

THE JAMES BEARD FOUNDATION, INC.
FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2023 AND 2022

**THE JAMES BEARD FOUNDATION, INC.
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022**

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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. (the "Foundation"), which comprise the statements of financial position as of March 31, 2023 and 2022, 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, 2023 and 2022, 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.

Adoption of New Accounting Pronouncement

As discussed in Note 2 to the financial statements, the Foundation adopted Accounting Standards Codification Topic 842, *Leases*, as of April 1, 2022. Our opinion is not modified with respect to this matter.

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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

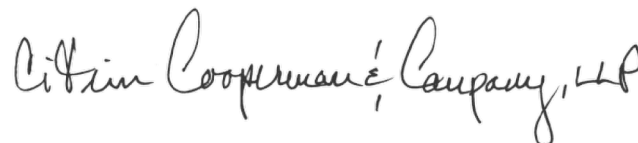
Auditor's Responsibilities for the Audit of the Financial Statements

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 audits.
- 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.



Melville, New York
November 6, 2023

THE JAMES BEARD FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 2,464,975	\$ 4,311,406
Board-designated cash and cash equivalents	950,000	500,000
Current portion of pledges and other receivables, net	879,359	700,753
Prepaid expenses and other assets	<u>960,977</u>	<u>833,475</u>
Total current assets	<u>5,255,311</u>	<u>6,345,634</u>
Property and equipment, net	<u>2,194,643</u>	<u>1,726,286</u>
Operating lease right-of-use asset	<u>612,240</u>	<u>-</u>
Other assets:		
Intangibles	10,000	10,000
Pledges and other receivables, net of current portion	<u>1,093,587</u>	<u>-</u>
Total other assets	<u>1,103,587</u>	<u>10,000</u>
TOTAL ASSETS	\$ <u>9,165,781</u>	\$ <u>8,081,920</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,874,626	\$ 1,384,506
Current portion of mortgage note payable, net	111,923	107,740
Contract liabilities	677,078	694,733
Current portion of operating lease liability	230,495	-
Deferred rent	<u>-</u>	<u>115,821</u>
Total current liabilities	<u>2,894,122</u>	<u>2,302,800</u>
Long-term liabilities:		
Mortgage note payable, net of current portion	952,347	1,064,366
Operating lease liability, net of current portion	479,968	-
Government loans	<u>150,000</u>	<u>147,314</u>
Total long-term liabilities	<u>1,582,315</u>	<u>1,211,680</u>
Total liabilities	<u>4,476,437</u>	<u>3,514,480</u>
Commitments and contingencies (Notes 7, 8, 9, 10, 11, and 12)		
Net assets:		
Without donor restrictions:		
Available for operations	171,915	3,030,517
Board-designated endowment	<u>450,000</u>	<u>-</u>
Total net assets without donor restrictions	<u>621,915</u>	<u>3,030,517</u>
With donor restrictions:		
Purpose or time restricted	2,401,814	933,058
Endowments	<u>1,665,615</u>	<u>603,865</u>
Total net assets with donor restrictions	<u>4,067,429</u>	<u>1,536,923</u>
Total net assets	<u>4,689,344</u>	<u>4,567,440</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>9,165,781</u>	\$ <u>8,081,920</u>

