

**THE JAMES BEARD FOUNDATION, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED MARCH 31, 2018 AND 2017**

**THE JAMES BEARD FOUNDATION, INC.  
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**

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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, 2018 and 2017, 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, 2018 and 2017, 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.



CERTIFIED PUBLIC ACCOUNTANTS

Melville, New York  
August 24, 2018

**THE JAMES BEARD FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b><u>ASSETS</u></b>		
Cash and cash equivalents:		
Cash	\$ 2,440,127	\$ 2,843,828
Board restricted cash and cash equivalents	500,000	400,000
Total cash and cash equivalents	2,940,127	3,243,828
Grants and other receivables	632,042	361,799
Prepaid expenses and other assets	816,350	812,771
Property and equipment, net	1,353,163	1,108,781
<b>TOTAL ASSETS</b>	<b>\$ 5,741,682</b>	<b>\$ 5,527,179</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 680,275	\$ 473,829
Mortgage note payable, net	1,541,372	1,628,449
Deferred revenue	2,210,414	1,854,924
Total liabilities	4,432,061	3,957,202
Commitments (Notes 7, 10 and 11)		
Net assets:		
Unrestricted	31,805	96,327
Temporarily restricted	1,277,816	1,473,650
Total net assets	1,309,621	1,569,977
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,741,682</b>	<b>\$ 5,527,179</b>

See accompanying notes to financial statements.

**THE JAMES BEARD FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Out-of-house events and auctions	\$ 3,500,354	\$ -	\$ 3,500,354
Awards event sponsorships and ticket sales	3,192,992	-	3,192,992
Contributions	1,885,410	892,306	2,777,716
In-house events	1,769,735	-	1,769,735
Educational program fees and grants	1,649,730	-	1,649,730
Membership fees	586,212	-	586,212
Program advertising and publications income	95,119	-	95,119
Dividend and interest income	20,394	-	20,394
Miscellaneous	2,000	-	2,000
Net assets released from restrictions - satisfaction of program and time restrictions	<u>1,088,140</u>	<u>(1,088,140)</u>	<u>-</u>
Total support and revenue	<u>13,790,086</u>	<u>(195,834)</u>	<u>13,594,252</u>
Expenses:			
Program services:			
Scholarships	711,242	-	711,242
Education and impact	2,297,645	-	2,297,645
Member services	212,739	-	212,739
In-house events	2,060,814	-	2,060,814
Awards	2,661,963	-	2,661,963
Out-of-house events	2,507,710	-	2,507,710
Publications and communications	<u>701,759</u>	<u>-</u>	<u>701,759</u>
Total program services	<u>11,153,872</u>	<u>-</u>	<u>11,153,872</u>
Supporting services:			
Management and general	1,921,481	-	1,921,481
Fundraising	<u>779,255</u>	<u>-</u>	<u>779,255</u>
Total supporting services	<u>2,700,736</u>	<u>-</u>	<u>2,700,736</u>
Total expenses	<u>13,854,608</u>	<u>-</u>	<u>13,854,608</u>
Change in net assets	(64,522)	(195,834)	(260,356)
Net assets - beginning	<u>96,327</u>	<u>1,473,650</u>	<u>1,569,977</u>
<b>NET ASSETS - ENDING</b>	<b><u>\$ 31,805</u></b>	<b><u>\$ 1,277,816</u></b>	<b><u>\$ 1,309,621</u></b>

