

THE JAMES BEARD FOUNDATION, INC.
FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2022 AND 2021

**THE JAMES BEARD FOUNDATION, INC.
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021**

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of The James Beard Foundation, Inc., which comprise the statements of financial position as of March 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The James Beard Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The James Beard Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 James Beard Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The James Beard Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audits.


CERTIFIED PUBLIC ACCOUNTANTS

Melville, New York
September 13, 2022

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THE JAMES BEARD FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash and cash equivalents:		
Cash	\$ 4,311,406	\$ 5,125,896
Board designated cash and cash equivalents	<u>500,000</u>	<u>500,000</u>
Total cash and cash equivalents	4,811,406	5,625,896
Grants and other receivables	700,753	678,245
Prepaid expenses and other assets	843,475	383,152
Property and equipment, net	<u>1,726,286</u>	<u>1,817,915</u>
TOTAL ASSETS	<u>\$ 8,081,920</u>	<u>\$ 8,505,208</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,384,506	\$ 1,331,996
Mortgage note payable, net	1,172,106	1,275,770
Contract liabilities	694,733	696,379
Government loans	147,314	895,000
Deferred rent	<u>115,821</u>	<u>108,241</u>
Total liabilities	<u>3,514,480</u>	<u>4,307,386</u>
Commitments and contingencies (Notes 6, 8, 9, 12, and 13)		
Net assets:		
Without donor restrictions	<u>3,030,517</u>	<u>2,140,942</u>
With donor restrictions:		
Purpose or time restricted	933,058	1,454,373
Endowment	<u>603,865</u>	<u>602,507</u>
Total net assets with donor restrictions	<u>1,536,923</u>	<u>2,056,880</u>
Total net assets	<u>4,567,440</u>	<u>4,197,822</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,081,920</u>	<u>\$ 8,505,208</u>

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Awards event sponsorships and ticket sales	\$ 3,104,871	\$ -	\$ 3,104,871
Contributions	3,359,186	729,934	4,089,120
Dividend and interest income	15,559	1,358	16,917
Educational program fees and grants	646,790	-	646,790
House events	207,098	-	207,098
Patron program	139,029	-	139,029
Out-of-house events and auctions	6,782,298	-	6,782,298
Program advertising, publications and miscellaneous income	136,593	-	136,593
Net assets released from restrictions - satisfaction of program and time restrictions	<u>1,251,249</u>	<u>(1,251,249)</u>	<u>-</u>
Total support and revenue	<u>15,642,673</u>	<u>(519,957)</u>	<u>15,122,716</u>
Expenses:			
Program services:			
Scholarships	422,853	-	422,853
Education and impact	2,159,913	-	2,159,913
Member services	115,162	-	115,162
House events	983,845	-	983,845
Awards	2,780,072	-	2,780,072
Out-of-house events	5,132,716	-	5,132,716
Marketing and communications	<u>733,018</u>	<u>-</u>	<u>733,018</u>
Total program services	<u>12,327,579</u>	<u>-</u>	<u>12,327,579</u>
Supporting services:			
Management and general	2,277,096	-	2,277,096
Fundraising	<u>1,419,356</u>	<u>-</u>	<u>1,419,356</u>
Total supporting services	<u>3,696,452</u>	<u>-</u>	<u>3,696,452</u>
Total expenses	<u>16,024,031</u>	<u>-</u>	<u>16,024,031</u>
Change in net assets before other income	<u>(381,358)</u>	<u>(519,957)</u>	<u>(901,315)</u>
Other income:			
Employee retention credit income	525,933	-	525,933
Paycheck Protection Program loan forgiveness	<u>745,000</u>	<u>-</u>	<u>745,000</u>
Total other income	<u>1,270,933</u>	<u>-</u>	<u>1,270,933</u>
Change in net assets	889,575	(519,957)	369,618
Net assets - beginning	<u>2,140,942</u>	<u>2,056,880</u>	<u>4,197,822</u>
NET ASSETS - ENDING	<u><u>\$ 3,030,517</u></u>	<u><u>\$ 1,536,923</u></u>	<u><u>\$ 4,567,440</u></u>

