

THE JAMES BEARD FOUNDATION, INC.
FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2021 AND 2020

**THE JAMES BEARD FOUNDATION, INC.
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020**

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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, 2021 and 2020, 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, 2021 and 2020, 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, 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.

Adoption of New Accounting Pronouncements

As discussed in Note 2 to the financial statements, The James Beard Foundation Inc. adopted Accounting Standards Update ("ASU") Topic 606, *Revenue from Contracts with Customers*, as of April 1, 2020, using the modified retrospective transition method. Our opinion is not modified with respect to this matter.



CERTIFIED PUBLIC ACCOUNTANTS

Melville, New York
August 19, 2021

THE JAMES BEARD FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash and cash equivalents:		
Cash	\$ 5,125,896	\$ 3,447,593
Board designated cash and cash equivalents	<u>500,000</u>	<u>500,000</u>
Total cash and cash equivalents	5,625,896	3,947,593
Grants and other receivables	678,245	452,341
Prepaid expenses and other assets	383,152	1,296,717
Property and equipment, net	<u>1,817,915</u>	<u>1,869,634</u>
TOTAL ASSETS	<u>\$ 8,505,208</u>	<u>\$ 7,566,285</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,331,996	\$ 1,440,430
Mortgage note payable, net	1,275,770	1,351,036
Contract liabilities	696,379	1,559,245
Government loans	895,000	-
Deferred rent	<u>108,241</u>	<u>57,302</u>
Total liabilities	<u>4,307,386</u>	<u>4,408,013</u>
Commitments and contingencies (Notes 6, 8, 9, 12, and 14)		
Net assets:		
Without donor restrictions	<u>2,140,942</u>	<u>629,281</u>
With donor restrictions:		
Purpose or time restricted	1,454,353	1,928,971
Endowment	<u>602,527</u>	<u>600,020</u>
Total net assets with donor restrictions	<u>2,056,880</u>	<u>2,528,991</u>
Total net assets	<u>4,197,822</u>	<u>3,158,272</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,505,208</u>	<u>\$ 7,566,285</u>

See accompanying notes to financial statements.

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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 and time 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:			
Scholarships	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><u>\$ 2,140,942</u></u>	<u><u>\$ 2,056,880</u></u>	<u><u>\$ 4,197,822</u></u>

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 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:			
Scholarship	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>
NET ASSETS - ENDING	<u><u>\$ 629,281</u></u>	<u><u>\$ 2,528,991</u></u>	<u><u>\$ 3,158,272</u></u>

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			
	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	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	<u>\$ 263,003</u>	<u>\$ 2,511,621</u>	<u>\$ 208,208</u>	<u>\$ 512,792</u>	<u>\$ 3,420,451</u>	<u>\$ 4,266,356</u>	<u>\$ 710,786</u>	<u>\$ 11,893,217</u>	<u>\$ 2,377,108</u>	<u>\$ 745,228</u>	<u>\$ 3,122,336</u>	<u>\$ 15,015,553</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
	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	\$ 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
TOTAL	<u>\$ 717,768</u>	<u>\$ 2,169,768</u>	<u>\$ 313,459</u>	<u>\$ 2,602,071</u>	<u>\$ 3,316,209</u>	<u>\$ 5,132,516</u>	<u>\$ 777,479</u>	<u>\$ 15,029,270</u>	<u>\$ 2,608,730</u>	<u>\$ 919,843</u>	<u>\$ 3,528,573</u>	<u>\$ 18,557,843</u>

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,039,550	\$ 586,684
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Paycheck Protection Program loan forgiveness	(835,400)	-
Depreciation	273,556	204,457
Amortization of debt issuance costs	348	348
Deferred rent	50,939	(1,214)
Changes in assets and liabilities:		
Grants and other receivables	(225,904)	1,016,613
Grant payable	913,566	(208,427)
Accounts payable and accrued expenses	(108,434)	519,805
Contract liability	<u>(862,867)</u>	<u>(620,381)</u>
Net cash provided by operating activities	<u>245,354</u>	<u>1,497,885</u>
Cash used in investing activities:		
Purchases of property and equipment	<u>(221,837)</u>	<u>(278,282)</u>
Cash flows from financing activities:		
Proceeds from government loans	1,730,400	-
Repayments of mortgage note payable	<u>(75,614)</u>	<u>(97,253)</u>
Net cash provided by (used in) financing activities	<u>1,654,786</u>	<u>(97,253)</u>
Net increase in cash and cash equivalents	1,678,303	1,122,350
Cash and cash equivalents - beginning	<u>3,947,593</u>	<u>2,825,243</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 5,625,896</u>	<u>\$ 3,947,593</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ 50,729</u>	<u>\$ 53,989</u>

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

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, 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 their industry peers, and are recognized at the Media Awards, the Leadership Awards, the Humanitarian Award and the Chef and Restaurant Awards. The James Beard Foundation Awards have often been called the "Oscars" of the food world. The Foundation has made the decision to forgo its traditional Awards presentation in 2021, including the Media Awards, the Leadership Awards, the Humanitarian Award and the Chef and Restaurant Awards. The Foundation will be working with the Awards Committee and Subcommittees to overhaul the policies and procedures for the Awards. The objectives are 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.

