017 and 2016.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

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 received with donor stipulations that limit their use or are designated as support for future periods are considered temporarily restricted. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "Net assets released from restrictions." Contributions received for endowments to be held in perpetuity are reported as permanently restricted support. 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.

Grants are recognized in the statements of activities as revenue in the period in which services are performed in accordance with the agreement with the grantor.

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.

Grants and Other Receivables

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management evaluates such receivables and establishes an allowance for doubtful accounts based on a history of write-offs and collections and current credit conditions. As of March 31, 2017 and 2016, no allowance for doubtful accounts was deemed necessary.

Property and Equipment

The Foundation's policy for capitalization of building, building improvements and office and kitchen equipment is limited to purchases of \$1,000 or more. Building, building improvements and office and kitchen 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 and kitchen 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

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Issuance Costs

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the debt obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed on the straight-line method, which approximates the effective interest method.

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 accompanying financial statements.

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 \$194,360 and \$79,417 were provided to the Foundation during the years ended March 31, 2017 and 2016, 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, 2017 and 2016, 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 Foundation received food, wine, sparkling water, coffee, tea, countertop appliances, utensils, travel vouchers (fiscal 2016 only), sanitation services, and venue space in connection with its in-house and out-of-house events. For the years ended March 31, 2017 and 2016, these contributed goods, services and facilities amounted to \$296,000 and \$372,000, 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.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Donations (Continued)

As part of the annual awards gala, Choose Chicago provided the Foundation with in-kind services amounting to \$100,000, comprised of the provision of \$50,000 of promotional materials and \$50,000 of event production, and \$250,000, comprised of the provision of \$125,000 of promotional materials and \$125,000 of event production, for the years ended March 31, 2017 and 2016, respectively. 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 ("Board"). In accordance with GAAP, the value of this contributed time is not reflected in these financial statements.

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 2017 awards gala event and the fiscal year 2018 in-house and out-of-house events are reflected as "Deferred revenue" in the accompanying statements of financial position.

Reclassification

Certain amounts in the prior year financial statements have been reclassified between assets and liabilities on the accompanying statements of financial position 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, 2017 AND 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

Advertising costs are expensed as incurred and aggregated \$390,998 and \$314,097 for the years ended March 31, 2017 and 2016, respectively.

Recently Issued and Effective Accounting Pronouncements

In April 2015, the FASB issued Accounting Standards Update ("ASU") No. 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs* ("ASU 2015-03"). The update requires debt issuance costs related to a recognized debt liability be presented in the statement of financial position as a direct deduction from the carrying amount of the related debt liability instead of being presented as an asset. The update requires retrospective application and represents a change in accounting principle. The impact of adopting the new accounting guidance on classification of debt issuance costs on the Foundation's statements of financial position as of March 31, 2017 and 2016, is a reduction in assets and liabilities of \$7,727 and \$6,650, respectively. In addition, \$3,800 previously presented as amortization of deferred financing charges was reclassified to interest expense in the accompanying statement of functional expenses for the year ended March 31, 2016.

Recently Issued by Not Yet Effective Accounting Standards

Effective for the year ending March 31, 2019, the Board will be required to adopt the requirements of recent accounting guidance which changes the presentation of not-for-profit financial statements. The new guidance reduces the number of net asset classes from three to two, increases disclosures about financial measures and liquidity risks, among other changes. The effect of adopting this new guidance on the Foundation's financial statements and related disclosures has not yet been determined.

Effective for the year ending March 31, 2019, the Foundation will adopt the provisions of FASB ASU 2014-09, *Revenue from Contracts with Customers*, which will replace the current revenue recognition guidance pertaining to contracts with customers contained in GAAP. The effect of adopting ASU 2014-09 on the Foundation's financial statements and related disclosures has not yet been determined.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"). This update requires all leases with a term greater than 12 months to be recognized on the statement of financial position through a right-of-use asset and a lease liability and the disclosure of key information pertaining to leasing arrangements. This new guidance is effective for years beginning after March 31, 2020, with early adoption permitted. The effect of adopting ASU 2016-02 on the Foundation's financial statements and related disclosures has not yet been determined.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Foundation has evaluated subsequent events through August 21, 2017, 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.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

NOTE 3. RESTRICTED CASH AND CASH EQUIVALENTS

The Foundation's board of trustees has set aside funds in two separate accounts for scholarship and house preservation expenditures.

