

PD

U.S. TAX COURT
RECEIVED
HAND DELIVERED
MAR 15 2019

U.S. TAX COURT
FILED
MAR 15 2019
ALG

UNITED STATES TAX COURT

PANERA BREAD FOUNDATION, INC.)

Petitioner,)

v.)

COMMISSIONER OF INTERNAL REVENUE,)

Respondent.)

Docket No. 5198-19 **X**

**PETITION FOR DECLARATORY JUDGMENT
(EXEMPT ORGANIZATION)**

Pursuant to section 7428 of the Internal Revenue Code (the "Code"), Panera Bread Foundation, Inc. petitions this Court for a declaratory judgment regarding its continuing qualification as an organization described in section 501(c)(3) of the Code, and alleges the following:

1. Petitioner's name and principal place of business is: Panera Bread
Address Used By Court
Foundation, Inc., 3630 S. Geyer Road, Suite 100, St. Louis, MO 63127.
2. Petitioner's Taxpayer Identification Number ("TIN") is set forth on the Statement of Taxpayer Identification Number submitted simultaneously with this Petition in accordance with Rule 20(b) of this Court's Rules of Practice and Procedure.

3. On December 20, 2018, the Internal Revenue Service (“IRS”) issued a final determination that Petitioner no longer qualified as exempt from federal income tax under section 501(a) of the Code as an organization described in section 501(c)(3) of the Code. The revocation of Petitioner’s tax-exempt status was effective as of January 1, 2012. A true and correct copy of the final determination letter, with Petitioner’s TIN redacted in accordance with Rule 27(a), is attached hereto as Ex. 1.

4. Petitioner has exhausted its administrative remedies within the IRS.

5. The determination that Petitioner no longer qualifies as a tax-exempt organization under section 501(c)(3) of the Code is erroneous for the following reasons:

a. Petitioner is organized and operated exclusively for charitable and educational purposes within the meaning of section 501(c)(3) of the Code and section 1.501(c)(3)-1(d)(1)(i) of the Treasury Regulations (“Regulations”).

i. Petitioner provided grants and assistance to charitable organizations that feed the hungry and assist children, which furthers charitable purposes within the meaning of section 501(c)(3) of the Code and section 1.501(c)(3)-1(d)(2) of the Regulations.

- ii. Petitioner provided grants and assistance to individuals by giving away free food through its Panera Cares Cafe program, which is inherently charitable because it relieves the poor and distressed and reduces economic tensions within the meaning of section 501(c)(3) of the Code and section 1.501(c)(3)-1(d)(2) of the Regulations.
- iii. Petitioner provided job training at its Panera Cares Cafes to high-risk individuals between the ages of 16 and 21, which is educational within the meaning of section 501(c)(3) of the Code and section 1.501(c)(3)-1(d)(3) of the Regulations.
- iv. Petitioner provided job training at its Panera Cares Cafes to individuals with developmental disabilities, which is educational within the meaning of section 501(c)(3) of the Code and section 1.501(c)(3)-1(d)(3) of the Regulations.
- v. Petitioner provided information to members of the public regarding food insecurity, which is educational within the meaning of section 501(c)(3) of the Code and section 1.501(c)(3)-1(d)(3) of the Regulations.
- vi. In its proposed revocation, the IRS erroneously applied the factors discussed in *Better Business Bureau of Washington, D.C. v. United States*, 326 U.S. 279 (1945), *United States v. American Bar*

Endowment, 477 U.S. 105 (1986), *American Institute for Economic Research v. United States*, 302 F.2d 934 (Ct. Cl. 1962), *Easter House v. United States*, 12 Cl. Ct. 476 (1987), *Airlie Foundation v. Internal Revenue Service*, 283 F. Supp. 25 58 (D.D.C. 2003), *B.S.W. Group, Inc. v. Comm'r*, 70 T.C. 352 (1978), and Revenue Ruling 72-369, 1972-2 C.B. 245, in claiming that Petitioner's activities were characteristic of a trade or business ordinarily carried on by a for-profit commercial business. A true and correct copy of the proposed revocation letter, with Petitioner's TIN redacted in accordance with Rule 27(a), is attached hereto as Ex. 2.

- vii. The IRS failed to consider the relevant factors set forth in *Living Faith v. Comm'r*, 950 F.2d 365 (7th Cir. 1991), *aff'g* 60 T.C.M. (CCH) 710 (1990), in reviewing Petitioner's activities.
- viii. The IRS erroneously claimed, without support, that Petitioner served a "private rather than public purpose" because it received donations from Panera, LLC.
- ix. Petitioner's activities did not provide an impermissible private benefit to any for-profit entities and, therefore, were fully consistent with the requirements of section 501(c)(3) of the Code and section 1.501(c)(3)-1(d)(1)(ii) of the Regulations.

- b. No part of the net earnings of Petitioner inured to the benefit of any private shareholder or individual.
 - c. Petitioner did not carry on propaganda or otherwise attempt to influence legislation.
 - d. Petitioner did not participate in or intervene in any political campaign on behalf of or in opposition to any candidate for public office.
6. The facts upon which Petitioner relies are as follows:
- a. Petitioner is operated for charitable purposes within the meaning of section 501(c)(3) of the Code.
 - i. Petitioner was formed in 2002 for the charitable purposes of supporting health and welfare; providing assistance to the poor, distressed or underprivileged; and supporting the advancement of science and education.
 - ii. Petitioner described its close relationship with Panera, LLC, a for-profit entity with over 2,000 bakery-cafe locations, in its initial Form 1023, *Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code*. A true and correct copy of the filed application for tax-exempt status is attached hereto as Ex. 3.
 - iii. Petitioner obtained a determination from the IRS that it was described under section 501(c)(3) of the Code and classified as a

public charity under section 509(a)(1) of the Code as of January 10, 2002. A true and correct copy of the IRS's determination letter, with Petitioner's TIN redacted in accordance with Rule 27(a), is attached hereto as Ex. 4.

- iv. From 2002 through 2010, Petitioner primarily granted funds to other organizations that are tax-exempt under section 501(c)(3) of the Code.
- v. Petitioner raised contributions through public donation boxes located in Panera, LLC bakery-cafes, matching donations from Panera, LLC, and other public contribution campaigns.
- vi. Petitioner consistently engaged in initiatives directed towards those without access to food and expanding charitable assistance within communities.
- vii. Petitioner continued to provide grants and assistance to charitable organizations that feed the hungry and assist children, even as it began the initiative described below. Grant recipients have included Operation Food Search and Make a Wish Foundation. In 2012, the amount provided to charitable organizations totaled \$1,229,045.

b. Petitioner created its Panera Cares Cafes initiative to address hunger in United States. The cafes furthered Petitioner's tax-exempt purposes under section 501(c)(3) of the Code.

i. Petitioner was inspired to create a charitable program to directly address the issue of hunger and food insecurity after reviewing statistics from the United States Department of Agriculture demonstrating that one in six Americans face hunger and food insecurity.

ii. As stated by Petitioner's President, this means that "[w]hen one in ten adults is unemployed in this country, you end up with kids who are hungry . . . in many instances, we're talking about middle-class neighborhoods where people are living hand-to-mouth"

iii. Petitioner modeled its charitable program on innovative concepts being pioneered by other charitable organizations that provide food in a donation-based, fair exchange restaurant setting and that serve everyone, regardless of ability to pay.

iv. In May 2010, Petitioner began its Panera Cares Cafes initiative with the goals of feeding the hungry, fighting food insecurity, educating about food insecurity, and training high-risk youth and

individuals with special needs so they could obtain gainful employment.

- v. In furtherance of its mission, Petitioner expanded the Panera Cares Cafes initiative to five cafes located in Clayton, MO, Dearborn, MI, Portland, OR, Chicago, IL, and Boston, MA.
- vi. Petitioner's Panera Cares Cafes furthered charitable purposes, such as relieving the poor and distressed, by providing creating a sustainable model for providing free sustenance to less fortunate members of the community, including the unemployed, underemployed, poor, elderly, and homeless.
- vii. Petitioner provided grants and assistance to individuals by providing free food through its Panera Cares Cafe program, in an amount totaling \$2,638,973 in 2012.
- viii. Petitioner also designed its Panera Cares Cafes to raise awareness about food insecurity and educate members of the public regarding food insecurity. For example, the cafes contained educational information regarding food insecurity. More importantly, the very act of operating an establishment where individuals lacking means to purchase food stood in lines with less vulnerable members of their

community created a valuable educational experience to people who otherwise would rarely interact with someone who was hungry.

ix. Petitioner's Panera Cares Cafes furthered educational purposes by providing job training to high-risk individuals, who were referred to Petitioner by other charities.

x. Petitioner's Panera Cares Cafes furthered educational purposes by providing job training to individuals with developmental disabilities, who were referred to Petitioner by other charities.

xi. Petitioner provided job training, pursuant to the programs described above, to at least 42 individuals between 2010–2014.

c. Petitioner's activities were not characteristic of a trade or business ordinarily carried on by a for-profit commercial business.

i. Petitioner's Panera Cares Cafes provided meals for free.

ii. Consequently, Petitioner's Panera Cares Cafes consistently operated at a loss.

iii. Petitioner's Panera Cares Cafes had limited hours, closing much earlier than commercial restaurants. For example, as noted by the IRS Examination agent, the Clayton, MO location closed at 3:30 PM.

- iv. In contrast with the Petitioner's Panera Cares Cafes, the bakery-cafes operated by Panera, LLC typically operate from 6:00 AM until 9:00 PM.
- v. Petitioner's Panera Cares Cafes relied on the generosity of individuals and businesses for support.
- vi. Petitioner's Panera Cares Cafes provided individuals with information about the cost of the meals and accepted contributions from the public in any amount to assist in offsetting those costs.
- vii. Petitioner's Panera Cares Cafes accepted volunteer labor and received more offers for volunteer service than it could use.
- viii. Petitioner's Panera Cares Cafes operated with donated equipment and furnishings.
- ix. Petitioner's Panera Cares Cafes had a limited menu.
- x. Petitioner's Panera Cares Cafes served food that was donated to Petitioner.
- xi. Petitioner's Panera Cares Cafes generally served food that was not freshly baked or prepared (such as bread, bagels, and pastries), unlike the food offered by commercial restaurants.

d. The IRS erroneously alleged that Petitioner's Panera Cares Cafes did not serve charitable purposes because they were located in "affluent" areas.

i. The IRS cited no basis for its statement that the locations of Panera Cares Cafe locations were "affluent."

ii. In fact, Petitioner's Panera Cares Cafe were located in close proximity to census tracts identified as low-income.

iii. Petitioner's Panera Cares Cafe locations were strategically chosen for their accessibility to public transportation and proximity to locations that they believed would allow them to serve individuals in need of food assistance (such as homeless shelters, courthouses, and libraries).

e. The IRS erroneously alleged that the provision of free meals with dignity does not further charitable purposes.

i. Petitioner's Panera Cares Cafes operated similarly to other charitable organizations that feed the hungry.

ii. Many soup kitchens provide free food with no questions asked and no income verification.

- iii. Other organizations that are tax-exempt under section 501(c)(3) of the Code provide food for free in a restaurant-like setting and accept volunteer time, food donations, and monetary donations.
- f. The IRS erroneously asserts, without support, that Petitioner served private interests because of its relationship with a for-profit entity, Panera, LLC.
 - i. Petitioner disclosed its relationship with Panera, LLC in its application for tax-exempt status. *See* Ex. 3 at 10.
 - ii. Petitioner reported this relationship in its annual Form 990, *Return of Organization Exempt from Income Tax*. A true and correct copy of Petitioner's Form 990 for the year under examination (2012), with Petitioner's TIN redacted in accordance with Rule 27(a), is attached hereto as Ex. 5.
 - iii. Petitioner's directors did not receive compensation for their services.
 - iv. Pursuant to a written cost sharing agreement, Petitioner reimbursed Panera, LLC for the wages of Panera, LLC's employees who worked at Petitioner's Panera Cares Cafes.
 - v. The reimbursement of wages was reasonable and did not result in a benefit to the for-profit entity.

- vi. The receipt of donations from a related entity is both permissible and common for charitable organizations.
- g. The IRS erroneously claimed, without evidence, that Petitioner was not supported by the public.
 - i. Petitioner received cash donations from a range of sources, including the general public and the related for-profit entity.
 - ii. Schedule A of Petitioner's Form 990 for 2012 clearly shows Petitioner received substantial donations from the general public and qualified as a publicly supported organization described in sections 170(b)(1)(A)(vi) and 509(a)(1) of the Code. *See* Ex. 5 at 15.
 - iii. As described in section 1.170A-9(f) of the Regulations, an organization must pass one of two tests—the 33 1/3 percent test or the 10 percent plus facts and circumstances test—and it must meet these tests continually over a rolling five-year period to be a publicly supported organization under sections 170(b)(1)(A)(vi) and 509(a)(1) of the Code.
 - iv. Petitioner accurately calculated its public support on Schedule A of its Form 990 for 2012 in accordance with section 1.170A-9(f) of the Regulations, and exceeded the 33 1/3 percent test to qualify as a

publicly supported organization: its public support percentage equaled 57.85%.

h. Petitioner continues to engage in charitable activities that further exempt purposes under section 501(c)(3).

i. Petitioner currently grants funds to other charitable organizations in the areas of health and welfare; education; culture and arts; and civic and community organizations. Such grants further charitable purposes within the meaning of section 501(c)(3) of the Code and section 1.501(c)(3)-1(d)(2) of the Regulations.

ii. Petitioner informed the IRS that it was ceasing the operation of the Panera Cares Cafe program, with each of the locations having closed due to the significant costs associated with conducting the activity.

7. Petitioner furthered charitable and educational purposes within the meaning of section 501(c)(3) of the Code because it maintained a substantial charitable grant-making and assistance program, provided free food to the hungry, educated the public, and provided job training to high-risk individuals and individuals with developmental disabilities. Accordingly, Petitioner qualifies as an exempt organization under section 501(c)(3) of the Code.

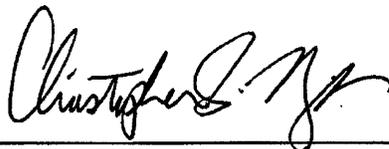
WHEREFORE, Petitioner respectfully asks the Court to:

1. Declare that Petitioner is exempt from federal income tax under section 501(a) of the Code as an organization described in section 501(c)(3) of the Code;
2. Declare that Petitioner is classified as other than a private foundation under sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code;
3. Award Petitioner its attorneys' fees and costs; and
4. Grant such other relief as may be appropriate.

Dated: March 15, 2019

Respectfully submitted,

CAPLIN & DRYSDALE, CHARTERED

By:  ADMITTED

Christopher S. Rizek
Caplin & Drysdale, Chartered
One Thomas Circle, N.W., Suite 1100
Washington, D.C. 20005-5802
Tax Court Bar No. RC0369
Telephone: (202) 862-8851
crizek@capdale.com

Douglas N. Varley **NOT ADMITTED**
Caplin & Drysdale, Chartered
One Thomas Circle, N.W., Suite 1100
Washington, D.C. 20005-5802
Telephone: (202) 862-7818
dvarley@capdale.com

Meghan R. Biss **NOT ADMITTED**
Caplin & Drysdale, Chartered
One Thomas Circle, N.W., Suite 1100
Washington, D.C. 20005-5802
Telephone: (202) 862-7866
mbiss@capdale.com

Internal Revenue Service
Appeals Office
San Jose Appeals, MS-7100
55 S. Market St., Suite 440
San Jose, CA 95113

Date: **DEC 20 2018**

STACE FAULDERS & BROCK REICHART
3630 S. GEYER ROAD - STE 100
ST LOUIS MO 63127

Department of the Treasury

Person to Contact:

Kim Nguyen
Employee ID Number: 1000203260
Tel: 408-283-1492
Fax: 855-238-8648
Contact Hours: 7:00AM - 3:00PM PT

Refer Reply to:

AP:SPR:SJO:KTN

In Re:

Panera Bread Foundation, Inc.

SSN/EIN Number:

Tax Period(s) Ended:
12/2012

Dear Messrs. Faulders & Reichart:

We are sending you the enclosed material under the provisions of your power of attorney or other authorization we have on file. For your convenience, we have listed the name of the taxpayer to whom this material relates in the heading above.

If you have any questions, please call me at the above phone number.

Thank you for your cooperation.

Sincerely,



Kim Nguyen
Appeals Officer

EXHIBIT

1

Internal Revenue Service

Appeals Office
San Jose Appeals, MS-7100
55 S. Market St., Suite 440
San Jose, CA 95113

Department of the Treasury**Employer Identification Number:****Person to Contact:****Date:****DEC 20 2018**

UIL: 501.36-00
501.36-01

Certified Mail

Dear Sir:

This is a final adverse determination that you do not qualify for exemption from federal income tax under Internal Revenue Code (the "Code") Section 501(a) as an organization described in Section 501(c)(3) of the Code.

We have hereby revoked the favorable determination letter to you dated July 1, 20xx and you are no longer exempt under Section 501(a) of the Code effective January 1, 20xx.

We made the adverse determination for the following reason(s):

You are not operated exclusively for charitable or other exempt purposes, as required by section 501(c)(3) of the Code. Your primary activity was operating community cafes located in former for-profit restaurant locations, and where most individuals served had the financial means to pay for the retail cost or greater of the items provided. Providing food and drink to members of the general public absent a showing of need is not a charitable purpose under section 501(c)(3). In addition, operating a restaurant open to the general public during commercial business hours and accepting retail cost or greater in payments from individuals receiving the food items indicates a substantial non-exempt commercial purpose. Also, this activity was funded primarily through support by a related for-profit entity and through the operation of cafes similar in appearance and operation to the related for-profit, rather than through donations or other support indicating community oversight from the general public, further showing that the operations of the cafes were for substantial non-exempt private rather than public purposes.

Contributions to your organization are not deductible under section 170 of the Code.

You're required to file Federal income tax returns on Forms 1120, U.S. Corporation Income Tax Return. Mail your form to the appropriate Internal Revenue Service Center per the form's instructions. You can get forms and instructions by visiting our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORM (800-829-3676).

We'll make this letter and the proposed adverse determination letter available for public inspection under Code section 6110 after deleting certain identifying information. We have provided to you, in a separate

mailing, Notice 437, *Notice of Intention to Disclose*. Please review the Notice 437 and the documents attached that show our proposed deletions. If you disagree with our proposed deletions, follow the instructions in Notice 437.

If you decide to contest this determination, you may file an action for declaratory judgment under the provisions of section 7428 of the Code in either:

- United States Tax Court,
- The United States Court of Federal Claims,
- The United States District Court for the District of Columbia.

You must file a petition or complaint in one of these three courts within 90 days from the date we mailed this determination letter to you. Contact the clerk of the appropriate court for rules and the appropriate forms for filing petitions for declaratory judgment. You can write to the courts at the following addresses:

United States Tax Court
400 Second Street, NW
Washington, DC 20217

US Court of Federal Claims
717 Madison Place, NW
Washington, DC 20005

U. S. District Court for the District of Columbia
333 Constitution Ave., N.W.
Washington, DC 20001

Note: We will not delay processing income tax returns and assessing any taxes due even if you file petition for declaratory judgment under section 7428 of the Code.

Please refer to the enclosed Publication 892, *How to Appeal an IRS Determination on Tax -Exempt Status*, for more information about the Appeals process.

You also have the right to contact the Taxpayer Advocate Service (TAS). TAS is an independent organization within the IRS that can help protect your taxpayer rights. TAS can offer you help if your tax problem is causing a hardship, or you've tried but haven't been able to resolve your problem with the IRS. Advocate assistance, please contact the Taxpayer Advocate for the IRS office that issued this letter. You If you qualify for TAS assistance, which is always free. TAX will do everything possible to help you. Visit www.taxpayeradvocate.irs.gov or call 877-777-4778.

TAS assistance is not a substitute for established IRS procedures, such as the formal appeals process. TAS cannot reverse a legally correct tax determination, or extend the time fixed by law that you have to file a petition in a United States Court.

If you have any questions, contact the person at the top of this letter.

