

THE JAMES BEARD FOUNDATION, INC.
FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2019 AND 2018

**THE JAMES BEARD FOUNDATION, INC.
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
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, 2019 and 2018, 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, 2019 and 2018, 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

Melville, New York
August 20, 2019

THE JAMES BEARD FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2019 AND 2018

	2019	2018
<u>ASSETS</u>		
Cash and cash equivalents:		
Cash	\$ 2,325,243	\$ 2,440,127
Board restricted cash and cash equivalents	500,000	500,000
Total cash and cash equivalents	2,825,243	2,940,127
Grants and other receivables, net	1,468,954	632,042
Prepaid expenses and other assets	1,088,290	816,350
Property and equipment, net	1,795,808	1,353,163
TOTAL ASSETS	\$ 7,178,295	\$ 5,741,682
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 920,625	\$ 680,275
Mortgage note payable, net	1,447,940	1,541,372
Deferred revenue	2,179,626	2,210,414
Deferred rent	58,516	-
Total liabilities	4,606,707	4,432,061
Commitments (Notes 6, 8 and 11)		
Net assets:		
Without donor restrictions	265,534	31,805
With donor restrictions	2,306,054	1,277,816
Total net assets	2,571,588	1,309,621
TOTAL LIABILITIES AND NET ASSETS	\$ 7,178,295	\$ 5,741,682

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Awards event sponsorships and ticket sales	\$ 4,089,357	\$ -	\$ 4,089,357
Contributions	2,124,623	2,143,666	4,268,289
Dividend and interest income	28,984	-	28,984
Educational program fees and grants	806,435	348,964	1,155,399
House events	1,815,673	-	1,815,673
Membership fees	527,824	-	527,824
Miscellaneous	1,189	-	1,189
Out-of-house events and auctions	3,679,980	-	3,679,980
Program advertising and publications income	71,143	-	71,143
Net assets released from restrictions - satisfaction of program and time restrictions	<u>1,464,392</u>	<u>(1,464,392)</u>	<u>-</u>
Total support and revenue	<u>14,609,600</u>	<u>1,028,238</u>	<u>15,637,838</u>
Expenses:			
Program services:			
Scholarships	721,721	-	721,721
Education and impact	1,707,766	-	1,707,766
Member services	250,965	-	250,965
House events	2,513,053	-	2,513,053
Awards	2,776,205	-	2,776,205
Out-of-house events	2,782,150	-	2,782,150
Publications and communications	<u>667,688</u>	<u>-</u>	<u>667,688</u>
Total program services	<u>11,419,548</u>	<u>-</u>	<u>11,419,548</u>
Supporting services:			
Management and general	2,192,426	-	2,192,426
Fundraising	<u>763,897</u>	<u>-</u>	<u>763,897</u>
Total supporting services	<u>2,956,323</u>	<u>-</u>	<u>2,956,323</u>
Total expenses	<u>14,375,871</u>	<u>-</u>	<u>14,375,871</u>
Change in net assets	233,729	1,028,238	1,261,967
Net assets - beginning	<u>31,805</u>	<u>1,277,816</u>	<u>1,309,621</u>
NET ASSETS - ENDING	<u>\$ 265,534</u>	<u>\$ 2,306,054</u>	<u>\$ 2,571,588</u>

See accompanying notes to financial statements.

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Awards event sponsorships and ticket sales	\$ 3,192,992	\$ -	\$ 3,192,992
Contributions	1,885,410	892,306	2,777,716
Dividend and interest income	20,394	-	20,394
Educational program fees and grants	1,649,730	-	1,649,730
House events	1,769,735	-	1,769,735
Membership fees	586,212	-	586,212
Miscellaneous	2,000	-	2,000
Out-of-house events and auctions	3,500,354	-	3,500,354
Program advertising and publications income	95,119	-	95,119
Net assets released from restrictions - satisfaction of program 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:			
Scholarship	711,242	-	711,242
Education and impact	2,297,645	-	2,297,645
Member services	212,739	-	212,739
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>
NET ASSETS - ENDING	<u>\$ 31,805</u>	<u>\$ 1,277,816</u>	<u>\$ 1,309,621</u>