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Awards event sponsorships and ticket sales	\$ 3,095,919	\$ -	\$ 3,095,919
Contributions	4,597,438	1,297,789	5,895,227
Dividend and interest income	23,445	2,507	25,952
Educational program fees and grants	940,000	65,194	1,005,194
Membership fees	264,399	-	264,399
Out-of-house events and auctions	4,554,704	-	4,554,704
Program advertising, publications and miscellaneous income	117,938	-	117,938
Net assets released from restrictions - satisfaction of program restrictions	<u>1,837,601</u>	<u>(1,837,601)</u>	<u>-</u>
Total support and revenue	<u>15,431,444</u>	<u>(472,111)</u>	<u>14,959,333</u>
Expenses:			
Program services:			
Scholarship	263,003	-	263,003
Education and impact	2,511,621	-	2,511,621
Member services	208,208	-	208,208
House events	512,792	-	512,792
Awards	3,420,451	-	3,420,451
Out-of-house events	4,266,356	-	4,266,356
Publications and communications	<u>710,786</u>	<u>-</u>	<u>710,786</u>
Total program services	<u>11,893,217</u>	<u>-</u>	<u>11,893,217</u>
Supporting services:			
Management and general	2,377,108	-	2,377,108
Fundraising	<u>745,228</u>	<u>-</u>	<u>745,228</u>
Total supporting services	<u>3,122,336</u>	<u>-</u>	<u>3,122,336</u>
Total expenses	<u>15,015,553</u>	<u>-</u>	<u>15,015,553</u>
Change in net assets before other income	<u>415,891</u>	<u>(472,111)</u>	<u>(56,220)</u>
Other income:			
Employee retention credit income	260,370	-	260,370
Paycheck Protection Program loan forgiveness	<u>835,400</u>	<u>-</u>	<u>835,400</u>
Total other income	<u>1,095,770</u>	<u>-</u>	<u>1,095,770</u>
Change in net assets	1,511,661	(472,111)	1,039,550
Net assets - beginning	<u>629,281</u>	<u>2,528,991</u>	<u>3,158,272</u>
NET ASSETS - ENDING	<u>\$ 2,140,942</u>	<u>\$ 2,056,880</u>	<u>\$ 4,197,822</u>