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, which re-envisioned the potential of this historic space into a hub of training and professional development for talented emerging chefs.

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 survive the COVID-19 pandemic, rebuild better, and 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, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS (CONTINUED)

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, mentorships, 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, created in partnership with Babson College Executive Leadership department, includes sessions on building brand, training in negotiations, securing financing for business, and more. In 2020, the Foundation welcomed 25 new fellows into the community as part of a seven-week virtual WEL program, bringing the program's total alumni network to 84 women. The program now provides year-round programming for this growing cohort of influential women.

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 the Foundation operations.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Foundation adopted Accounting Standards Codification ("ASC") Topic 606 on April 1, 2020. With the adoption of 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.

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 "Contract liabilities" in the accompanying statements of financial position.

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 2022 House and out-of-house events are reflected as "Contract liabilities" in the accompanying statements of financial position.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, the deferred rent was approximately \$108,000 and \$57,000, respectively.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 \$1,649,315 and \$736,022 were provided to the Foundation during the years ended March 31, 2021 and 2020, 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 \$21,540 and \$14,160 for the years ended March 31, 2021 and 2020, 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, 2021 and 2020, these contributed goods, services and facilities amounted to \$7,300 and \$546,631, respectively, and are included in "Contributions" in the accompanying statements of activities, and "Event and kitchen supplies," "Travel and entertainment," "Promotional materials and decorations" and "Event production" in the accompanying statements of functional expenses.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Nonfinancial Assets (Continued)

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, 2021 and 2020, 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
Rent	Head count
Depreciation	Head count

Recently Adopted Accounting Pronouncements

Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("Topic 606"), with several clarifying updates issued subsequently. In conjunction with Topic 606, a new subtopic, ASC 340-40, *Other Assets and Deferred Costs – Contracts with Customers*, was also issued. The updated standard replaces most existing revenue recognition and certain cost guidance under U.S. GAAP. Collectively, Topic 606 and Subtopic 340-40 are referred to as "ASC 606." ASC 606 amends existing accounting standards for revenue recognition and establishes principles for recognizing revenue upon the transfer of promised goods or services to customers based on the expected consideration to be received in exchange for those goods and services. The Foundation adopted ASC 606 effective April 1, 2020, using the modified retrospective transition method. Use of the modified retrospective approach means the Foundation's comparative periods prior to initial application are not restated. The Foundation has determined that the adjustments using the modified retrospective approach did not have a material impact on the date of the initial application along with the disclosure of the effect on prior periods. The Foundation did not apply any practical expedients in implementing ASC 606.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued but not yet Effective Pronouncements

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 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 August 19, 2021, the date on which these financial statements were available to be issued. Management has determined that except for the events identified in Notes 14 and 15, 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 JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 3. LIQUIDITY AND AVAILABILITY (CONTINUED)

The following table presents financial assets available for general expenditures within one year at March 31, 2021 and 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 (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>2021</u>	<u>2020</u>
Cash and cash equivalents (including board designated cash)	\$ 5,625,896	\$ 3,947,593
Grants and other receivables	<u>678,245</u>	<u>452,341</u>
Total financial assets available to meet cash needs for general expenditures within one year	6,304,141	4,399,934
Less amounts not available for general obligations within one year:		
Net assets with donor restrictions	<u>602,527</u>	<u>600,020</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>5,701,614</u>	\$ <u>3,799,914</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, 2021 AND 2020

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

Board designated cash and cash equivalents consisted of the following as of March 31, 2021 and 2020:

	<u>2021</u>	<u>2020</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 \$678,245 and \$452,341 as of March 31, 2021 and 2020, 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 68% and 66% of the Foundation's total grants and other receivables were due from three donors and five donors as of March 31, 2021 and 2020, respectively.

NOTE 6. CONDITIONAL PROMISES TO GIVE

During the years ended March 31, 2021 and 2020, the Foundation received conditional grants totaling approximately \$50,000 (the "2021 Conditional Grants") and \$54,000 (the "2020 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, 2021, certain conditions were met and the Foundation recognized revenue of approximately \$66,000 related to the Conditional Grants, which is included in with donor "Educational program fees and grants" and "Contributions" on the accompanying statement of activities.

There were no donations received from donors in advance of the conditions being met as of March 31, 2021 and 2020.

