

**The James Beard
Foundation, Inc.**

Financial Report

March 31, 2010

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Independent Auditor's Report

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

We have audited the accompanying statement of financial position of The James Beard Foundation, Inc. (the "Foundation") as of March 31, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the Foundation's March 31, 2009 financial statements and, in our report dated September 23, 2009, we expressed an unqualified opinion on those statements.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

New York, New York
September 29, 2010

The James Beard Foundation, Inc.

**Statements of Financial Position
March 31, 2010 and 2009**

	2010	2009
ASSETS		
Cash	\$ 263,794	\$ 385,098
Restricted Cash and Cash Equivalents	291,349	240,150
Grants and Other Receivables	586,192	284,498
Restricted Investments, at fair value	-	1,242
Prepaid Expenses and Other Assets	510,034	473,476
Property and Equipment, net	<u>975,806</u>	<u>1,038,314</u>
Total assets	<u>\$ 2,627,175</u>	<u>\$ 2,422,778</u>
LIABILITIES AND NET ASSETS (DEFICIENCY)		
Liabilities:		
Accounts payable and accrued expenses	\$ 522,302	\$ 531,067
Mortgage note payable	2,000,000	2,000,000
Deferred revenue	<u>1,640,337</u>	<u>1,293,351</u>
Total liabilities	<u>4,162,639</u>	<u>3,824,418</u>
Net Assets (Deficiency):		
Unrestricted	(2,538,442)	(2,275,661)
Temporarily restricted	<u>1,002,978</u>	<u>874,021</u>
Net asset deficiency	<u>(1,535,464)</u>	<u>(1,401,640)</u>
Total liabilities and net assets (deficiency)	<u>\$ 2,627,175</u>	<u>\$ 2,422,778</u>

See Notes to Financial Statements.

The James Beard Foundation, Inc.

Statements of Activities

(with summarized comparative financial information for the year ended March 31, 2009)

Years Ended March 31, 2010 and 2009

	2010		2009	
	Unrestricted	Temporarily Restricted	Total	Total
Support and Revenue:				
Contributions	\$ 840,938	\$ 255,635	\$ 1,096,573	\$ 843,387
Membership fees	612,067	-	612,067	686,862
In-house events	1,449,388	-	1,449,388	1,534,353
Gala event sponsorships and ticket sales	1,435,779	-	1,435,779	1,482,052
Out-of-house events and auctions	888,856	-	888,856	893,577
Newsletter advertising and directories income	87,853	-	87,853	66,126
Miscellaneous	45	-	45	253
Dividend and interest income	1,846	2,563	4,409	12,161
Educational program fee	4,825	-	4,825	12,433
Unrealized and realized net gains on investments	-	(107)	(107)	(224)
Net assets released from restrictions - satisfaction of program and time restrictions	129,134	(129,134)	-	-
Total support and revenue	5,450,731	128,957	5,579,688	5,530,980
Expenses:				
Program services:				
Scholarship and education	313,393	-	313,393	358,230
Member services	253,941	-	253,941	260,572
In-house events	1,343,674	-	1,343,674	1,368,231
Awards	1,374,463	-	1,374,463	1,505,544
Out-of-house events	408,422	-	408,422	560,236
Publications and communications	503,840	-	503,840	584,306
Taste America	-	-	-	156,847
Total program services	4,197,733	-	4,197,733	4,793,966
Supporting services:				
Management and general	1,096,644	-	1,096,644	1,152,382
Fund-raising	419,135	-	419,135	388,192
Total supporting services	1,515,779	-	1,515,779	1,540,574
Total expenses	5,713,512	-	5,713,512	6,334,540
Change in net assets	(262,781)	128,957	(133,824)	(803,560)
Net Assets (Deficiency):				
Beginning	(2,275,661)	874,021	(1,401,640)	(598,080)
Ending	<u><u>\$ (2,538,442)</u></u>	<u><u>\$ 1,002,978</u></u>	<u><u>\$ (1,535,464)</u></u>	<u><u>\$ (1,401,640)</u></u>

See Notes to Financial Statements.