Sincerely,

Appeals Team Manager

Enclosure: Publication 892

cc:



Notice of Intention to Disclose

Taxpayer name	PANERA BREAD FOUNDATION, INC.
Mailing date of this notice	DEC 20 2018
Last date to request IRS review	JAN 09 2019
Last date to request delay	FEB 15 2019
Last date to petition Tax Court	FEB 15 2019
Date open to public inspection	MAR 15 2019

Section 6110 of the Internal Revenue Code provides that copies of certain rulings, technical advice memoranda, and determination letters will be open to public inspection after deletions are made. Rulings and technical advice memoranda will be open to public inspection in the Freedom of Information (FOI) Reading Room, 1111 Constitution Avenue, N.W., Washington, D.C. 20224, where they may be read and copied by anyone interested.

In accordance with section 6110, we intend to make the enclosed deleted copy of your ruling open to public inspection. We made the deletions indicated in accordance with section 6110(c), which requires us to delete:

1. The names, addresses, and other identifying details of the person the ruling pertains to, and of any other person identified in the ruling [other than a person making a "third party communication" (see back of this notice)].
2. Information specifically authorized under criteria established by an Executive Order to be kept secret in the interest of national defense or foreign policy, and which is in fact properly classified under such Executive Order.
3. Information specifically exempted from disclosure by any statute (other than the Internal Revenue Code) which is applicable to the Internal Revenue Service.
4. Trade secrets and commercial or financial information obtained from a person that are privileged or confidential.
5. Information which would constitute a clearly unwarranted invasion of personal privacy.
6. Information contained in or related to examination, operating, or condition reports prepared by, or for use of, an agency that regulates or supervises financial institutions.
7. Geological and geophysical information and data (including maps) concerning wells.

These are the only grounds for deleting material. We made the indicated proposed deletions after considering any suggestions for deletions you may have made prior to issuance of the ruling.

If You Agree with the proposed deletions you do not need to take any further action. We will place the deleted copy in the National Office FOI Reading Room on the "Date Open to Public Inspection" shown on this notice.

If You Disagree with the proposed deletions, please return the deleted copy and show, in brackets, any additional information you believe should be deleted. Include a statement supporting your position. Only material falling within the seven categories listed above may be deleted. Your statement should specify which of these seven categories is applicable with respect to each additional deletion you propose. Send your deleted copy and statement to:

Internal Revenue Service
Attention: CC:PA:LPD:DLS
Ben Franklin Station
Post Office Box 7604
Washington, DC 20044

For Paperwork Reduction Act information, see back of notice.



Department of the Treasury
 Internal Revenue Service
 Tax Exempt and Government Entities
 Exempt Organizations Examinations
 Suite 101
 2850 NE Independence Ave.
 Lee's Summit, MO 64064

Date: June 13, 2017

Taxpayer Identification Number:

Form:

990 Return

Tax Year(s) Ended:

December 31, 2012

Person to Contact / ID Number:

James Brophy

Employee ID: 1000255490

Contact numbers:

Telephone: 816-966-2330

Fax: 855-209-7547

Manager's Name / ID Number:

Mary Lee Morris

Employee ID: 1000120353

Manager's Contact Number:

816-966-2371

Response Due Date:

July 17, 2017

Panera Bread Foundation, Inc.
 c/o William Moreton
 3630 S. Geyer Road, Suite 100
 St. Louis, MO 63127

Certified Mail – Return Receipt Requested

Dear Panera Bread Foundation, Inc.:

Why you are receiving this letter

We propose to revoke your status as an organization described in section 501(c)(3) of the Internal Revenue Code (Code). Enclosed is our report of examination explaining the proposed action.

What you need to do if you agree

If you agree with our proposal, please sign the enclosed Form 6018, *Consent to Proposed Action – Section 7428*, and return it to the contact person at the address listed above (unless you have already provided us a signed Form 6018). We'll issue a final revocation letter determining that you aren't an organization described in section 501(c)(3).

After we issue the final revocation letter, we'll announce that your organization is no longer eligible for contributions deductible under section 170 of the Code.

If we don't hear from you

If you don't respond to this proposal within 30 calendar days from the date of this letter, we'll issue a final revocation letter. Failing to respond to this proposal will adversely impact your legal standing to seek a declaratory judgment because you failed to exhaust your administrative remedies.

Effect of revocation status

If you receive a final revocation letter, you'll be required to file federal income tax returns for the tax year(s) shown above as well as for subsequent tax years.

What you need to do if you disagree with the proposed revocation

If you disagree with our proposed revocation, you may request a meeting or telephone conference with the supervisor of the IRS contact identified in the heading of this letter. You also may file a protest with the IRS Appeals office by submitting a written request to the contact person at the address listed above within 15 calendar days from the date of this letter. The Appeals office is independent of the Exempt Organizations division and resolves most disputes informally.

For your protest to be valid, it must contain certain specific information including a statement of the facts, the applicable law, and arguments in support of your position. For specific information needed for a valid protest, please refer to page one of the enclosed Publication 892, *How to Appeal an IRS Decision on Tax-Exempt Status*, and page six of the enclosed Publication 3498, *The Examination Process*. Publication 3498 also includes information on your rights as a taxpayer and the IRS collection process. Please note that Fast Track Mediation referred to in Publication 3498 generally doesn't apply after we issue this letter.

You also may request that we refer this matter for technical advice as explained in Publication 892. Please contact the individual identified on the first page of this letter if you are considering requesting technical advice. If we issue a determination letter to you based on a technical advice memorandum issued by the Exempt Organizations Rulings and Agreements office, no further IRS administrative appeal will be available to you.

Contacting the Taxpayer Advocate Office is a taxpayer right

You have the right to contact the office of the Taxpayer Advocate. Their assistance isn't a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate can't reverse a legally correct tax determination or extend the time you have (fixed by law) to file a petition in a United States court. They can, however, see that a tax matter that hasn't been resolved through normal channels gets prompt and proper handling. You may call toll-free 1-877-777-4778 and ask for Taxpayer Advocate assistance. If you prefer, you may contact your local Taxpayer Advocate at:

Internal Revenue Service
Office of the Taxpayer Advocate
Robert A. Young Bldg, 1222 Spruce St., Stop 1005-STL
St. Louis, MO 63103
Phone Number: 314-339-1651

For additional information

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter. If you write, please provide a telephone number and the most convenient time to call if we need to contact you.

Thank you for your cooperation.

Sincerely,

Maria Hooke by me

Maria Hooke
Director, EO Examinations

Enclosures:
Report of Examination
Form 6018
Publication 892
Publication 3498

How to Appeal an IRS Decision on Tax-Exempt Status



Introduction

U.S. tax law grants the Internal Revenue Service the authority to determine which organizations meet the criteria for tax-exempt status and which do not. This power applies to new applicants as well as existing groups that – in the view of the IRS – are no longer complying with the law.

The tax laws also provide the right of appeal for organizations that disagree with a proposed determination by the IRS.

You may appeal when:

- you do not agree with a decision made by the IRS about your organization's initial qualification for tax-exempt status
- as a result of an audit, the IRS proposes to revoke or modify your organization's tax exempt status

Certain appeals rules apply. See Special Considerations below.

Appeals are considered by the Appeals Office, an independent function within the IRS. The appeals process offers an opportunity to resolve disputes before they lead to litigation.

This publication helps explain the steps involved and how the system works.

Filing a Protest

If you disagree with a proposed determination an agent made about your organization's qualification for tax-exempt status, you may file an immediate appeal or request a meeting or telephone call with the supervisor of the person who issued the findings. If, after you meet with the supervisor, you agree with the determination regarding your tax-exempt status, you will be asked to sign a consent form. By signing, you do not waive your right to protest the determination and ask for Appeals Office consideration later on.

If, however, you still disagree, the IRS encourages you to file an appeal. This is your statement about why you disagree and it becomes the first step in the appeals process. Your protest statement must be filed within 30 days of the date of the formal written proposal letter from the IRS (often called the "30-day letter") and should include:

- Your organization's name, address, Employer Identification Number (EIN) and a daytime phone number
- A statement that the organization wants to protest the proposed determination
- A copy of the 30-day letter showing the findings that you disagree with (or the date and IRS office symbols from the letter)
- An explanation of your reasons for disagreeing, including any supporting documents
- The law or authority, if any, on which you are relying

Include the following declaration with your protest statement:

"Under penalties of perjury, I declare that I have examined this protest statement, including accompanying documents, and to the best of my knowledge and belief, the statement contains all relevant facts, and such facts are true, correct and complete."

The protest statement may be signed by an officer of your organization or your representative. Submit your protest and any supporting documents to the address shown on the letter.

Note: If you do not file a protest, you will not be able to seek a declaratory judgment in court at a later date. The court requires that you first exhaust administrative remedies at the IRS. Generally, if you do not file, you will not have exhausted those remedies.

Representation

A principal officer or trustee may act on behalf of your organization at any level of appeal. Or you may authorize an attorney, certified public accountant or individual enrolled to practice before the IRS to represent you. In that case, you need to file Form 2848, Power of Attorney and Declaration of Representative. The IRS will then authorize your representative to file written responses and execute consents, agreements and – in certain circumstances – returns on your behalf and communicate directly with him or her about your case. For more information, see Publication 947, Practice Before the IRS and Power of Attorney (<http://core.publish.no.irs.gov/pubs/htm2006/p947toc.html>)

If the protest is signed by your representative, a so-called substitute declaration also must be included stating that the representative prepared the protest and any accompanying documents, and personally knows (or does not know) that the statement of facts in the protest and any accompanying documents are true and correct.

If We Propose Changes to Your Tax-Exempt Status

Let's say your organization already has been granted tax-exempt status. If, after examining your annual information return or considering information from other sources, we determine that you no longer qualify, we may propose revocation or modification of your status.

For example, if you are classified as a publicly supported organization under sections 509(a)(1) and 170(b)(1)(A)(vi), but the level of public support reported on your return does not meet the required public support tests, we might propose that your exempt status be revoked or that your group be reclassified as a private foundation.

The IRS Mission

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.



**Department of the Treasury
Internal Revenue Service**

www.irs.gov

Publication 3498 (Rev. 11-2004)
Catalog Number 73074S

The Examination Process

Introduction

The Internal Revenue Service (IRS) accepts most federal returns as filed. Some returns, however, are examined, or audited, to determine if income, expenses, and credits are reported accurately.

This publication discusses general rules and procedures we follow in examinations. It explains what happens before, during, and after an examination. It also explains appeal and payment procedures.

As a taxpayer, you have the right to fair, professional, prompt, and courteous service from IRS employees, as outlined in the Declaration of Taxpayer Rights found on page 3.

We must follow the tax rules set forth by Congress in the Internal Revenue Code. We also follow Treasury Regulations, court decisions, and other rules and procedures written to administer the tax laws.

If the examination results in a change to your tax liability, you may ask us to reconsider your case. Some reasons why we may reconsider your case include:

- You are submitting additional information that could result in a change to the additional amount we have determined that you owe;
- You are filing an original delinquent return after we have determined that you owe an additional amount, or;
- You are identifying a mathematical or processing error we made.

You must request reconsideration in writing and submit it to your local IRS office.

Declaration of Taxpayer Rights

I. Protection of Your Rights

IRS employees will explain and protect your rights as a taxpayer throughout your contact with us.

II. Privacy and Confidentiality

The IRS will not disclose to anyone the information you give us, except as authorized by law. You have the right to know why we are asking you for information, how we will use it, and what happens if you do not provide requested information.

III. Professional and Courteous Service

If you believe that an IRS employee has not treated you in a professional, fair, and courteous manner, you should tell that employee's supervisor. If the supervisor's response is not satisfactory, you should write to the IRS Director for your Area or the Center where you file your return.

IV. Representation

You may either represent yourself or, with proper written authorization, have someone else represent you. Your representative must be a person allowed to practice before the IRS, such as an attorney, certified public accountant, or enrolled agent (a person enrolled to practice before the IRS). If you are in an interview and ask to consult such a person, then we must stop and reschedule the interview in most cases.

You can have someone accompany you at an interview. You may make sound recordings of any meetings with our examination, appeal, or collection personnel, provided you tell us in writing 10 days before the meeting.

V. Payment of Only the Correct Amount of Tax

You are responsible for paying only the correct amount of tax due under the law—no more, no less. If you cannot pay all of your tax when it is due, you may be able to make monthly payments.

VI. Help with Unresolved Tax Problems

The Taxpayer Advocate Service can help you if you have tried unsuccessfully to resolve a problem with the IRS. Your local Taxpayer Advocate can offer you special help if you have a significant hardship as a result of a tax problem. For more information, call toll-free, 1-877-777-4778 (1-800-829-4059 for TTY/TDD) or write to the Taxpayer Advocate at the IRS office that last contacted you.

VII. Appeals and Judicial Review

If you disagree with us about the amount of your tax liability or certain collection actions, you have the right to ask the Appeals Office to review your case. You may also ask a court to review your case.

VIII. Relief from Certain Penalties and Interest

The IRS will waive penalties when allowed by law if you can show you acted reasonably and in good faith or relied on the incorrect advice of an IRS employee. We will waive interest that is the result of certain errors or delays caused by an IRS employee.

Your Return Is Going To Be Examined.

Before the Examination

We accept most taxpayers' returns as filed. If we inquire about your return or select it for examination, it does not suggest that you are dishonest. The inquiry or examination may or may not result in more tax. We may close your case without change or you may receive a refund.

The process of selecting a return for examination usually begins in one of two ways. One way is to use computer programs to identify returns that may have incorrect amounts. The programs may be based on information returns, such as Forms 1099 or W-2, on studies of past examinations, or on certain issues identified by other special projects. Another way is to use information from compliance projects that indicates a return may have incorrect amounts. These sources may include newspapers, public records, and individuals. If we determine the information is accurate and reliable, we may use it to select a return for examination.

Publication 556, *Examination of Returns, Appeal Rights, and Claims for Refund*, explains the rules and procedures that we follow in examinations. The following sections give an overview of how we conduct examinations.

During the Examination

Examinations by Mail

Some examinations are conducted entirely by mail. If the examination is conducted by mail, you'll receive a letter from us asking for additional information about certain items shown on your return, such as income, expenses, and itemized deductions.

If the examination is conducted by mail, you can:

1. Act on your own behalf. (In the case of a jointly filed return, either spouse can respond or both spouses can send a joint response.)
2. Have someone represent you in correspondence with us. This person must be an attorney, accountant, enrolled agent, an enrolled actuary, or the person who prepared the return and signed it as the preparer. If you choose to have someone represent you, you must furnish us with written authorization. Make this authorization on Form 2848, *Power of Attorney and Declaration of Representative*.

Note: You may obtain any of the forms and publications referenced in this publication by calling 1-800-829-3676.

Examinations in Person

An examination conducted in person begins when we notify you that your return has been selected. We will tell you what information you need to provide at that time. If you gather the information before the examination, we may be able to complete it more easily and in a shorter time.

If the examination is conducted in person, it can take place in your home, your place of business, an IRS office, or the office of your attorney, accountant, or enrolled agent (a person enrolled to practice before the IRS). If the time or place is not convenient for you, the examiner will try to work out something more suitable.

What To Do If You Agree or Disagree with the Examination Results

If You Agree

If you agree with a proposed *increase* to tax, you can sign an agreement form and pay any additional tax you may owe. You must pay interest and applicable penalties on any additional balance due. If you pay when you sign the agreement, interest is generally figured from the due date of your return to the date of your payment.

If you do not pay the additional tax and interest, you will receive a bill (See "What To do When You Receive a Bill from the IRS" on page 4.) If the amount due (including interest and applicable penalties) is less than \$100,000 and you pay it within 21 business days, we will not charge more interest or penalties. If the amount is \$100,000 or more, the period is reduced to 10 calendar days. If you can't pay the tax due at the end of the examination, you may pay whatever amount you can and request an installment agreement for the balance. (See "Setting up an Installment Agreement" on page 7.)

If you are entitled to a refund, you will receive it sooner if you sign the agreement form at the end of the examination. You will also be paid interest on the refund.

If You Do Not Agree

If you do not agree with the proposed changes, the examiner will explain your appeal rights. If your examination takes place in an IRS office, you may request an immediate meeting with the examiner's supervisor to explain your situation. You may also enter into an *Agreement to Mediate* to help resolve disputes through Fast Track Mediation services. (See next column.) Mediation can take place at this meeting or afterwards. If an agreement is reached, your case will be closed.

If you cannot reach an agreement with the supervisor at this meeting, or if the examination took place outside an IRS office or was conducted through correspondence with an IRS Campus employee, the examiner will prepare a report explaining your position and ours. The examiner will forward your case to the Area office for processing.

You will receive:

- A letter (known as a 30-day letter) notifying you of your rights to appeal the proposed changes within 30 days,
- A copy of the examiner's report explaining the proposed changes, and
- An agreement or a waiver form.

You generally have 30 days from the date of the 30-day letter to tell us whether you will accept the proposed changes or appeal them. The letter will explain what steps you should take, depending on what action you choose. Be sure to follow the instructions carefully. Appeal rights are explained following this section.



If you do not respond to the 30-day letter, or if you respond but do not reach an agreement with an appeals officer, we will send you a 90-day letter, also known as a *Notice of Deficiency*. This is a legal document that explains the proposed changes and the amount of the proposed tax increase. You will have 90 days (150 days if it is addressed to you outside the United States) from the date of this notice to file a petition with the Tax Court. If you do not petition the Tax Court you will receive a bill for the amount due.

Fast Track Mediation Services

If you do not agree with any or all of the IRS findings, you may request Fast Track Mediation services to help you resolve disputes resulting from the examination (audits). Fast Track Mediation offers an expedited process with a trained mediator, who will help facilitate communication, in a neutral setting. The mediator will work with you and the IRS to understand the nature of the dispute. The purpose is to help the two of you reach a mutually satisfactory resolution that is consistent with the applicable law. The mediator has no authority to require either party to accept any resolution. You may withdraw from the mediation process anytime. If any issues remain unresolved you will retain all of your usual appeal rights.

Most cases qualify for Fast Track Mediation. To begin the process, you may request the examiner or IRS representative to arrange a mediation meeting. Both you and the IRS representative must sign a simple *Agreement to Mediate* form. A mediator will then be assigned. Generally, within a week, the mediator will contact you and the IRS representative to schedule a meeting. After a brief explanation of the process, the mediator will discuss with you when and where to hold the mediation session.

For additional information, refer to Publication 3605, *Fast Track Mediation-A Process for Prompt Resolution of Tax Issues*.

After the Examination

Payment Options

You cannot pay all that you owe now

If you cannot pay all your taxes now, pay as much as you can. By paying now, you reduce the amount of interest and penalty you owe. Then immediately call, write, or visit the nearest IRS office to explain your situation. After you explain your situation, we may ask you to fill out a Collection Information Statement. If you are contacting us by mail or by telephone, we will mail the statement to you to complete and return to us. This will help us compare your monthly income with your expenses so we can figure the amount you can pay. We can then help you work out a payment plan that fits your situation. This is known as an installment agreement.

Payment by credit card

Individual taxpayers may make credit (and debit) card payments on tax liabilities (including installment agreement payments) by phone or Internet. Payments may be made to the United States Treasury through authorized credit card service providers.

The service providers charge a convenience fee based on the payment amount. You will be informed of the convenience fee amount before the credit card payment is authorized. This fee is in addition to any charges, such as interest, that may be assessed by the credit card issuer. Visit www.irs.gov to obtain a list of authorized service providers and to obtain updated information on credit card payment options.

Note: You can use debit cards issued by VISA and MasterCard when making tax payments through the participating service providers. However, the service providers and card issuers treat debit cards and credit cards equally for the purpose of processing electronic tax payments. Therefore, debit card users are charged the same fee traditionally associated with credit card transactions

Payment by Electronic Federal Tax Payment System (EFTPS)

EFTPS is an Electronic Federal Tax Payment System developed by the Internal Revenue Service and Financial Management Service (FMS).

The system allows federal taxes to be paid electronically. The system allows the use of the Internet at www.eftps.gov or telephone to initiate tax payments directly. EFTPS payments may also be made through your local financial institution. The service is convenient, secure and saves time.