NOTE 7. PROPERTY AND EQUIPMENT

The Foundation's property and equipment consisted of the following at March 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Building and building improvements	\$ 2,142,229	\$ 2,101,904
Office and kitchen equipment	1,263,526	1,082,014
Land	<u>418,869</u>	<u>418,869</u>
	3,824,624	3,602,787
Less: accumulated depreciation	<u>2,006,709</u>	<u>1,733,153</u>
Property and equipment, net	<u>\$ 1,817,915</u>	<u>\$ 1,869,634</u>

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

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 both March 31, 2021 and 2020, 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, 2021 and 2020, the Foundation had the following Endowment net asset composition by type of fund:

Year ended March 31, 2021	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ -	\$ 600,020	\$ 600,020
Investment return	<u>-</u>	<u>2,507</u>	<u>2,507</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 602,527</u>	<u>\$ 602,527</u>
Year ended March 31, 2020	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ -	\$ -	\$ -
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>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 600,020</u>	<u>\$ 600,020</u>

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

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, 2021, 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, 2021 AND 2020

NOTE 9. MORTGAGE NOTE PAYABLE (CONTINUED)

As of March 31, 2021, future minimum principal payments are summarized as follows:

<u>Year Ending March 31:</u>	<u>Amount</u>
2022	\$ 104,062
2023	108,088
2024	112,271
2025	116,615
2026	121,127
Thereafter	<u>717,089</u>
	<u>\$ 1,279,252</u>

As of March 31, 2021, future minimum amortization of debt issuance costs are summarized as follows:

<u>Year Ending March 31:</u>	<u>Amount</u>
2022	\$ 348
2023	348
2024	348
2025	348
2026	348
Thereafter	<u>1,742</u>
	<u>\$ 3,482</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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to purpose restrictions:		
Scholarship Funds	\$ 848,217	\$ 939,390
Black and Indigenous Americans		
Investment Fund	160,269	-
House Preservation Fund	100,000	100,000
House Renovations	16,166	66,466
Women's Leadership Programs	<u>329,701</u>	<u>823,115</u>
Total subject to purpose restrictions	1,454,353	1,928,971
Subject to endowment spending policy and appropriation		
	<u>602,527</u>	<u>600,020</u>
	<u>\$ 2,056,880</u>	<u>\$ 2,528,991</u>

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

During the years ended March 31, 2021 and 2020, net assets were released from donor restrictions by incurring expenses satisfying the following purposes:

	<u>2021</u>	<u>2020</u>
Scholarship Funds	\$ 143,422	\$ 537,530
Educational Programs	433,704	211,796
House Renovations	50,300	13,246
Black & Indigenous American Investment Fund	555,000	-
Women's Leadership Programs	<u>655,175</u>	<u>837,136</u>
	<u>\$ 1,837,601</u>	<u>\$ 1,599,708</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, 2021 and 2020.

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, 2021, 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>
2022	\$ 211,941	\$ 43,728	\$ 255,669
2023	238,465	43,728	282,193
2024	245,619	39,640	285,259
2025	252,987	694	253,681
2026	<u>238,541</u>	<u>-</u>	<u>238,541</u>
	<u>\$ 1,187,553</u>	<u>\$ 127,790</u>	<u>\$ 1,315,343</u>

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 12. COMMITMENTS (CONTINUED)

The Foundation incurred office rent expense of approximately \$233,000 and \$215,000, during the years ended March 31, 2021 and 2020, 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 approximately \$44,000 and \$37,000, during the years ended March 31, 2021 and 2020, respectively, which is included in "Equipment rental and computer maintenance" on the accompanying statements of functional expenses.

NOTE 13. COVID-19

During the height of the COVID-19 pandemic in 2020, the Foundation pivoted events and programming from in-person to virtual formats including Zoom, conference calls, and additional platforms. By continuing to provide timely educational and policy-related programming to all networks, particularly chefs and independent restaurant owners around the country, the Foundation was able to provide support, education and guidance for these hard-hit businesses. Many of the Foundation's consumer facing events were shifted to virtual formats, including Taste America and the James Beard Foundation Awards, enabling the Foundation to maintain engagement and interaction with all constituencies. These virtual events and celebrations enabled the Foundation to continue to raise funds for programming to support and uplift the independent restaurant community, and for grant funds which provided essential relief funding during the height of COVID-19 to small independent food businesses and those owned by members of marginalized populations. Additionally, staff shifted operations to remote working and online formats, ensuring that day-to-day functions were executed timely and accurately.

NOTE 14. GOVERNMENT LOANS

The Paycheck Protection Program ("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.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 14. GOVERNMENT LOANS (CONTINUED)

Economic Injury Disaster Loans 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 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.

Minimum principal payments required under the EIDL Loan at March 31, 2021, are as follows:

<u>Year ending March 31:</u>	<u>Amount</u>
2022	\$ 2,852
2023	3,509
2024	3,607
2025	3,707
2026	3,811
Thereafter	<u>132,514</u>
Total	<u>\$ 150,000</u>

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 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.

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NOTE 14. GOVERNMENT LOANS (CONTINUED)

Paycheck Protection Program Second Draw (Continued)

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 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 Foundation received full loan forgiveness approval on the PPP SD loan on August 2, 2021.

NOTE 15. SUBSEQUENT EVENTS

The Foundation filed an Employee Retention Credit in the amount of \$258,933, in conjunction with their 2021 second quarter federal tax form 941.