The James Beard Foundation, Inc.

Statements of Functional Expenses

(with summarized comparative financial information for the year ended March 31, 2009)

Years Ended March 31, 2010 and 2009

	2010							2009				
	Program Services							Supporting Services				
	Scholarship and Education	Member Services	In-House Events	Awards	Out-of- House Events	Publications and Communi- cations	Total Program Services	Management and General	Fund- Raising	Total Supporting Services	Total	Total
Salaries	\$ 107,003	\$ 130,348	\$ 772,362	\$ 108,948	\$ 120,621	\$ 169,258	\$ 1,408,540	\$ 375,481	\$ 161,476	\$ 536,957	\$ 1,945,497	\$ 1,976,916
Payroll taxes and employee benefits	22,236	27,087	160,497	22,639	25,065	35,172	292,696	59,162	33,147	92,309	385,005	384,062
Scholarship grants	119,148	-	-	-	-	-	119,148	-	-	-	119,148	163,525
Grants to other organizations	-	-	-	-	-	-	-	4,000	-	4,000	4,000	15,227
Accounting and legal fees	-	-	-	-	3,099	-	3,099	144,136	3,034	147,170	150,269	113,473
Consultants and other professional fees	40,430	16,500	39,286	281,985	57,430	-	435,631	133,541	34,625	168,166	603,797	847,316
Office expense	614	3,206	6,222	2,318	2,452	3,100	17,912	6,849	570	7,419	25,331	26,845
Postage and shipping	789	1,926	4,473	21,453	8,283	18,090	55,014	6,145	6,477	12,622	67,636	116,575
Printing	-	7,462	2,523	2,771	3,798	73,893	90,447	9,352	2,953	12,305	102,752	117,232
Equipment rental and computer maintenance	2,909	4,673	15,673	7,313	44,002	11,796	86,366	13,342	20,816	34,158	120,524	134,100
Maintenance	943	499	12,497	1,050	7,864	4,242	27,095	22,835	-	22,835	49,930	46,855
Advertising and newsletter	-	2,500	-	28,099	-	39,294	69,893	150	-	150	70,043	65,850
Event and kitchen supplies	190	205	204,253	9,798	10,386	853	225,685	4,273	-	4,273	229,958	265,793
Design and layout	-	-	-	35,975	20,000	66,157	122,132	100	-	100	122,232	159,809
Event and meeting space rental	-	-	-	45,075	-	-	45,075	-	50,560	50,560	95,635	115,056
Event production	-	-	-	507,045	8,570	-	515,615	-	5,212	5,212	520,827	558,635
Invitations and programs	-	-	655	22,937	10,057	-	33,649	-	9,078	9,078	42,727	61,863
Award items and decorations	-	56	15,363	109,236	6,648	200	131,503	2,666	14,119	16,785	148,288	136,707
Rent	8,821	1,238	3,938	10,446	26,331	36,498	87,272	5,009	-	5,009	92,281	91,821
Telephone	1,872	1,976	6,509	2,745	6,072	8,758	27,932	8,889	223	9,112	37,044	35,440
Utilities	384	390	34,214	373	1,244	1,727	38,332	10,960	-	10,960	49,292	49,003
Insurance	-	-	-	-	-	-	-	46,860	1,131	47,991	47,991	52,416
Travel and entertainment	3,331	5,683	2,398	123,145	23,700	222	158,479	15,012	23,650	38,662	197,141	283,007
Real estate taxes	-	-	-	-	-	-	-	25,366	-	25,366	25,366	21,039
Photography	-	-	-	5,824	-	1,181	7,005	-	1,100	1,100	8,105	9,984
Library	-	-	-	-	-	161	161	-	-	-	161	444
Auction items	-	-	-	-	995	-	995	-	33,855	33,855	34,850	4,124
Web site and Internet fees	913	31,655	3,065	12,328	1,343	17,259	66,563	2,050	187	2,237	68,800	75,313
Interest	-	-	-	-	-	-	-	131,778	-	131,778	131,778	199,583
Amortization of deferred financing charges	-	-	-	-	-	-	-	15,673	-	15,673	15,673	41,748
Bank charge and credit card and other processing fees	606	11,340	39,672	8,710	14,681	32	75,041	12,440	9,931	22,371	97,412	78,200
Miscellaneous	15	21	140	263	200	-	639	22,236	1,409	23,645	24,284	6,028
	310,204	246,765	1,323,740	1,370,476	402,841	487,893	4,141,919	1,078,305	413,553	1,491,858	5,633,777	6,253,989
Depreciation	3,189	7,176	19,934	3,987	5,581	15,947	55,814	18,339	5,582	23,921	79,735	80,551
Total expenses	\$ 313,393	\$ 253,941	\$ 1,343,674	\$ 1,374,463	\$ 408,422	\$ 503,840	\$ 4,197,733	\$ 1,096,644	\$ 419,135	\$ 1,515,779	\$ 5,713,512	\$ 6,334,540