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Awards event sponsorships and ticket sales	\$ 3,953,683	\$ -	\$ 3,953,683
Contributions	1,776,767	2,988,487	4,765,254
In-kind contributions	2,752,410	-	2,752,410
Interest income	54,779	-	54,779
Educational program fees and grants	1,702,556	-	1,702,556
House events	598,394	-	598,394
Patron program	221,425	-	221,425
Taste America	1,905,687	-	1,905,687
Other events	3,978,243	-	3,978,243
Pier 57	229,856	-	229,856
Program advertising, publications and miscellaneous income	116,866	-	116,866
Net assets released from restrictions - satisfaction of program and time restrictions	<u>457,981</u>	<u>(457,981)</u>	<u>-</u>
Total support and revenue	<u>17,748,647</u>	<u>2,530,506</u>	<u>20,279,153</u>
Expenses:			
Program services:			
Scholarships	541,868	-	541,868
Education and impact	2,268,695	-	2,268,695
Member services	157,848	-	157,848
House events	841,027	-	841,027
Awards	3,867,886	-	3,867,886
Other events	3,437,799	-	3,437,799
Marketing and communications	999,441	-	999,441
Taste America	1,615,222	-	1,615,222
Pier 57	<u>1,819,300</u>	<u>-</u>	<u>1,819,300</u>
Total program services	<u>15,549,086</u>	<u>-</u>	<u>15,549,086</u>
Supporting services:			
Management and general	2,783,195	-	2,783,195
Fundraising	<u>1,824,968</u>	<u>-</u>	<u>1,824,968</u>
Total supporting services	<u>4,608,163</u>	<u>-</u>	<u>4,608,163</u>
Total expenses	<u>20,157,249</u>	<u>-</u>	<u>20,157,249</u>
Change in net assets	(2,408,602)	2,530,506	121,904
Net assets - beginning	<u>3,030,517</u>	<u>1,536,923</u>	<u>4,567,440</u>
NET ASSETS - ENDING	<u><u>\$ 621,915</u></u>	<u><u>\$ 4,067,429</u></u>	<u><u>\$ 4,689,344</u></u>

See accompanying notes to financial statements.

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Awards event sponsorships and ticket sales	\$ 3,104,871	\$ -	\$ 3,104,871
Contributions	1,601,117	729,934	2,331,051
In-kind contributions	1,758,069	-	1,758,069
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
Membership fees	139,029	-	139,029
Other events	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:			
Scholarship	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
Other 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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2023

	Program Services										Supporting Services			
	Scholarships	Education and Impact	Member Services	House Events	Awards	Other Events	Marketing and Communications	Taste America	Pier 57	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 88,870	\$ 737,619	\$ 100,374	\$ 379,030	\$ 826,489	\$ 618,139	\$ 108,619	\$ -	\$ 672,942	\$ 3,532,082	\$ 659,611	\$ 745,519	\$ 1,405,130	\$ 4,937,212
Payroll taxes and employee benefits	19,607	162,739	22,145	83,625	182,346	136,378	23,964	-	148,469	779,273	145,527	164,481	310,008	1,089,281
Scholarship grants	391,665	-	-	-	-	-	-	-	-	391,665	-	-	-	391,665
Grants to other organizations	-	-	-	-	20,000	-	-	-	-	20,000	-	-	-	20,000
Accounting and legal fees	-	220,764	-	538	418,580	-	7,262	-	408,040	1,055,184	1,182,451	9,140	1,191,591	2,246,775
Consultants and other professional fees	39,875	502,478	9,250	131,950	681,457	2,511,395	348,825	1,015,898	116,495	5,357,623	168,621	416,075	584,696	5,942,319
Office expense	-	9,976	-	82	1,156	582	19,903	613	984	33,296	64,940	35,959	100,899	134,195
Postage and shipping	-	2,071	1,427	-	45,492	131	124	9,183	206	58,634	3,441	2,288	5,729	64,363
Printing	-	645	-	123	9,445	-	506	987	662	12,368	114	282	396	12,764
Equipment rental and computer maintenance	-	2,953	-	6,451	139,667	3,164	2,704	12,549	3,750	171,238	61,515	6,404	67,919	239,157
Maintenance	-	6,071	-	6,185	4,336	6,505	5,204	-	174	28,475	43,720	6,505	50,225	78,700
Communications	532	-	977	-	-	418	1,609	494	-	4,030	-	951	951	4,981
Event and kitchen supplies	-	1,136	-	7,936	-	-	-	132	167,826	177,030	2,800	1,680	4,480	181,510
Design and layout	-	424	-	-	69,406	-	219,119	67,500	30,000	386,449	-	1,500	1,500	387,949
Event and meeting space rental	-	-	-	-	58,594	-	-	500	-	59,094	-	85,923	85,923	145,017
Event production	-	195,696	16,865	166,266	617,599	19,590	-	352,769	114,100	1,482,885	15,148	137,561	152,709	1,635,594
Invitations and programs	-	-	-	-	-	-	-	-	-	-	-	9,503	9,503	9,503
Promotional materials and decorations	-	58,363	418	2,558	255,052	4,144	91,451	47,866	95,653	555,505	1,609	13,706	15,315	570,820
Rent, utilities and real estate taxes	-	44,784	-	23,152	31,982	47,988	38,401	-	-	186,307	103,487	47,993	151,480	337,787
Telephone	-	2,944	-	210	3,003	3,155	2,524	600	-	12,436	4,466	3,155	7,621	20,057
Insurance	-	-	-	-	335	-	-	-	-	335	136,505	-	136,505	136,840
Travel and entertainment	1,254	265,466	40	7,094	385,012	25,587	15,749	64,933	9,470	774,605	45,917	69,112	115,029	889,634
Photography	-	10,900	900	5,300	18,915	5,275	1,506	16,314	4,300	63,410	-	2,475	2,475	65,885
Auction items	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Website and internet fees	-	3,410	-	138	35,477	2,174	74,653	120	10	115,982	3,116	3,621	6,737	122,719
Interest	-	-	-	-	-	-	-	-	-	-	52,681	-	52,681	52,681
Bank and credit card and other processing fees	65	2,938	5,452	7,950	29,840	3,417	-	24,664	21,340	95,666	1,716	10,867	12,583	108,249
Government registration fees	-	-	-	-	2,605	-	-	100	-	2,705	11,175	6,730	17,905	20,610
	541,868	2,231,377	157,848	828,588	3,836,788	3,388,042	962,123	1,615,222	1,794,421	15,356,277	2,708,560	1,781,430	4,489,990	19,846,267
Depreciation and amortization	-	37,318	-	12,439	31,098	49,757	37,318	-	24,879	192,809	74,635	43,538	118,173	310,982
TOTAL	\$ 541,868	\$ 2,268,695	\$ 157,848	\$ 841,027	\$ 3,867,886	\$ 3,437,799	\$ 999,441	\$ 1,615,222	\$ 1,819,300	\$ 15,549,086	\$ 2,783,195	\$ 1,824,968	\$ 4,608,163	\$ 20,157,249