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2019

	Program Services							Supporting Services			Total	
	Scholarships	Education and Impact	Member Services	House Events	Awards	Out-of-House Events	Publications and Communications	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries	\$ 90,168	\$ 564,799	\$ 114,379	\$ 1,221,436	\$ 433,723	\$ 535,578	\$ 101,856	\$ 3,061,939	\$ 763,085	\$ 349,399	\$ 1,112,484	\$ 4,174,423
Payroll taxes and employee benefits	18,670	116,948	23,683	252,911	89,807	110,897	21,189	634,105	159,450	81,538	240,988	875,093
Scholarship grants	552,592	-	-	-	-	-	-	552,592	-	-	-	552,592
Grants to other organizations	-	9,000	-	-	20,000	-	-	29,000	-	-	-	29,000
Accounting and legal fees	-	118	-	-	2,748	175	-	3,041	299,341	7,121	306,462	309,503
Consultants and other professional fees	48,690	329,637	55,684	83,971	615,337	1,056,683	26,519	2,216,521	453,356	58,709	512,065	2,728,586
Office expense	115	24,610	1,834	9,738	129	3,084	12,809	52,319	30,630	9,371	40,001	92,320
Postage and shipping	131	8,577	539	5,776	17,647	4,406	8,271	45,347	9,056	6,313	15,369	60,716
Printing	-	444	1,830	408	7,369	1,796	35,441	47,288	9,986	364	10,350	57,638
Equipment rental and computer maintenance	400	4,361	1,790	14,891	2,710	116,559	5,811	146,522	29,534	36,677	66,211	212,733
Maintenance	344	2,132	776	15,045	687	2,004	2,871	23,859	38,613	628	39,241	63,100
Communications	551	24,569	-	5,067	25,929	6,712	22,527	85,355	2,373	2,418	4,791	90,146
Event and kitchen supplies	121	4,863	1,069	661,639	17,886	14,015	2,541	661,639	8,963	10,653	19,616	721,750
Design and layout	-	-	-	-	47,000	71,500	220,350	338,850	-	-	-	338,850
Event and meeting space rental	-	265	-	-	127,057	28,000	-	155,322	-	42,700	42,700	198,022
Event production	-	182,391	-	3,365	729,573	445,601	-	1,360,930	-	8,334	8,334	1,369,264
Invitations and programs	-	-	-	-	21,108	10,425	-	31,533	-	6,332	6,332	37,865
Promotional materials and decorations	-	14,574	-	25,539	217,537	48,090	48,036	353,776	1,368	27,138	28,506	382,282
Rent, utilities and real estate taxes	3,090	42,751	10,589	69,022	18,718	43,527	52,444	240,141	110,630	15,400	126,030	366,171
Insurance	-	549	-	-	4,942	-	-	5,491	101,431	1,136	102,567	108,058
Travel and entertainment	2,626	330,008	9,753	9,475	322,274	191,633	4,726	870,495	46,548	62,318	108,866	979,361
Photography	-	11,655	100	49,048	11,934	23,150	10,282	106,169	1,250	2,950	4,200	110,369
Website and internet fees	81	8,630	7,371	3,143	7,704	3,117	63,124	93,170	4,254	1,155	5,409	98,579
Interest	-	-	-	-	-	-	-	-	57,497	-	57,497	57,497
Bank and credit card and other processing fees	-	604	9,177	52,414	25,627	49,936	-	137,758	13,409	16,677	30,086	167,844
Government registration fees	-	2,550	-	-	-	1,120	-	3,670	13,253	6,007	19,260	22,930
	717,579	1,684,035	238,574	2,482,888	2,767,446	2,768,008	638,797	11,297,327	2,154,027	753,338	2,907,365	14,204,692
Depreciation	4,142	23,731	12,391	30,165	8,759	14,142	28,891	122,221	38,399	10,559	48,958	171,179
TOTAL	\$ 721,721	\$ 1,707,766	\$ 250,965	\$ 2,513,053	\$ 2,776,205	\$ 2,782,150	\$ 667,688	\$ 11,419,548	\$ 2,192,426	\$ 763,897	\$ 2,956,323	\$ 14,375,871