You may enroll in EFTPS through the website at www.eftps.gov or by completing a form available from EFTPS customer service at (800) 555-4477 or (800) 945-8400.

Setting up an installment agreement

Installment agreements allow you to pay your full debt in smaller, more manageable amounts. Installment agreements generally require equal monthly payments. The amount and number of your installment payments will be based on the amount you owe and your ability to pay that amount within the time we can legally collect payment from you.

You should be aware, however, that an installment agreement is more costly than paying all the taxes you owe now. Like revolving credit arrangements, we charge interest on the unpaid portion of the debt. Penalties also continue to accumulate on installment agreements.

If you want to pay off your tax debt through an installment agreement, call the number shown on your bill. If you owe:

- \$25,000 or less in tax, we will tell you what you need to do to set up the agreement;
- More than \$25,000, we may still be able to set up an installment agreement for you, but we may also ask for financial information to help us determine your ability to pay.

Even if you set up an installment agreement, we may still file a Notice of Federal Tax Lien to secure the government's interest until you make your final payment.

Note: We cannot take any collection actions affecting your property while we consider your request for an installment agreement, while your agreement is in effect, for 30 days after we reject your request for an agreement, or for any period while you appeal the rejection.

If you arrange for an installment agreement, you may pay with:

- Personal or business checks, money orders, or certified funds (all made payable to the U.S. Treasury),
- Credit and debit cards,
- Payroll deductions your employer takes from your salary and regularly sends to IRS, or
- Electronic transfers from your bank account or other similar means.

Apply for an Offer-in-Compromise

In some cases, we may accept an *Offer-in-Compromise* to settle an unpaid tax account, including any penalties and interest. With this kind of arrangement, we can accept less than the full amount you owe when it is doubtful we will be able to collect the entire amount due.

Offers in compromise are also possible if collection action would create an economic hardship. You may want to discuss these options with your examiner.

Temporarily Delay the Collection Process

If we determine that you can't pay any of your tax debt, we may temporarily delay collection until your financial condition improves. You should know that if we delay collecting from you, your debt will increase because penalties and interest are charged until you pay the full amount. During a temporary delay, we will again review your ability to pay. We may also file a *Notice of Federal Tax Lien*, to protect the government's interest in your assets. See Publication 594, *The IRS Collection Process*.

Exempt Organizations - Report of Examination (Proposed Status Changes)

1. Form No. 990	2. Area Office Gulf Coast	3. Date of Report 6/13/2017
4. Name and Address of Taxpayer Panera Bread Foundation, Inc. c/o William Moreton 3630 S. Geyer Road, Suite 100 St. Louis, MO 63127		5. Employer Identification No. [REDACTED]
		6. Tax Period(s) Ending 2012
7. Report Preparer's Name James Brophy		8. Agreement Secured Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
9. Findings Discussed with (Name and Title) Stace Faulder Rep.		10. Agreement Date
11. Current Foundation Status Classification (Enter description and IRC reference.) 501(c)(3) 509(a)(1) & 170(b)(1)(A)(vi).		

12. Nature of Proposed Status Change
(*X* applicable line, enter IRC ref., & effective date)

X	Revocation of exemption under IRC Section 501(c)(3), effective (date) Jan.1, 2012
	Modification of exempt status from IRC Section 501(c)() to 501(c)() effective (date)
	Modification of foundation status from current classification shown in item 11 above, to a private non-operating foundation (IRC Section 509(a)), effective (date)
	Modification of foundation status from current classification shown in item 11 above, to an operating foundation (IRC Section 4942(j)(3)), effective (date)
	Modification of foundation status from current classification shown in item 11 above, to an organization described in IRC Section 509(a)(), effective (date)
	Modification of foundation status from current classification shown in item 11 above, to an organization described in IRC Section 509(a)(1) and 170(b)(1)(A)(), effective (date)

13. Remarks
Panera Bread Foundation, Inc. conducted a substantial nonexempt cafe activity that is not within the meaning of Section 501(c)(3). Therefore, the Foundation's tax-exempt status should be revoked.

14. Attachments:
Form 886-A

Form 886-A	EXPLANATION OF ITEMS	Schedule or Exhibit No.
Name of Taxpayer Panera Bread Foundation, Inc.		Year Ended December 31, 2012

Issues:

Whether Panera Bread Foundation, Inc. 501(c)(3) tax-exempt status should be revoked because of the existence of a substantial nonexempt activity.

Facts: Operations:

Panera Bread Foundation, Inc. "hereafter referred to as the Foundation" was granted exemption under Section 501(c)(3) of the Internal Revenue Code from January 10, 2002, the date that they incorporation with the State of Missouri.

Initially, the Foundation activities consisted of organizing and implementing campaigns for contributions and soliciting requests for donations. The contributions were then directed toward providing assistance to organizations and programs that missions fell within the following categories: Health and Welfare, Education, Culture and Arts, Civic and Community.

During tax year 2012 the Foundation's activities consisted of the following:

- To provide contributions to exempt organizations throughout the United States for the following activities: health and welfare, education, cultural and arts, and civic and community.
- To assists in procuring food and feeding America through a network of food banks.
- To run Panera Care, a program that consists of three cafes which operate similar to a traditional Panera Bread Cafe. Customers are encouraged to take what they need and make a suggested donation in return for the food and drinks received.
- To provide a job training program at the Panera Care cafes for high-risk individuals between the ages of 16 and 21 that are referred by local non-profit organizations to the Foundation.

Contributions/Assist in Procuring Food and Feeding America

During tax year 2012 the Foundation made grants and other assistance of \$1,229,045 to other charitable organizations.

Panera Care - Operations of Three Cafe Facilities

Panera Care is a program that consists of three cafes which operate similar to traditional Panera Bread cafes. The cafes are located in areas that are not economically depressed and compete with other eating facilities that are located in the areas. The Panera Care cafes were located in Clayton, MO, Dearborn, MI and Portland, OR. The cafes were open seven days a week. The menus at the Foundation's cafes include all of the soups, sandwiches, and salads of a traditional Panera Bread Cafe. **Please refer to Exhibit I.**

The Panera Care cafes request suggested donations for the food and drinks that are provided, and will accept whatever the customer wants to pay. The customers are **not required** to make any payments in return for the food and drinks provided. The suggested donations are listed on the cafes menu board. Approximately, 60 percent of the customers pay more than the value of the meal, 20 percent of the customers pay the value of the meal and 20 percent of the

Form 886-A	EXPLANATION OF ITEMS	Schedule or Exhibit No.
Name of Taxpayer Panera Bread Foundation, Inc.	Year Ended December 31, 2012	

customers pay less than the value of the meal. Customers that pay more than the suggested menu price **are not** advised of the amount that should be treated as a contribution. When the cafes were initially opened it was estimated that they served over four thousand people each week. During the 2012 tax year the Foundation received \$3,675,695 in receipts for the sale of food and drinks items provided at the cafes.

Job Training Program

During the tax year ending Dec. 31, 2012 Panera Bread Foundation, Inc. had eight individuals graduate from their Panera Care job training program. Clayton, MO – three graduates, Portland, OR – five graduates and Detroit, MI – Zero. During the years 2011, 2012, 2013 and 2014 the job training program has had 42 high-risk individuals graduate. The program provides training for youth so they can get jobs in the food service industry.

Employees

The Foundation had 190 workers that were compensated for Panera Care cafe related services and the Foundation paid total compensation of \$1,537,535.31 for the cafe workers during tax year 2012.

Foundation Controlled by Related For-profit

The Foundation is controlled by the members of a related for-profit organization, Panera LLC. All of the officers and directors of the Foundation are employees of Panera LLC. The worker's compensation were paid by Panera LLC and then Panera LLC was reimbursed by the Foundation for the compensation that was paid. The Foundation does have some volunteers, the volunteers are not permitted to handle food or collection monies, the volunteers are restricted to cleaning tables, windows and floors.

During tax year ending December 31, 2012, the Foundation had the following revenues:

- \$1,914,620 – Panera, LLC – Donated of bread, bagels, pastries and, property and equipment.
- \$1,005,105 – Panera LLC – Cash: Operation Donation.
- \$3,675,695 – Panera Cares – Receipts for food and drinks items from the general public.
- \$68,765 – Vendor support contributions.
- \$1,052,321 – Cafe Donation Boxes at Panera for-profit facilities.

The majority of the Foundation's support is from Panera LLC the related for-profit organization.

The cafes activities are operated at a loss, even though they receive donations of bread, bagels, pastries and, property and equipment from Panera LLC. It was stated that the Panera Care cafe activity was started because the Foundation intended to make a profit from the receipts obtained from the food and drinks that were provided at the cafes.

LAW:

Section 501(c)(3) of the Code provides for the exemption from federal income tax of organizations organized and operated exclusively for charitable purposes.

Form 886-A	EXPLANATION OF ITEMS	Schedule or Exhibit No.
Name of Taxpayer		Year Ended
Panera Bread Foundation, Inc.		December 31, 2012

Section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations provides that the term 'charitable' is used in section 501(c)(3) of the Code in its generally accepted legal sense, and includes the lessening of the burdens of government.

An organization described in section 501(c)(3) of the Code, must, among other requirements, be organized and operated exclusively for certain purposes.

Section 1.501(c)(3)-1(a)(1) of the Income Tax Regulations states: "In order to be exempt as an organization described in section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt." Section 1.501(c)(3)-1(c)(1) of the regulations states: "An organization will be regarded as 'operated exclusively' for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Section 1.501(c)(3)-1(d)(1)(ii) of the regulations state that: "An organization is not organized and operated exclusively for one or more of the purposes specified. . . unless it serves a public rather than a private interest. Thus, to meet the requirements. . . it is necessary for an organization to establish that it is not organized or operated for the benefit of private interests such as designated individuals, the creator or his family, shareholders of the organization, or persons controlled directly or indirectly, by such private interests." Section 1.501(c)(3)-1(e)(1) of the regulations states: "An organization may meet the requirements of section 501(c)(3) although it operates a trade or business as a substantial part of its activities, if the operation of such trade or business is in furtherance of the organization's exempt purpose or purposes and if the organization is not organized or operated for the primary purpose of carrying on an unrelated trade or business, as defined in section 513. In determining the existence or nonexistence of such primary purpose, all the circumstances must be considered, including the size and extent of the trade or business and the size and extent of the activities which are in furtherance of one or more exempt purposes."

Treasury Regulation section 1.501(c)(3)-1(c)(1) provides that an organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities that accomplish one or more of such exempt purposes specified in section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Section 170 of the Code provides for allowance of deductions for charitable contributions, subject to certain requirements and limitations. To the extent here relevant a charitable contribution is defined 105 by that section as "a contribution or gift to or for the use of" certain specified types of organizations. To be deductible as a charitable contribution for Federal income tax purposes under section 170 of the Code, a payment to or for the use of a qualified charitable organization must be a gift. To be a gift for such purposes in the present context there must be, among other requirements, a payment of money or transfer of property without adequate consideration.

Form 886-A	EXPLANATION OF ITEMS	Schedule or Exhibit No.
Name of Taxpayer Panera Bread Foundation, Inc.		Year Ended December 31, 2012

Section 512(a) defines "unrelated business taxable income" as the gross income from any "unrelated trade or business" regularly carried on by the organization as computed in the manner provided in section 512.

The term "unrelated trade or business" is defined in section 513(a) of the Code as any trade or business the conduct of which is not substantially related (aside from the need of such organization for income or funds or the use it makes of the profits derived) to the exercise or performance by such organization of its exempt functions.

Section 513(a) of the Code provides that the term "unrelated trade or business" means, in the case of any organization subject to the tax imposed by section 511, any trade or business the conduct of which is not substantially related (aside from the need of such organization for income or funds or the use it makes of the profits derived) to the exercise or performance by such organization of its charitable, educational, or other purpose or function constituting the basis for its exemption under section 501.

Section 513(c) of the Code provides that for the purposes of this section the term "trade or business" includes any activity that is carried on for the production of income from the sale of goods or the performance of services.

Taxpayer's Position:

The Foundation believes that since the cafes only request donations in return for the food and drinks that the cafes are charitable in nature.

Government's Position:

The Foundation primary activity is to operate cafes in affluent areas, the cafes provided food and drinks to the general public, and at times to persons in need. The cafes were not operated primarily for the purpose of providing food and drinks to individuals in need. The cafes activities are **substantial**, the Foundation had 190 workers that were employed to operate the cafes during tax year 2012. The job training activities are insubstantial in nature since there were very few participants, eight during tax year 2012 and forty-two over a four year period.

The Foundation has posted suggested menu prices in the cafes. The customers are requested to pay suggested menu prices for the food and drink items, but the Foundation does not require the customers to pay anything for the food and drinks. The Foundation did not provide any specific documentation to show when the customers paid more than the suggested meal price. Therefore, there was not anything documentation provided to show how much of the food and drinks revenues should be considered a contribution.

The Foundation was also set-up for the purpose of accepting donated items from Panera LLC a for-profit organization. Panera LLC donated of bread, bagels, pastries, property and equipment and cash. It was determined that most of the support during the tax year was from donations made by Panera LLC. The employees of Panera, LLC control the Foundation, the officers and directors of the Foundation are employees of Panera LLC.

Form 886-A	EXPLANATION OF ITEMS	Schedule or Exhibit No.
Name of Taxpayer Panera Bread Foundation, Inc.		Year Ended December 31, 2012

Revenue Ruling 67-246 clarifies Section 170 of the Code that provides for allowance of deductions for charitable contributions, subject to certain requirements and limitations. To be deductible as a charitable contribution for Federal income tax purposes under Section 170 of the Code, a payment to or for the use of a qualified charitable organization must be a gift. To be a gift for such purposes in the present context there must be, among other requirements, a payment of money or transfer of property without adequate consideration.

In Rev. Ruling 72-369, an organization was formed to provide managerial and consulting services for section 501(c)(3) organizations to improve the administration of their charitable programs. The organization enters into agreements with unrelated section 501 (c)(3) organizations to furnish managerial and consulting services on a cost basis. This revenue ruling stated that: An organization is not exempt merely because its operations are not conducted for the purpose of producing a profit. To satisfy the 'operational test,' the organization's resources must be devoted to purposes that qualify as exclusively charitable within the meaning of section 501(c)(3) of the Code and the applicable regulations. Providing managerial and consulting services on a regular basis for a fee is a trade or business ordinarily carried on for profit. The fact that the services in this case are provided at cost and solely for exempt organizations is not sufficient to characterize this activity as charitable within the meaning of section 501(c)(3) of the Code. Furnishing the services at cost lacks the donative intent element necessary to establish this activity as charitable.

In B.S.W. Group, Inc. v. Commissioner, 70 T.C. 352 (1978), the Tax Court held that an organization did not qualify for exemption under section 501(c)(3) of the Code because it was primarily engaged in an activity that was characteristic of a trade or business and ordinarily carried on by for-profit commercial businesses. The Tax Court stated: "We must agree with the Commissioner that petitioner's activity constitutes the conduct of a consulting business of the sort which is ordinarily carried on by commercial ventures organized for profit."

In Airlie Foundation v. Internal Revenue Service, 283 F. Supp. 2d 58 (D.D.C. 2003), the District Court found that that the organization was formed principally to organize, host, conduct and sponsor educational and other charitable functions on its facilities. The organization's patrons were not limited to tax-exempt entities, but included patrons of a private and corporate nature. The organization paid significant advertising and promotional expenses and derived substantial income from weddings and special events held at its conference center. The court determined that the organization's activities competed with a number of commercial, as well as noncommercial entities, which strongly evidenced a commercial nature and purpose. The court concluded that although the organization carried out a number of charitable and educational activities, these were incidental to its primary activity of operating a for-profit conference center. The court stated: "While plaintiffs organizational purpose is exempt and the foundation operates, in important respects, in an exempt fashion, there is a distinctive 'commercial hue' to the way Airlie carries out its business"

In American Institute for Economic Research v. United States, 302 F.2d 934 (Ct. Cl. 1962), the Court considered the status of an organization that provided analyses of securities and industries and of the economic climate in general. It sold subscriptions to various periodicals and services providing advice for purchases of individual securities. The Court noted that education is a broad concept, and assumed for the sake of argument that the organization had an educational purpose. The Court concluded, however, that the totality of the organization's

Form 886-A	EXPLANATION OF ITEMS	Schedule or Exhibit No.
Name of Taxpayer Panera Bread Foundation, Inc.		Year Ended December 31, 2012

activities, which included the sale of many publications as well as the sale of advice for a fee to individuals, was more indicative of a business than that of an educational organization. The Court held that the organization had a significant non-exempt commercial purpose that was not incidental to the educational purpose and that the organization was not entitled to be regarded as exempt.

In United States v. American Bar Endowment, 106 S. Ct. 2426 (1986), the Supreme Court held that an 501(c)(3) organization's insurance program constituted both the sale of goods and performance of services and, therefore constituted a trade or business for purposes of the computation of tax on unrelated business income. The court determined that the manner in which the American Bar Endowment conducted the activity was like that of a for-profit insurance broker.

The Foundation is providing dining services that are similar to those provided by commercial businesses. The Claims Court in Easter House v. United States, 12 Cl. Ct. 476 (1987) held that an organization that provided health services to unmarried mothers and their children as a part of its adoption service did not operate exclusively for an exempt purpose since the health services were provided only as a part of the adoption services that were similar to those provided by commercial businesses.

The Foundation is involved in some other charitable activities besides the cafes. But the cafes are the Foundation's **primary activity**. The existence of a substantial nonexempt purpose, regardless of the number or importance of exempt purposes, will cause failure of the operational test. Better Business Bureau of Washington, D.C., Inc. v. United States, 326 U.S. 279 (1945). Treasury Regulation section 1.501(c)(3)-1(c)(1) provides that an organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities that accomplish one or more of such exempt purposes specified in section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose. **The providing of restaurant facilities to the general public is not a charitable activity and not within the meaning of Internal Revenue Code 501(c)(3).**

The Foundation has a substantial non-exempt activity and does not qualify under Section 501(c)(3) of the Internal Revenue Code. Providing food and drinks primarily to a non-charitable class for a fee is not within the meaning of Section 501(c)(3) of the Internal Revenue Code. In fact, the Foundation is conducting a commercial unrelated business that is substantial in nature. Therefore, since the Foundation primary activity is to operate cafes that serves the general public, the Foundation is involved in a substantial nonexempt activity and the Foundation's 501(c)(3) tax-exempt status should be revoked as of January 1, 2012.

Conclusion:

The Foundation is not "operated exclusively" for one or more exempt purposes specified in section 501(c)(3). Accordingly, the Foundation's tax-exempt status is revoked effective January 1, 2012.

Exhibit I

.....

Breakfast Sandwiches

SUGGESTED
DONATION
BELOW

Steak & Egg 5.29

Sausage, Egg & Cheese 4.29

Bacon, Egg & Cheese 4.29

Mediterranean Egg White 4.29

Asiago Bacon, Egg & Cheese 4.29

— Power Sandwiches —

Ham, Egg & Cheese 4.29

Avocado, Egg White & Spinach 4.29

Turkey Sausage, Egg White & Spinach 4.29

Egg & Cheese 3.89

Soufflés

Savory ingredients and egg baked in our
French inspired pastry

4.39

Breakfast sandwiches and soufflés available until
10:30am weekdays/11:00am weekends.

Whole Grain Flatbreads

SUGGESTED
DONATION
BELOW

YOU PICK 2* 4.99 | **ONE** FLATBREAD 5.39 | **TWO** FLATBREADS 7.99

BBQ Chicken

Tomato Mozzarella

Panera Kids™

With choice of organic Yogurt, Apple, Baguette or Sprouted Grain Roll

Half Salad Seasonal Greens, Caesar or Greek	4.79
Mac & Cheese	4.99
Cup of Soup	4.49
PB&J  or Grilled Cheese	4.29
Turkey or Ham	4.29
Turkey Chili	5.19

Substitute Whole Grain Bread.