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			
	Scholarship	Education and Impact	Member Services	House Events	Awards	Other 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	<u>\$ 422,853</u>	<u>\$ 2,159,913</u>	<u>\$ 115,162</u>	<u>\$ 983,845</u>	<u>\$ 2,780,072</u>	<u>\$ 5,132,716</u>	<u>\$ 733,018</u>	<u>\$ 12,327,579</u>	<u>\$ 2,277,096</u>	<u>\$ 1,419,356</u>	<u>\$ 3,696,452</u>	<u>\$ 16,024,031</u>

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 121,904	\$ 369,618
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Paycheck Protection Program loan forgiveness	-	(745,000)
Depreciation and amortization	310,982	308,066
Amortization of debt issuance costs	348	348
Deferred rent	(115,821)	7,580
Donated property and equipment	(258,050)	(5,500)
Non-cash lease expense	98,224	-
Changes in assets and liabilities:		
Pledges and other receivables	(1,272,193)	(22,509)
Prepaid and other assets	(127,502)	(460,324)
Accounts payable and accrued expenses	490,119	52,510
Contract liability	<u>(17,654)</u>	<u>(1,647)</u>
Net cash used in operating activities	<u>(769,643)</u>	<u>(496,858)</u>
Cash used in investing activities:		
Purchases of property and equipment	<u>(521,289)</u>	<u>(210,937)</u>
Cash flows from financing activities:		
Repayments of government loans	-	(2,686)
Accrued interest from government loans	2,686	-
Repayments of mortgage note payable	<u>(108,185)</u>	<u>(104,009)</u>
Net cash used in financing activities	<u>(105,499)</u>	<u>(106,695)</u>
Net decrease in cash and cash equivalents	(1,396,431)	(814,490)
Cash and cash equivalents - beginning	<u>4,811,406</u>	<u>5,625,896</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 3,414,975</u>	<u>\$ 4,811,406</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ 53,029</u>	<u>\$ 52,216</u>
Donated property and equipment	<u>\$ 258,050</u>	<u>\$ -</u>
Supplemental schedules for non-cash investing activity:		
Operating lease liability recognized in connection with implementation of ASC 842	<u>\$ 928,015</u>	<u>\$ -</u>
Operating right-of-use asset recognized in connection with implementation of ASC 842	<u>\$ 812,194</u>	<u>\$ -</u>

See accompanying notes to financial statements.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