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
	Scholarship	Education and Impact	Member Services	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
Communications	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	70,137	10,104	340,660	12,236	38,384	50,620	391,280
Rent, utilities and real estate taxes	7,610	35,216	8,275	44,718	14,998	19,269	41,837	171,923	89,902	521	90,423	262,346
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
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
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 fees	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
Provision for bad debts	-	-	-	-	-	2,500	-	2,500	-	7,500	7,500	10,000
	706,603	2,276,768	201,140	2,035,297	2,655,004	2,498,431	676,242	11,049,485	1,890,165	771,136	2,661,301	13,710,786
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
TOTAL	\$ 711,242	\$ 2,297,645	\$ 212,739	\$ 2,060,814	\$ 2,661,963	\$ 2,507,710	\$ 701,759	\$ 11,153,872	\$ 1,921,481	\$ 779,255	\$ 2,700,736	\$ 13,854,608

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,261,967	\$ (260,356)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	171,179	143,822
Amortization of debt issuance costs	348	3,199
Provision for bad debts	-	10,000
Deferred rent	58,516	-
Changes in assets and liabilities:		
Grants and other receivables	(836,913)	(280,243)
Prepaid expenses and other assets	(261,940)	(3,579)
Accounts payable and accrued expenses	240,350	231,631
Deferred revenue	<u>(30,787)</u>	<u>355,490</u>
Net cash provided by operating activities	<u>602,720</u>	<u>199,964</u>
Cash flows from investing activities:		
Purchases of intangible asset	(10,000)	-
Purchases of property and equipment	<u>(613,824)</u>	<u>(388,204)</u>
Net cash used in investing activities	<u>(623,824)</u>	<u>(388,204)</u>
Cash flows from financing activities:		
Payments of accounts payable used to finance property and equipment	-	(25,185)
Repayments of mortgage note payable	<u>(93,780)</u>	<u>(90,276)</u>
Net cash used in financing activities	<u>(93,780)</u>	<u>(115,461)</u>
Net decrease in cash and cash equivalents	(114,884)	(303,701)
Cash and cash equivalents - beginning	<u>2,940,127</u>	<u>3,243,828</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 2,825,243</u>	<u>\$ 2,940,127</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ 57,450</u>	<u>\$ 60,943</u>
Supplemental schedule of non-cash investing activity:		
Write-off of fully depreciated property and equipment	<u>\$ 114,998</u>	<u>\$ -</u>

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

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 legend 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 and meeting center for those interested in the advancement of the culinary arts in America. The mission of the Foundation is to celebrate, nurture, and honor chefs and other leaders making America's food culture more delicious, diverse, and sustainable for everyone. This mission is fulfilled by focusing efforts on several areas and programs, which are outlined below:

The James Beard Foundation Awards: These annual awards are the highest honor for food and beverage professionals working in North America. More than 60 awards are given out each spring, among categories including cookbooks, restaurants and chefs, media and journalistic achievement. Nominees and award winners are selected by their industry peers, and are recognized at the Media Awards, the Leadership Awards and the Chef and Restaurant Awards. The James Beard Foundation Awards are often called the "Oscars" of the food world.

James Beard House Events: All performing artists deserve a great stage. Musicians have Carnegie Hall; opera singers have the Metropolitan Opera House. Chefs, winemakers and restaurateurs have the James Beard House at which to showcase their art. During fiscal 2019, 202 events were hosted at the House. Approximately 13,000 guests attended these events, which featured culinary professionals from all over the world.