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2022

	Program Services								Supporting Services			
	Scholarships	Education and Impact	Member Services	House Events	Awards	Out-of-House Events	Marketing and Communications	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 65,113	\$ 756,038	\$ 91,239	\$ 338,428	\$ 761,665	\$ 600,891	\$ 202,977	\$ 2,816,351	\$ 687,709	\$ 515,279	\$ 1,202,988	\$ 4,019,339
Payroll taxes and employee benefits	15,035	174,570	21,067	78,144	175,870	138,747	46,868	650,301	158,793	118,979	277,772	928,073
Scholarship grants	301,450	-	-	-	-	-	-	301,450	-	-	-	301,450
Grants to other organizations	-	365,100	-	-	-	-	-	365,100	5,000	-	5,000	370,100
Accounting and legal fees	-	268,810	-	-	407,079	32,321	8,470	716,680	308,823	16,672	325,495	1,042,175
Consultants and other professional fees	41,250	410,788	-	189,088	762,413	3,702,248	45,500	5,151,287	454,665	432,767	887,432	6,038,719
Office expense	-	15,032	423	160,157	1,666	1,299	46,509	225,086	108,536	21,141	129,677	354,763
Postage and shipping	-	8	-	201	7,345	16,867	9	24,430	4,598	4,450	9,048	33,478
Printing	-	72	-	1,181	4,616	6,433	-	12,302	4,448	1,492	5,940	18,242
Equipment rental and computer maintenance	-	3,591	-	2,625	25,985	5,936	4,535	42,672	38,072	3,297	41,369	84,041
Maintenance	-	1,094	-	4,974	725	1,189	1,368	9,350	35,945	856	36,801	46,151
Communications	-	7,539	-	153	179,328	73,076	63,243	323,339	19,640	6,544	26,184	349,523
Event and kitchen supplies	-	-	-	7,867	-	1,265	-	9,132	11	-	11	9,143
Design and layout	-	-	-	-	45,000	51,500	151,000	247,500	-	-	-	247,500
Event and meeting space rental	-	1,250	-	-	5,505	-	-	6,755	-	36,923	36,923	43,678
Event production	-	16,358	-	159,987	251,568	303,125	-	731,038	-	68,689	68,689	799,727
Invitations and programs	-	-	-	-	8,115	17,344	-	25,459	-	-	-	25,459
Promotional materials and decorations	-	1,803	-	810	17,064	8,529	-	28,206	-	14,626	14,626	42,832
Rent, utilities and real estate taxes	-	41,295	-	7,182	25,353	44,886	52,837	171,553	126,271	33,579	159,850	331,403
Telephone	-	5,611	-	976	4,977	6,698	7,057	25,319	8,314	4,641	12,955	38,274
Insurance	-	-	-	-	-	-	-	-	116,703	-	116,703	116,703
Travel and entertainment	-	41,819	-	3,832	48,754	33,702	-	128,107	29,905	18,347	48,252	176,359
Photography	-	1,550	-	3,900	5,200	10,347	1,507	22,504	-	1,500	1,500	24,004
Auction items	-	-	-	-	-	-	-	-	-	41,060	41,060	41,060
Website and internet fees	-	2,366	-	2,725	6,838	1,070	66,872	79,871	4,171	11,524	15,695	95,566
Interest	-	-	-	-	-	-	-	-	51,881	-	51,881	51,881
Bank and credit card and other processing fees	5	2,433	2,433	4,500	776	32,457	36	42,640	5,731	19,139	24,870	67,510
Government registration fees	-	-	-	-	-	-	-	-	13,400	5,064	18,464	18,464
	422,853	2,117,127	115,162	966,730	2,745,842	5,089,930	698,788	12,156,432	2,182,616	1,376,569	3,559,185	15,715,617
Depreciation and amortization	-	42,786	-	17,115	34,230	42,786	34,230	171,147	94,480	42,787	137,267	308,414
TOTAL	\$ 422,853	\$ 2,159,913	\$ 115,162	\$ 983,845	\$ 2,780,072	\$ 5,132,716	\$ 733,018	\$ 12,327,579	\$ 2,277,096	\$ 1,419,356	\$ 3,696,452	\$ 16,024,031

