

**BURGER KING FOUNDATION INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2022 AND 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Burger King Foundation Inc.  
Miami, Florida

### Opinion

We have audited the accompanying financial statements of Burger King Foundation, Inc. (the "Foundation") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Burger King Foundation, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Burger King Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Burger King Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

*Verdeja De Armas Trujillo & Alvarez, LLP*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
May 23, 2023

**BURGER KING FOUNDATION INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2022**

<b>ASSETS</b>					
	Without Donor Restrictions		With Donor Restrictions		
	Operating Fund	Board Designated Fund	Other Donor Restricted Funds	Time Restricted Gift	Total
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 2,406,218	\$ 1,280,824	\$ 1,433,202	\$ 455,505	\$ 5,575,749
Contributions receivable, net	157,606	-	2,108,701	-	2,266,307
Prepaid expenses	22,849	-	-	-	22,849
<b>TOTAL CURRENT ASSETS</b>	<b>2,586,673</b>	<b>1,280,824</b>	<b>3,541,903</b>	<b>455,505</b>	<b>7,864,905</b>
<b>OTHER ASSETS</b>					
Investments	-	14,364,738	2,899,207	4,896,139	22,160,084
Due (to) from funds	(623,864)	488,218	1,307,846	(1,172,200)	-
<b>TOTAL OTHER ASSETS</b>	<b>(623,864)</b>	<b>14,852,956</b>	<b>4,207,053</b>	<b>3,723,939</b>	<b>22,160,084</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,962,809</b>	<b>\$ 16,133,780</b>	<b>\$ 7,748,956</b>	<b>\$ 4,179,444</b>	<b>\$ 30,024,989</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 610,858	\$ -	18,223	\$ -	\$ 629,081
Deferred revenue	55,000	-	64,909	-	119,909
<b>TOTAL CURRENT LIABILITIES</b>	<b>665,858</b>	<b>-</b>	<b>83,132</b>	<b>-</b>	<b>748,990</b>
<b>TOTAL LIABILITIES</b>	<b>665,858</b>	<b>-</b>	<b>83,132</b>	<b>-</b>	<b>748,990</b>
<b>COMMITMENTS AND CONTINGENCIES</b>					
<b>NET ASSETS</b>					
Without donor restrictions	1,296,951	16,133,780	-	-	17,430,731
With donor restrictions	-	-	7,665,824	4,179,444	11,845,268
<b>TOTAL NET ASSETS</b>	<b>1,296,951</b>	<b>16,133,780</b>	<b>7,665,824</b>	<b>4,179,444</b>	<b>29,275,999</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,962,809</b>	<b>\$ 16,133,780</b>	<b>\$ 7,748,956</b>	<b>\$ 4,179,444</b>	<b>\$ 30,024,989</b>