Taste America Program: This is the Foundation's annual multi-city tour celebrating America's culinary diversity, featuring "all-star" guest chefs from outside the host city, as well as local culinary talent, engaging a broad national audience. Each city's two-day schedule includes an elegant fundraising dinner, followed the next day by an in-store public event with free culinary demonstrations and book signings open to the public. In fiscal 2020, this program will expand to additional cities and an all year-round format, to introduce the Foundation to more cities around the country.

The James Beard Foundation Impact Programs are committed to establishing a more sustainable food system through education, advocacy, and thought leadership. Through the mantra Good Food for Good™ the Foundation is committed to giving chefs and their colleagues a voice and the tools needed to make the world food supply more sustainable, equitable, and delicious for everyone. Program offerings include Chef's Boot Camp, Issue Summits, Smart Catch and Food Waste Curriculum.

The James Beard Foundation Women's Leadership Programs are committed to advancing women in the culinary industry through various programs, including Owning It and Women's Entrepreneurial Leadership. The Owning It program is designed to introduce emerging leaders in hospitality-related fields to best practices for visioning, business planning, fundraising, and pitching their businesses. The Women's Entrepreneurial Leadership Program is comprised of an annual fellowship for a class of up to 20 women to attend a five-day entrepreneurship and leadership training program, developed with Babson College.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

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"), which requires the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

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 dates 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 with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 with donor restrictions 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 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" in the accompanying statements of financial position.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Revenue received from House, out-of-house and awards gala events is recognized upon completion of the activity. The payments received for the May 2019 awards gala event and the fiscal year 2020 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.

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, 2019 and 2018, 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

Intangible Assets

Intangible assets are initially valued at fair value using generally accepted valuation methods appropriate for the type of intangible asset. Intangible assets with indefinite lives are not amortized and are reviewed for impairment if indicators of impairment arise. The Foundation's intangible assets with indefinite lives consist of an acquired trademark. As of March 31, 2019, the Foundation determined that there were no indicators of impairment of its indefinite lived assets.

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.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Rent Expense

The Foundation recognizes fixed minimum rent expense on non-cancelable leases on a straight-line basis over the term of each individual lease. The lease term includes all renewal periods that are considered to be reasonably assured. The difference between recognized rental expense and amounts payable under the lease is recorded as "Deferred rent" on the accompanying statements of financial position. At March 31, 2019, the deferred rent was \$58,516. There was no deferred rent liability at March 31, 2018.

Income Taxes

The James Beard Foundation, Inc. is a not-for-profit organization and has been recognized by the Internal Revenue Service ("IRS") as exempt from federal income taxes under Internal Revenue Code ("IRC") Section 501(a) as described in IRC Section 501(c)(3). The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Foundation has determined that it is subject to unrelated business income tax and will appropriately file an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

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 believes that the Foundation has taken no uncertain tax positions that would require adjustments to the 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 and consulting services amounting to \$384,146 and \$120,899 were provided to the Foundation during the years ended March 31, 2019 and 2018, respectively, and are included in "Contributions" in the accompanying statements of activities and "Accounting and legal fees" and "Consultants and other professional 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, 2019 and 2018, 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 House and out-of-house events. For the years ended March 31, 2019 and March 31, 2018, these contributed goods, services and facilities amounted to \$560,550 and \$450,300,

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Donations (Continued)

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 \$20,000, comprised of promotional materials for the year ended March 31, 2019. 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 the year ended March 31, 2018. 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

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services in reasonable amounts and ratios determined by management.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and employee benefits	Time and effort
Scholarships	Directly charged
Professional fees	Directly charged
Rent	Head count
Travel and entertainment	Directly charged
Depreciation	Head count
Office expenses	Directly charged

Reclassifications

Certain amounts in the prior year financial statements have been reclassified between expenses on the accompanying statements of activities and 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.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncement

In August 2016, FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

Recently Issued but not yet Effective Accounting Standards

Revenue Recognition

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended (commonly referred to as "ASC 606"), which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASC 606 replaces most existing revenue recognition standards in U.S. GAAP, including industry-specific standards, when it becomes effective. This standard is effective for the Foundation beginning April 1, 2019. The standard permits the use of either the retrospective or cumulative-effect transition method. The Foundation is currently completing its evaluation of the impact that ASC 606 will have on its financial statements and related disclosures.