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2021

	Program Services							Supporting Services				
	Scholarship	Education and Impact	Member Services	House Events	Awards	Out-of-House Events	Marketing and Communications	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 80,533	\$ 685,111	\$ 141,030	\$ 324,060	\$ 674,322	\$ 757,167	\$ 235,820	\$ 2,898,043	\$ 601,495	\$ 353,730	\$ 955,225	\$ 3,853,268
Payroll taxes and employee benefits	18,558	157,872	32,498	74,674	155,386	174,476	54,341	667,805	138,604	81,511	220,115	887,920
Scholarship grants	119,412	-	-	-	-	-	-	119,412	-	-	-	119,412
Grants to other organizations	-	915,943	-	-	30,000	-	-	945,943	5,000	5,160	10,160	956,103
Accounting and legal fees	-	30,000	-	2,009	899,381	-	-	931,390	701,055	6,840	707,895	1,639,285
Consultants and other professional fees	44,500	520,501	-	14,992	721,772	2,826,021	75,000	4,202,786	363,655	184,631	548,286	4,751,072
Office expense	-	15,941	2,609	88	2,463	4,978	32,202	58,281	73,020	11,347	84,367	142,648
Postage and shipping	-	883	58	560	67,623	4,538	10	73,672	3,608	807	4,415	78,087
Printing	-	11,540	-	-	3,013	1,743	-	16,296	-	68	68	16,364
Equipment rental and computer maintenance	-	4,731	1,350	6,122	6,294	6,411	6,290	31,198	34,590	1,745	36,335	67,533
Maintenance	-	443	102	1,503	860	685	634	4,227	21,381	201	21,582	25,809
Communications	-	79,829	-	9,375	71,028	91,914	9,364	261,510	2,551	3,998	6,549	268,059
Event and kitchen supplies	-	41	13	6,451	10,213	6,455	56	23,229	364	19	383	23,612
Design and layout	-	13,000	-	-	44,050	70,000	109,500	236,550	-	-	-	236,550
Event production	-	(25,000)	-	12,594	203,674	143,990	-	335,258	-	-	-	335,258
Invitations and programs	-	-	-	-	2,550	23,874	-	26,424	-	-	-	26,424
Promotional materials and decorations	-	3,329	-	490	219,853	43,219	7,500	274,391	3,172	3,062	6,234	280,625
Rent, utilities and real estate taxes	-	34,112	11,183	16,104	21,930	41,176	43,022	167,527	164,291	12,086	176,377	343,904
Telephone	-	6,063	1,907	2,752	5,332	9,529	7,716	33,299	9,145	2,874	12,019	45,318
Insurance	-	-	-	-	-	-	-	-	113,259	-	113,259	113,259
Travel and entertainment	-	7,933	-	-	167,100	7,304	65	182,402	2,429	-	2,429	184,831
Photography	-	5,550	-	-	56,850	650	4,507	67,557	-	-	-	67,557
Auction items	-	-	-	-	-	150	-	150	-	8,500	8,500	8,650
Website and internet fees	-	1,437	99	1,462	37,398	1,138	71,552	113,086	6,222	24,769	30,991	144,077
Interest	-	-	-	-	-	-	-	-	50,486	-	50,486	50,486
Bank and credit card and other processing fees	-	569	2,161	2,301	4,636	8,372	16	18,055	23,010	26,353	49,363	67,418
Government registration fees	-	-	-	923	-	60	-	983	1,721	5,416	7,137	8,120
	263,003	2,469,828	193,010	476,460	3,405,728	4,223,850	657,595	11,689,474	2,319,058	733,117	3,052,175	14,741,649
Depreciation and amortization	-	41,793	15,198	36,332	14,723	42,506	53,191	203,743	58,050	12,111	70,161	273,904
TOTAL	\$ 263,003	\$ 2,511,621	\$ 208,208	\$ 512,792	\$ 3,420,451	\$ 4,266,356	\$ 710,786	\$ 11,893,217	\$ 2,377,108	\$ 745,228	\$ 3,122,336	\$ 15,015,553

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 369,618	\$ 1,039,550
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Paycheck Protection Program loan forgiveness	(745,000)	(835,400)
Depreciation	308,066	273,556
Amortization of debt issuance costs	348	348
Deferred rent	7,580	50,939
Donated property and equipment	(5,500)	-
Changes in assets and liabilities:		
Grants and other receivables	(22,509)	(225,904)
Grant payable	(460,324)	913,566
Accounts payable and accrued expenses	52,510	(108,434)
Contract liability	<u>(1,647)</u>	<u>(862,867)</u>
Net cash provided by (used in) operating activities	<u>(496,858)</u>	<u>245,354</u>
Cash used in investing activities:		
Purchases of property and equipment	<u>(210,937)</u>	<u>(221,837)</u>
Cash flows from financing activities:		
Repayments of government loans	(2,686)	-
Proceeds from government loans	-	1,730,400
Repayments of mortgage note payable	<u>(104,009)</u>	<u>(75,614)</u>
Net cash provided by (used in) financing activities	<u>(106,695)</u>	<u>1,654,786</u>
Net increase (decrease) in cash and cash equivalents	(814,490)	1,678,303
Cash and cash equivalents - beginning	<u>5,625,896</u>	<u>3,947,593</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 4,811,406</u>	<u>\$ 5,625,896</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ 52,216</u>	<u>\$ 50,729</u>