See Notes to Financial Statements.

The James Beard Foundation, Inc.

Statements of Cash Flows
Years Ended March 31, 2010 and 2009

	2010	2009
Cash Flows From Operating Activities:		
Change in net assets	\$ (133,824)	\$ (803,560)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Donated property and equipment	-	(17,780)
Depreciation	79,735	80,551
Amortization of deferred financing costs	15,673	41,748
Unrealized and realized net losses on investments	107	224
Changes in operating assets and liabilities:		
(Increase) decrease in restricted cash and cash equivalents	(51,199)	421,242
Increase in grants and other receivables	(301,694)	(70,808)
(Increase) decrease in prepaid expenses and other assets	(36,788)	95,850
(Decrease) increase in accounts payable and accrued expenses	(8,765)	120,419
Increase in deferred revenue	346,986	192,768
Decrease in grants payable	-	(5,250)
Net cash (used in) provided by operating activities	(89,769)	55,404
Cash Flows From Investing Activities:		
Purchase of property and equipment	(17,227)	(11,765)
Proceeds from sale of restricted investments	1,135	-
Net cash used in investing activities	(16,092)	(11,765)
Cash Flows From Financing Activities:		
Repayment of mortgage note payable	-	(2,000,000)
Proceeds from mortgage note payable	-	2,000,000
Financing costs of mortgage notes payable	(15,443)	(40,814)
Net cash used in financing activities	(15,443)	(40,814)
Net (decrease) increase in cash	(121,304)	2,825
Cash:		
Beginning	385,098	382,273
Ending	<u>\$ 263,794</u>	<u>\$ 385,098</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	<u>\$ 120,153</u>	<u>\$ 181,250</u>
Supplemental Schedule of Noncash Investing Activity:		
Donated property and equipment	<u>\$ -</u>	<u>\$ 17,780</u>

See Notes to Financial Statements.

The James Beard Foundation, Inc.

Notes to Financial Statements

Note 1. Description of Organization

The James Beard Foundation, Inc. (the "Foundation") was incorporated under the Not-for-Profit Corporation Law of the State of New York on September 19, 1985. The Foundation is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code").

The charitable and educational purposes for which the Foundation was established are to preserve and promulgate America's culinary heritage and the legacy of James Beard, maintain the Beard house as a historical culinary center, maintain the Beard house as a showcase for educational programs relating to food, and maintain the Beard house as a performance space, gallery, research library and meeting center for those interested in the advancement of the culinary arts in America. Additionally, the Foundation was established to support other not-for-profit culinary organizations, provide scholarships to individuals pursuing a career in the culinary arts and recognize and promote excellence in all aspects of the culinary arts.

Note 2. Summary of Significant Accounting Policies

The Foundation reports all gifts of cash and other assets as unrestricted support unless they are received with donor stipulations that limit the use of the donated assets or are designated for future periods. When a purpose restriction is accomplished or a stipulated time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions of assets other than cash are recorded at their estimated fair value.