The Foundation expects, at a minimum, the effect of adoption will be expanded disclosures that will enable users to better understand the nature, amount, timing, and uncertainty, if any, of revenues and cash flows arising from contracts with customers.

Statement of Cash Flows

In August 2016, FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"), which provides guidance on several cash flow classification issues. This new guidance is effective for years beginning after December 15, 2018, with early adoption permitted. The Foundation is evaluating the effect that ASU 2016-15 will have on its financial statements and related disclosures.

Contributions

In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"), which provides guidance for determining whether a transaction should be accounted for as a contribution or an exchange transaction, and whether a contribution is conditional or unconditional. This ASU is effective for years beginning after December 15, 2018. The Foundation is currently completing its initial assessment and evaluation of the impact that ASU 2018-08 will have on its financial statements and related disclosures. At a minimum, the adoption will result in expanded disclosures that will enable users to better understand whether a contribution is conditional or unconditional.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued but not yet Effective Accounting Standards (Continued)

Leases

In February 2016, FASB issued ASU No. 2016-02, *Leases*. 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 December 15, 2019, with early adoption permitted. The Foundation is evaluating the effect that ASU 2016-02 will have on its financial statements and disclosures, but has not yet determined the timing of adoption.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Foundation has evaluated subsequent events through August 20, 2019, 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. LIQUIDITY AND AVAILABILITY

The Foundation receives contributions with and without donor restrictions. Contributions received with donor restrictions are to be used in accordance with the associated purpose restrictions. Typically restrictions are released during the year received and the combined support with and without donor restriction has historically represented 100% of annual program funding needs.

The table below presents financial assets available for general expenditures within one year at March 31, 2019, reduced by amounts that are not available to meet general expenditures within one year because of contracted restrictions or internal board designations. Amounts not available include contributions with donor restrictions (Note 9) and board restricted cash and cash equivalents (Note 4). In the event that needs arise to utilize board restricted funds for liquidity purposes, the reserves could be drawn upon through Board resolution.

Cash and cash equivalents	\$	2,825,243
Grants and other receivable, net		<u>1,468,954</u>
Total financial assets available to meet cash needs for general expenditures within one year		4,294,197
Less amounts not available for general obligations within one year:		
Net assets with donor restrictions		<u>2,306,054</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$ 1,988,143</u>

As part of the Foundation's liquidity management, it has a plan to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

NOTE 4. 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, 2019 and 2018:

	2019	2018
Scholarship funds	\$ 400,000	\$ 400,000
House Preservation Fund	100,000	100,000
Total	\$ 500,000	\$ 500,000

NOTE 5. GRANTS AND OTHER RECEIVABLES

Grants and other receivables, which includes unconditional promises to give due in less than one year, amounted to \$1,468,954 and \$632,042 as of March 31, 2019 and 2018, 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 71% and 49% of the Foundation's total grants and other receivables were due from one donor and three donors as of March 31, 2019 and 2018, respectively.

NOTE 6. CONDITIONAL PROMISES TO GIVE

During the years ended March 31, 2019 and 2018, the Foundation received grants totaling approximately \$779,000 (the "2019 Conditional Grants") and \$550,000 (the "2018 Conditional Grants") (collectively the "Conditional Grants"), respectively. The Conditional Grants contain grantor conditions (primarily completion of specifically identified events and milestones), and represent conditional promises to give. As such, they are not recorded as contribution revenue until conditions are met.

For the year ended March 31, 2019, certain conditions were met and the Foundation recognized revenue of approximately \$757,000 related to the Conditional Grants, which is included in with donor "Educational program fees and grants" and "Contributions with donor restrictions" on the accompanying statement of activities.