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

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, as a performance space and educational space gallery and meeting center for those interested in the advancement of the culinary arts in America. The newly articulated mission of the Foundation is to celebrate, support, and elevate the people behind America's food culture and champion a standard of good food anchored in talent, equity, and sustainability. 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. Historically, 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 independent committees and judges comprised of industry peers, and are recognized at the Media Awards, the Leadership Awards, and the Restaurant and Chef Awards. The James Beard Foundation Awards have often been called the "Oscars" of the food world. During 2021, the Foundation began working with legal support and a newly formed Ethics Committee, as well as the Awards Committee and Subcommittees, resulting in an overhaul of the policies and procedures for the Awards programs. The objectives were to remove any systemic bias, increase the diversity of the pool of candidates, maintain relevance, and align the Awards more outwardly with the Foundation's values of equity, sustainability, and excellence for the restaurant industry. In June 2022, the first formal Awards events since pre-pandemic (2019) were held in Chicago. The Media Awards, Leadership Awards, and the coveted Restaurant and Chef Awards returned with a lens on the great success in achieving diversity and inclusivity, the hard work completed by the Foundation and Awards committees, and the recognition of excellence and leaders in the industry.

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 had the James Beard House at which to showcase their art. During fiscal 2021, due to the COVID-19 pandemic, no in-person events were hosted at the James Beard House; however, a number of virtual events were held as a way to support the community and connect with constituents. The Foundation continues to highlight the centrality of food culture in daily lives and its commitment to supporting a resilient and flourishing industry that honors its diverse communities. By amplifying new voices, celebrating those leading the way, and supporting those on the path to do so, the Foundation is working to create a more equitable and sustainable future — what we call Good Food for Good™. In May of 2021, the Foundation launched the Beard House Fellows program (the "Fellows"), which re-envisioned the potential of this historic space into a hub of training and professional development for talented emerging chefs. The Fellows program continues to evolve, with larger cohorts of fellows, and the opportunity to bring people together with a select number of in-person dining events at the House.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS (CONTINUED)

Taste America Program: Taste America brings the James Beard Foundation to 30 cities across the country, in an effort to support independent restaurants and help them thrive for the long term. Gathering the culinary community and its supporters takes on even greater meaning and urgency as the nature of the pandemic continues to evolve and dramatically impacts restaurants nationwide.

The James Beard Foundation Programs: The James Beard Foundation 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 and equitable for everyone. Program offerings include Chef's Boot Camp for Policy and Change, Issue Summits, Community Programs, Legacy Network and Smart Catch/sustainability programs.

The James Beard Foundation Women's Leadership Programs are designed to support women in the hospitality industry at all stages of their careers through scholarships, mentorship, training, specialized entrepreneurial education, partnerships, and other offerings. These programs are committed to providing access to tools, resources, and networks to help ensure that there are more women-owned businesses, more financial investment in women-owned businesses, and more women in leadership across the industry. The Women's Entrepreneurial Leadership ("WEL") program is an advanced educational, training, and networking program for business owners in all areas of the hospitality industry. The program, executed in partnership with Cornell University, includes sessions on brand building, training in negotiations, securing financing for business, and more. In 2021, the Foundation welcomed 21 new participants into the community as part of a 10-week virtual WEL program, bringing the program's total alumni network to 105 women. The program now provides year-round programming for this growing cohort of influential women, including webinars and virtual book clubs. Over 70 alumnae also attended the first WEL Summit in April 2022, which provided continuing education as well as networking opportunities among all cohorts.

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 require 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.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Financial Statements (Continued)

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 the Foundation's 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

In accordance with Accounting Standards Codification ("ASC") Topic 606, revenue is measured based on the consideration specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. Under Topic 606, the Foundation recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The majority of the Foundation's services represent a bundle of services that are not capable of being distinct and as such, are treated as a single performance obligation that is satisfied as the services are rendered. The Foundation determines the transaction price based on contractually agreed-upon rates, adjusted for any variable consideration, if any.

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 contributed nonfinancial assets.

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 "Contract liabilities" in the accompanying statements of financial position. During the year ended March 31, 2022, the Foundation transitioned to a patron program. Patron program revenues are recognized at the time of contribution.