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

**BURGER KING FOUNDATION INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**

<b>ASSETS</b>					
	Without Donor Restrictions		With Donor Restrictions		Total
	Operating Fund	Board Designated Fund	Other Donor Restricted Funds	Time Restricted Gift	
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 1,317,811	\$ 1,272,188	\$ 3,760,937	\$ 340,976	\$ 6,691,912
Contributions receivable, net	566,697	-	925,123	-	1,491,820
Pledge receivable, current	-	-	25,000	-	25,000
Prepaid expenses	19,226	-	-	-	19,226
<b>TOTAL CURRENT ASSETS</b>	<b>1,903,734</b>	<b>1,272,188</b>	<b>4,711,060</b>	<b>340,976</b>	<b>8,227,958</b>
<b>OTHER ASSETS</b>					
Investments	-	16,864,389	2,997,036	6,256,347	26,117,772
Due (to) from funds	(624,431)	415,045	2,407,294	(2,197,908)	-
<b>TOTAL OTHER ASSETS</b>	<b>(624,431)</b>	<b>17,279,434</b>	<b>5,404,330</b>	<b>4,058,439</b>	<b>26,117,772</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,279,303</b>	<b>\$ 18,551,622</b>	<b>\$ 10,115,390</b>	<b>\$ 4,399,415</b>	<b>\$ 34,345,730</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 282,287	\$ -	\$ 124,125	\$ -	\$ 406,412
<b>TOTAL CURRENT LIABILITIES</b>	<b>282,287</b>	<b>-</b>	<b>124,125</b>	<b>-</b>	<b>406,412</b>
<b>TOTAL LIABILITIES</b>	<b>282,287</b>	<b>-</b>	<b>124,125</b>	<b>-</b>	<b>406,412</b>
<b>COMMITMENTS AND CONTINGENCIES</b>					
<b>NET ASSETS</b>					
Without donor Restrictions	997,016	18,551,622	-	-	19,548,638
With donor Restrictions	-	-	9,991,265	4,399,415	14,390,680
<b>TOTAL NET ASSETS</b>	<b>997,016</b>	<b>18,551,622</b>	<b>9,991,265</b>	<b>4,399,415</b>	<b>33,939,318</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,279,303</b>	<b>\$ 18,551,622</b>	<b>\$ 10,115,390</b>	<b>\$ 4,399,415</b>	<b>\$ 34,345,730</b>

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

**BURGER KING FOUNDATION INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions		With Donor Restrictions		
	Operating Fund	Board Designated Fund	Other Donor Restricted Funds	Time Restricted Gift	Total
SUPPORT AND REVENUES					
Contributions and donations	\$ 1,708,798	\$ -	\$ 4,697,155	\$ -	\$ 6,405,953
In-kind contributions	203,052	-	-	-	203,052
Net assets released from restrictions	5,917,470	-	(5,697,499)	(219,971)	-
TOTAL SUPPORT AND REVENUES	7,829,320	-	(1,000,344)	(219,971)	6,609,005
EXPENSES					
Program services	6,107,041	-	-	-	6,107,041
Management and general	628,671	-	-	-	628,671
Fundraising	794,132	-	-	-	794,132
TOTAL EXPENSES	7,529,844	-	-	-	7,529,844
CHANGE IN NET ASSETS BEFORE INVESTMENT INCOME	299,476	-	(1,000,344)	(219,971)	(920,839)
Interest and dividend income	459	306,449	182,479	-	489,387
Net realized and unrealized losses on investments	-	(2,724,291)	(1,507,576)	-	(4,231,867)
TOTAL INVESTMENT INCOME	459	(2,417,842)	(1,325,097)	-	(3,742,480)
CHANGE IN NET ASSETS AFTER INVESTMENT INCOME	299,935	(2,417,842)	(2,325,441)	(219,971)	(4,663,319)
NET ASSETS - BEGINNING OF YEAR	997,016	18,551,622	9,991,265	4,399,415	33,939,318
NET ASSETS - END OF YEAR	<u>\$ 1,296,951</u>	<u>\$ 16,133,780</u>	<u>\$ 7,665,824</u>	<u>\$ 4,179,444</u>	<u>\$ 29,275,999</u>

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

**BURGER KING FOUNDATION INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions		With Donor Restrictions		
	Operating Fund	Board Designated Fund	Other Donor Restricted Funds	Time Restricted Gift	Total
SUPPORT AND REVENUES					
Contributions and donations	\$ 342,035	\$ 1,265,599	\$ 5,214,747	\$ -	\$ 6,822,381
In-kind contributions	201,417	-	-	-	201,417
Net assets released from restrictions	5,443,918	-	(5,443,918)	-	-
<b>TOTAL SUPPORT AND REVENUES</b>	<b>5,987,370</b>	<b>1,265,599</b>	<b>(229,171)</b>	<b>-</b>	<b>7,023,798</b>
EXPENSES					
Program services	5,638,911	-	-	-	5,638,911
Management and general	567,636	-	-	-	567,636
Fundraising	639,993	-	-	-	639,993
<b>TOTAL EXPENSES</b>	<b>6,846,540</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,846,540</b>
CHANGE IN NET ASSETS BEFORE INVESTMENT INCOME	(859,170)	1,265,599	(229,171)	-	177,258
Interest and dividend income	15,731	208,473	122,688	-	346,892
Net realized and unrealized gains on investments	78,854	1,158,562	774,919	-	2,012,335
<b>TOTAL INVESTMENT INCOME</b>	<b>94,585</b>	<b>1,367,035</b>	<b>897,607</b>	<b>-</b>	<b>2,359,227</b>
CHANGE IN NET ASSETS AFTER INVESTMENT INCOME	(764,585)	2,632,634	668,436	-	2,536,485
NET ASSETS - BEGINNING OF YEAR	1,761,601	15,918,988	9,322,829	4,399,415	31,402,833
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 997,016</b>	<b>\$ 18,551,622</b>	<b>\$ 9,991,265</b>	<b>\$ 4,399,415</b>	<b>\$ 33,939,318</b>