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

Donated legal services amounting to \$77,642 and \$52,344 were provided to the Foundation during the years ended March 31, 2010 and 2009, respectively. Donated legal services for the years ended March 31, 2010 and 2009 is included in contributions and management and general expenses in the accompanying statement of activities.

The value of sanitation services contributed by a corporate sponsor amounted to \$15,000 (unaudited) for each of the years ended March 31, 2010 and 2009 and is included in contributions and in-house program service expenses in the accompanying statement of activities.

The Foundation received wine cooler units and a fryer as in-kind contributions amounting to \$17,780 used in connection with its events held during the year ended March 31, 2009. The Foundation did not receive similar items during the year ended March 31, 2010. Such amounts have been included in contributions and property and equipment in the accompanying financial statements.

The Foundation received food, wine, sparkling water, coffee, tea, countertop appliances, utensils, room accommodations, and gift bags in connection with its in-house and out-of-house events. Additionally, the Foundation received goods, services and other prizes for its auctions held in conjunction with its fund-raising events. No amounts have been recognized as revenue in the accompanying statement of activities since they do not meet the criteria for recognition under Accounting Standards Codification ("ASC") Topic 958 Subtopic 605 ("ASC 958-605") formerly referred to as Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made*. The Foundation estimates the fair value of these contributed goods, services and facilities to be approximately \$211,000 (unaudited) and \$215,000 (unaudited) for the years ended March 31, 2010 and 2009, respectively.

A number of volunteers have made a contribution of their time to the Foundation to develop its programs and to serve on the Foundation's board of trustees. The value of this contributed time is not reflected in these financial statements.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Membership fees are recorded in the applicable membership period. The unexpired portion of payments made by members is reflected as deferred revenue. Revenue from the in-house, out-of-house and awards gala events is recognized upon completion of the activity. Prepayments in connection with in-house, out-of-house and awards gala events are expensed in the period in which such events occur. The payments received for the May 2010 awards gala event and fiscal 2011 in-house and out-of-house events are reflected as deferred revenue.

The Foundation maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in these accounts.

The Foundation considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents consist of money market account balances.

Investments are stated at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Unrealized gains and losses resulting from the change in prevailing market value of investments are included in the statement of activities. Interest income is recorded on an accrual basis. Dividend income is recorded on the ex-dividend date. Purchases and sales of securities are recorded on a trade-date basis.

The Foundation's policy for capitalization of building improvements and office equipment is limited to purchases of \$1,000 or more. Building, building improvements and office equipment are recorded at cost. Depreciation of building, building improvements and office equipment is being provided for by the straight-line method over their estimated useful lives.

Deferred financing charges are amortized over the term of the related debt.

Advertising costs are expensed as incurred. For the years ended March 31, 2010 and 2009, advertising and newsletter costs amounted to \$70,043 and \$65,850, respectively.

Expenses are classified according to the categories for which they were incurred and are summarized on a functional basis in the accompanying statement of activities. Program services include costs directly associated with the publication of membership newsletters, regular brunch and dinner meetings, and luncheons held to promote and encourage the development of the culinary arts in America, special events to promote innovations in American cuisine and encourage the careers of aspiring chefs, and granting scholarships to culinary students to assist with funding culinary education tuition costs.

The statements of activities and functional expenses include certain prior-year summarized comparative information in total but not by net asset or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended March 31, 2009, from which this summarized information was derived.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

On April 1, 2009, the Foundation adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be

The James Beard Foundation, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses derecognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Management evaluated the Foundation's tax positions and concluded that the Foundation had taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance. With few exceptions, the Foundation is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2006, which is the standard statute of limitations look-back period.

The Foundation evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which was September 29, 2010 for these financial statements.

Note 3. Restricted Cash and Cash Equivalents

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 and to fund renovations made to the Beard house.

The restricted cash and cash equivalents consist of the following as of March 31:

	<u>2010</u>	<u>2009</u>
Scholarship funds	\$ 90,710	\$ 77,128
House Preservation Fund	<u>200,639</u>	<u>163,022</u>
	<u>\$ 291,349</u>	<u>\$ 240,150</u>

Note 4. Grants and Other Receivables

Grants and other receivables include unconditional promises to give due in less than one year amounting to \$586,192 and \$284,498 at March 31, 2010 and 2009, respectively.

