

**THE JAMES BEARD FOUNDATION, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED MARCH 31, 2020 AND 2019**

**THE JAMES BEARD FOUNDATION, INC.  
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019**

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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, 2020 and 2019, 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, 2020 and 2019, 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.

## Emphasis of Matter

As discussed in Note 13 to the financial statements, subsequent to year end, the World Health Organization declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. As further discussed in Note 13, subsequent to year end, The James Beard Foundation, Inc. received loan proceeds under the Paycheck Protection Program, which was established as part of the Coronavirus Aid, Relief and Economic Security Act. Our opinion is not modified with respect to these matters.

## Adoption of New Accounting Pronouncements

As discussed in Note 2 to the financial statements, The James Beard Foundation Inc. changed its method of accounting for conditional nonreciprocal transactions on the statements of activities and the classification and presentation of restricted cash on the statements of cash flows, respectively, for all periods presented, due to The James Beard Foundation Inc.'s adoption of Accounting Standards Update ("ASU") No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958), and ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the Emerging Issues Task Force)*. Our opinion is not modified with respect to this matter.



CERTIFIED PUBLIC ACCOUNTANTS

Melville, New York  
October 14, 2020

**THE JAMES BEARD FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b><u>ASSETS</u></b>		
Cash and cash equivalents:		
Cash	\$ 3,447,593	\$ 2,325,243
Board designated cash and cash equivalents	500,000	500,000
Total cash and cash equivalents	3,947,593	2,825,243
Grants and other receivables	452,341	1,468,954
Prepaid expenses and other assets	1,296,717	1,088,290
Property and equipment, net	1,869,634	1,795,808
<b>TOTAL ASSETS</b>	<b>\$ 7,566,285</b>	<b>\$ 7,178,295</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,440,430	\$ 920,625
Mortgage note payable, net	1,351,036	1,447,940
Deferred revenue	1,559,245	2,179,626
Deferred rent	57,302	58,516
Total liabilities	4,408,013	4,606,707
Commitments and contingencies (Notes 6, 8, 9, 12 and 13)		
Net assets:		
Without donor restrictions	629,281	265,534
With donor restrictions:		
Purpose or time restricted	1,928,971	2,306,054
Endowment	600,020	-
Total net assets with donor restrictions	2,528,991	2,306,054
Total net assets	3,158,272	2,571,588
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 7,566,285</b>	<b>\$ 7,178,295</b>

See accompanying notes to financial statements.

**THE JAMES BEARD FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Awards event sponsorships and ticket sales	\$ 4,555,815	\$ -	\$ 4,555,815
Contributions	2,692,574	1,615,849	4,308,423
Dividend and interest income	58,709	-	58,709
Educational program fees and grants	1,247,553	206,796	1,454,349
House events	1,608,601	-	1,608,601
Membership fees	438,324	-	438,324
Out-of-house events and auctions	6,664,242	-	6,664,242
Program advertising, publications and miscellaneous income	56,064	-	56,064
Net assets released from restrictions - satisfaction of program and time restrictions	<u>1,599,708</u>	<u>(1,599,708)</u>	<u>-</u>
Total support and revenue	<u>18,921,590</u>	<u>222,937</u>	<u>19,144,527</u>
Expenses:			
Program services:			
Scholarships	717,768	-	717,768
Education and impact	2,169,768	-	2,169,768
Member services	313,459	-	313,459
House events	2,602,071	-	2,602,071
Awards	3,316,209	-	3,316,209
Out-of-house events	5,132,516	-	5,132,516
Publications and communications	<u>777,479</u>	<u>-</u>	<u>777,479</u>
Total program services	<u>15,029,270</u>	<u>-</u>	<u>15,029,270</u>
Supporting services:			
Management and general	2,608,730	-	2,608,730
Fundraising	<u>919,843</u>	<u>-</u>	<u>919,843</u>
Total supporting services	<u>3,528,573</u>	<u>-</u>	<u>3,528,573</u>
Total expenses	<u>18,557,843</u>	<u>-</u>	<u>18,557,843</u>
Change in net assets	363,747	222,937	586,684
Net assets - beginning	<u>265,534</u>	<u>2,306,054</u>	<u>2,571,588</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 629,281</u>	<u>\$ 2,528,991</u>	<u>\$ 3,158,272</u>