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:			
Awards event sponsorships and ticket sales	\$ 3,433,991	\$ -	\$ 3,433,991
Out-of-house events and auctions	3,359,567	-	3,359,567
Contributions	1,783,668	788,593	2,572,261
In-house events	1,793,991	-	1,793,991
Educational program fees and grants	432,575	262,500	695,075
Membership fees	599,223	-	599,223
Program advertising and publications income	101,384	-	101,384
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:			
Scholarship	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>
<b>NET ASSETS - ENDING</b>	<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 FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	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	\$ 130,855	\$ 440,495	\$ 128,573	\$ 1,013,367	\$ 263,612	\$ 468,644	\$ 172,699	\$ 2,618,245	\$ 783,229	\$ 402,456	\$ 1,185,685	\$ 3,803,930
Payroll taxes and employee benefits	25,665	86,394	25,217	200,027	51,702	91,915	35,185	516,105	162,508	78,934	241,442	757,547
Scholarship grants	490,098	-	-	-	-	-	-	490,098	-	-	-	490,098
Grants to other organizations	-	1,125	-	-	-	-	-	1,125	-	8,000	8,000	9,125
Accounting and legal fees	-	105	-	565	16,364	280	175	17,489	168,745	6,945	175,690	193,179
Consultants and other professional fees	44,865	723,393	-	92,334	538,364	863,524	22,602	2,285,082	321,966	60,178	382,144	2,667,226
Office expense	367	22,261	2,334	7,097	2,451	2,704	6,195	43,409	18,292	11,272	29,564	72,973
Postage and shipping	307	11,507	704	5,933	20,752	4,819	15,461	59,483	4,725	2,873	7,598	67,081
Printing	-	6,738	9,110	2,549	8,322	1,067	39,034	66,820	15,596	2,067	17,663	84,483
Equipment rental and computer maintenance	968	5,627	2,405	15,098	10,262	122,567	6,432	163,359	28,424	2,714	31,138	194,497
Maintenance	668	2,242	993	11,101	899	1,058	3,280	20,241	20,826	-	20,826	41,067
Advertising and newsletter	350	8,641	-	655	203,656	165,404	23,483	402,189	1,685	3,012	4,697	406,886
Event and kitchen supplies	291	5,809	463	511,845	13,602	5,091	3,056	540,157	4,400	-	4,400	544,557
Design and layout	-	10,000	-	-	45,000	70,000	180,350	305,350	-	-	-	305,350
Event and meeting space rental	-	640	-	-	123,012	16,000	-	139,652	-	65,000	65,000	204,652
Event production	-	272,190	-	-	746,633	393,207	-	1,412,030	2,500	20,075	22,575	1,434,605
Invitations and programs	-	-	-	-	26,752	7,706	-	34,458	-	5,589	5,589	40,047
Promotional materials and decorations	-	32,664	-	23,104	204,651	52,846	10,104	323,369	12,236	16,938	29,174	352,543
Rent	6,139	28,177	4,690	4,457	10,562	13,669	33,766	101,460	17,592	-	17,592	119,052
Telephone	1,183	5,625	2,958	7,228	3,978	4,917	6,508	32,397	15,123	521	15,644	48,041
Utilities	288	1,414	627	33,033	458	683	1,563	38,066	13,512	-	13,512	51,578
Insurance	-	300	-	-	175	-	-	475	100,843	-	100,843	101,318
Travel and entertainment	2,301	354,077	2,176	10,046	303,138	121,641	2,733	796,112	66,602	33,285	99,887	895,999
Real estate taxes	-	-	-	-	-	-	-	-	43,675	-	43,675	43,675
Photography	-	8,500	200	44,450	11,725	22,340	50,876	138,091	500	2,500	3,000	141,091
Curriculum development expense	-	220,000	-	-	-	-	-	220,000	-	-	-	220,000
Auction items	-	-	-	-	-	17,291	-	17,291	-	21,446	21,446	38,737
Website and internet fees	2,238	18,793	10,459	2,650	27,623	3,833	62,740	128,336	4,010	59	4,069	132,405
Interest	-	-	-	-	-	-	-	-	63,851	-	63,851	63,851
Bank and credit card and other processing fee	20	6,781	10,231	48,835	21,311	43,662	-	130,840	16,742	14,405	31,147	161,987
Government registration fees	-	3,270	-	923	-	1,063	-	5,256	2,583	5,367	7,950	13,206
Bad debt	-	-	-	-	-	2,500	-	2,500	-	7,500	7,500	10,000
	<u>706,603</u>	<u>2,276,768</u>	<u>201,140</u>	<u>2,035,297</u>	<u>2,655,004</u>	<u>2,498,431</u>	<u>676,242</u>	<u>11,049,485</u>	<u>1,890,165</u>	<u>771,136</u>	<u>2,661,301</u>	<u>13,710,786</u>
Depreciation	4,639	20,877	11,599	25,517	6,959	9,279	25,517	104,387	31,316	8,119	39,435	143,822
<b>TOTAL</b>	<u>\$ 711,242</u>	<u>\$ 2,297,645</u>	<u>\$ 212,739</u>	<u>\$ 2,060,814</u>	<u>\$ 2,661,963</u>	<u>\$ 2,507,710</u>	<u>\$ 701,759</u>	<u>\$ 11,153,872</u>	<u>\$ 1,921,481</u>	<u>\$ 779,255</u>	<u>\$ 2,700,736</u>	<u>\$ 13,854,608</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	
	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	\$ 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
Website 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
<b>TOTAL</b>	<b>\$ 865,510</b>	<b>\$ 1,224,913</b>	<b>\$ 198,966</b>	<b>\$ 1,848,557</b>	<b>\$ 2,585,415</b>	<b>\$ 2,403,825</b>	<b>\$ 701,426</b>	<b>\$ 9,828,612</b>	<b>\$ 1,743,117</b>	<b>\$ 613,381</b>	<b>\$ 2,356,498</b>	<b>\$ 12,185,110</b>

See accompanying notes to financial statements.