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.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Foundation recognizes rental revenue on non-cancelable leases on a straight-line basis over the term of the 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 rental revenue" on the accompanying statements of financial position. There was no deferred rental revenue at March 31, 2022 and 2021.

Revenue received from House, out-of-house and awards gala events is recognized upon completion of the activity. The payments received for the fiscal year 2023 House and out-of-house events are reflected as "Contract liabilities" 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, 2022 and 2021, 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

Impairment of Long-Lived Assets

The Foundation's long-lived assets are reviewed for impairment in accordance with the guidance of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 360, *Property, Plant, and Equipment*, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. At March 31, 2022 and 2021, management has determined that no long-lived assets are impaired.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022 and 2021, the Foundation determined that there were no indicators of impairment of its indefinite lived assets.

Contract Liabilities

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.

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, 2022 and 2021, the deferred rent was approximately \$116,000 and \$108,000, 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 FASB 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.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Nonfinancial Assets

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 \$1,007,738 and \$1,649,315 were provided to the Foundation during the years ended March 31, 2022 and 2021, 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 \$8,260 and \$21,540 for the years ended March 31, 2022 and 2021, respectively, 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, 2022 and 2021, these contributed goods, services and facilities amounted to \$385,884 and \$7,300, 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, which are included in "Promotional materials and decorations" on the accompanying statements of functional expenses for the years ended March 31, 2022 and 2021, 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 (the "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
Rent	Head count
Depreciation	Head count

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued but not yet Effective Pronouncements

Leases - In February 2016, FASB issued Accounting Standards Update ("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 statements of financial position 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 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 statements of financial position. In November 2019, FASB issued ASU 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 No. 2020-05. ASU 2019-10 and ASU No. 2020-05 amended the effective date for ASU No. 2016-02 and related amendments. ASU No. 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.

Contributed Nonfinancial Assets - In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"), which will increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosures. ASU 2020-07 is effective for fiscal years beginning after June 15, 2021, with early adoption permitted. The Foundation is evaluating the effect that ASU 2020-07 will have on its financial statements and related disclosures.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Foundation has evaluated subsequent events through September 13, 2022, the date on which these financial statements were available to be issued. The Foundation is not aware of any material 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 JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

NOTE 3. LIQUIDITY AND AVAILABILITY (CONTINUED)

The following table presents financial assets available for general expenditures within one year at March 31, 2022 and 2021, 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 (see Note 8). In the event that needs arise to utilize board restricted funds for liquidity purposes, the reserves could be drawn upon through Board resolution.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents (including board designated cash)	\$ 4,811,406	\$ 5,625,896
Grants and other receivables	<u>700,753</u>	<u>678,245</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>5,512,159</u>	<u>6,304,141</u>
Less amounts not available for general obligations within one year:		
Board designated cash	500,000	500,000
Net assets with donor restrictions	<u>603,865</u>	<u>602,507</u>
Total amounts not available for general obligations within one year	<u>1,103,865</u>	<u>1,102,507</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,408,294</u>	<u>\$ 5,201,634</u>

The Foundation receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

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.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

NOTE 4. BOARD DESIGNATED CASH AND CASH EQUIVALENTS (CONTINUED)

Board designated cash and cash equivalents consisted of the following as of March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Scholarship funds	\$ 400,000	\$ 400,000
House Preservation Fund	<u>100,000</u>	<u>100,000</u>
Total	<u>\$ 500,000</u>	<u>\$ 500,000</u>

NOTE 5. GRANTS AND OTHER RECEIVABLES

Grants and other receivables, which includes unconditional promises to give due in less than one year, amounted to \$700,753 and \$678,245 as of March 31, 2022 and 2021, 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 38% and 68% of the Foundation's total grants and other receivables were due from one donor and three donors as of March 31, 2022 and 2021, respectively.

NOTE 6. CONDITIONAL PROMISES TO GIVE

During the year ended March 31, 2021, the Foundation received conditional grants totaling approximately \$50,000 (the "Conditional Grants"). The Foundation did not receive any conditional grants during the year ended March 31, 2022. 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.