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
Out-of-house events and auctions	3,679,980	-	3,679,980
Program advertising, publications and miscellaneous income	72,332	-	72,332
Net assets released from restrictions - satisfaction of program 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:			
Scholarship	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>
<b>NET ASSETS - ENDING</b>	<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 FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2020**

	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	\$ 98,034	\$ 607,909	\$ 217,744	\$ 1,173,453	\$ 510,861	\$ 790,184	\$ 243,361	\$ 3,641,546	\$ 797,574	\$ 487,215	\$ 1,284,789	\$ 4,926,335
Payroll taxes and employee benefits	20,243	125,527	44,962	242,305	105,487	163,164	50,251	751,939	164,690	100,604	265,294	1,017,233
Scholarship grants	529,112	-	-	-	-	-	-	529,112	-	-	-	529,112
Grants to other organizations	-	150,000	-	-	20,000	1,000	-	171,000	-	-	-	171,000
Accounting and legal fees	-	-	-	-	3,119	-	-	3,119	521,023	6,840	527,863	530,982
Consultants and other professional fees	69,120	411,563	3,628	76,902	658,433	2,941,108	36,913	4,197,667	581,630	27,023	608,653	4,806,320
Office expense	-	22,916	5,224	4,410	2,216	2,614	20,858	58,238	27,602	11,342	38,944	97,182
Postage and shipping	111	7,211	434	4,692	39,351	5,986	1,625	59,410	2,671	9,980	12,651	72,061
Printing	-	4,904	4,972	1,401	7,771	6,410	264	25,722	11,495	10,740	22,235	47,957
Equipment rental and computer maintenance	-	6,051	3,136	17,693	13,419	55,254	6,017	101,570	35,114	37,680	72,794	174,364
Maintenance	-	2,092	522	18,346	1,218	3,008	3,139	28,325	45,362	1,177	46,539	74,864
Communications	250	31,015	-	2,629	294,142	180,823	38,116	546,975	889	11,026	11,915	558,890
Event and kitchen supplies	-	3,935	233	748,711	23,426	11,187	791	788,283	4,512	3,526	8,038	796,321
Design and layout	-	5,000	-	-	30,000	64,657	179,383	279,040	-	-	-	279,040
Event and meeting space rental	-	4,340	-	-	127,153	58,850	-	190,343	-	56,210	56,210	246,553
Event production	-	250,940	-	56,673	803,203	445,688	-	1,556,504	1,237	5,208	6,445	1,562,949
Invitations and programs	-	1,284	-	-	895	14,129	-	16,308	-	5,569	5,569	21,877
Promotional materials and decorations	-	38,448	1,278	8,035	242,205	65,772	52,010	407,748	3,862	25,755	29,617	437,365
Rent, utilities and real estate taxes	-	27,367	6,624	81,937	14,679	38,090	39,745	208,442	122,117	14,904	137,021	345,463
Telephone	-	6,491	987	7,158	3,244	7,340	5,924	31,144	10,183	3,031	13,214	44,358
Insurance	-	530	-	-	5,667	-	-	6,197	105,397	-	105,397	111,594
Travel and entertainment	898	357,990	137	18,393	334,863	149,690	1,981	863,952	37,384	56,476	93,860	957,812
Photography	-	14,780	-	35,350	15,040	27,947	1,757	94,874	-	1,500	1,500	96,374
Library expense	-	-	245	-	-	73	1,151	1,469	-	-	-	1,469
Auction items	-	-	-	-	-	18,825	-	18,825	-	1,931	1,931	20,756
Website and internet fees	-	64,308	3,312	3,785	26,058	2,264	64,985	164,712	7,337	188	7,525	172,237
Interest	-	-	-	-	-	-	-	-	53,675	-	53,675	53,675
Bank and credit card and other processing fees	-	577	10,285	64,618	21,589	50,287	-	147,356	24,730	19,995	44,725	192,081
Government registration fees	-	250	-	287	-	175	-	712	-	6,102	6,102	6,814
	717,768	2,145,428	303,723	2,566,778	3,304,039	5,104,525	748,271	14,890,532	2,558,484	904,022	3,462,506	18,353,038
Depreciation and amortization	-	24,340	9,736	35,293	12,170	27,991	29,208	138,738	50,246	15,821	66,067	204,805
<b>TOTAL</b>	<b>\$ 717,768</b>	<b>\$ 2,169,768</b>	<b>\$ 313,459</b>	<b>\$ 2,602,071</b>	<b>\$ 3,316,209</b>	<b>\$ 5,132,516</b>	<b>\$ 777,479</b>	<b>\$ 15,029,270</b>	<b>\$ 2,608,730</b>	<b>\$ 919,843</b>	<b>\$ 3,528,573</b>	<b>\$ 18,557,843</b>