**THE JAMES BEARD FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ (260,356)	\$ 389,976
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	143,822	150,097
Amortization of debt issuance costs	3,199	4,148
Bad debt	10,000	-
Changes in assets and liabilities:		
Grants and other receivables	(280,243)	(177,871)
Prepaid expenses and other assets	(3,579)	210,058
Accounts payable and accrued expenses	231,631	(5,512)
Deferred revenue	<u>355,490</u>	<u>(317,614)</u>
Net cash provided by operating activities	<u>199,964</u>	<u>253,282</u>
Cash used in investing activities:		
Purchases of property and equipment	<u>(388,204)</u>	<u>(143,765)</u>
Cash flows from financing activities:		
Payments of accounts payable used to finance property and equipment	(25,185)	-
Payments related to debt issuance costs	-	(5,225)
Repayments of mortgage note payable	<u>(90,276)</u>	<u>(86,914)</u>
Net cash used in financing activities	<u>(115,461)</u>	<u>(92,139)</u>
Net increase (decrease) in cash	(303,701)	17,378
Cash and cash equivalents - beginning	<u>3,243,828</u>	<u>3,226,450</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u>\$ 2,940,127</u>	<u>\$ 3,243,828</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ 60,943</u>	<u>\$ 64,647</u>
Supplemental schedule of non-cash investing activity:		
Purchase of property and equipment included in accounts payable and accrued expenses	<u>\$ -</u>	<u>\$ 25,185</u>

See accompanying notes to financial statements.

**THE JAMES BEARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018 AND 2017**

**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. The Foundation maintains the Beard House (or "House") as a historical culinary center as a showcase for educational programs relating to food, and 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 ("U.S. 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. Donor restricted contributions, whose restrictions are met in the same reporting period in which the contributions are received, are reported as unrestricted net assets.

*(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.

**THE JAMES BEARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018 AND 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Financial Statements (Continued)

*(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, 2018 and 2017.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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 periods. 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 statements of activities as "Net assets released from restrictions - satisfaction of program and time 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.

Conditional grants are recognized in the statements of activities as revenue in the period in which conditions have been met and services are performed in accordance with the grant agreement. Unconditional grants are recognized when the grant is awarded to the Foundation.

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.

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 2018 awards gala event and the fiscal year 2019 in-house and out-of-house events are reflected as "Deferred revenue" in the accompanying statements of financial position.

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.

**THE JAMES BEARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018 AND 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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, 2018 and 2017, 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

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.

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.

**THE JAMES BEARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018 AND 2017**

**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 \$120,899 and \$194,360 were provided to the Foundation during the years ended March 31, 2018 and 2017, 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, 2018 and 2017, 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, sanitation services, venue space, and travel miles in connection with its in-house and out-of-house events. For the years ended March 31, 2018 and 2017, these contributed goods, services and facilities amounted to \$450,300 and \$296,000, 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 Foundation's 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 for each of the years ended March 31, 2018 and 2017. 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 U.S. 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 undertaken by the Foundation.

**THE JAMES BEARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018 AND 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Advertising

Advertising costs are expensed as incurred and aggregated \$395,915 and \$390,998 for the years ended March 31, 2018 and 2017, respectively.

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.

Recently Issued but not yet Effective Accounting Standards

Effective for the year ending March 31, 2019, the Foundation will be required to adopt FASB Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, 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, 2020, the Foundation will adopt the provisions of FASB ASU No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), which will replace the current revenue recognition guidance pertaining to contracts with customers contained in U.S. 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, 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, 2021, 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 24, 2018, 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, 2018 AND 2017**

**NOTE 3. BOARD RESTRICTED CASH AND CASH EQUIVALENTS**

The Foundation's Board 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.

Board restricted cash and cash equivalents consisted of the following as of March 31, 2018 and 2017:

	2018	2017
Scholarship funds	\$ 400,000	\$ 300,000
House Preservation Fund	100,000	100,000
Total	\$ 500,000	\$ 400,000

**NOTE 4. GRANTS AND OTHER RECEIVABLES**

Grants and other receivables include unconditional promises to give due in less than one year amounted to \$632,042 and \$361,799 as of March 31, 2018 and 2017, 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 49% and 43% of the Foundation's total grants and other receivables were due from three donors as of March 31, 2018 and 2017, respectively.