The James Beard Foundation, Inc. (the "Foundation" or "JBF") was incorporated on September 19, 1985, under the Not-For-Profit Corporation Law of the state of New York. The charitable and educational purposes for which the Foundation was established are to preserve and promulgate America's culinary heritage and the legend of James Beard. The Foundation maintains the Beard House (or "House") as a historical culinary center, as a showcase for educational programs relating to food, and as a performance space and meeting center for those interested in the advancement of the culinary arts in America. The James Beard Foundation is a nonprofit organization whose mission 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. The Foundation is pushing for new standards in the restaurant industry to create a future where all have the opportunity to thrive. JBF brings its mission to life through the annual Awards, industry and community-focused initiatives and programs, advocacy, partnerships, and events across the country.

The James Beard Foundation Awards: These annual awards were established in 1990 to recognize excellence in the food and beverage and related industries. The James Beard Awards seek to celebrate and inspire the communities of the independent restaurant and food media industries. Central to this purpose is the Awards' mission: to recognize exceptional talent and achievement in the culinary arts, hospitality, media and broader food system, as well as a demonstrated commitment to racial and gender equity, community, sustainability, and a culture where all can thrive. 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 focus on achieving diversity and inclusivity, the hard work completed by the Foundation and Awards committees, and the recognition of excellence and leaders in the industry.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS (CONTINUED)

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. 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 they 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 is currently undergoing a reimagined iteration, and will continue 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.

Taste America Program: Taste America is the Foundation's annual culinary series which brings together chefs, special guests, and diners from across the country to celebrate the local independent restaurants at the heart of our communities. In this iteration, some of the nation's finest chefs and changemakers will come together in 20 markets across the U.S. to represent a shared mission of "Good Food for Good". This cohort, known as the TasteTwenty, collaborates at chef dinners and walk-around tastings, spotlighting the breadth and unity of culinary creativity across the nation.

The James Beard Foundation Programs: The Foundation's Programs are committed to establishing a more sustainable food system through education, advocacy, and thought leadership. From training programs to data-driven reports and a virtual education library, these programs aspire to give chefs and their colleagues a voice and the tools needed to make real and meaningful change to their businesses and in their communities. Program offerings include Chef's Boot Camp for Policy and Change, which is the foundation of our ongoing industry advocacy programs, Industry Support, Beard House Fellows, Community Programs, and sustainability initiatives, including the Smart Catch program, food waste reduction, and defining sustainability beyond the environmental context, to include social and economic resources, as well as considering equitable access for everyone within the food system.

The James Beard Foundation Women's Leadership Programs: Women's Leadership Programs aim to champion gender and racial equality by supporting women throughout the lifecycle of their careers. We are committed to providing the tools, resources, and networks to the community to ensure that there are more women-owned businesses and more women in leadership across the industry. Our programs are focused on the pillars of finance, community and network, education and training, and wellness at work.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS (CONTINUED)

Pier 57: In April 2023, the Pier 57 Market Hall officially opened to the public. Market 57 with the James Beard Foundation includes unique and independently run food and beverage offerings. Located in the Market 57 food hall is Platform by JBF, a state-of-the-art show kitchen and educational space for outstanding culinary arts programming; and Good To Go by JBF, a unique food kiosk where innovation meets sustainable, ethically sourced, delicious food in a rotating fast-casual menu are the physical manifestation of the Beard Foundation's Good Food for Good mission.

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 those 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'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") 606, *Revenue Recognition* ("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.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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.

Patron program contributions are recorded at the time of contribution. Patrons of the Foundation receive pre-sale access to events at Platform by JBF, complimentary access to VIP receptions, and exclusive invitations to private patron events.

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 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" in the accompanying statements of financial position. There was no deferred rental revenue at March 31, 2023 and 2022.

Revenue received from House events, Taste America and other events is recognized upon completion of the activity. The payments received for any fiscal year 2024 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.

Pledges and Other Receivables

Pledges 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, 2023 and 2022, no allowance for doubtful accounts was deemed necessary.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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") 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, 2023 and 2022, management has determined that no long-lived assets are impaired.

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, 2023 and 2022, 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.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

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 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.