All items served with choice of Baguette,
Soft Dinner Roll, Sprouted Grain Roll, Chips or Apple

 Contains peanuts and/or tree nuts

Breakfast Sandwiches

Breakfast Sandwich
 Served with our signature house-made French toast. Includes: ham, egg, cheese, hash browns, and our signature house-made French toast.

Breakfast Sandwich with Bacon
 Served with our signature house-made French toast. Includes: ham, egg, cheese, hash browns, and our signature house-made French toast.

Breakfast Sandwich with Turkey
 Served with our signature house-made French toast. Includes: turkey, egg, cheese, hash browns, and our signature house-made French toast.

Breakfast Sandwich with Chicken
 Served with our signature house-made French toast. Includes: chicken, egg, cheese, hash browns, and our signature house-made French toast.

Power Sandwiches

Power Sandwich
 Served with our signature house-made French toast. Includes: turkey, egg, cheese, hash browns, and our signature house-made French toast.

Power Sandwich with Bacon
 Served with our signature house-made French toast. Includes: turkey, egg, cheese, hash browns, and our signature house-made French toast.

Power Sandwich with Turkey
 Served with our signature house-made French toast. Includes: turkey, egg, cheese, hash browns, and our signature house-made French toast.

Power Sandwich with Chicken
 Served with our signature house-made French toast. Includes: chicken, egg, cheese, hash browns, and our signature house-made French toast.

Continental Yogurt & Fruit

Continental Yogurt & Fruit
 Served with our signature house-made French toast. Includes: yogurt, fruit, and our signature house-made French toast.

Continental Yogurt & Fruit with Honey
 Served with our signature house-made French toast. Includes: yogurt, fruit, honey, and our signature house-made French toast.

Continental Yogurt & Fruit with Cinnamon
 Served with our signature house-made French toast. Includes: yogurt, fruit, cinnamon, and our signature house-made French toast.

Souffles

Souffles
 Served with our signature house-made French toast. Includes: souffles, and our signature house-made French toast.

Bagels & Cream Cheese

Bagels & Cream Cheese
 Served with our signature house-made French toast. Includes: bagels, cream cheese, and our signature house-made French toast.

Bagels & Cream Cheese with Bacon
 Served with our signature house-made French toast. Includes: bagels, cream cheese, bacon, and our signature house-made French toast.

Bagels & Cream Cheese with Turkey
 Served with our signature house-made French toast. Includes: bagels, cream cheese, turkey, and our signature house-made French toast.

Bagels & Cream Cheese with Chicken
 Served with our signature house-made French toast. Includes: bagels, cream cheese, chicken, and our signature house-made French toast.

Pastries & Sweets

Pastries & Sweets
 Served with our signature house-made French toast. Includes: pastries, sweets, and our signature house-made French toast.

Pastries & Sweets with Bacon
 Served with our signature house-made French toast. Includes: pastries, sweets, bacon, and our signature house-made French toast.

Pastries & Sweets with Turkey
 Served with our signature house-made French toast. Includes: pastries, sweets, turkey, and our signature house-made French toast.

Pastries & Sweets with Chicken
 Served with our signature house-made French toast. Includes: pastries, sweets, chicken, and our signature house-made French toast.

Panera Kids

Panera Kids
 Served with our signature house-made French toast. Includes: kids menu, and our signature house-made French toast.

Panera Kids with Bacon
 Served with our signature house-made French toast. Includes: kids menu, bacon, and our signature house-made French toast.

Panera Kids with Turkey
 Served with our signature house-made French toast. Includes: kids menu, turkey, and our signature house-made French toast.

Panera Kids with Chicken
 Served with our signature house-made French toast. Includes: kids menu, chicken, and our signature house-made French toast.

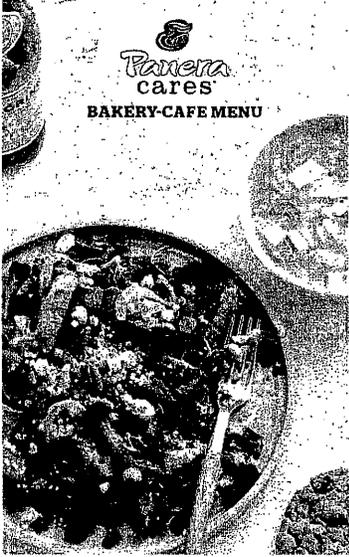
Bread

Bread
 Served with our signature house-made French toast. Includes: bread, and our signature house-made French toast.

Bread with Bacon
 Served with our signature house-made French toast. Includes: bread, bacon, and our signature house-made French toast.

Bread with Turkey
 Served with our signature house-made French toast. Includes: bread, turkey, and our signature house-made French toast.

Bread with Chicken
 Served with our signature house-made French toast. Includes: bread, chicken, and our signature house-made French toast.



Panera cares
BAKERY-CAFE MENU

YOU PICK 2

Combine any two of the following:

- Hot Soup
- Hot Sandwich
- Cup of Soup
- Grat
- Small Mac & Cheese

Hot Soup
 Roasted Turkey & Cornmeal Bread Stew
 Wild Mushroom Soup

Hot Sandwich
 Bites
 Bites a French Onion Soup



Sandwiches & Panini

Individual paninis and whole sandwiches served with a pickle.

Roasted Turkey & Caramedized Kilo Panini
Turkey, Swiss cheese, caramelized onions, pickles, and a special sauce on a toasted bun.

Roasted Turkey, Avocado & Cheddar Panini
Turkey, Swiss cheese, avocado, pickles, and a special sauce on a toasted bun.

Roasted Turkey, Avocado & Cheddar Panini
Turkey, Swiss cheese, avocado, pickles, and a special sauce on a toasted bun.

Roasted Turkey & Avocado Panini
Turkey, Swiss cheese, avocado, pickles, and a special sauce on a toasted bun.

Roasted Turkey & Avocado Panini
Turkey, Swiss cheese, avocado, pickles, and a special sauce on a toasted bun.

Roasted Turkey & Avocado Panini
Turkey, Swiss cheese, avocado, pickles, and a special sauce on a toasted bun.

Roasted Turkey & Avocado Panini
Turkey, Swiss cheese, avocado, pickles, and a special sauce on a toasted bun.

Roasted Turkey & Avocado Panini
Turkey, Swiss cheese, avocado, pickles, and a special sauce on a toasted bun.

Roasted Turkey & Avocado Panini
Turkey, Swiss cheese, avocado, pickles, and a special sauce on a toasted bun.

Roasted Chicken Salad

Roasted chicken, lettuce, tomatoes, and a special dressing.

Classic Grilled Cheese
Two slices of bread with melted cheese.

Mediterranean Pesto
Pesto sauce with tomatoes, olives, and pine nuts.

Salad
Mixed greens with various vegetables and a dressing.

Salad
Mixed greens with various vegetables and a dressing.

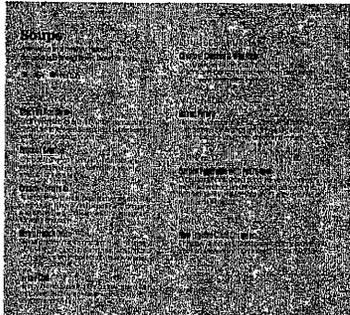
Salad
Mixed greens with various vegetables and a dressing.

Salad
Mixed greens with various vegetables and a dressing.

Salad
Mixed greens with various vegetables and a dressing.

Salad
Mixed greens with various vegetables and a dressing.

Salad
Mixed greens with various vegetables and a dressing.



Mac & Cheese

Macaroni and cheese with a breadcrumb crust.



Salads

Roasted Turkey & Avocado Panini
Turkey, Swiss cheese, avocado, pickles, and a special sauce on a toasted bun.

Roasted Turkey & Avocado Panini
Turkey, Swiss cheese, avocado, pickles, and a special sauce on a toasted bun.

Roasted Turkey & Avocado Panini
Turkey, Swiss cheese, avocado, pickles, and a special sauce on a toasted bun.

Roasted Turkey & Avocado Panini
Turkey, Swiss cheese, avocado, pickles, and a special sauce on a toasted bun.

Roasted Turkey & Avocado Panini
Turkey, Swiss cheese, avocado, pickles, and a special sauce on a toasted bun.

Roasted Turkey & Avocado Panini
Turkey, Swiss cheese, avocado, pickles, and a special sauce on a toasted bun.

Roasted Turkey & Avocado Panini
Turkey, Swiss cheese, avocado, pickles, and a special sauce on a toasted bun.

Iced Specialty Drinks

Chai Latte
Chai tea with a latte.

Smoothies

Strawberry Cheesecake
Strawberries, cream cheese, and a special sauce.

Strawberry Cheesecake
Strawberries, cream cheese, and a special sauce.

Strawberry Cheesecake
Strawberries, cream cheese, and a special sauce.

Strawberry Cheesecake
Strawberries, cream cheese, and a special sauce.

Strawberry Cheesecake
Strawberries, cream cheese, and a special sauce.

Strawberry Cheesecake
Strawberries, cream cheese, and a special sauce.

Strawberry Cheesecake
Strawberries, cream cheese, and a special sauce.

Strawberry Cheesecake
Strawberries, cream cheese, and a special sauce.

Strawberry Cheesecake
Strawberries, cream cheese, and a special sauce.

Strawberry Cheesecake
Strawberries, cream cheese, and a special sauce.

Strawberry Cheesecake
Strawberries, cream cheese, and a special sauce.



Hot Drinks

Hot Chocolate
Hot chocolate with a special sauce.

Form **6018**
(Rev. 1-2004)

Department of the Treasury-Internal Revenue Service
Consent to Proposed Action - Section 7428
(All references are to the Internal Revenue Code)

(Prepare in Duplicate.)

Case Number	Name and Address of Organization Panera Bread Foundation, Inc. 3630 S. Geyer Road, Suite 100 St. Louis, MO 63127
Date of Latest Determination Letter	
Employer Identification Number [REDACTED]	
Date of Proposed Action Letter May 13, 2017	

I consent to the proposed action relative to the above organization as shown by the box checked below. I understand that Section 7428 of the Internal Revenue Code applies to the proposed action. This consent serves to signify my present intent not to exercise the right to protest the proposed action or the right to seek a Declaratory Judgment. It does not constitute a waiver of those rights.

Nature of Proposed Action

<input type="checkbox"/>	Denial of exemption
<input checked="" type="checkbox"/>	Revocation of exemption, effective (date) January 1, 2012
<input type="checkbox"/>	Modification of exempt status from section 501(c)() to 501(c)(), effective (date)
<input type="checkbox"/>	Classification as a private non-operating foundation (section 509(a)), effective (date)
<input type="checkbox"/>	Classification as an operating foundation (section 4942(j)(3)), effective (date)
<input type="checkbox"/>	Classification as an organization described in section 509(a)(), effective (date)
<input type="checkbox"/>	Classification as an organization described in section 509(a)(1) and 170(b)(1)(A)(), effective (date)

If you agree to the proposed action, please sign and return this consent. You should keep a copy for your records.

Name of Organization Panera Bread Foundation, Inc.		
Signature	Title	Date
Signature	Title	Date

Instructions for Use of this Form
This consent is to be used only for proposed actions subject to declaratory judgment under section 7428 (i.e. actions related to qualification under section 501(c)(3) or foundation status under section 509(a)).

Signature Instructions
This consent should be signed by hand with the name of the organization followed by the signature(s) and title(s) of the person(s) authorized to sign for it. An attorney or agent may sign provided the action is specifically authorized by a power of attorney (POA). If the POA was not previously filed, please include it with this form.

Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code

OMB No. 1545-0056

Note: If exempt status is approved, this application will be open for public inspection.

Read the instructions for each Part carefully.
A User Fee must be attached to this application.
 If the required information and appropriate documents are not submitted along with Form 8718 (with payment of the appropriate user fee), the application may be returned to you.

Complete the Procedural Checklist on page 8 of the instructions.

Part I Identification of Applicant

1a Full name of organization (as shown in organizing document) <div style="text-align: center; font-size: 1.2em;">Panera Bread Foundation, Inc.</div>	2 Employer identification number (EIN) (If none, see page 3 of the Specific Instructions .) <div style="text-align: center;">: applied for</div>
1b c/o Name (if applicable)	3 Name and telephone number of person to be contacted if additional information is needed <div style="text-align: center;">Kenneth Puzder (314) 633-7296</div>
1c Address (number and street) Room/Suite <div style="text-align: center;">6710 Clayton Road</div>	4 Month the annual accounting period ends <div style="text-align: center;">December</div>
1d City, town, or post office, state, and ZIP + 4. If you have a foreign address, see Specific Instructions for Part I, page 3. <div style="text-align: center;">Richmond Heights, Missouri 63117</div>	5 Date incorporated or formed
1e Web site address <div style="text-align: center;">none</div>	6 Check here if applying under section: a <input type="checkbox"/> 501(e) b <input type="checkbox"/> 501(f) c <input type="checkbox"/> 501(k) d <input type="checkbox"/> 501(n)
7 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? If "Yes," attach an explanation. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
8 Is the organization required to file Form 990 (or Form 990-EZ)? If "No," attach an explanation (see page 3 of the Specific Instructions). Gross receipts normally exceed \$25,000? <input type="checkbox"/> N/A <input type="checkbox"/> Yes <input type="checkbox"/> No	
9 Has the organization filed Federal income tax returns or exempt organization information returns? If "Yes," state the form numbers, years filed, and Internal Revenue office where filed. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

10 Check the box for the type of organization. ATTACH A CONFORMED COPY OF THE CORRESPONDING ORGANIZING DOCUMENTS TO THE APPLICATION BEFORE MAILING. (See **Specific Instructions** for Part I, Line 10, on page 3.) See also Pub. 557 for examples of organizational documents.)

- a Corporation—Attach a copy of the Articles of Incorporation (including amendments and restatements) showing approval by the appropriate state official; also include a copy of the bylaws.
- b Trust— Attach a copy of the Trust Indenture or Agreement, including all appropriate signatures and dates.
- c Association— Attach a copy of the Articles of Association, Constitution, or other creating document, with a declaration (see instructions) or other evidence the organization was formed by adoption of the document by more than one person; also include a copy of the bylaws.

If the organization is a corporation or an unincorporated association that has not yet adopted bylaws, check here

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

Please Sign Here

 William W. Moreton
 Vice President, Treasurer, Secretary 2/28/02

(Signature)
(Type or print name and title or authority of signer)
(Date)

EXHIBIT

3

Part II Activities and Operational Information

- 1 Provide a detailed narrative description of all the activities of the organization—past, present, and planned. **Do not merely refer to or repeat the language in the organizational document.** List each activity separately in the order of importance based on the relative time and other resources devoted to the activity. Indicate the percentage of time for each activity. Each description should include, as a minimum, the following: **(a)** a detailed description of the activity including its purpose and how each activity furthers your exempt purpose; **(b)** when the activity was or will be initiated; and **(c)** where and by whom the activity will be conducted.

See attached Schedule 1.

-
- 2 What are or will be the organization's sources of financial support? List in order of size.

See attached Schedule 2.

-
- 3 Describe the organization's fundraising program, both actual and planned, and explain to what extent it has been put into effect. Include details of fundraising activities such as selective mailings, formation of fundraising committees, use of volunteers or professional fundraisers, etc. Attach representative copies of solicitations for financial support.

See attached Schedule 3.

Activities and Operational Information (Continued)

4 Give the following information about the organization's governing body:

a Names, addresses, and titles of officers, directors, trustees, etc.	b Annual compensation
Ronald M. Shaich President & Chairman of the Board 6710 Clayton Road Richmond Heights, Missouri 63117	-0-
William W. Moreton Vice President, Treasurer & Secretary 6710 Clayton Road Richmond Heights, Missouri 63117	-0-

c Do any of the above persons serve as members of the governing body by reason of being public officials or being appointed by public officials? Yes No
 If "Yes," name those persons and explain the basis of their selection or appointment.

d Are any members of the organization's governing body "disqualified persons" with respect to the organization (other than by reason of being a member of the governing body) or do any of the members have either a business or family relationship with "disqualified persons"? (See **Specific Instructions** for Part II, Line 4d, on page 3.) Yes No
 If "Yes," explain.

5 Does the organization control or is it controlled by any other organization? Yes No
 Is the organization the outgrowth of (or successor to) another organization, or does it have a special relationship with another organization by reason of interlocking directorates or other factors? Yes No
 If either of these questions is answered "Yes," explain.

6. Does or will the organization directly or indirectly engage in any of the following transactions with any political organization or other exempt organization (other than a 501(c)(3) organization): (a) grants; (b) purchases or sales of assets; (c) rental of facilities or equipment; (d) loans or loan guarantees; (e) reimbursement arrangements; (f) performance of services, membership, or fundraising solicitations; or (g) sharing of facilities, equipment, mailing lists or other assets, or paid employees? Yes No
 If "Yes," explain fully and identify the other organizations involved.

7 Is the organization financially accountable to any other organization? Yes No
 If "Yes," explain and identify the other organization. Include details concerning accountability or attach copies of reports if any have been submitted.

Part II Activities and Operational Information (Continued)

8 What assets does the organization have that are used in the performance of its exempt function? (Do not include property producing investment income.) If any assets are not fully operational, explain their status, what additional steps remain to be completed, and when such final steps will be taken. If none, indicate "N/A."

n/a

9 Will the organization be the beneficiary of tax-exempt bond financing within the next 2 years? Yes No

10a Will any of the organization's facilities or operations be managed by another organization or individual under a contractual agreement? Yes No

b Is the organization a party to any leases? Yes No

If either of these questions is answered "Yes," attach a copy of the contracts and explain the relationship between the applicant and the other parties.

11 Is the organization a membership organization? Yes No

If "Yes," complete the following:

a Describe the organization's membership requirements and attach a schedule of membership fees and dues.

b Describe the organization's present and proposed efforts to attract members and attach a copy of any descriptive literature or promotional material used for this purpose.

c What benefits do (or will) the members receive in exchange for their payment of dues?

12a If the organization provides benefits, services, or products, are the recipients required, or will they be required, to pay for them? N/A Yes No
If "Yes," explain how the charges are determined and attach a copy of the current fee schedule.

b Does or will the organization limit its benefits, services, or products to specific individuals or classes of individuals? N/A Yes No
If "Yes," explain how the recipients or beneficiaries are or will be selected.

13 Does or will the organization attempt to influence legislation? Yes No
If "Yes," explain. Also, give an estimate of the percentage of the organization's time and funds that it devotes or plans to devote to this activity.

14 Does or will the organization intervene in any way in political campaigns, including the publication or distribution of statements? Yes No
If "Yes," explain fully.

Part III Technical Requirements

1 Are you filing Form 1023 within 15 months from the end of the month in which your organization was created or formed? Yes No
 If you answer "Yes," do not answer questions on lines 2 through 6 below.

2 If one of the exceptions to the 15-month filing requirement shown below applies, check the appropriate box and proceed to question 7.

Exceptions—You are not required to file an exemption application within 15 months if the organization:

- a Is a church, interchurch organization of local units of a church, a convention or association of churches, or an integrated auxiliary of a church. See **Specific Instructions**, Line 2a, on page 4;
- b Is not a private foundation and normally has gross receipts of not more than \$5,000 in each tax year; or
- c Is a subordinate organization covered by a group exemption letter, but only if the parent or supervisory organization timely submitted a notice covering the subordinate.

3 If the organization does not meet any of the exceptions on line 2 above, are you filing Form 1023 within 27 months from the end of the month in which the organization was created or formed? Yes No

If "Yes," your organization qualifies under Regulation section 301.9100-2, for an automatic 12-month extension of the 15-month filing requirement. Do not answer questions 4 through 6.

If "No," answer question 4.

4 If you answer "No" to question 3, does the organization wish to request an extension of time to apply under the "reasonable action and good faith" and the "no prejudice to the interest of the government" requirements of Regulations section 301.9100-3? Yes No

If "Yes," give the reasons for not filing this application within the 27-month period described in question 3. See **Specific Instructions**, Part III, Line 4, before completing this item. Do not answer questions 5 and 6.

If "No," answer questions 5 and 6.