**NOTE 5. CONDITIONAL PROMISES TO GIVE**

During the years ended March 31, 2018 and 2017, the Foundation received grants totaling approximately \$550,000 (the "2018 Conditional Grants") and \$751,000 (the "2017 Conditional Grants"), respectively. These grants contained grantor conditions (primarily completion of specifically identified events and milestones). These grants represent conditional promises to give, and as such, they are not recorded as contribution revenue until conditions are met.

For the year ended March 31, 2018, certain conditions were met and the Foundation recognized revenue of approximately \$472,000 related to the 2018 Conditional Grants, which is included in temporarily restricted "Educational program fees and grants" on the accompanying statement of activities.

For the year ended March 31, 2017, certain conditions were met and the Foundation recognized revenue of approximately \$263,000, which is included in temporarily restricted "Educational program fees and grants" on the accompanying statement of activities. The remaining portion of the grants received, amounting to approximately \$488,000, was recognized as revenue during the year ended March 31, 2018 as the related conditions were met.

There were no donations received from donors in advance of the conditions being met as of March 31, 2018. Funds received from donors in advance of the conditions being met as of March 31, 2017, totaled \$112,500 and are included in "Deferred revenue" on the accompanying statements of financial position.



**THE JAMES BEARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018 AND 2017**

**NOTE 6. PROPERTY AND EQUIPMENT**

The Foundation's property and equipment consisted of the following at March 31, 2018 and 2017:

	2018	2017
Building and building improvements	\$ 1,730,904	\$ 1,308,468
Office and kitchen equipment	675,905	639,703
Land	418,869	418,869
Construction in progress and assets not placed in service	-	70,434
	2,825,678	2,437,474
Less: accumulated depreciation	1,472,515	1,328,693
Property and equipment, net	\$ 1,353,163	\$ 1,108,781

**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") with subsequent modifications on January 1, 2013 (the "January 2013 Modification") and April 8, 2016 (the "April 2016 Modification").

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 promoting the Bank over a period of five years.

In accordance with the January 2013 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.

In accordance with the April 2016 Modification, 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.

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

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

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

As of March 31, 2018, future minimum principal payments are summarized as follows:

<u>Year Ending March 31:</u>	<u>Amount</u>
2019	\$ 93,745
2020	97,372
2021	101,140
2022	105,054
2023	109,119
Thereafter	1,039,469
	\$ 1,545,899

**THE JAMES BEARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018 AND 2017**

**NOTE 7. MORTGAGE NOTE PAYABLE (CONTINUED)**

As of March 31, 2018, future minimum amortization of debt issuance costs are summarized as follows:

<u>Year Ending March 31:</u>	<u>Amount</u>
2019	\$ 348
2020	348
2021	348
2022	348
2023	348
Thereafter	<u>2,787</u>
	<u>\$ 4,527</u>

**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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Scholarship Funds	\$ 1,029,877	\$ 1,119,147
House Preservation Fund	100,000	100,000
House Renovations	-	129,503
Women's Leadership Programs	<u>147,939</u>	<u>125,000</u>
	<u>\$ 1,277,816</u>	<u>\$ 1,473,650</u>

During the years ended March 31, 2018 and 2017, net assets were released from donor restrictions by incurring expenses satisfying the following purposes:

	<u>2018</u>	<u>2017</u>
Scholarship Funds	\$ 553,801	\$ 728,024
Educational Programs	-	262,500
House Renovations	272,503	113,593
Women's Leadership Programs	<u>261,836</u>	<u>-</u>
	<u>\$ 1,088,140</u>	<u>\$ 1,104,117</u>

**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, 2018 and 2017.

**THE JAMES BEARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018 AND 2017**

**NOTE 10. LEADERSHIP TRANSITION**

In December 2017, the Foundation and a senior executive agreed to enter into a leadership transition agreement (the "Leadership Transition Agreement"). The Leadership Transition Agreement resulted in one-time transition costs totaling approximately \$590,000, including payments to the former senior executive, salary for an interim senior executive, and fees paid to a search firm to hire a new senior executive. Payments made to the former senior executive are included in "Salaries" in the accompanying statement of functional expenses. Salaries paid to the interim senior executive and fees paid to the search firm are included in "Consultants and other professional fees" on the accompanying statement of functional expenses.

**NOTE 11. COMMITMENTS**

The Foundation leases office space under a noncancelable operating lease with an original expiration date of 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, 2018, 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>
2019	\$ 79,774
2020	<u>6,336</u>
	<u>\$ 86,110</u>