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	
	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	\$ 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	702,134	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 and amortization	4,142	23,731	12,391	30,165	8,759	14,142	28,891	122,221	38,399	10,559	48,958	171,179
<b>TOTAL</b>	<u>\$ 721,721</u>	<u>\$ 1,707,766</u>	<u>\$ 250,965</u>	<u>\$ 2,513,053</u>	<u>\$ 2,776,205</u>	<u>\$ 2,782,150</u>	<u>\$ 667,688</u>	<u>\$ 11,419,548</u>	<u>\$ 2,192,426</u>	<u>\$ 763,897</u>	<u>\$ 2,956,323</u>	<u>\$ 14,375,871</u>

See accompanying notes to financial statements.

**THE JAMES BEARD FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MARCH 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
Cash flows from operating activities:		
Change in net assets	\$ 586,684	\$ 1,261,967
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	204,457	171,179
Amortization of debt issuance costs	348	348
Deferred rent	(1,214)	58,516
Changes in assets and liabilities:		
Grants and other receivables	1,016,613	(836,913)
Prepaid expenses and other assets	(208,427)	(261,940)
Accounts payable and accrued expenses	519,805	240,350
Deferred revenue	<u>(620,381)</u>	<u>(30,787)</u>
Net cash provided by operating activities	<u>1,497,885</u>	<u>602,720</u>
Cash flows from investing activities:		
Purchases of intangible asset	-	(10,000)
Purchases of property and equipment	<u>(278,282)</u>	<u>(613,824)</u>
Net cash used in investing activities	<u>(278,282)</u>	<u>(623,824)</u>
Cash used in financing activities:		
Repayments of mortgage note payable	<u>(97,253)</u>	<u>(93,780)</u>
Net increase (decrease) in cash and cash equivalents	1,122,350	(114,884)
Cash and cash equivalents - beginning	<u>2,825,243</u>	<u>2,940,127</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b><u>\$ 3,947,593</u></b>	<b><u>\$ 2,825,243</u></b>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ 53,989</u>	<u>\$ 57,450</u>
Supplemental schedule of non-cash investing activity:		
Write-off of fully depreciated property and equipment	<u>\$ -</u>	<u>\$ 114,998</u>

See accompanying notes to financial statements.

**THE JAMES BEARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**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 2020, 167 events were hosted at the House. Approximately 9,500 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. Primary cities two-day schedule includes a cocktail reception and elegant fundraising dinner. In fiscal 2020, this program expanded 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 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, 2020 AND 2019**

**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.

Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Foundation, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity and that only the income be made available to fund Foundation operations.

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, 2020 AND 2019**

**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 2020 awards gala event, which has been rescheduled for a September 2020 virtual Awards and Nominees Celebration, and the fiscal year 2021 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 an original 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, 2020 and 2019, 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, 2020 and 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, 2020 AND 2019**

**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, 2020 and 2019, the deferred rent was \$57,302 and \$58,516, respectively.

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 \$736,022 and \$384,146 were provided to the Foundation during the years ended March 31, 2020 and 2019, 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, 2020 and 2019, 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 JAMES BEARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

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

In-Kind Donations (Continued)

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, 2020 and March 31, 2019, these contributed goods, services and facilities amounted to \$546,631 and \$540,550, 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 years ended March 31, 2020 and March 31, 2019, respectively.

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 revenues on the accompanying statements of activities 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, 2020 AND 2019**

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

Recently Adopted Accounting Pronouncements

*Contributions*

In June 2018, FASB issued Accounting Standards Update ("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 adopted ASU 2018-08 effective April 1, 2019, using the modified prospective method. Under the modified prospective method, the amendments are applied to agreements that are either not completed as of the effective date or entered into after the effective date. The Foundation has determined that the application of the amendments of ASU 2018-08 did not have a material impact on the Foundation's financial statements and related disclosures.