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

Note 5. Restricted Investments

The Foundation maintains funds in a separate brokerage account for its House Preservation Fund and for the preservation of the Foundation and to fund renovations made to the Beard house.

The restricted investments consist of the following:

	<u>2010</u>	<u>2009</u>
Common stock	<u>\$ -</u>	<u>\$ 1,242</u>

The James Beard Foundation, Inc.

Notes to Financial Statements

Note 6. Fair Value Measurements of Financial Instruments

Pursuant to the provisions as described in Accounting Standards Codification Topic 820 Subtopic 10 ("ASC 820-10") formerly referred to as Statement of Financial Accounting Standards ("SFAS") No. 157, *Fair Value Measurements*, the Foundation categorizes its financial instruments into a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument.

The following table presents the Foundation's hierarchy for its financial instruments measured at fair value on a recurring basis as of March 31, 2010 and 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2010</u>
Restricted cash and cash equivalents	<u>\$ 291,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 291,349</u>
	<u><u>\$ 291,349</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 291,349</u></u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2009</u>
Restricted cash and cash equivalents	\$ 240,150	\$ -	\$ -	\$ 240,150
Restricted investments	1,242	-	-	1,242
	<u><u>\$ 241,392</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 241,392</u></u>

Note 7. Property and Equipment, Net

Property and equipment, net, at cost or fair market at date of donation, consists of the following:

	<u>2010</u>	<u>2009</u>	<u>Estimated Useful Life</u>
Land	\$ 418,869	\$ 418,869	-
Office equipment	312,535	295,308	3 to 7 years
Building and building improvements	<u>1,087,346</u>	<u>1,087,346</u>	27 years
	1,818,750	1,801,523	
Less accumulated depreciation	<u>(842,944)</u>	<u>(763,209)</u>	
	<u><u>\$ 975,806</u></u>	<u><u>\$ 1,038,314</u></u>	

The James Beard Foundation, Inc.

Notes to Financial Statements

Note 8. Mortgage Note Payable

On December 21, 2006, the Foundation entered into a mortgage agreement with W. Financial Mortgage Fund in the amount of \$2,000,000, requiring monthly installments of interest only to be paid commencing on February 1, 2007 at an interest rate of 11% per annum. The outstanding principal balance and any unpaid interest were repaid on December 30, 2008 out of the proceeds received from the Foundation's new lending institution. The Foundation entered into a six-month mortgage agreement with Union Center National Bank with a rate of interest equal to the prime rate on December 29, 2008 requiring interest-only installment payments and the principal due at maturity. The prime rate, which was 3.25% for the duration of this loan, was subject to change from time to time based on changes in an index. Mortgage closing costs amounting to approximately \$10,000 was also funded out of the Union Center National Bank mortgage note proceeds and capitalized.

The mortgage note that was obtained from Union Center National Bank was terminated and a new loan agreement was entered into on April 29, 2009 with the same bank. The initial term of this new loan is two years. The loan has a renewal option for four additional periods of five years each and one final option of three years. The loan bears an interest rate of 6.75% for the initial two-year period and, if extended, for the five-year period thereafter. Commencing on April 30, 2016, the interest rate, if extended, will be adjusted by 200 basis points over the five-year Federal Home Loan Bank - New York ("FHLB NY") rate, rounded up to the nearest one-eighth of one percent point (0.125%) as of the date forty-five days prior to the commencement of the applicable renewal period, for the second, third and fourth renewal periods. Commencing on April 30, 2031, the interest rate for the loan, if extended, will also be adjusted by 200 basis points over the five-year FHLB NY rate rounded up to the nearest one-eighth of one percentage point (0.125%) as of the date 45 days prior to the commencement of the applicable renewal period but shall in no event be less than 6.50% per annum for the fifth and final renewal period. During the first two-year period of the loan, the Foundation makes monthly payments of accrued interest only based on the outstanding principal commencing on June 1, 2009 and the principal is due upon maturity.