5 If you answer "No" to question 4, your organization's qualification as a section 501(c)(3) organization can be recognized only from the date this application is filed. Therefore, do you want us to consider the application as a request for recognition of exemption as a section 501(c)(3) organization from the date the application is received and not retroactively to the date the organization was created or formed? Yes No

6 If you answer "Yes" to question 5 above and wish to request recognition of section 501(c)(4) status for the period beginning with the date the organization was formed and ending with the date the Form 1023 application was received (the effective date of the organization's section 501(c)(3) status), check here and attach a completed page 1 of Form 1024 to this application.

Part III Technical Requirements (Continued)

- 7 Is the organization a private foundation?
 Yes (Answer question 8.)
 No (Answer question 9 and proceed as instructed.)

- 8 If you answer "Yes" to question 7, does the organization claim to be a private operating foundation?
 Yes (Complete Schedule E.)
 No

After answering question 8 on this line, go to line 14 on page 7.

- 9 If you answer "No" to question 7, indicate the public charity classification the organization is requesting by checking the box below that most appropriately applies:

THE ORGANIZATION IS NOT A PRIVATE FOUNDATION BECAUSE IT QUALIFIES:

- | | | |
|---|--|--|
| a | <input type="checkbox"/> As a church or a convention or association of churches (CHURCHES MUST COMPLETE SCHEDULE A.) | Sections 509(a)(1) and 170(b)(1)(A)(i) |
| b | <input type="checkbox"/> As a school (MUST COMPLETE SCHEDULE B.) | Sections 509(a)(1) and 170(b)(1)(A)(ii) |
| c | <input type="checkbox"/> As a hospital or a cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital (These organizations, except for hospital service organizations, MUST COMPLETE SCHEDULE C.) | Sections 509(a)(1) and 170(b)(1)(A)(iii) |
| d | <input type="checkbox"/> As a governmental unit described in section 170(c)(1). | Sections 509(a)(1) and 170(b)(1)(A)(v) |
| e | <input type="checkbox"/> As being operated solely for the benefit of, or in connection with, one or more of the organizations described in a through d, g, h, or i (MUST COMPLETE SCHEDULE D.) | Section 509(a)(3) |
| f | <input type="checkbox"/> As being organized and operated exclusively for testing for public safety. | Section 509(a)(4) |
| g | <input type="checkbox"/> As being operated for the benefit of a college or university that is owned or operated by a governmental unit. | Sections 509(a)(1) and 170(b)(1)(A)(iv) |
| h | <input checked="" type="checkbox"/> As receiving a substantial part of its support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public. | Sections 509(a)(1) and 170(b)(1)(A)(vi) |
| i | <input type="checkbox"/> As normally receiving not more than one-third of its support from gross investment income and more than one-third of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions). | Section 509(a)(2) |
| j | <input type="checkbox"/> The organization is a publicly supported organization but is not sure whether it meets the public support test of h or i. The organization would like the IRS to decide the proper classification. | Sections 509(a)(1) and 170(b)(1)(A)(vi) or Section 509(a)(2) |

If you checked one of the boxes a through f in question 9, go to question 14. If you checked box g in question 9, go to questions 11 and 12. If you checked box h, i, or j, in question 9, go to question 10.

Part III Technical Requirements (Continued)

- 10** If you checked box **h**, **i**, or **j** in question 9, has the organization completed a tax year of at least 8 months?
- Yes**—Indicate whether you are requesting:
 - A definitive ruling. (Answer questions 11 through 14.)
 - An advance ruling. (Answer questions 11 and 14 and attach two Forms 872-C completed and signed.)
 - No**—You must request an advance ruling by completing and signing two Forms 872-C and attaching them to the Form 1023.

- 11** If the organization received any unusual grants during any of the tax years shown in Part IV-A, **Statement of Revenue and Expenses**, attach a list for each year showing the name of the contributor; the date and the amount of the grant; and a brief description of the nature of the grant.

No.

- 12** If you are requesting a definitive ruling under section 170(b)(1)(A)(iv) or (vi), check here and:

- a** Enter 2% of line 8, column (e), Total, of Part IV-A _____
- b** Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts, grants, contributions, etc., were more than the amount entered on line 12a above. **None.**

- 13** If you are requesting a definitive ruling under section 509(a)(2), check here and:

- a** For each of the years included on lines 1, 2, and 9 of Part IV-A, attach a list showing the name of and amount received from each "disqualified person." (For a definition of "disqualified person," see **Specific Instructions**, Part II, Line 4d, on page 3.)
- b** For each of the years included on line 9 of Part IV-A, attach a list showing the name of and amount received from each payer (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payer" includes, but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any governmental agency or bureau.

14 Indicate if your organization is one of the following. If so, complete the required schedule. (Submit only those schedules that apply to your organization. Do not submit blank schedules.)	Yes	No	If "Yes," complete Schedule:
Is the organization a church?		X	A
Is the organization, or any part of it, a school?		X	B
Is the organization, or any part of it, a hospital or medical research organization?		X	C
Is the organization a section 509(a)(3) supporting organization?		X	D
Is the organization a private operating foundation?		X	E
Is the organization, or any part of it, a home for the aged or handicapped?		X	F
Is the organization, or any part of it, a child care organization?		X	G
Does the organization provide or administer any scholarship benefits, student aid, etc.?		X	H
Has the organization taken over, or will it take over, the facilities of a "for profit" institution?		X	I

Part IV Financial Data

Complete the financial statements for the current year and for each of the 3 years immediately before it. If in existence less than 4 years, complete the statements for each year in existence. If in existence less than 1 year, also provide proposed budgets for the 2 years following the current year.

A. Statement of Revenue and Expenses

	Current tax year	3 prior tax years or proposed budget for 2 years			(e) TOTAL
	(a) From 2001 to	(b) 2002	(c) 2003	(d)	
1 Gifts, grants, and contributions received (not including unusual grants—see page 6 of the instructions)	0	100,000	100,000		
2 Membership fees received					
3 Gross investment income (see instructions for definition)					
4 Net income from organization's unrelated business activities not included on line 3					
5 Tax revenues levied for and either paid to or spent on behalf of the organization					
6 Value of services or facilities furnished by a governmental unit to the organization without charge (not including the value of services or facilities generally furnished the public without charge)					
7 Other income (not including gain or loss from sale of capital assets) (attach schedule)					
8 Total (add lines 1 through 7)	0	100,000	100,000		
9 Gross receipts from admissions, sales of merchandise or services, or furnishing of facilities in any activity that is not an unrelated business within the meaning of section 513. Include related cost of sales on line 22					
10 Total (add lines 8 and 9)	0	100,000	100,000		
11 Gain or loss from sale of capital assets (attach schedule)					
12 Unusual grants					
13 Total revenue (add lines 10 through 12)	0	100,000	100,000		
14 Fundraising expenses	0	100,000	100,000		
15 Contributions, gifts, grants, and similar amounts paid (attach schedule)	0	100,000	100,000		
16 Disbursements to or for benefit of members (attach schedule)					
17 Compensation of officers, directors, and trustees (attach schedule)					
18 Other salaries and wages					
19 Interest					
20 Occupancy (rent, utilities, etc.)					
21 Depreciation and depletion					
22 Other (attach schedule)					
23 Total expenses (add lines 14 through 22)	0	100,000	100,000		
24 Excess of revenue over expenses (line 13 minus line 23)	0	0	0		

Part IV Financial Data (Continued)

B. Balance Sheet (at the end of the period shown)		Current tax year Date
Assets		
1	Cash	0
2	Accounts receivable, net	
3	Inventories	
4	Bonds and notes receivable (attach schedule)	
5	Corporate stocks (attach schedule)	
6	Mortgage loans (attach schedule)	
7	Other investments (attach schedule)	
8	Depreciable and depletable assets (attach schedule)	
9	Land	
10	Other assets (attach schedule)	
11	Total assets (add lines 1 through 10)	0
Liabilities		
12	Accounts payable	
13	Contributions, gifts, grants, etc., payable	
14	Mortgages and notes payable (attach schedule)	
15	Other liabilities (attach schedule)	
16	Total liabilities (add lines 12 through 15)	
Fund Balances or Net Assets		
17	Total fund balances or net assets	0
18	Total liabilities and fund balances or net assets (add line 16 and line 17)	0

If there has been any substantial change in any aspect of the organization's financial activities since the end of the period shown above, check the box and attach a detailed explanation

Schedule 1

A. The purpose of Panera Bread Foundation, Inc. (the "Foundation") is to make financial contributions to qualified tax-exempt organizations whose programs address basic human needs. It will provide financial assistance to organizations having a tax-exempt status under section 501C(3) of the Internal Revenue Code. The Foundation will provide funds for operating support, special projects and matching other contributions. Capital fund requests will be considered on a selective basis.

The Foundation will provide assistance to organizations that seek multiple sources of support rather than rely on the Foundation as a single funding source and organizations that apply the spirit of cooperation to help people help themselves. The Foundation will provide support to organizations and programs whose missions fall within the following categories: Health and Welfare, Education, Culture and Arts, Civic and Community. The Foundation will also support religious organizations that render charitable services with preferential attention given to Organizations that work to achieve an ecumenical balance.

B. The Foundation has only been recently created. As a result, it is not yet engaged in any activities to fulfill its purpose. However, it is planned that its activities will be as follows:

- Organize and implement campaigns for contributions. Solicit contributions from the general public and corporations and other entities. In this way, the Foundation will raise money to fulfill its purpose as stated above. This activity is to commence once the Foundation is recognized as a tax-exempt organization and will take about seventy-five percent of the Foundation's time. Employees of Panera, LLC and officers of the Foundation will conduct the activity in communities where Panera, LLC has a presence.
- Solicit requests for donations, search for organizations to make donations to that meet the purpose of the Foundation as stated above. Decide which organizations to donate to and the size of the donation. These activities are to commence once the Foundation is recognized as a tax-exempt organization and will take about twenty-five percent of the Foundation's time. These activities will be conducted by the officers of the Foundation at its headquarters in St. Louis, Missouri.

Schedule 2:

Public donations collected in the stores of Panera, LLC.
Vender contributions.
Franchisee contributions.
Contributions from Panera LLC.

Schedule 3

The Foundation plans to raise funds by putting posters in the stores of Panera, LLC soliciting contributions from the public for organizations meeting the criteria stated above. The Foundation will also solicit vendors and franchisees in writing and orally for certain fund raising campaigns. Volunteers and officers of the Foundation will do all fund raising activities. Since the Foundation is newly formed, it has not commenced any fund raising activities as of this time, but plans to at such time it is recognized as a tax-exempt organization.

Form **872-C**

(Rev. September 1998)

Department of the Treasury
Internal Revenue Service**Consent Fixing Period of Limitation Upon
Assessment of Tax Under Section 4940 of the
Internal Revenue Code**

(See instructions on reverse side.)

OMB No. 1545-0056

**To be used with
Form 1023. Submit
in duplicate.**

Under section 6501(c)(4) of the Internal Revenue Code, and as part of a request filed with Form 1023 that the organization named below be treated as a publicly supported organization under section 170(b)(1)(A)(vi) or section 509(a)(2) during an advance ruling period,

Panera Bread Foundation, Inc.

*(Exact legal name of organization as shown in organizing document)*6710 Clayton Road
Richmond Heights, Missouri 63117*(Number, street, city or town, state, and ZIP code)*

and the
District Director of
Internal Revenue, or
Assistant
Commissioner
(Employee Plans and
Exempt Organizations)

consent and agree that the period for assessing tax (imposed under section 4940 of the Code) for any of the 5 tax years in the advance ruling period will extend 8 years, 4 months, and 15 days beyond the end of the first tax year.

However, if a notice of deficiency in tax for any of these years is sent to the organization before the period expires, the time for making an assessment will be further extended by the number of days the assessment is prohibited, plus 60 days.

Ending date of first tax year December 31, 2002
(Month, day, and year)

Name of organization (as shown in organizing document) Panera Bread Foundation, Inc.	Date 2/25/02
Officer or trustee having authority to sign Signature ► <i>William Moreton</i>	Type or print name and title William W. Moreton, Vice President, Treasurer, Sec.
For IRS use only	
District Director or Assistant Commissioner (Employee Plans and Exempt Organizations)	Date

By ►

Form **872-C**

(Rev. September 1998)

Department of the Treasury
Internal Revenue Service

Consent Fixing Period of Limitation Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code

(See instructions on reverse side.)

OMB No. 1545-0056

To be used with
Form 1023. Submit
in duplicate.

Under section 6501(c)(4) of the Internal Revenue Code, and as part of a request filed with Form 1023 that the organization named below be treated as a publicly supported organization under section 170(b)(1)(A)(vi) or section 509(a)(2) during an advance ruling period.

Panera Bread Foundation, Inc.
(Exact legal name of organization as shown in organizing document)
6710 Clayton Road
Richmond Heights, Missouri 63117
(Number, street, city or town, state, and ZIP code)

and the
District Director of
Internal Revenue, or
Assistant
Commissioner
(Employee Plans and
Exempt Organizations)

consent and agree that the period for assessing tax (imposed under section 4940 of the Code) for any of the 5 tax years in the advance ruling period will extend 8 years, 4 months, and 15 days beyond the end of the first tax year.

However, if a notice of deficiency in tax for any of these years is sent to the organization before the period expires, the time for making an assessment will be further extended by the number of days the assessment is prohibited, plus 60 days.

Ending date of first tax year December 31, 2002
(Month, day, and year)

Name of organization (as shown in organizing document)	Date
Panera Bread Foundation, Inc.	2/25/02
Officer or trustee having authority to sign	Type or print name and title
Signature ▶ <i>William Moreton</i>	William W. Moreton, Vice President, Treasurer, Sec.
For IRS use only	
District Director or Assistant Commissioner (Employee Plans and Exempt Organizations)	Date

By ▶

8718

(Rev. November 2000)
Department of the Treasury
Internal Revenue Service

User Fee for Exempt Organization
Determination Letter Request

▶ Attach this form to determination letter application.
(Form 8718 is NOT a determination letter application.)

For IRS Use Only

Control number _____
Amount paid _____
User fee screener _____

1 Name of organization

Panera Bread Foundation, Inc.

2 Employer Identification Number

Applied For

Caution: Do not attach Form 8718 to an application for a pension plan determination letter. Use Form 8717 instead.

3 Type of request

- a Initial request for a determination letter for: Fee
 - An exempt organization that has had annual gross receipts averaging not more than \$10,000 during the preceding 4 years, or
 - A new organization that anticipates gross receipts averaging not more than \$10,000 during its first 4 years ▶ \$150

Note: If you checked box 3a, you must complete the Certification below.

Certification

I certify that the annual gross receipts of _____
name of organization
have averaged (or are expected to average) not more than \$10,000 during the preceding 4 (or the first 4) years of operation.

Signature ▶ _____ Title ▶ _____

- b Initial request for a determination letter for:
 - An exempt organization that has had annual gross receipts averaging more than \$10,000 during the preceding 4 years, or
 - A new organization that anticipates gross receipts averaging more than \$10,000 during its first 4 years .. ▶ \$500
- c Group exemption letters .. ▶ \$500

Instructions

The law requires payment of a user fee with each application for a determination letter. The user fees are listed on line 3 above. For more information, see Rev. Proc. 2000-8, 2000-1, I.R.B. 230.

Check the box or boxes on line 3 for the type of application you are submitting. If you check box 3a, you must complete and sign the certification statement that appears under line 3a.

Attach to Form 8718 a check or money order payable to the United States Treasury for the full amount of the user fee. If you do not include the full amount, your application will be returned. Attach Form 8718 to your determination letter application.

Send the determination letter application and Form 8718 to:
Internal Revenue Service
P.O. Box 192
Covington, KY 41012-0192

If you are using express mail or a delivery service, send the application and Form 8718 to:

Internal Revenue Service
201 West Rivercenter Blvd.
Attn: Extracting Stop 312
Covington, KY 41011

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER AND ORIGINAL DOCUMENT SECURITY SCREEN ON BACK WITH PADLOCK SECURITY ICON.

McEACHERN & FITZROY
ATTORNEYS AT LAW
222 S. CENTRAL AVE., SUITE 808
ST. LOUIS, MO 63105
314-725-7999

ENTERPRISE BANK
ST. LOUIS, MO 63127

1551

80-616/810

2/27/2002

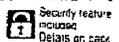
PAY TO THE
ORDER OF

Internal Revenue Service

\$ 500.00

Five Hundred and 00/100 *****

DOLLARS



MANAGING MEMBER

MEMO

⑈001551⑈

1 1 5 2 1 1

Cat. No. 647282

Form 8718 (Rev. 11-2000)



**User Fee for Exempt Organization
 Determination Letter Request**

For IRS Use Only

▶ Attach this form to determination letter application.
 (Form 8718 is NOT a determination letter application.)

Control number _____
 Amount paid _____
 User fee screener _____

1 Name of organization Panera Bread Foundation, Inc. 2 Employer Identification Number _____
 Applied For

Caution: Do not attach Form 8718 to an application for a pension plan determination letter. Use Form 8717 instead.

- 3 Type of request
- a Initial request for a determination letter for: Fee
- An exempt organization that has had annual gross receipts averaging not more than \$10,000 during the preceding 4 years, or
 - A new organization that anticipates gross receipts averaging not more than \$10,000 during its first 4 years ▶ \$150
- Note:** If you checked box 3a, you must complete the Certification below.

Certification

I certify that the annual gross receipts of _____
name of organization
 have averaged (or are expected to average) not more than \$10,000 during the preceding 4 (or the first 4) years of operation.
 Signature ▶ _____ Title ▶ _____

- b Initial request for a determination letter for:
- An exempt organization that has had annual gross receipts averaging more than \$10,000 during the preceding 4 years, or
 - A new organization that anticipates gross receipts averaging more than \$10,000 during its first 4 years .. ▶ \$500
- c Group exemption letters .. ▶ \$500

Instructions

The law requires payment of a user fee with each application for a determination letter. The user fees are listed on line 3 above. For more information, see Rev. Proc. 2000-8, 2000-1, I.R.B. 230.

Check the box or boxes on line 3 for the type of application you are submitting. If you check box 3a, you must complete and sign the certification statement that appears under line 3a.

Attach to Form 8718 a check or money order payable to the United States Treasury for the full amount of the user fee. If you do not include the full amount, your application will be returned. Attach Form 8718 to your determination letter application.

Send the determination letter application and Form 8718 to:
 Internal Revenue Service
 P.O. Box 192
 Covington, KY 41012-0192

If you are using express mail or a delivery service, send the application and Form 8718 to:
 Internal Revenue Service
 201 West Rivercenter Blvd.
 Attn: Extracting Stop 312
 Covington, KY 41011

Attach Check or Money Order Here



INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date:

AUG 01 2002

PANERA BREAD FOUNDATION INC
6710 CLAYTON RD
RICHMOND HEIGHTS, MO 63117

Employer Identification Number:

DLN:

17053066028032

Contact Person:

MS. MEDINA

ID# 52444

Contact Telephone Number:

(877) 829-5500

Accounting Period Ending:

December 31

Foundation Status Classification:

509(a)(1)

Advance Ruling Period Begins:

January 10, 2002

Advance Ruling Period Ends:

December 31, 2006

Addendum Applies:

no

Dear Applicant:

Based on information you supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

Because you are a newly created organization, we are not now making a final determination of your foundation status under section 509(a) of the Code. However, we have determined that you can reasonably expect to be a publicly supported organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

Accordingly, during an advance ruling period you will be treated as a publicly supported organization, and not as a private foundation. This advance ruling period begins and ends on the dates shown above.

Within 90 days after the end of your advance ruling period, you must send us the information needed to determine whether you have met the requirements of the applicable support test during the advance ruling period. If you establish that you have been a publicly supported organization, we will classify you as a section 509(a)(1) or 509(a)(2) organization as long as you continue to meet the requirements of the applicable support test. If you do not meet the public support requirements during the advance ruling period, we will classify you as a private foundation for future periods. Also, if we classify you as a private foundation, we will treat you as a private foundation from your beginning date for purposes of section 507(d) and 4940.