*Statement of Cash Flows*

In November 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic - 230) - Restricted Cash (a consensus of The Emerging Issues Task Force)* ("ASU 2016-18"), to require that restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statements of cash flows. The Foundation has determined that the application of the amendments of ASU 2016-18 did not have a material impact on the Foundation's financial statements and related disclosures.

Recently Issued but not yet Effective Accounting Pronouncements

*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. In June 2020, FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)* ("ASU 2020-05"). ASU 2020-05 provided for an optional election to defer the effective date for ASC 606 and related amendments for an additional year.

Prior to the coronavirus pandemic (See Note 13), the Foundation was finalizing its assessment and evaluation of the impact that ASC 606 will have on the Foundation's financial statements and related disclosures. The Foundation was unable to complete its assessment and evaluation due to the operational disruptions caused by the pandemic. As a result, the Foundation elected the option available under ASU 2020-05 to defer the effective date of ASC 606 for annual reporting periods beginning after December 15, 2019. The standard permits the use of either the retrospective or cumulative-effect transition method. The Foundation expects, at a minimum, that the adoption will result in expanded disclosures that will enable the users to better understand the nature, amount, timing and uncertainty, if any, of revenues and cash flows arising from contracts with customers.



**THE JAMES BEARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**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* ("ASU 2016-02"). This update requires all leases with a term greater than 12 months to be recognized on the balance sheet through a right-of-use asset and a lease liability and enhanced disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases. In July 2018, FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842*, and ASU No. 2018-11, *Leases: Targeted Improvements*, which provided narrow amendments to clarify how to apply certain aspects of the new leases standard and options regarding transition. The standard requires either a modified retrospective transition approach with application in all comparative periods presented, or an alternative transition method, which permits the Foundation to use its effective date as the date of initial application without restating the comparative period financial statements and recognizing any cumulative effect adjustment to the opening balance sheet. In November 2019, FASB issued ASU No. 2019-10 *Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)* ("ASU 2019-10") and, as mentioned above, in June 2020, FASB issued ASU 2020-05. ASU 2019-10 and ASU 2020-05 amended the effective date for ASU 2016-02 and related amendments. ASU 2016-02, as amended, is effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Foundation is currently evaluating the effect on its financial statements and related disclosures.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Foundation has evaluated subsequent events through October 14, 2020, the date on which these financial statements were available to be issued. Except as disclosed in Notes 9, 12 and 13 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. The Foundation also received gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is to fund operations. 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 on the following page presents financial assets available for general expenditures within one year at March 31, 2020, 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 net assets with donor restrictions (Notes 8 and 10). In the event that needs arise to utilize board restricted funds for liquidity purposes, the reserves could be drawn upon through Board resolution.

**THE JAMES BEARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 3. LIQUIDITY AND AVAILABILITY (CONTINUED)**

Cash and cash equivalents (including board designated cash)	\$	3,947,593
Grants and other receivables		<u>452,341</u>
Total financial assets available to meet cash needs for general expenditures within one year		4,399,934
Less amounts not available for general obligations within one year:		
Net assets with donor restrictions		<u>600,020</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>3,799,914</u>

The Foundation's endowment fund consists of a donor-restricted endowment. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

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.

**NOTE 4. BOARD DESIGNATED 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 designated cash and cash equivalents consisted of the following as of March 31, 2020 and 2019:

	<u>2020</u>		<u>2019</u>
Scholarship funds	\$ 400,000	\$	400,000
House Preservation Fund	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Total	<u>\$ 500,000</u>	<u>\$</u>	<u>500,000</u>

**THE JAMES BEARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 5. GRANTS AND OTHER RECEIVABLES**

Grants and other receivables, which includes unconditional promises to give due in less than one year, amounted to \$452,341 and \$1,468,954 as of March 31, 2020 and 2019, 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 66% and 71% of the Foundation's total grants and other receivables were due from five donors and one donor as of March 31, 2020 and 2019, respectively.