The mortgage note payable is secured by the Foundation's land, building and office equipment used in connection with its real estate.

Note 9. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2010</u>	<u>2009</u>
Scholarship funds	\$ 706,590	\$ 564,021
House Preservation Fund	250,000	250,000
Jean-Louis Palladin Master Classes	46,388	50,000
Administration and public education	-	10,000
	<u>\$ 1,002,978</u>	<u>\$ 874,021</u>

The Foundation's management entered into an agreement with the Jean-Louis Palladin Foundation (the "JLP Foundation") to receive remaining cash funds up to a maximum of \$175,000 and continue to perpetuate the mission and programs of the JLP Foundation as both entities share certain common activities in supporting the culinary heritage and the JLP Foundation is winding down its operations. For the year ended March 31, 2009, the Foundation recorded \$160,000 of which \$100,000 has been restricted by the JLP Foundation to fund a Jean-Louis Palladin Chef Travel and Study Grants Program included in restricted scholarship funds, which will provide for annual grants of up to \$10,000. The JLP Foundation has also provided for the release of related restricted funds to cover Scholarship Management Services of Scholarship America administration

The James Beard Foundation, Inc.

Notes to Financial Statements

Note 9. Temporarily Restricted Net Assets (Continued)

fees not to exceed 25% of the value of the Jean-Louis Palladin Chef Travel and Study Grants awarded. Other funds from the JLP Foundation were restricted in the amount of \$50,000 to fund the operation of a series of Jean-Louis Palladin Master Classes that offers master-level instruction in advanced techniques and resources to working chefs and the remaining \$25,000 (for which only \$10,000 was recorded for the year ended March 31, 2009) was restricted for administration and public education and subsequently released in the year ended March 31, 2010 upon satisfaction of those requirements.

During the year ended March 31, 2010, net assets were released from donor restrictions by incurring expenses satisfying the following temporarily restricted purposes or by passage of time:

House Preservation Fund	\$ 1,374
Scholarships	114,148
Jean-Louis Palladin Master Classes	3,612
Administration and public education	<u>10,000</u>
	<u><u>\$ 129,134</u></u>

Note 10. Employee Benefit Plan

The Foundation maintains a defined contribution plan under Section 403(b) of the Code covering all eligible employees. Contributions by the Foundation to the plan are at the discretion of the board of trustees. No contributions were made on behalf of the employees to the plan for the years ended March 31, 2010 and 2009.

Note 11. Commitments

The Foundation leases office space under a noncancelable operating lease expiring on November 30, 2010. The lease is subject to escalations for the Foundation's proportionate share of increases in real estate taxes and other operating expenses.

The Foundation is obligated under operating leases for office equipment expiring through May 2014.

At March 31, 2010, the aggregate minimum annual rental commitments under the above noncancelable leases are as follows:

<u>Year ending March 31,</u>	
2011	\$ 88,208
2012	35,844
2013	34,200
2014	16,116
2015	<u>2,686</u>
	<u><u>\$ 177,054</u></u>

Notes to Financial Statements

Note 12. Operating Deficits

Through the year ended March 31, 2010, the Foundation has continued to experience operating deficits. A significant portion of the initial cumulative operating deficits resulted from a prior investigation of a former president/chief executive officer's unsubstantiated expenditures, related professional fees incurred, and the hiring of new management personnel. Additionally, the Foundation had developed new programs that generated deficits over the past two years coupled with being challenged by the current downturn in the economy.

Management continues to attempt to reduce such operating deficits by 1) seeking additional corporate sponsorships for its events, 2) increasing its professional membership base, 3) evaluating prospective new donor funding sources, 4) implementing publishing economies to save on paper and postage cuts, 5) filling every seat for the in-house dinner events and canceling any events if losses are foreseen, and 6) reevaluating current vendor and consultant relationships. However, there is no assurance that management will be successful in its efforts.