Grantors and contributors may rely on our determination that you are not a private foundation until 90 days after the end of your advance ruling period. If you send us the required information within the 90 days, grantors and contributors may continue to rely on the advance determination until we make

Letter 1045 (09/09)

EXHIBIT

4

PANERA BREAD FOUNDATION INC

a final determination of your foundation status.

If we publish a notice in the Internal Revenue Bulletin stating that we will no longer treat you as a publicly supported organization, grantors and contributors may not rely on this determination after the date we publish the notice. In addition, if you lose your status as a publicly supported organization, and a grantor or contributor was responsible for, or was aware of, the act or failure to act, that resulted in your loss of such status, that person may not rely on this determination from the date of the act or failure to act. Also, if a grantor or contributor learned that we had given notice that you would be removed from classification as a publicly supported organization, then that person may not rely on this determination as of the date he or she acquired such knowledge.

If you change your sources of support, your purposes, character, or method of operation, please let us know so we can consider the effect of the change on your exempt status and foundation status. If you amend your organizational document or bylaws, please send us a copy of the amended document or bylaws. Also, let us know all changes in your name or address.

As of January 1, 1984, you are liable for social security taxes under the Federal Insurance Contributions Act on amounts of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the private foundation excise taxes under Chapter 42 of the Internal Revenue Code. However, you are not automatically exempt from other federal excise taxes. If you have any questions about excise, employment, or other federal taxes, please let us know.

Donors may deduct contributions to you as provided in section 170 of the Internal Revenue Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Donors may deduct contributions to you only to the extent that their contributions are gifts, with no consideration received. Ticket purchases and similar payments in conjunction with fundraising events may not necessarily qualify as deductible contributions, depending on the circumstances. Revenue Ruling 67-246, published in Cumulative Bulletin 1967-2, on page 104, gives guidelines regarding when taxpayers may deduct payments for admission to, or other participation in, fundraising activities for charity.

You are not required to file Form 990, Return of Organization Exempt From Income Tax, if your gross receipts each year are normally \$25,000 or less. If you receive a Form 990 package in the mail, simply attach the label provided, check the box in the heading to indicate that your annual gross receipts are normally \$25,000 or less, and sign the return. Because you will be treated as a public charity for return filing purposes during your entire advance ruling period, you should file Form 990 for each year in your advance ruling period

PANERA BREAD FOUNDATION INC

that you exceed the \$25,000 filing threshold even if your sources of support do not satisfy the public support test specified in the heading of this letter.

If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$20 a day is charged when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty charged cannot exceed \$10,000 or 5 percent of your gross receipts for the year, whichever is less. For organizations with gross receipts exceeding \$1,000,000 in any year, the penalty is \$100 per day per return, unless there is reasonable cause for the delay. The maximum penalty for an organization with gross receipts exceeding \$1,000,000 shall not exceed \$50,000. This penalty may also be charged if a return is not complete. So, please be sure your return is complete before you file it.

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You are required to make your annual information return, Form 990 or Form 990-EZ, available for public inspection for three years after the later of the due date of the return or the date the return is filed. You are also required to make available for public inspection your exemption application, any supporting documents, and your exemption letter. Copies of these documents are also required to be provided to any individual upon written or in person request without charge other than reasonable fees for copying and postage. You may fulfill this requirement by placing these documents on the Internet. Penalties may be imposed for failure to comply with these requirements. Additional information is available in Publication 557, Tax-Exempt Status for Your Organization, or you may call our toll free number shown above.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, we will assign a number to you and advise you of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

This determination is based on evidence that your funds are dedicated to the purposes listed in section 501(c)(3) of the Code. To assure your continued exemption, you should keep records to show that funds are spent only for those purposes. If you distribute funds to other organizations, your records should show whether they are exempt under section 501(c)(3). In cases where the recipient organization is not exempt under section 501(c)(3), you must have evidence that the funds will remain dedicated to the required purposes and that the recipient will use the funds for those purposes.

If we said in the heading of this letter that an addendum applies, the

PANERA BREAD FOUNDATION INC

addendum enclosed is an integral part of this letter.

Because this letter could help us resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,



Steven T. Miller
Director, Exempt Organizations

Enclosure(s):
Form 872-C

Form **872-C**

(Rev. September 1998)

Department of the Treasury
Internal Revenue Service

**Consent Fixing Period of Limitation Upon
Assessment of Tax Under Section 4940 of the
Internal Revenue Code**

(See instructions on reverse side.)

OMB No. 1545-0056

To be used with
Form 1023. Submit
in duplicate.

Under section 6501(c)(4) of the Internal Revenue Code, and as part of a request filed with Form 1023 that the organization named below be treated as a publicly supported organization under section 170(b)(1)(A)(vi) or section 509(a)(2) during an advance ruling period,

Panera Bread Foundation, Inc.

(Exact legal name of organization as shown in organizing document)

6710 Clayton Road
Richmond Heights, Missouri 63117

(Number, street, city or town, state, and ZIP code)

and the

District Director of
Internal Revenue, or
Assistant
Commissioner
(Employee Plans and
Exempt Organizations)

consent and agree that the period for assessing tax (imposed under section 4940 of the Code) for any of the 5 tax years in the advance ruling period will extend 8 years, 4 months, and 15 days beyond the end of the first tax year.

However, if a notice of deficiency in tax for any of these years is sent to the organization before the period expires, the time for making an assessment will be further extended by the number of days the assessment is prohibited, plus 60 days.

Ending date of first tax year December 31, 2002
(Month, day, and year)

Name of organization (as shown in organizing document)	Date
Panera Bread Foundation, Inc.	2/25/02
Officer or trustee having authority to sign	Type or print name and title
Signature ▶ <i>William Moreton</i>	William W. Moreton, Vice President, Treasurer, Sec.
For IRS use only.	
District Director or Assistant Commissioner (Employee Plans and Exempt Organizations)	Date
<i>Steven T. Miller</i>	6-28-02
By ▶ <i>Moreton (acting) Group 7924</i>	

For Paperwork Reduction Act Notice, see page 7 of the Form 1023 Instructions.

Cat. No. 16905Q

**AS
ORIGINALLY
FILED**

Instructions for filing
Panera Bread Foundation, Inc.
Form 990 - Exempt Organization
for the period ended December 31, 2012

Signature...

The original return should be signed (using full name and title) and dated by an authorized officer of the organization.

Filing...

The signed return should be filed on or before November 15, 2013 with...

Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84201-0027

Payment of tax...

No payment of tax is required.

EXHIBIT

5

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Department of the Treasury
Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2012 calendar year, or tax year beginning , 2012, and ending , 20

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization PANERA BREAD FOUNDATION, INC.		D Employer identification number [REDACTED]
	Doing Business As		
	Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	E Telephone number
	3630 S. GEYER RD.	100	(314) 984-1000
City, town or post office, state, and ZIP code		G Gross receipts \$ 7,716,664.	
ST. LOUIS, MO 63127		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)	
F Name and address of principal officer: RONALD M SHAIKH		H(c) Group exemption number ▶	
3630 S. GEYER RD., SUITE 100 ST. LOUIS, MO 63127			
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			
J Website: ▶ N/A			
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation: 2002 M State of legal domicile: MO	

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: PANERA BREAD FOUNDATION, INC. SEEKS TO ELIMINATE AND RAISE AWARENESS OF FOOD INSECURITY. IT OBTAINS FUNDS THROUGH PUBLIC CONTRIBUTIONS AND OPERATION OF PANERA CARES CAFES THAT IS REMITTED TO OTHER EXEMPT ORGS.		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	3.
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	0
	6 Total number of volunteers (estimate if necessary)	6	
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	7,162,361.	7,716,506.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	0	0
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	55.	158.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	7,162,416.	7,716,664.
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	3,937,818.	3,868,018.
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	1,394,065.	1,826,293.
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶	0	
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	1,114,063.	1,534,163.
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	6,445,946.	7,228,474.
19 Revenue less expenses. Subtract line 18 from line 12	716,470.	488,190.	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21 Total liabilities (Part X, line 26)	5,218,863.	4,964,981.
	22 Net assets or fund balances. Subtract line 21 from line 20	2,383,052.	1,640,980.
		2,835,811.	3,324,001.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer 	Date 11/12/13			
	Type or print name and title Shane L. Fawcett, Tax Director				
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no.			

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

For Paperwork Reduction Act Notice, see the separate instructions. Form **990** (2012)

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III [X]

1 Briefly describe the organization's mission:

ATTACHMENT 1

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [] Yes [X] No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [] Yes [X] No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 977,045. including grants of \$ 977,045.) (Revenue \$)

THE FOUNDATION CONTRIBUTES TO EXEMPT ORGANIZATIONS THROUGHOUT THE UNITED STATES WHOSE MISSIONS FALL WITHIN THE FOLLOWING CATEGORIES: HEALTH AND WELFARE, EDUCATION, CULTURE AND ARTS, AND CIVIC AND COMMUNITY.

4b (Code:) (Expenses \$ 5,999,429. including grants of \$ 2,638,973.) (Revenue \$)

PANERA CARES IS A PROGRAM RUN BY THE PANERA BREAD FOUNDATION. IT CONSISTS OF THREE CAFES WHICH OPERATE SIMILARLY TO A TRADITIONAL PANERA BREAD CAFE. HOWEVER, CUSTOMERS ARE ENCOURAGED TO TAKE WHAT THEY NEED AND DONATE THEIR FAIR SHARE. THE CAFES ALSO OFFER THE OPTION OF VOLUNTEERING AN HOUR OF THEIR TIME IN EXCHANGE FOR A MEAL.

4c (Code:) (Expenses \$ 252,000. including grants of \$ 252,000.) (Revenue \$)

THE FOUNDATION ASSISTS IN PROCURING FOOD AND FEEDING AMERICA AND ITS NETWORK OF MEMBER FOOD BANKS AT WHOLESALE COST THROUGH ITS RELATIONSHIP WITH PANERA BREAD COMPANY.

4d Other program services (Describe in Schedule O.)

(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses ▶ 7,228,474.

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II		X
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV		X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V		X
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	X	
b Did the organization report an amount for investments-other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII		X
c Did the organization report an amount for investments-program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII		X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX		X
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X		X
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X		X
12 a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII	X	
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		X
14 a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III		X
20 a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H		X
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		

Part IV Checklist of Required Schedules (continued)

		Yes	No
21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II.</i>	X	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III.</i>	X	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J.</i>		X
24 a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25.</i>		X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25 a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I.</i>		X
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I.</i>		X
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II.</i>		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III.</i>		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV.</i>		X
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV.</i>		X
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV.</i>	X	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M.</i>	X	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M.</i>		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I.</i>		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II.</i>		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I.</i>		X
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1.</i>	X	
35 a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2.</i>		
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2.</i>		X
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI.</i>		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O.	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V.

Table with columns for question number, sub-question, and Yes/No responses. Includes questions 1a through 14b regarding IRS filings and tax compliance.

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI. [X]

Section A. Governing Body and Management

Table with columns for question number, question text, and Yes/No columns. Includes questions 1a through 9 regarding governing body members, relationships, and documentation.

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

Table with columns for question number, question text, and Yes/No columns. Includes questions 10a through 16b regarding local chapters, conflict of interest policies, whistleblower policies, and joint ventures.

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed IL, MI, MO, OR,
18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: PANERA BREAD 3630 S. GEYER RD., SUITE 100 ST. LOUIS, MO 63127 314-984-1000

JSA

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's current officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's current key employees, if any. See instructions for definition of "key employee."
- List the organization's five current highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's former officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's former directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) RONALD M. SHAICH DIRECTOR, PRESIDENT		X		X				0	0	0
(2) MARIANNE GRAZIADEI DIRECTOR, VICE PRESIDENT		X		X				0	0	0
(3) SCOTT BLAIR DIRECTOR		X						0	0	0
(4) LOUIS DIPIETRO SECRETARY				X				0	0	0
(5) MARK WOOLDRIDGE TREASURER				X				0	0	0
(6) KELLEY BASTA ASSISTANT TREASURER				X				0	0	0
(7) SUZANNE FOSTER ASSISTANT SECRETARY				X				0	0	0
(8)										
(9)										
(10)										
(11)										
(12)										
(13)										
(14)										

Part VIII Statement of Revenue

Check if Schedule O contains a response to any question in this Part VIII

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a			
	b	Membership dues	1b			
	c	Fundraising events	1c			
	d	Related organizations	1d			
	e	Government grants (contributions)	1e			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	7,716,506.		
	g	Noncash contributions included in lines 1a-1f: \$		1,914,620.		
	h	Total. Add lines 1a-1f		7,716,506.		
Program Service Revenue	2a	Business Code				
	b					
	c					
	d					
	e					
	f	All other program service revenue				
	g	Total. Add lines 2a-2f		0		
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		158.	
4		Income from investment of tax-exempt bond proceeds		0		
5		Royalties		0		
		(i) Real	(ii) Personal			
6a		Gross rents				
b		Less: rental expenses				
c		Rental income or (loss)				
d		Net rental income or (loss)		0		
		(i) Securities	(ii) Other			
7a		Gross amount from sales of assets other than inventory				
b		Less: cost or other basis and sales expenses				
c		Gain or (loss)				
d		Net gain or (loss)		0		
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a			
b		Less: direct expenses	b			
c		Net income or (loss) from fundraising events		0		
9a		Gross income from gaming activities. See Part IV, line 19	a			
b		Less: direct expenses	b			
c	Net income or (loss) from gaming activities		0			
10a	Gross sales of inventory, less returns and allowances	a				
b	Less: cost of goods sold	b				
c	Net income or (loss) from sales of inventory		0			
	Miscellaneous Revenue	Business Code				
11a						
b						
c						
d	All other revenue					
e	Total. Add lines 11a-11d		0			
12	Total revenue. See instructions		7,716,664.			

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).
 Check if Schedule O contains a response to any question in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	1,229,045.	1,229,045.		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22	2,638,973.	2,638,973.		
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16	0.			
4	Benefits paid to or for members	0.			
5	Compensation of current officers, directors, trustees, and key employees	0.			
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0.			
7	Other salaries and wages	1,516,380.	1,516,380.		
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	0.			
9	Other employee benefits	158,306.	158,306.		
10	Payroll taxes	151,607.	151,607.		
11	Fees for services (non-employees):				
a	Management	0.			
b	Legal	0.			
c	Accounting	0.			
d	Lobbying	0.			
e	Professional fundraising services. See Part IV, line 17	0.			
f	Investment management fees	0.			
g	Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	0.			
12	Advertising and promotion	7,903.	7,903.		
13	Office expenses	0.			
14	Information technology	0.			
15	Royalties	0.			
16	Occupancy	625,277.	625,277.		
17	Travel	18,075.		18,075.	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0.			
19	Conferences, conventions, and meetings	0.			
20	Interest	0.			
21	Payments to affiliates	0.			
22	Depreciation, depletion, and amortization	281,472.	281,472.		
23	Insurance	18,515.	18,515.		
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a	OTHER OPERATING EXPENSES	454,401.	378,602.	75,799.	
b	UTILITIES	128,520.	128,520.		
c	-----				
d	-----				
e	All other expenses				
25	Total functional expenses. Add lines 1 through 24e	7,228,474.	7,134,600.	93,874.	
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)	0.			

Part X Balance Sheet

Check if Schedule O contains a response to any question in this Part X

		(A) Beginning of year		(B) End of year		
Assets	1	Cash - non-interest-bearing	3,634,118.	1	3,291,081.	
	2	Savings and temporary cash investments	0	2	0	
	3	Pledges and grants receivable, net	0	3	0	
	4	Accounts receivable, net	383,454.	4	118,971.	
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	0	5	0	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L	0	6	0	
	7	Notes and loans receivable, net	0	7	0	
	8	Inventories for sale or use	34,083.	8	43,779.	
	9	Prepaid expenses and deferred charges	30,411.	9	87,552.	
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	1,929,536.		
	b	Less: accumulated depreciation	10b	505,938.	10c	1,423,598.
	11	Investments - publicly traded securities	0	11	0	
	12	Investments - other securities. See Part IV, line 11	0	12	0	
	13	Investments - program-related. See Part IV, line 11	0	13	0	
	14	Intangible assets	0	14	0	
	15	Other assets. See Part IV, line 11	0	15	0	
16	Total assets. Add lines 1 through 15 (must equal line 34)	5,218,863.	16	4,964,981.		
Liabilities	17	Accounts payable and accrued expenses	1,537,666.	17	1,183,671.	
	18	Grants payable	845,386.	18	457,309.	
	19	Deferred revenue	0	19	0	
	20	Tax-exempt bond liabilities	0	20	0	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D	0	21	0	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L	0	22	0	
	23	Secured mortgages and notes payable to unrelated third parties	0	23	0	
	24	Unsecured notes and loans payable to unrelated third parties	0	24	0	
25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	0	25	0		
26	Total liabilities. Add lines 17 through 25	2,383,052.	26	1,640,980.		
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets	2,452,357.	27	3,205,030.	
	28	Temporarily restricted net assets	383,454.	28	118,971.	
	29	Permanently restricted net assets	0	29	0	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds		30		
	31	Paid-in or capital surplus, or land, building, or equipment fund		31		
	32	Retained earnings, endowment, accumulated income, or other funds		32		
33	Total net assets or fund balances	2,835,811.	33	3,324,001.		
34	Total liabilities and net assets/fund balances.	5,218,863.	34	4,964,981.		



Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	7,716,664.
2	Total expenses (must equal Part IX, column (A), line 25)	2	7,228,474.
3	Revenue less expenses. Subtract line 2 from line 1	3	488,190.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	2,835,811.
5	Net unrealized gains (losses) on investments	5	0
6	Donated services and use of facilities	6	0
7	Investment expenses	7	0
8	Prior period adjustments	8	0
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	3,324,001.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII

- 1 Accounting method used to prepare the Form 990: Cash Accrual Other _____
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.
- 2a Were the organization's financial statements compiled or reviewed by an independent accountant?
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:
 Separate basis Consolidated basis Both consolidated and separate basis
- b Were the organization's financial statements audited by an independent accountant?
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:
 Separate basis Consolidated basis Both consolidated and separate basis
- c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.
- 3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?
- b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits

	Yes	No
2a		X
2b	X	
2c		X
3a		X
3b		

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No. 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

Name of the organization

PANERA BREAD FOUNDATION, INC.

Employer identification number

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
- 2 A school described in section 170(b)(1)(A)(ii). (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
- 4 A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 8 A community trust described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 9 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Complete Part III.)
- 10 An organization organized and operated exclusively to test for public safety. See section 509(a)(4).
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h.
 a Type I b Type II c Type III-Functionally integrated d Type III-Non-functionally integrated

e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).

f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	11g(i)	
(ii) A family member of a person described in (i) above?	11g(ii)	
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	11g(iii)	

h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

For Paperwork Reduction Act Notice, see the instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2012

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
 (Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	1,198,041.	1,711,449.	3,523,915.	7,162,361.	7,716,506.	21,312,272.
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						0
3 The value of services or facilities furnished by a governmental unit to the organization without charge						0
4 Total. Add lines 1 through 3.	1,198,041.	1,711,449.	3,523,915.	7,162,361.	7,716,506.	21,312,272.
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f). ATCH						8,981,987.
6 Public support. Subtract line 5 from line 4.						12,330,285.

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4	1,198,041.	1,711,449.	3,523,915.	7,162,361.	7,716,506.	21,312,272.
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	358.	250.	68.	55.	158.	889.
9 Net income from unrelated business activities, whether or not the business is regularly carried on						0
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						0
11 Total support. Add lines 7 through 10.						21,313,161.
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))	14	57.85%
15 Public support percentage from 2011 Schedule A, Part II, line 14	15	55.00%
16a 33 1/3% support test - 2012. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input checked="" type="checkbox"/>
b 33 1/3% support test - 2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
17a 10%-facts-and-circumstances test - 2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10%-facts-and-circumstances test - 2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		<input type="checkbox"/>

Part III Support Schedule for Organizations Described in Section 509(a)(2)
 (Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II.
 If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b.						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6.						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f)).	15	%
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18	%

19a **33 1/3% support tests - 2012.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶

b **33 1/3% support tests - 2011.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶

Part IV Supplemental information. Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

ATTACHMENT 1

SCHEDULE A, PART II - EXCESS CONTRIBUTIONS

(NOT OPEN TO PUBLIC INSPECTION)

<u>CONTRIBUTOR NAME</u>	<u>TOTAL CONTRIBUTION</u>	<u>LESS 2% OF LINE 11 (F)</u>	<u>EXCESS CONTRIBUTION AMOUNT</u>
PANERA, LLC	9,408,250.	426,263.	8,981,987.
TOTAL	<u>9,408,250.</u>		<u>8,981,987.</u>

Schedule of Contributors

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.