**NOTE 6. CONDITIONAL PROMISES TO GIVE**

During the years ended March 31, 2020 and 2019, the Foundation received conditional grants totaling approximately \$54,000 (the "2020 Conditional Grants") and \$779,000 (the "2019 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, 2020, certain conditions were met and the Foundation recognized revenue of approximately \$47,000 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.

There were no donations received from donors in advance of the conditions being met as of March 31, 2020 and 2019.

**NOTE 7. PROPERTY AND EQUIPMENT**

The Foundation's property and equipment consisted of the following at March 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Building and building improvements	\$ 2,101,904	\$ 2,088,658
Office and kitchen equipment	1,082,014	816,977
Land	<u>418,869</u>	<u>418,869</u>
	3,602,787	3,324,504
Less: accumulated depreciation	<u>1,733,153</u>	<u>1,528,696</u>
Property and equipment, net	<u>\$ 1,869,634</u>	<u>\$ 1,795,808</u>

**THE JAMES BEARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 8. ENDOWMENT**

On February 20, 2020, the Foundation received donor restricted contributions to be used for the establishment of the Michael Phillips Humanitarian Fund at the James Beard Foundation (the "Endowment"). The purpose of the Endowment is to provide for a \$20,000 annual cash award to each year's Humanitarian of the Year award winner.

The Board of Trustees has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At March 31, 2020, there were no such donor stipulations. As a result of this interpretation, the Foundation retain in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted Endowment funds:

- The duration and preservation of the Endowment fund
- The purposes of the Foundation and the donor-restricted Endowment fund
- General economic conditions, including possible effects of inflation (deflation)
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

As of March 31, 2020, the Foundation had the following Endowment net asset composition by type of fund:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ <u>          -</u>	\$ <u>  600,020</u>	\$ <u>  600,020</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law ("Underwater Endowments"). The Foundation has interpreted UPMIFA to permit spending from Underwater Endowments in accordance with prudent measures required under law. At March 31, 2020, the Foundation did not have any Underwater Endowments.

The Foundation had no endowment for the year ended March 31, 2019.

**THE JAMES BEARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 8. ENDOWMENT (CONTINUED)**

*Investment and Spending Policies*

The Foundation has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. The target minimum rate of return is 5%. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

The Foundation will determine the maximum amount to spend from the Endowment. The amount that will be spent is adjusted from time to time by the Board of Directors and is applied to the average fair value of the Endowment investments for the prior 12 months at March 31 of each year to determine the spending amount for the upcoming year. As of March 31, 2020, the Foundation is still determining the spending rate. In establishing this policy, the Foundation considered the long-term expected return on the Endowment and will set the rate with the objective of maintaining the purchasing power of the Endowment over time.

**NOTE 9. 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. The April 2016 modification fees are included in "Mortgage note payable, net" in the accompanying statements of financial position.

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

On June 2, 2020, the Foundation entered into a Forbearance Agreement (the "Agreement") with the Bank whereby the monthly principal payments for the period from June 1, 2020 through August 1, 2020, are to be deferred until the maturity date, as defined in the Agreement.

**THE JAMES BEARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 9. MORTGAGE NOTE PAYABLE (CONTINUED)**

As of March 31, 2020, future minimum principal payments are summarized as follows:

<u>Year Ending March 31:</u>	<u>Amount</u>
2021	\$ 76,056
2022	105,054
2023	109,119
2024	113,341
2025	117,727
Thereafter	<u>833,569</u>
	<u>\$ 1,354,866</u>

As of March 31, 2020, future minimum amortization of debt issuance costs are summarized as follows:

<u>Year Ending March 31:</u>	<u>Amount</u>
2021	\$ 348
2022	348
2023	348
2024	348
2025	348
Thereafter	<u>2,090</u>
	<u>\$ 3,830</u>

**NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS**

The Foundation's net assets with donor restrictions are available to satisfy the following purpose or periods as of March 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to purpose restrictions:		
Scholarship Funds	\$ 939,390	\$ 1,110,351
Educational Programs	-	5,000
House Preservation Fund	100,000	100,000
House Renovations	66,466	44,712
Women's Leadership Programs	<u>823,115</u>	<u>1,045,991</u>
Total subject to purpose restrictions	1,928,971	2,306,054
Endowment	<u>600,020</u>	<u>-</u>
	<u>\$ 2,528,991</u>	<u>\$ 2,306,054</u>

During the years ended March 31, 2020 and 2019, net assets were released from donor restrictions by incurring expenses satisfying the following purposes:

	<u>2020</u>	<u>2019</u>
Scholarship Funds	\$ 537,530	\$ 499,451
Educational Programs	211,796	343,964
House Renovations	13,246	40,288
Women's Leadership Programs	<u>837,136</u>	<u>580,689</u>
	<u>\$ 1,599,708</u>	<u>\$ 1,464,392</u>

**THE JAMES BEARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 11. 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, 2020 and 2019.