There was no revenue recognized related to the Conditional Grants during the year ended March 31, 2022.

There were no donations received from donors in advance of the conditions being met as of March 31, 2022 and 2021.

NOTE 7. PROPERTY AND EQUIPMENT

The Foundation's property and equipment consisted of the following at March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Building and building improvements	\$ 2,148,229	\$ 2,142,229
Office and kitchen equipment	1,473,963	1,263,526
Land	<u>418,869</u>	<u>418,869</u>
	4,041,061	3,824,624
Less: accumulated depreciation	<u>2,314,775</u>	<u>2,006,709</u>
Property and equipment, net	<u>\$ 1,726,286</u>	<u>\$ 1,817,915</u>

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

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 cash award to each year's Humanitarian of the Year award winner.

The Board 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 both March 31, 2022 and 2021, there were no such donor stipulations. As a result of this interpretation, the Foundation retains 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, 2022 and 2021 the Foundation had the following Endowment net asset composition by type of fund:

Year ended March 31, 2022	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets - beginning of year	\$ -	\$ 602,507	\$ 602,507
Investment return	<u>-</u>	<u>1,358</u>	<u>1,358</u>
Endowment net assets - end of year	<u>\$ -</u>	<u>\$ 603,865</u>	<u>\$ 603,865</u>
Year ended March 31, 2021	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets - beginning of year	\$ -	\$ 600,000	\$ 600,000
Investment return, net	<u>-</u>	<u>2,507</u>	<u>2,507</u>
Endowment net assets - end of year	<u>\$ -</u>	<u>\$ 602,507</u>	<u>\$ 602,507</u>

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

NOTE 8. ENDOWMENT (CONTINUED)

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, 2022, the Foundation did not have any Underwater Endowments.

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. 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, 2022 AND 2021

NOTE 9. MORTGAGE NOTE PAYABLE (CONTINUED)

As of March 31, 2022, future minimum principal payments are summarized as follows:

<u>Year Ending March 31:</u>	<u>Amount</u>
2023	\$ 108,088
2024	112,271
2025	116,615
2026	121,127
2027	125,814
Thereafter	<u>591,325</u>
	<u>\$ 1,175,240</u>

As of March 31, 2022, future minimum amortization of debt issuance costs are summarized as follows:

<u>Year Ending March 31:</u>	<u>Amount</u>
2023	\$ 348
2024	348
2025	348
2026	348
2027	348
Thereafter	<u>1,394</u>
	<u>\$ 3,134</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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to purpose restrictions:		
Scholarship Funds	\$ 816,872	\$ 848,217
Black and Indigenous Americans		
Investment Fund	-	160,289
House Preservation Fund	100,000	100,000
House Renovations	16,166	16,166
Women's Leadership Programs	<u>-</u>	<u>329,701</u>
Total subject to purpose restrictions	933,038	1,454,373
Subject to endowment spending policy and appropriation	<u>603,865</u>	<u>602,507</u>
	<u>\$ 1,536,903</u>	<u>\$ 2,056,880</u>

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

During the years ended March 31, 2022 and 2021, net assets were released from donor restrictions by incurring expenses satisfying the following purposes:

	<u>2022</u>	<u>2021</u>
Scholarship Funds	\$ 313,873	\$ 143,422
Educational Programs	8,842	433,704
House Renovations	-	50,300
Black & Indigenous American Investment Fund	359,813	555,000
Women's Leadership Programs	<u>568,721</u>	<u>655,175</u>
	<u>\$ 1,251,249</u>	<u>\$ 1,837,601</u>

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, 2022 and 2021.

NOTE 12. COMMITMENTS

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 were 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, 2022, 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>
2023	\$ 238,465	\$ 43,728	\$ 282,193
2024	245,619	39,640	285,259
2025	252,978	694	253,672
2026	<u>238,541</u>	<u>-</u>	<u>238,541</u>
	<u>\$ 975,603</u>	<u>\$ 84,062</u>	<u>\$ 1,059,665</u>

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

NOTE 12. COMMITMENTS (CONTINUED)

The Foundation incurred office rent expense of \$244,843 and \$232,723, during the years ended March 31, 2022 and 2021, 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 \$62,785 and \$43,979, during the years ended March 31, 2022 and 2021, respectively, which is included in "Equipment rental and computer maintenance" on the accompanying statements of functional expenses.