2012

Name of the organization

PANERA BREAD FOUNDATION, INC.

Employer Identification number



Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3) (enter number) organization

4947(a)(1) nonexempt charitable trust not treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3 % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.

For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not total to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year ▶ \$ _____

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2 of its Form 990; or check the box on line H of its Form 990-EZ or on Part I, line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization **PANERA BREAD FOUNDATION, INC.**

Employer identification number

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	PANERA, LLC 3630 S. GEYER ROAD, SUITE 100 ST. LOUIS, MO 63127	\$ 1,914,620.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	PANERA, LLC 3630 S. GEYER ROAD, SUITE 100 ST. LOUIS, MO 63127	\$ 1,005,105.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization PANERA BREAD FOUNDATION, INC.

Employer identification number

Part II Noncash Property (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	CONTRIBUTED PROPERTY AND EQUIPMENT, BAKED BREADS, BAGELS AND PASTRIES	\$ 1,914,620.	
		\$	
		\$	
		\$	
		\$	
		\$	

Name of organization PANERA BREAD FOUNDATION, INC.

Employer identification number

Part III Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations that total more than \$1,000 for the year. Complete columns (a) through (e) and the following line entry.

For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this information once. See instructions.) ▶ \$ _____

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	-----	-----	-----
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
-----		-----	-----
-----	-----	-----	-----
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
-----		-----	-----
-----	-----	-----	-----
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
-----		-----	-----
-----	-----	-----	-----
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
-----		-----	-----

**SCHEDULE D
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ **Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.**
▶ **Attach to Form 990. ▶ See separate instructions.**

OMB No. 1545-0047

2012

Open to Public Inspection

Name of the organization

PANERA BREAD FOUNDATION, INC.

Employer identification number

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

- 1 Purpose(s) of conservation easements held by the organization (check all that apply).
- | | |
|--|--|
| <input type="checkbox"/> Preservation of land for public use (e.g., recreation or education) | <input type="checkbox"/> Preservation of an historically important land area |
| <input type="checkbox"/> Protection of natural habitat | <input type="checkbox"/> Preservation of a certified historic structure |
| <input type="checkbox"/> Preservation of open space | |

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

- 3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ -----
- 4 Number of states where property subject to conservation easement is located ▶ -----
- 5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? Yes No
- 6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ -----
- 7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ -----
- 8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? Yes No
- 9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

- 1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.
- b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:
- (i) Revenues included in Form 990, Part VIII, line 1 ▶ \$ -----
- (ii) Assets included in Form 990, Part X ▶ \$ -----
- 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:
- a Revenues included in Form 990, Part VIII, line 1 ▶ \$ -----
- b Assets included in Form 990, Part X ▶ \$ -----

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule D (Form 990) 2012

2E1268 1.000

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

- 3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):
- a Public exhibition
 - b Scholarly research
 - c Preservation for future generations
 - d Loan or exchange programs
 - e Other
- 4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.
- 5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No
- b If "Yes," explain the arrangement in Part XIII and complete the following table:

	Amount
1c Beginning balance	
1d Additions during the year	
1e Distributions during the year	
1f Ending balance	

- 2a Did the organization include an amount on Form 990, Part X, line 21? Yes No
- b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII. Yes No

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

- 2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:
- a Board designated or quasi-endowment ▶ _____ %
 - b Permanent endowment ▶ _____ %
 - c Temporarily restricted endowment ▶ _____ %
- The percentages in lines 2a, 2b, and 2c should equal 100%.

- 3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:
- | | Yes | No |
|---------------------------------------|--------------------------|--------------------------|
| (i) unrelated organizations | <input type="checkbox"/> | <input type="checkbox"/> |
| (ii) related organizations | <input type="checkbox"/> | <input type="checkbox"/> |
- b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? Yes No
- 4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements	1,143,212.		217,028.	926,184.
d Equipment	452,268.		194,070.	258,198.
e Other	334,056.		94,840.	239,216.
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				1,423,598.

Part VII Investments - Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (Including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) -----		
(B) -----		
(C) -----		
(D) -----		
(E) -----		
(F) -----		
(G) -----		
(H) -----		
(I) -----		

Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.) ▶

Part VIII Investments - Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		

Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.) ▶

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶

Part X Other Liabilities. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	

Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶

2. FIN 48 (ASC 740) Footnote. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII.

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements		1	8,128,409.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:			
a	Net unrealized gains on investments	2a		
b	Donated services and use of facilities	2b	411,745.	
c	Recoveries of prior year grants	2c		
d	Other (Describe in Part XIII.)	2d		
e	Add lines 2a through 2d		2e	411,745.
3	Subtract line 2e from line 1		3	7,716,664.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII.)	4b		
c	Add lines 4a and 4b		4c	
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)		5	7,716,664.

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements		1	7,640,219.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:			
a	Donated services and use of facilities	2a	411,745.	
b	Prior year adjustments	2b		
c	Other losses	2c		
d	Other (Describe in Part XIII.)	2d		
e	Add lines 2a through 2d		2e	411,745.
3	Subtract line 2e from line 1		3	7,228,474.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII.)	4b		
c	Add lines 4a and 4b		4c	
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)		5	7,228,474.

Part XIII Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Part XIII Supplemental Information (continued)

**SCHEDULE I
(Form 990)**

**Grants and Other Assistance to Organizations,
Governments, and Individuals in the United States**

OMB No. 1545-0047

2012

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990.

Name of the organization

PANERA BREAD FOUNDATION, INC.

Employer identification number

Part I General Information on Grants and Assistance

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? Yes No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1)	MAKE-A-WISH FOUNDATION OF ILLINOIS 640 N. LASALLE DRIVE CHICAGO, IL 60654		501 (C) (3)	56,167.				
(2)	MAKE-A-WISH FOUNDATION OF OHIO, KENTUCKY & 2545 FARMERS DRIVE COLUMBUS, OH 43235		501 (C) (3)	43,668.				
(3)	CANCER INSTITUTE OF NEW JERSEY FOUNDATION I 120 ALBANY ST NEW BRUNSWICK, NJ 08901		501 (C) (3)	37,753.				
(4)	UNITED WAY FOR SOUTHEASTERN MICHIGAN 660 WOODWARD AVENUE DETROIT, MI 48226		501 (C) (3)	33,934.				
(5)	INOVA HEALTH SYSTEM FOUNDATION 8110 GATEHOUSE ROAD FALLS CHURCH, VA 22042		501 (C) (3)	27,940.				
(6)	MAKE-A-WISH FOUNDATION OF MINNESOTA 615 FIRST AVENUE NE MINNEAPOLIS, MN 55413		501 (C) (3)	24,216.				
(7)	CHILDREN'S HOSPITAL OF BOSTON 300 LONGWOOD AVENUE BOSTON, MA 02115		501 (C) (3)	23,246.				
(8)	MAKE-A-WISH FOUNDATION OF WISCONSIN 13195 WEST HAMPTON AVENUE BUTLER, WI 53007		501 (C) (3)	18,906.				
(9)	YALE-NEW HAVEN HOSPITAL INC 20 YORK STREET NEW HAVEN, CT 06510		501 (C) (3)	16,764.				
(10)	UPSTATE MEDICAL CENTER FOUNDATION 750 E ADAMS ST SYRACUSE, NY 13210		501 (C) (3)	13,146.				
(11)	JACKSON MEMORIAL FOUNDATION, INC 901 NW 17TH STREET MIAMI, FL 33136		501 (C) (3)	12,159.				
(12)	AMERICAN CANCER SOCIETY 250 WILLIAMS STREET NW ATLANTA, GA 30303		501 (C) (3)	11,886.				

- 2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶
- 3 Enter total number of other organizations listed in the line 1 table ▶

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule I (Form 990) (2012)

**SCHEDULE I
(Form 990)**

**Grants and Other Assistance to Organizations,
Governments, and Individuals in the United States**

OMB No. 1545-0047

2012

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990.

Name of the organization

Employer identification number

PANERA BREAD FOUNDATION, INC.

Part I General Information on Grants and Assistance

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? Yes No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1)	CHILDREN'S HOME SOCIETY OF FLORIDA 1485 S SEMORAN BLVD WINTER PARK, FL 32792		501(C)(3)	11,677.				
(2)	HANDS ON ATLANTA, INC 600 MEANS STREET ATLANTA, GA 30318		501(C)(3)	11,169.				
(3)	MAKE-A-WISH FOUNDATION OF DC & THE INLAND E 14232 RED HILL AVENUE YUSTIN, CA 92780		501(C)(3)	10,623.				
(4)	MAKE-A-WISH FOUNDATION OF CENTRAL & NORTH F 1020 NORTH ORLANDO AVENUE		501(C)(3)	10,392.				
(5)	SACRAMENTO FOOD BANK & FAMILY SERVICES 3333 THIRD AVENUE SACRAMENTO, CA 95817		501(C)(3)	10,202.				
(6)	CHILDREN'S HOSPITAL OF THE KINGS DAUGHTERS 601 CHILDRENS LN NORFOLK, VA 23507		501(C)(3)	9,534.				
(7)	CHILDREN'S MIRACLE NETWORK OF RICHMOND 2924 BROOK RD RICHMOND, VA 23220		501(C)(3)	9,267.				
(8)	THE SALVATION ARMY NATIONAL CORPORATION 615 SLATERS LANE ALEXANDRIA, VA 22313		501(C)(3)	9,183.				
(9)	MAKE-A-WISH FOUNDATION OF GREATER LOS ANGEL 1875 CEMETRY PARK EAST		501(C)(3)	8,940.				
(10)	MAKE-A-WISH FOUNDATION OF CENTRAL & WESTERN 212 S TYRON ST CHARLOTTE, NC 28281		501(C)(3)	8,781.				
(11)	MAKE-A-WISH FOUNDATION OF EASTERN NORTH CAR 2880 SLATER RD MORRISVILLE, NC 27560		501(C)(3)	8,585.				
(12)	MAKE-A-WISH FOUNDATION OF ORANGE COUNTY INC 833 DOVER DRIVE NEWPORT BEACH, CA 92663		501(C)(3)	8,306.				

- 2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶
- 3 Enter total number of other organizations listed in the line 1 table ▶

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule I (Form 990) (2012)

**SCHEDULE I
(Form 990)**

**Grants and Other Assistance to Organizations,
Governments, and Individuals in the United States**
Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990.

OMB No. 1545-0047

2012

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Name of the organization

PANERA BREAD FOUNDATION, INC.

Employer identification number

Part I General Information on Grants and Assistance

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? Yes No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1)	MAKE-A-WISH FOUNDATION OF OREGON 2000 SW 1ST AVENUE PORTLAND, OR 97201		501(C)(3)	7,712.				
(2)	MAKE-A-WISH FOUNDATION OF NEBRASKA 11926 ARBOR STREET OMAHA, NE 68144		501(C)(3)	7,589.				
(3)	MARCH OF DIMES BIRTH DEFECTS NATIONAL FOUNDD 1275 NIMARONECK AVENUE		501(C)(3)	7,545.				
(4)	YOUTH VILLAGES OF MIDDLE TENNESSEE 3320 BROTHER BLVD MEMPHIS, TN 38133		501(C)(3)	6,933.				
(5)	SOUTH SHORE HOSPITAL 55 FOGG RD SOUTH WEYMOUTH, MA 02190		501(C)(3)	6,286.				
(6)	CAMELOT FOR CHILDREN INC 2354 W EMMAUS AVENUE ALLENTOWN, PA 18103		501(C)(3)	6,185.				
(7)	THE WOMEN & CHILDREN'S HOSPITAL OF BUFFALO 1260 DELAWARE AVENUE BUFFALO, NY 14209		501(C)(3)	5,974.				
(8)	GOLISANO CHILDREN'S HOSPITAL - UNIV. OF ROC 601 ELMWOOD ROCHESTER, NY 14642		501(C)(3)	5,859.				
(9)	USO NORTHWEST FLORIDA P.O. BOX 33135 PENSACOLA, FL 32508		501(C)(3)	5,190.				
(10)								
(11)								
(12)								

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶ 33.

3 Enter total number of other organizations listed in the line 1 table ▶

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule I (Form 990) (2012)



Part III Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" on Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
1 FOOD INVENTORY			2,638,973.	COMPARABLE SALE	FOOD INVENTORY
2					
3					
4					
5					
6					
7					

Part IV Supplemental Information. Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

SCHEDULE L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions With Interested Persons

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.**
▶ **Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.**

OMB No. 1545-0047

2012

Open To Public Inspection

Name of the organization

PANERA BREAD FOUNDATION, INC.

Employer identification number

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

1	(a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Correct?	
				Yes	No
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

- 2 Enter the amount of tax incurred by the organization managers or disqualified persons during the year under section 4958 ▶ \$ _____
- 3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ▶ \$ _____

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a or Form 990, Part IV, line 26; or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22.

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
			(1)									
(2)												
(3)												
(4)												
(5)												
(6)												
(7)												
(8)												
(9)												
(10)												
Total ▶ \$												

Part III Grants or Assistance Benefiting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule L (Form 990 or 990-EZ) 2012



Part IV Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) PANERA BREAD COMPANY & SUBSIDIARIES					
(2)					X
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule L (see instructions).

SCHEDULE L, PART IV

(B) SEVERAL OFFICERS AND DIRECTORS OF THE FILING ENTITY ARE EMPLOYEES FOR PANERA BREAD COMPANY.

(D) DESCRIPTION OF TRANSACTION: PANERA BREAD COMPANY AND ITS SUBSIDIARIES PROVIDES THIRD-PARTY ADMINISTRATIVE SERVICES TO THE FILING ENTITY FREE OF CHARGE.

**SCHEDULE M
(Form 990)**

Department of the Treasury
Internal Revenue Service

Noncash Contributions

▶ Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.

▶ Attach to Form 990.

OMB No. 1545-0047

2012

**Open To Public
Inspection**

Name of the organization

PANERA BREAD FOUNDATION, INC.

Employer identification number

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art - Works of art				
2 Art - Historical treasures				
3 Art - Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities - Publicly traded				
10 Securities - Closely held stock				
11 Securities - Partnership, LLC, or trust interests				
12 Securities - Miscellaneous				
13 Qualified conservation contribution - Historic structures				
14 Qualified conservation contribution - Other				
15 Real estate - Residential				
16 Real estate - Commercial				
17 Real estate - Other				
18 Collectibles				
19 Food inventory	X		1,407,530.	COMPARABLE SALE
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ▶ (ATCH 1)			507,090.	
26 Other ▶ ()				
27 Other ▶ ()				
28 Other ▶ ()				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement **29**

	Yes	No
30 a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?		X
b If "Yes," describe the arrangement in Part II.		
31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?		X
32 a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?		X
b If "Yes," describe in Part II.		
33 If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II.		

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule M (Form 990) (2012)

JSA
2E1298 1.000

Part II **Supplemental Information.** Complete this part to provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

ATTACHMENT 1

SCHEDULE M, PART I - OTHER NONCASH CONTRIBUTIONS

<u>DESCRIPTION</u>	<u>(A) CHECK</u>	<u>(B) NUMBER OF CONTRIBUTIONS</u>	<u>(C) REVENUES REPORTED</u>	<u>(D) METHOD OF DETERMINING</u>
PROPERTY AND EQUIPMENT -	X		507,090.	QUALIFIED APPRAISAL
TOTALS			<u>507,090.</u>	

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Name of the organization

PANERA BREAD FOUNDATION, INC.

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No. 1545-0047

2012

**Open to Public
Inspection**

Employer identification number

FORM 990, PART VI

SECTION B, LINE 11A & 11B

THE DESIGNATED MEMBER OF THE ORGANIZATION'S GOVERNING BODY RECEIVES THE
AUDITED FINANCIAL STATEMENTS FOR REVIEW PRIOR TO THE FORM 990 BEING
FILED.

FORM 990 IS COMPLETED AND REVIEWED BY TAX EMPLOYEES OF PANERA, LLC.

FORM 990, PART VI

SECTION C, LINE 19

THE ORGANIZATION MAKES ALL NECESSARY DOCUMENTS, POLICIES, AND FINANCIAL
STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST.

FORM 990, PART III, LINE 1 - ORGANIZATION'S MISSION

ATTACHMENT 1

PANERA BREAD FOUNDATION, INC. MAKES FINANCIAL CONTRIBUTIONS TO
QUALIFIED TAX-EXEMPT ORGANIZATIONS WHOSE PROGRAMS ADDRESS BASIC HUMAN
NEEDS. THE FOUNDATION SUPPORTS ORGANIZATIONS WHOSE MISSIONS FALL
WITHIN THE FOLLOWING CATEGORIES: HEALTH AND WELFARE, EDUCATION,
CULTURE AND ARTS, CIVIC AND COMMUNITY ORGANIZATIONS. PANERA CARES IS
A PROGRAM RUN BY THE PANERA BREAD FOUNDATION. IT CONSISTS OF FOUR
CAFES WHICH OPERATE SIMILARLY TO A TRADITIONAL PANERA BREAD CAFE.
HOWEVER, CUSTOMERS ARE ENCOURAGED TO TAKE WHAT THEY NEED AND DONATE
THEIR FAIR SHARE. THE CAFES ALSO OFFER THE OPTION OF VOLUNTEERING AN
HOUR OF TIME IN EXCHANGE FOR A MEAL.

Name of the organization

PANERA BREAD FOUNDATION, INC.

Employer identification number



ATTACHMENT 2

FORM 990, PART X - PREPAID EXPENSES AND DEFERRED CHARGES

<u>DESCRIPTION</u>	<u>BEGINNING BOOK VALUE</u>	<u>ENDING BOOK VALUE</u>
PREPAID EXPENSES	30,411.	87,552.
TOTALS	<u>30,411.</u>	<u>87,552.</u>

SCHEDULE R (Form 990)

Related Organizations and Unrelated Partnerships

OMB No. 1545-0047

2012

Open to Public Inspection

Department of the Treasury Internal Revenue Service

Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37. Attach to Form 990. See separate instructions.

Name of the organization

PANERA BREAD FOUNDATION, INC.

Employer identification number

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)

Table with 6 columns: (a) Name, address, and EIN of disregarded entity; (b) Primary activity; (c) Legal domicile; (d) Total income; (e) End-of-year assets; (f) Direct controlling entity. Rows 1-6 are empty.

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

Table with 7 main columns: (a) Name, address, and EIN of related organization; (b) Primary activity; (c) Legal domicile; (d) Exempt Code section; (e) Public charity status; (f) Direct controlling entity; (g) Section 512(b)(13) controlled entity? (Yes/No). Rows 1-7 are empty.