**NOTE 12. 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, which was terminated on during January 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(the "Office Lease"). The Office Lease is subject to escalations for the Foundation's proportionate share of increases in real estate taxes and other operating expenses.

On July 31, 2020, the Foundation further amended the lease for office space, whereby the Foundation's base rent payments will be reduced by 50% for the months of July through December 2020.

The Foundation is obligated under operating leases for office equipment expiring through April 2024.

At March 31, 2020, 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>
2021	\$ 168,582	\$ 31,056	\$ 199,638
2022	211,941	31,056	242,997
2023	238,465	31,056	269,521
2024	245,619	27,268	272,887
2025	252,987	694	253,681
Thereafter	<u>238,541</u>	<u>-</u>	<u>238,541</u>
	<u>\$ 1,356,135</u>	<u>\$ 121,130</u>	<u>\$ 1,477,265</u>

The Foundation incurred office rent expense of \$215,477 and \$191,483, during the years ended March 31, 2020 and 2019, 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 \$37,392 and \$32,668, during the years ended March 31, 2020 and 2019, respectively, which is included in "Equipment rental and computer maintenance" on the accompanying statements of functional expenses.

**THE JAMES BEARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 13. SUBSEQUENT EVENTS**

COVID - 19

During 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Disruptions to operations have occurred and could continue to develop as a result of quarantines of employees, customers and suppliers in areas affected by the outbreak. Furthermore, economic uncertainties have arisen which are likely to negatively impact support and revenue. Given the uncertainty of the situation, the duration of the business disruption and related financial impact cannot be reasonably estimated at this time. No adjustments or provisions were made in these financial statements related to COVID-19.

Paycheck Protection Program

On April 23, 2020, the Foundation received loan proceeds of approximately \$835,000 under the Paycheck Protection Program ("PPP"). The PPP, which was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business or organization. The loan and accrued interest, or a portion thereof, may be forgiven after 24 weeks so long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels. At least 60% of the loan proceeds must be spent on payroll costs, as defined by the PPP for the loan to be eligible for forgiveness. The amount of loan forgiveness will be reduced by any amounts received by the Foundation as an advance as part of the Economic Injury Disaster Loan ("EIDL") program, made available through the Small Business Administration, that is ultimately converted to a grant. On June 13, 2020, the Foundation received loan proceeds of \$150,000 through the EIDL program ("EIDL Loan"), which is payable through monthly principal and interest (2.75%) installments, of \$641, beginning from June 13, 2021. In conjunction with the EIDL loan, the Foundation received a grant of \$10,000 which will be included in "Program advertising, publications and miscellaneous income" on the accompanying statements of activities.

The EIDL loan is due June 13, 2051, and is collateralized by the assets of the Foundation.

The PPP loan matures two years from the date of first disbursement of proceeds to the Foundation (the "PPP Loan Date") and accrues interest at a fixed rate of 1 %. Payments are deferred for at least the first six months and payable in 18 equal consecutive monthly installments of principal and interest commencing on upon expiration of the deferral period of the PPP Loan Date.

The Foundation currently intends to use the proceeds for purposes consistent with the PPP, however there can be no assurances that the Foundation will ultimately meet the conditions for forgiveness of the loan or that the Foundation will not take actions that could cause the Foundation to be ineligible for forgiveness of the loan, in whole or in part.

Lease Agreement

On September 3, 2020, the Foundation entered into a lease agreement (the "Agreement") to lease space in the House to an unrelated not-for-profit entity. The lease commences on September 3, 2020 and expires on December 31, 2020. Rent payments in the amount of \$9,000 are due to the Foundation on the first of each month.