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
Consulting expenses	Directly charged

Recently Adopted Accounting Standards

Leases - In February 2016, FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases* (Topic 842) ("ASC 842"), as amended, which requires the recording of operating lease right-of-use assets and lease liabilities and expanded disclosure for operating and finance leasing arrangements. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities. The Foundation adopted ASC 842 under the modified retrospective method at the beginning of the earliest comparative period presented or April 1, 2022.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Standards (Continued)

The Foundation adopted the package of practical expedients available at transition that retained the lease classification under ASC 840 and initial direct costs for any leases that existed prior to adoption of the standard. Contracts entered into prior to adoption were not reassessed for leases or embedded leases. In addition, the Foundation used hindsight in determining lease term and considerations for impairment. The Foundation made the accounting policy elections to not recognize short-term leases on the statement of financial position and to utilize the risk-free discount rate when the rate implicit in the lease is not readily determinable.

In addition, at the date of initial application, the Foundation recorded operating lease right-of-use assets and aggregate operating lease liabilities in the amount of \$812,194 and \$928,015, respectively.

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 has determined that the application of ASU 2020-07 did not have a material impact on the financial statements.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Foundation has evaluated subsequent events through November 6, 2023, the date on which these financial statements were available to be issued. On September 7, 2023 the Foundation was awarded a grant in the amount of \$4.8 million by DTCare, a non-profit organization that raises contributions from the public and makes monetary grants in support of charitable causes. The terms of the grant agreement provide for a one-year term, from September 15, 2023 through August 31, 2024, during which the funds are to be spent on programs and services as specified in the agreement, all of which are in the normal course of the James Beard Foundation programming and mission.

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 following table presents financial assets available for general expenditures within one year at March 31, 2023 and 2022, 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 9). In the event that needs arise to utilize board-restricted funds for liquidity purposes, the reserves could be drawn upon through board resolution.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 3. LIQUIDITY AND AVAILABILITY (CONTINUED)

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents (including board-designated cash)	\$ 3,414,975	\$ 4,811,406
Current portion of pledges and other receivables, net	<u>879,359</u>	<u>700,753</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>4,294,334</u>	<u>5,512,159</u>
Less amounts not available for general obligations within one year:		
Board-designated cash and cash equivalents	950,000	500,000
Net assets with donor restrictions excluding amounts expected to be released in less than a year	3,324,429	1,536,923
Total amounts not available for general obligations within one year	<u>4,274,429</u>	<u>2,036,923</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 19,905</u>	<u>\$ 3,475,236</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 donor-restricted endowments. 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 expenditures.

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, 2023 AND 2022

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

Board-designated cash and cash equivalents consisted of the following as of March 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Scholarship funds	\$ 400,000	\$ 400,000
House Preservation Fund	100,000	100,000
Board-restricted endowment funds	<u>450,000</u>	<u>-</u>
Total	<u>\$ 950,000</u>	<u>\$ 500,000</u>

NOTE 5. PLEDGES AND OTHER RECEIVABLES

Pledges and other receivables are shown in the accompanying statements of financial position, net of a discount to present value using the risk-free rate at the end of the year in which the pledge was made.

	<u>2023</u>	<u>2022</u>
Within one year	\$ 879,359	\$ 700,753
In two to five years	1,225,000	-
Over five years	<u>125,000</u>	<u>-</u>
	2,229,359	700,753
Less: discount to net present value at rates ranging from 3.44% to 4.49%	<u>256,413</u>	<u>-</u>
Total	<u>\$ 1,972,946</u>	<u>\$ 700,753</u>

Management believes that the entire amount of pledges and other receivables is fully collectible and, accordingly, has not provided for an allowance on such receivables.

Approximately 67% and 38% of the Foundation's total pledges and other receivables were due from three donors as part of the capital campaign and one donor as of March 31, 2023 and 2022, respectively.

NOTE 6. PROPERTY AND EQUIPMENT

The Foundation's property and equipment consisted of the following at March 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Building and building improvements	\$ 2,227,620	\$ 2,148,229
Office and kitchen equipment	2,173,911	1,473,963
Land	<u>418,869</u>	<u>418,869</u>
	4,820,400	4,041,061
Less: accumulated depreciation	<u>2,625,757</u>	<u>2,314,775</u>
Property and equipment, net	<u>\$ 2,194,643</u>	<u>\$ 1,726,286</u>

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 7. ENDOWMENTS

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 "Humanitarian Fund Endowment"). The purpose of the Humanitarian Fund Endowment is to provide for a cash award to each year's Humanitarian of the Year award winner.