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, 2017 and 2016:

	2017	2016
Scholarship funds	\$ 300,000	\$ 300,823
House Preservation Fund	100,000	100,000
Total	\$ 400,000	\$ 400,823

NOTE 4. GRANTS AND OTHER RECEIVABLES

Grants and other receivables include unconditional promises to give due in less than one year amounted to \$361,799 and \$183,928 as of March 31, 2017 and 2016, respectively.

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

Approximately 43% and 55% of the Foundation's total grants and other receivables were due from three and two donors as of March 31, 2017 and 2016, respectively.

NOTE 5. CONDITIONAL PROMISES TO GIVE

During the year ended March 31, 2017, the Foundation received grants totaling \$750,595, that contained grantor conditions (primarily completion of specifically identified events and milestones). Since these grants represent conditional promises to give, they are not recorded as contribution revenue until conditions are met. For the year ended March 31, 2017, certain conditions were met and the Foundation recognized revenue of \$262,500, which is included in temporarily restricted "Educational program fees and grants" on the accompanying statement of activities.

Funds received from the donor in advance of the conditions being met totaling \$112,500 are included in "Deferred revenue" on the accompanying statements of financial position and will subsequently be recognized as educational program fees when such conditions are met.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

NOTE 6. PROPERTY AND EQUIPMENT

The Foundation's property and equipment consisted of the following at March 31, 2017 and 2016:

	2017	2016
Building and building improvements	\$ 1,308,468	\$ 1,264,029
Office and kitchen equipment	639,703	585,626
Land	418,869	418,869
Construction in progress and assets not placed in service	70,434	-
	2,437,474	2,268,524
Less: accumulated depreciation	1,328,693	1,178,596
Property and equipment, net	\$ 1,108,781	\$ 1,089,928

NOTE 7. 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.

In conjunction with the April 2016 modification, a modification fee of \$5,225 was paid to the Bank.

Both, the January 2013 and April 2016 modification fees are included in "Mortgage note payable, net" in the accompanying statements of financial position.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

NOTE 7. MORTGAGE NOTE PAYABLE (CONTINUED)

As of March 31, 2017, future minimum principal payments are summarized as follows:

Year Ending March 31:	Amount
2018	\$ 90,253
2019	93,745
2020	97,372
2021	101,140
2022	105,054
Thereafter	1,148,610
	\$ 1,636,174

As of March 31, 2017, future minimum amortization of debt issuance costs are summarized as follows:

Year Ending March 31:	Amount
2018	\$ 3,198
2019	348
2020	348
2021	348
2022	348
Thereafter	3,135
	\$ 7,725

NOTE 8. TEMPORARILY RESTRICTED NET ASSETS

The Foundation's temporarily restricted net assets are available to satisfy the following time or purpose as of March 31, 2017 and 2016:

	2017	2016
Scholarship Funds	\$ 1,119,147	\$ 1,214,578
House Preservation Fund	100,000	100,000
House Renovations	129,503	143,096
Women in Culinary Executive Program	125,000	69,000
	\$ 1,473,650	\$ 1,526,674

During the years ended March 31, 2017 and 2016, net assets were released from donor restrictions by incurring expenses satisfying the following purposes:

	2017	2016
Scholarship Funds	\$ 728,024	\$ 607,841
Educational Programs	262,500	-
House Renovations	113,593	60,923
	\$ 1,104,117	\$ 668,764

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

NOTE 9. 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. No contributions were made to the plan on behalf of employees during the years ended March 31, 2017 and 2016.

NOTE 10. COMMITMENTS

The Foundation leases office space under a noncancelable operating lease expiring on November 30, 2017. In May 2017, the Foundation signed a lease agreement extending the operating lease through November 30, 2018. 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 September 2019.

At March 31, 2017, 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>
2018	\$ 116,205
2019	79,774
2020	<u>6,336</u>
	<u>\$ 202,315</u>