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule R (Form 990) 2012

JSA

2E1307 1.000 3407DQ 422U 11/12/2013 12:30:02 PM V 12-7F

Part III Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) -----												
(2) -----												
(3) -----												
(4) -----												
(5) -----												
(6) -----												
(7) -----												

Part IV Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percen- tage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
(1) PANERA BREAD COMPANY 3630 S. GEYER ROAD, SUITE 100 ST LOUIS, MO 63127	HOLDING COMPA	DE	N/A	C CORPORATION					
(2) -----									
(3) -----									
(4) -----									
(5) -----									
(6) -----									
(7) -----									

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35b, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

	Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity		X
b Gift, grant, or capital contribution to related organization(s)		X
c Gift, grant, or capital contribution from related organization(s)	X	
d Loans or loan guarantees to or for related organization(s)		X
e Loans or loan guarantees by related organization(s)		X
f Dividends from related organization(s)		
g Sale of assets to related organization(s)		
h Purchase of assets from related organization(s)		X
i Exchange of assets with related organization(s)		X
j Lease of facilities, equipment, or other assets to related organization(s)		X
k Lease of facilities, equipment, or other assets from related organization(s)		
l Performance of services or membership or fundraising solicitations for related organization(s)		X
m Performance of services or membership or fundraising solicitations by related organization(s)		X
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)		X
o Sharing of paid employees with related organization(s)		X
p Reimbursement paid to related organization(s) for expenses		X
q Reimbursement paid by related organization(s) for expenses		X
r Other transfer of cash or property to related organization(s)		
s Other transfer of cash or property from related organization(s)		X
2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.		X

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) PANERA BREAD COMPANY (SEE STATEMENT ATTACHED)			
(2)			
(3)			
(4)			
(5)			
(6)			

Part VI Unrelated Organizations Taxable as a Partnership (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (State or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	
(1) -----													
(2) -----													
(3) -----													
(4) -----													
(5) -----													
(6) -----													
(7) -----													
(8) -----													
(9) -----													
(10) -----													
(11) -----													
(12) -----													
(13) -----													
(14) -----													
(15) -----													
(16) -----													

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions).

PANERA BREAD COMPANY

SCHEDULE R, PART VII

PANERA BREAD COMPANY IS A FOR PROFIT PUBLIC CORPORATION. THE RELATIONSHIP TO PANERA BREAD FOUNDATION IS REPORTED AS DISCLOSURE THAT SOME DIRECTORS AND OFFICERS OF THE FILING ENTITY ARE EMPLOYEES OF PANERA BREAD COMPANY.

PANERA BREAD FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 25, 2012 AND DECEMBER 27, 2011

Panera Bread Foundation, Inc.

Index

December 25, 2012 and December 27, 2011

	Page(s)
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to the Financial Statements	6-12

Independent Auditor's Report

Board of Directors
Panera Bread Foundation, Inc.
St. Louis, Missouri

We have audited the accompanying financial statements of Panera Bread Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of December 25, 2012 and December 27, 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Panera Bread Foundation, Inc. as of December 25, 2012 and December 27, 2011, 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.

Brown Smith Wallace, L.L.C.

St. Louis, Missouri
July 3, 2013

Panera Bread Foundation, Inc.
Statements of Financial Position
December 25, 2012 and December 27, 2011

	<u>December 25, 2012</u>	<u>December 27, 2011</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,291,081	\$ 3,634,118
Contributions receivable	118,971	383,454
Inventories	43,779	34,083
Prepaid expenses and other current assets	87,552	30,411
Total current assets	<u>3,541,383</u>	<u>4,082,066</u>
Long-term assets:		
Property and equipment, net	<u>1,423,598</u>	<u>1,136,797</u>
Total Assets	<u>\$ 4,964,981</u>	<u>\$ 5,218,863</u>
Liabilities and Net Assets		
Liabilities		
Current liabilities:		
Accounts payable	\$ 31,901	\$ 22,131
Pledges payable	457,309	845,386
Accrued expenses	503,647	316,426
Related party payable	648,123	1,199,109
Total current liabilities	<u>1,640,980</u>	<u>2,383,052</u>
Net Assets		
Unrestricted net assets	3,205,030	2,452,357
Temporarily restricted net assets	118,971	383,454
Total net assets	<u>3,324,001</u>	<u>2,835,811</u>
Total Liabilities and Net Assets	<u>\$ 4,964,981</u>	<u>\$ 5,218,863</u>

The accompanying notes are an integral part of the financial statements.

Panera Bread Foundation, Inc.

Statements of Activities

For the Fiscal Years Ended December 25, 2012 and December 27, 2011

	2012		
	Unrestricted	Temporarily Restricted	Total
Support:			
Public support	\$ 4,677,810	\$ 118,971	\$ 4,796,781
Related party contributions	3,331,470	-	3,331,470
Net assets released from restrictions	383,454	(383,454)	-
Total support	8,392,734	(264,483)	8,128,251
Expenses:			
Program services	7,134,442	-	7,134,442
General and administrative	505,619	-	505,619
Total expenses	7,640,061	-	7,640,061
Increase (Decrease) in Net Assets	752,673	(264,483)	488,190
Net Assets Beginning of Fiscal Year	2,452,357	383,454	2,835,811
Net Assets End of Fiscal Year	\$ 3,205,030	\$ 118,971	\$ 3,324,001

	2011		
	Unrestricted	Temporarily Restricted	Total
Support:			
Public support	\$ 3,500,507	\$ 383,454	\$ 3,883,961
Related party contributions	3,662,899	-	3,662,899
Net assets released from restrictions	898,910	(898,910)	-
Total support	8,062,316	(515,456)	7,546,860
Expenses:			
Program services	6,396,872	-	6,396,872
General and administrative	433,518	-	433,518
Total expenses	6,830,390	-	6,830,390
Increase (Decrease) in Net Assets	1,231,926	(515,456)	716,470
Net Assets Beginning of Fiscal Year	1,220,431	898,910	2,119,341
Net Assets End of Fiscal Year	\$ 2,452,357	\$ 383,454	\$ 2,835,811

The accompanying notes are an integral part of the financial statements

Panera Bread Foundation, Inc.

Statements of Functional Expenses

For the Fiscal Years Ended December 25, 2012 and December 27, 2011

	2012			Total
	Community Assistance	Panera Cares Program	Management and General	
General community support	\$ 1,229,045	\$ -	\$ -	\$ 1,229,045
Cost of food and paper products	-	2,638,973	-	2,638,973
Labor	-	1,826,294	-	1,826,294
Occupancy	-	625,277	-	625,277
Other operating expenses	-	396,958	75,799	472,757
Travel	-	-	18,075	18,075
Donated administrative services	-	-	411,745	411,745
Utilities	-	128,520	-	128,520
Advertising	-	7,903	-	7,903
Depreciation	-	281,472	-	281,472
Total Expenses	\$ 1,229,045	\$ 5,905,397	\$ 505,619	\$ 7,640,061

	2011			Total
	Community Assistance	Panera Cares Program	Management and General	
General community support	\$ 1,837,256	\$ -	\$ -	\$ 1,837,256
Cost of food and paper products	-	2,100,562	-	2,100,562
Labor	-	1,394,065	-	1,394,065
Occupancy	-	417,949	-	417,949
Other operating expenses	-	304,895	25,729	330,624
Travel	-	-	11,290	11,290
Donated administrative services	-	-	396,499	396,499
Utilities	-	106,161	-	106,161
Advertising	-	10,449	-	10,449
Depreciation	-	225,535	-	225,535
Total Expenses	\$ 1,837,256	\$ 4,559,616	\$ 433,518	\$ 6,830,390

The accompanying notes are an integral part of the financial statements.

Panera Bread Foundation, Inc.

Statements of Cash Flows

For the Fiscal Years Ended December 25, 2012 and December 27, 2011

	<u>December 25, 2012</u>	<u>December 27, 2011</u>
Cash Flows From Operating Activities:		
Increase in net assets	\$ 488,190	\$ 716,470
Adjustments to reconcile Increase in net assets to net cash provided by operating activities:		
Depreciation	281,472	225,535
Contributions of property and equipment	(507,090)	(678,892)
Changes in operating assets and liabilities:		
Contributions receivable	264,483	(186,112)
Pledge receivable	-	701,568
Inventories	(9,696)	(11,702)
Prepaid expense and other current assets	(57,141)	(30,411)
Accounts payable	9,770	20,756
Pledges payable	(388,077)	765,783
Accrued expenses	187,221	296,219
Related party payable	(550,986)	801,892
Net cash (used in) provided by operating activities	<u>(281,854)</u>	<u>2,621,106</u>
Cash Flows From Investing Activities:		
Additions to property and equipment	(61,183)	(86,826)
Net cash used in investing activities	<u>(61,183)</u>	<u>(86,826)</u>
Net (Decrease) Increase in Cash	(343,037)	2,534,280
Cash at Beginning of Fiscal Year	3,634,118	1,099,838
Cash at End of Fiscal Year	<u>\$ 3,291,081</u>	<u>\$ 3,634,118</u>

The accompanying notes are an integral part of the financial statements.

Panera Bread Foundation, Inc.

Notes to the Financial Statements
December 25, 2012 and December 27, 2011

1. Nature of Operations

Panera Bread Foundation, Inc. (the "Foundation") is a Missouri non-profit corporation. The Foundation was incorporated in 2002 for charitable and education purposes. The Internal Revenue Service has issued a ruling stating that the Foundation is a Section 501(c)(3) charitable organization and qualifies as a public charity under Section 509(a)(1) of the Internal Revenue Code.

The Foundation's primary program activity over the past 10 years has been to provide community support to numerous other charitable organizations throughout the United States. This currently includes the Operation Dough-Nation Community Breadbox cash collection boxes, and participation in community events.

In the fiscal year ended December 28, 2010, the Foundation began a program that is a donation-based non-profit community cafe concept ("Panera Cares"). Panera Cares bakery-cafes exist to make a difference by offering the Panera Bread experience with dignity to all – those who can afford it, those who need a hand up, and everyone in between. The first Panera Cares bakery-cafe opened on May 16, 2010 under the name Saint Louis Bread Co. Cares. As of December 25, 2012, there were four operating locations in Illinois, Michigan, Missouri, and Oregon.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The financial statements have been prepared on the accrual basis of accounting. Additionally, the financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 958-205-05, *Presentation of Financial Statements*, which requires the Foundation to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. Temporarily restricted net assets include timing restrictions from contributions and pledge receivables that will be released subsequent to year end.

Reclassifications and Other

Certain fiscal 2011 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in fiscal 2012. The fiscal 2011 Statement of Activities was adjusted to consider \$384,444 of incremental contributed services. This adjustment had no impact on net assets.

Fiscal Year

The Foundation's fiscal year ends on the last Tuesday in December. Each of the Foundation's fiscal years ended December 25, 2012 and December 27, 2011 had 52 weeks.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimate

Panera Bread Foundation, Inc.

Notes to the Financial Statements
December 25, 2012 and December 27, 2011

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition and Receivables

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted, depending on the existence or nature of any donor restrictions and timing of cash received. The Foundation reports donations of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When the satisfaction of a restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Contributions revenue consists of donations. These donations include amounts collected in Operation Dough-Nation Community Breadbox cash collection boxes at company-owned Panera Bread Company ("Panera") bakery-cafes throughout the United States, matching funds from Panera, LLC, amounts received at the Panera Cares bakery-cafes, monetary amounts and assets contributed to the Foundation by Panera, LLC and others, and specialized skills donated by Panera, LLC employees.

Contributions receivable consists primarily of amounts due to the Foundation from amounts collected in Operation Dough-Nation Community Breadbox cash collection boxes, monetary amounts due to the Foundation from Panera, LLC, and amounts from credit card companies as a result of customer donations at Panera Cares bakery-cafes. The Foundation maintains reserves for potential uncollectible accounts, when relevant. An allowance for doubtful accounts was not considered necessary at either December 25, 2012 or December 27, 2011, respectively.

Unconditional pledges receivable are recognized as revenue in the year they are received. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met.

Cash and Cash Equivalents

The Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Foundation's cash and cash equivalents are on deposit with a major domestic financial institution. At times, bank balances of the Foundation's operating cash deposits exceed Federal Deposit Insurance Corporation insurable limits.

Inventories

Inventories, which consist of the food products at the Panera Cares bakery-cafe locations, are valued at the lower of cost or market, determined under the first-in, first-out method.

Property and Equipment, net

Property and equipment are carried at cost, or if donated, at fair value on the date of receipt, less accumulated depreciation. Leasehold improvements and leased property are depreciated using the straight-line method over the shorter of their estimated useful lives or the related reasonably assured lease term. Depreciation for machinery and equipment is recorded using the straight-line method over the estimated useful lives of the assets. The average estimated depreciable lives are 15 years for leasehold improvements and three to ten years for machinery and equipment.

Panera Bread Foundation, Inc.

Notes to the Financial Statements
December 25, 2012 and December 27, 2011

2. Summary of Significant Accounting Policies (Continued)

Asset Retirement Obligations

The Foundation recognizes the future cost to comply with lease obligations at the end of a lease as it relates to tangible long-lived assets in accordance with the accounting standard for asset retirement and environmental obligations ("ARO") in the Foundation's financial statements. A liability for the fair value of an ARO along with a corresponding increase to the carrying value of the related long-lived asset is recorded at the time a lease agreement is executed. The Foundation amortizes the amount added to property and equipment, net and recognizes accretion expense in connection with the discounted liability over the reasonably assured lease term. The estimated liability is based on Panera's historical experience in closing bakery-cafes and the related external cost associated with these activities. Revisions to the liability could occur due to changes in estimated retirement costs or changes in lease terms. As of December 25, 2012 and December 27, 2011, the net ARO asset included in property and equipment, net was \$27,711 and \$19,277, respectively, and the net ARO liability included in accrued expenses was \$41,037 and \$20,393, respectively. ARO accretion expense was \$1,582 and \$1,116 for the fiscal years ended December 25, 2012 and December 27, 2011, respectively.

Impairment of Long-Lived Assets

The Foundation evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance of an asset may not be recoverable. The Foundation compares anticipated undiscounted cash flows from the related long-lived assets of a bakery-cafe with their respective carrying values to determine if the long-lived assets are recoverable. If the sum of the anticipated undiscounted cash flows for the long-lived assets is less than their carrying value, an impairment loss is recognized for the difference between the anticipated discounted cash flows that approximate fair value and the carrying value of the long-lived assets. In performing this analysis, management estimates cash flows based upon, among other things, certain assumptions about expected future operating performance, such as revenue growth rates, operating margins, risk-adjusted discount rates, and future economic and market conditions. Estimates of cash flow may differ from actual cash flow due to, among other things, economic conditions, changes to the Foundation's business model, or changes in operating performance. The long-term financial forecasts that management utilizes represent the best estimate that management has at this time and management believes that the underlying assumptions are reasonable.

No impairment loss was recognized during the fiscal years ended December 25, 2012 and December 27, 2011, respectively.

Income Taxes

The Foundation is exempt from federal income taxes on its related, exempt activities under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying Statements of Activities.

In accordance with generally accepted accounting principles, the Foundation uses a loss contingency approach for evaluating uncertain tax positions. Management routinely evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings.

Panera Bread Foundation, Inc.

Notes to the Financial Statements

December 25, 2012 and December 27, 2011

2. Summary of Significant Accounting Policies (Continued)

The Foundation has addressed the provisions of FASB ASC 740, *Accounting for Income Taxes*. In that regard, the Foundation has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings and believes that no provision for income taxes is necessary, at this time, to cover any uncertain tax positions. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Foundation's management believes it is no longer subject to income tax examinations for fiscal years prior to 2010.

Fair Value

The carrying amount of contributions receivable, inventories, prepaid expenses and other current assets, accounts payable, pledges payable, accrued expenses and related party payable approximate fair value due to the short period to maturity.

Functional Allocation of Expenses

Costs have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated between program services and general and administrative expenses.

Donated Goods and Services

The Foundation records donated goods and services in accordance with FASB ASC 958-605-25, *Accounting for Contributions Received*. Donated goods are recorded at fair value when received. Donated services are recognized when the service either creates or enhances a non-financial asset or requires specialized skills that would typically need to be purchased if the service was not donated. The Foundation receives services that are performed by employees of Panera, LLC. The value of this contributed time is reflected in these financial statements because the criteria for recognition under FASB ASC 958-605-25 have been met.

3. Inventories

Inventories consisted of the following:

	<u>December 25, 2012</u>	<u>December 27, 2011</u>
Food - raw materials	\$ 36,081	\$ 29,956
Paper goods	7,698	4,127
Total	<u>\$ 43,779</u>	<u>\$ 34,083</u>

Panera Bread Foundation, Inc.
Notes to the Financial Statements
December 25, 2012 and December 27, 2011

4. Property and Equipment, net

Major classes of property and equipment consisted of the following:

	<u>December 25, 2012</u>	<u>December 27, 2011</u>
Leasehold improvements	\$ 1,143,212	\$ 849,217
Machinery and equipment	452,268	274,275
Furniture and fixtures	197,282	123,671
Smallwares	97,857	79,337
Signage	38,917	37,188
	<u>1,929,536</u>	<u>1,363,688</u>
Less: accumulated depreciation	(505,938)	(226,891)
Property and equipment, net	<u>\$ 1,423,598</u>	<u>\$ 1,136,797</u>

The Foundation recorded depreciation expense related to these assets of \$281,472 and \$225,535 for the fiscal years ended December 25, 2012 and December 27, 2011, respectively.

5. Accrued Expenses

Accrued expenses consisted of the following:

	<u>December 25, 2012</u>	<u>December 27, 2011</u>
Donation payable	\$ 252,000	\$ 171,836
Other Panera Cares program operating expenses	90,406	46,537
Occupancy	81,696	47,887
Food and paper products	67,455	39,389
Utilities	12,090	10,777
Total	<u>\$ 503,647</u>	<u>\$ 316,426</u>

6. Leases

The Foundation has four operating leases pertaining to its Panera Cares bakery-cafes located in Dearborn, MI, Clayton, MO, Portland, OR, and Chicago, IL. These leases have terms expiring on various dates from January 31, 2013 to September 30, 2027. At December 25, 2012, aggregate future minimum payments were as follows:

2013	\$ 661,352
2014	655,946
2015	493,820
2016	451,442
2017	468,150
Thereafter	3,144,884

Panera Bread Foundation, Inc.

Notes to the Financial Statements

December 25, 2012 and December 27, 2011

6. Leases (Continued)

The Foundation incurred rental expense of \$625,277 and \$417,949 for the fiscal years ended December 25, 2012 and December 27, 2011, respectively.

7. Related Party Transactions

The Foundation receives contributions from Panera, LLC in the form of assets, which includes contributed property and equipment and donated bread, monetary support, donated administrative services, and matching contributions as part of the Operation Dough-Nation program. The donated administrative services meet the criteria for recognition under FASB ASC 958-605-25, *Accounting for Contributions Received*, and are recorded in the accompanying Statements of Activities as related party contributions. Total contributions from Panera, LLC for the fiscal years ended December 25, 2012 and December 27, 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Assets		
Monetary support	\$ 1,914,620	\$ 1,171,258
Donated administrative services	900,000	2,000,000
Operation Dough-Nation matching contributions	411,745	396,499
Total	<u>105,105</u>	<u>95,142</u>
	<u>\$ 3,331,470</u>	<u>\$ 3,662,899</u>

Included in contributions receivable at December 25, 2012 and December 27, 2011 were \$94,716 and \$374,204, respectively, for certain contributions from Panera, LLC due to the Foundation.

In addition to the contributions received from Panera, LLC, the Foundation reimburses Panera, LLC for amounts paid by Panera, LLC on behalf of the Foundation including amounts related to payroll, accounts payable and other operating costs essential to the Foundation's operations. The total due to Panera, LLC for amounts paid on behalf of the Foundation at December 25, 2012 and December 27, 2011 were \$648,123 and \$1,199,109, respectively, and these amounts comprised the related party payable.

8. Supplemental Cash Flow Information

There was no cash paid for interest or taxes during either of the fiscal years ended December 25, 2012 or December 27, 2011. The Foundation had no non-cash financing activities requiring disclosure for the fiscal years ended December 25, 2012 or December 27, 2011, respectively.

9. Subsequent Events

The Foundation has evaluated all other events and transactions occurring after December 25, 2012 through July 3, 2013, the date the Foundation's financial statements were available to be issued. The Foundation acquired a bakery-cafe from Panera, LLC in fiscal 2013 for a purchase price of

Panera Bread Foundation, Inc.

Notes to the Financial Statements

December 25, 2012 and December 27, 2011

9. Subsequent Events (Continued)

\$803,170. This bakery-cafe is located in Boston, MA and opened as a Panera Cares bakery-cafe on January 23, 2013. This location represents the fifth Panera Cares bakery-cafe operated by the Foundation. With the exception of the acquisition of the bakery-cafe, no events or transactions require recognition in the financial statements or accompanying notes of the Foundation per the definitions and requirements of FASB ASC 855-10, *Subsequent Events*.