For the year ended March 31, 2018, certain conditions were met and the Foundation recognized revenue of approximately \$472,000, which is included in "Contributions with donor restrictions" on the accompanying statement of activities. The remaining portion of the grants received, amounting to approximately \$78,000, was recognized as revenue during the year ended March 31, 2019, as the related conditions were met.

There were no donations received from donors in advance of the conditions being met as of March 31, 2019 and 2018.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

NOTE 7. PROPERTY AND EQUIPMENT

The Foundation's property and equipment consisted of the following at March 31, 2019 and 2018:

	2019	2018
Building and building improvements	\$ 2,088,658	\$ 1,730,904
Office and kitchen equipment	816,977	675,905
Land	418,869	418,869
	3,324,504	2,825,678
Less: accumulated depreciation	1,528,696	1,472,515
Property and equipment, net	\$ 1,795,808	\$ 1,353,163

NOTE 8. 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 a subsequent modification on April 8, 2016 (the "April 2016 Modification").

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.

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

As of March 31, 2019, future minimum principal payments are summarized as follows:

<u>Year Ending March 31:</u>	<u>Amount</u>
2020	\$ 97,372
2021	101,140
2022	105,054
2023	109,119
2024	113,341
Thereafter	926,092
	\$ 1,452,118

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

NOTE 8. MORTGAGE NOTE PAYABLE (CONTINUED)

As of March 31, 2019, future minimum amortization of debt issuance costs are summarized as follows:

<u>Year Ending March 31:</u>	<u>Amount</u>
2020	\$ 348
2021	348
2022	348
2023	348
2024	348
Thereafter	<u>2,438</u>
	<u>\$ 4,178</u>

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS

The Foundation's net assets with donor restrictions are available to satisfy the following purpose as of March 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Scholarship Funds	\$ 1,110,351	\$ 1,029,877
Educational Programs	5,000	-
House Preservation Fund	100,000	100,000
House Renovations	44,712	-
Women's Leadership Programs	<u>1,045,991</u>	<u>147,939</u>
	<u>\$ 2,306,054</u>	<u>\$ 1,277,816</u>

During the years ended March 31, 2019 and 2018, net assets were released from donor restrictions by incurring expenses satisfying the following purposes:

	<u>2019</u>	<u>2018</u>
Scholarship Funds	\$ 499,451	\$ 553,801
Educational Programs	343,964	-
House Renovations	40,288	272,503
Women's Leadership Programs	<u>580,689</u>	<u>261,836</u>
	<u>\$ 1,464,392</u>	<u>\$ 1,088,140</u>

NOTE 10. EMPLOYEE BENEFIT PLAN

The Foundation maintains a defined contribution plan (the "Plan") under Section 403(b) of the IRC 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, 2019 and 2018.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

NOTE 11. COMMITMENTS

The Foundation leased 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. Month-to-month agreements extended the lease through January 31, 2019. During 2018, the Foundation entered into an agreement to rent office space under a noncancelable operating lease which commenced in October 2018, and expires in February 2026. Both leases are 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 April 2024.

At March 31, 2019, the aggregate minimum annual rental commitments under the above noncancelable office and equipment leases are as follows:

<u>Year Ending March 31:</u>	<u>Office</u>	<u>Equipment</u>	<u>Total</u>
2020	\$ 218,229	\$ 37,392	\$ 255,621
2021	205,768	31,056	236,824
2022	211,941	31,056	242,997
2023	238,465	31,056	269,521
2024	245,619	27,268	272,887
Thereafter	<u>491,529</u>	<u>694</u>	<u>492,223</u>
	<u>\$ 1,611,551</u>	<u>\$ 158,522</u>	<u>\$ 1,770,073</u>

The Foundation incurred office rent expense of \$191,483 and \$95,259, during the years ended March 31, 2019 and 2018, respectively, which is included in "Rent, utilities and real estate taxes" on the accompanying statements of functional expenses.

The Foundation incurred equipment rent expense of \$32,668 and \$30,948, during the years ended March 31, 2019 and 2018, respectively, which is included in "Equipment rental and computer maintenance" on the accompanying statements of functional expenses.