During 2022, the Foundation entered into a noncancelable operating lease ("House Lease") with an unrelated not-for-profit entity, whereby the Foundation will lease a portion of the House, from January 1, 2022 through June 30, 2023. Future minimum rental revenues under the House Lease as of March 31, 2022 are \$22,500.

NOTE 13. GOVERNMENT LOANS

The Paycheck Protection Program ("PPP"), which was established as part of the Coronavirus Aid, Relief and Economic Security Act (the "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.

Economic Injury Disaster Loan Program

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 was 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.

Minimum principal payments required under the EIDL Loan at March 31, 2022, are as follows:

<u>Year ending March 31:</u>	<u>Amount</u>
2023	\$ 3,509
2024	3,607
2025	3,707
2026	3,811
2027	4,010
Thereafter	<u>128,670</u>
Total	<u>\$ 147,314</u>

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NOTE 13. GOVERNMENT LOANS (CONTINUED)

Economic Injury Disaster Loans Program (Continued)

Interest expense related to the EIDL loan totaled \$3,456 for the year ended March 31, 2022 and is included in interest expense on the accompanying statement of functional expense. There was no interest expense related to the EIDL loan incurred for the year ended March 31, 2021.

Paycheck Protection Program

On April 23, 2020, the Foundation received loan proceeds of approximately \$835,000 under the PPP. 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 were deferred for the first six months and payable in equal consecutive monthly installments of principal and interest commencing upon expiration of the deferral period of the PPP Loan Date. The Foundation received full loan forgiveness on the PPP loan on November 23, 2020, and the amount is recognized in "Paycheck Protection loan forgiveness" on the accompanying 2021 statement of activities.

Paycheck Protection Program Second Draw

On February 11, 2021, the Foundation received loan proceeds of \$745,000 under the Paycheck Protection Program Second Draw Loans (the "PPP SD"). The second round of PPP funding, which was established as part of the Consolidated Appropriations Act, provides loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. 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. Not more than 40% of the amount forgiven can be attributable to nonpayroll costs.

The PPP SD loan matures five years from the date of first disbursement of proceeds to the Foundation and accrues interest at a fixed rate of 1%. Payments are deferred for the covered period plus 10 months and payable in 50 equal consecutive monthly installments of principal and interest commencing on the 11-month anniversary of the end of the covered period.

U.S. GAAP does not contain authoritative accounting standards for forgivable loans provided by governmental entities. Absent authoritative accounting standards, interpretative guidance issued and commonly applied by financial statement preparers allows for the selection of policies amongst acceptable alternatives. Based on the facts and circumstances, the Foundation has determined it most appropriate to account for the PPP and PPP SD loan proceeds under the debt model. Under the debt model, the Foundation recognizes the proceeds received as debt, recognizes periodic interest expense in the period in which the interest accrues at the stated interest rate and defers recognition of any potential forgiveness of the loan principal or interest until the period in which the Foundation has been legally released from its obligation by the lender. The Foundation deemed the debt model to be the most appropriate accounting policy for this arrangement as the underlying PPP loan is a legal form of debt and there are significant contingencies outside of the control of the Foundation, mainly related to the third-party approval process for forgiveness.

THE JAMES BEARD FOUNDATION, INC.
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NOTE 13. GOVERNMENT LOANS (CONTINUED)

Paycheck Protection Program Second Draw (Continued)

The Foundation received full loan forgiveness approval on the PPP SD loan on August 2, 2021. The Foundation recognized \$745,000 and \$835,400 in grant revenue under the PPP loan program during the years ended March 31, 2022 and 2021, which are included in "Paycheck Protection Program Loan forgiveness" on the accompanying statements of activities.