During the year ended March 31, 2023, the Foundation received donor-restricted contributions to be used for the establishment of the James Beard Foundation Endowment (the "JBF Endowment"). The purpose of the JBF Endowment was established based on the Foundation's mission and consists of both donor-restricted endowment funds and funds designated by the board of directors to function as an endowment.

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, 2023 and 2022, 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 endowments and (b) any accumulations to the endowments 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 funds
- The purposes of the Foundation and the donor-restricted endowments funds
- 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, 2023 and 2022, the Foundation had the following endowment net asset composition by type of fund:

Year ended March 31, 2023	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment fund	\$ 450,000	\$ -	\$ 450,000
Donor-restricted endowment funds:			
Humanitarian Fund Endowment	-	600,000	600,000
JBF Endowment	-	1,050,000	1,050,000
Accumulated investment gains	<u>-</u>	<u>15,615</u>	<u>15,615</u>
	<u>\$ 450,000</u>	<u>\$ 1,665,615</u>	<u>\$ 2,115,615</u>

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 7. ENDOWMENTS (CONTINUED)

Year ended March 31, 2022	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds:			
Humanitarian Fund Endowment	\$ -	\$ 600,000	\$ 600,000
Accumulated investment gains	<u>-</u>	<u>3,865</u>	<u>3,865</u>
	<u>\$ -</u>	<u>\$ 603,865</u>	<u>\$ 603,865</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law ("Underwater Endowments"). The Foundation has interpreted UPMIFA to permit spending from Underwater Endowments in accordance with prudent measures required under law. At March 31, 2023, the Foundation did not have any Underwater Endowments.

Investment and Spending Policies

The Foundation has adopted investment and spending policies for the endowments 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 endowments and will set the rate with the objective of maintaining the purchasing power of the endowments over time.

Changes in endowment net assets for the years ended March 31, 2023 and 2022, are as follows:

Year ended March 31, 2023	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ -	\$ 603,865	\$ 603,865
Investment return, net	-	11,750	11,750
Contributions	<u>450,000</u>	<u>1,050,000</u>	<u>1,500,000</u>
Endowment net assets, end of year	<u>\$ 450,000</u>	<u>\$ 1,665,615</u>	<u>\$ 2,115,615</u>

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 7. ENDOWMENTS (CONTINUED)

<u>Year ended March 31, 2022</u>	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ -	\$ 602,507	\$ 602,507
Investment return, net	<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>

NOTE 8. MORTGAGE NOTE PAYABLE

The Foundation entered into a mortgage note agreement with a financial institution (the "Bank") on April 29, 2009, in the original amount of \$2,000,000 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.

As of March 31, 2023, future minimum principal payments are summarized as follows:

<u>Year ending March 31:</u>	<u>Amount</u>
2024	\$ 112,271
2025	116,615
2026	121,127
2027	125,814
2028	130,683
Thereafter	<u>460,547</u>
	<u>\$ 1,067,057</u>

As of March 31, 2023, future minimum amortization of debt issuance costs is summarized as follows:

<u>Year ending March 31:</u>	<u>Amount</u>
2024	\$ 348
2025	348
2026	348
2027	348
2028	348
Thereafter	<u>1,047</u>
	<u>\$ 2,787</u>

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 9. 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Subject to purpose restrictions:		
Scholarship Funds	\$ 826,814	\$ 816,892
House Preservation Fund	100,000	100,000
House Renovations	-	16,166
Pier 57 Chef's Performance Fund	500,000	-
Pier 57 Performance Kitchen Project	250,000	-
Capital Projects	<u>500,000</u>	<u>-</u>
Total subject to purpose restrictions	2,176,814	933,058
Subject to time restriction	225,000	-
Subject to endowment spending policy and appropriation	<u>1,665,615</u>	<u>603,865</u>
	<u>\$ 4,067,429</u>	<u>\$ 1,536,923</u>

During the years ended March 31, 2023 and 2022, net assets were released from donor restrictions by incurring expenses satisfying the following purposes:

	<u>2023</u>	<u>2022</u>
Scholarship Funds	\$ 401,815	\$ 313,873
Educational Programs	-	8,842
House Renovations	56,166	-
Black & Indigenous American Investment Fund	-	359,813
Women's Leadership Programs	<u>-</u>	<u>568,721</u>
	<u>\$ 457,981</u>	<u>\$ 1,251,249</u>

NOTE 10. IN-KIND CONTRIBUTIONS

For the years ended March 31, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included the following:

	<u>2023</u>	<u>2022</u>
Legal services	\$ 1,702,171	\$ 1,352,185
Consulting services	250,000	-
Property and equipment	311,875	-
Event and kitchen supplies	438,364	385,884
Promotional materials	<u>50,000</u>	<u>20,000</u>
Total in-kind contributions	<u>\$ 2,752,410</u>	<u>\$ 1,758,069</u>

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills and are performed by people whose services would otherwise be purchased by the Foundation.

Donated legal services are included in "In-kind 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 JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 10. IN-KIND CONTRIBUTIONS (CONTINUED)

During March 31, 2023 there were no computer services contributed. During March 31, 2022 the value of computer services was contributed by a corporate sponsor, 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 in-kind services of strategic consulting from a certified public accounting firm during the year ended March 31, 2023, and this is included in "In-kind contributions" in the accompanying statements of activities and "Accounting and legal fees" in the accompanying statements of functional expenses.

Related to Pier 57: The value of equipment (included in building and building improvements) contributed by a corporate sponsor is included in "Property and equipment, net" in the accompanying statements of financial position and in "Donated property and equipment" in the accompanying statements of cash flows.

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 other events. For the years ended March 31, 2023 and 2022, these contributed goods, services and facilities 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.

During the year ended March 31, 2023, the Foundation received digital advertising services contributed by a corporate sponsor and is included in "Promotional materials and decorations" in the accompanying statements of functional expenses. As part of the Foundation's annual awards gala during March 31, 2022, Choose Chicago provided the Foundation with in-kind services, comprised of promotional materials, which are included in "Promotional materials and decorations" in the accompanying statements of functional expenses.

A number of volunteers have made a contribution of their time to the Foundation to develop its programs and to serve on the Foundation's Board of Trustees (the "Board"). In accordance with U.S. GAAP, the value of this contributed time is not reflected in these financial statements.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

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, 2023 and 2022.

NOTE 12. COMMITMENTS

Operating lease

The Foundation has an operating lease for office space expiring through February 2026. Total operating lease expense for the years ended March 31, 2023 and 2022, was \$223,379 and \$214,516, respectively, and is included in "Selling, general and administrative" expenses in the accompanying statements of activities.

Maturities of lease liabilities as of March 31, 2023, are as follows:

<u>Year Ending March 31:</u>	<u>Operating lease</u>
2024	\$ 245,622
2025	252,990
2026	<u>238,544</u>
Net minimum lease payments	737,156
Less: interest	<u>26,693</u>
Present value of lease liability	710,463
Less: current portion	<u>230,495</u>
Lease liability, net of current portion	<u>\$ 479,968</u>

As of March 31, 2023, cash flow information related to leases was as follows:

Cash paid for amounts included in the
measurements of lease liabilities:

Operating cash flows from operating leases \$ 238,464

As of March 31, 2023, lease terms and discount rates were as follows:

Remaining lease term (in years):	
Operating leases	<u>4</u>
Discount rate (%):	
Operating leases	<u>2.583</u>

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 13. GOVERNMENT LOANS

The Paycheck Protection Program ("PPP"), which was established as part of the Coronavirus Aid, Relief and Economic Security 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 on December 9, 2022, which was included in "Program advertising, publications and miscellaneous income" in 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, 2023, are as follows:

<u>Year ending March 31:</u>	<u>Amount</u>
2024	\$ 3,607
2025	3,707
2026	3,811
2027	4,010
2028	4,124
Thereafter	<u>130,741</u>
Total	<u>\$ 150,000</u>

Interest expense related to the EIDL Loan totaled \$4,059 and \$3,456 for the years ended March 31, 2023 and 2022, respectively, and is included in interest expense in the accompanying statements of functional expense.

THE JAMES BEARD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 13. GOVERNMENT LOANS (CONTINUED)

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