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



**BURGER KING FOUNDATION INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (4,663,319)	\$ 2,536,485
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Provision (reduction) for bad debt	-	45,000
Net realized and unrealized losses (gains) on investments	4,231,867	(2,012,335)
Decrease (increase) in operating assets:		
Contributions receivable	(774,487)	721,444
Pledge receivable	25,000	100,000
Prepaid expenses	(3,623)	883
Increase in operating liabilities:		
Accounts payable and accrued expenses	222,669	73,852
Deferred revenue	119,909	-
TOTAL ADJUSTMENTS	3,821,335	(1,071,156)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(841,984)	1,465,329
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (purchases) proceeds of investments	(274,179)	319,971
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(274,179)	319,971
NET INCREASE (DECREASE) IN CASH	(1,116,163)	1,785,300
CASH AT BEGINNING OF YEAR	6,691,912	4,906,612
CASH AT END OF YEAR	<u><u>\$ 5,575,749</u></u>	<u><u>\$ 6,691,912</u></u>

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

**BURGER KING FOUNDATION INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**NOTE 1 – ORGANIZATION**

The BURGER KING<sup>SM</sup> Foundation Inc. (the “Foundation”) is a U.S. based 501(c)(3) public nonprofit incorporated in October 2005 in the state of Florida. Its mission is to create brighter futures by empowering individuals and feeding potential through education and emergency relief. The Foundation supports children and families by funding scholarships through the BURGER KING<sup>SM</sup> Scholars program, creating education spaces, and providing emergency relief grants to BURGER KING<sup>®</sup> employees. The BURGER KING<sup>SM</sup> Scholars program awards scholarships between \$1,000 and \$50,000 to high school students and BURGER KING<sup>®</sup> employees, their children and partners across the U.S., Canada and Puerto Rico based on academics and community service. Education spaces are funded to meet local need focused on literacy and girls’ education. The BK<sup>®</sup> Family Fund provides immediate, short-term financial assistance to victims of a natural disaster, medical hardship, death, or other emergency hardship situations through grant amounts ranging from \$100 to \$4,500. Programs are supported through voluntary donations from BURGER KING<sup>®</sup> Corporation (“BKC”) employees, Restaurant Brands International, Inc. (“RBI”) employees, and BURGER KING<sup>®</sup> franchisees, vendors, suppliers, and restaurant guests. BKC is an indirect subsidiary of RBI, which is a publicly traded company.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting and Presentation**

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) promulgated by the Financial Accounting Standards Board Accounting Standards Codification (“ASC”). Consequently, the Organization’s resources are classified and reported in the accompanying financial statements as separate classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Net assets without donor restriction

Net assets without donor restriction include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation. Management or the governing board has discretionary control to use these funds in carrying on the mission of the Foundation.

Net assets with donor restriction

Net assets with donor restriction represent net assets whose use by the Foundation has been limited by donor imposed stipulations that either expire by the passage of time or can be fulfilled by expending the funds for their restricted purpose. These include donor restrictions requiring that the net assets be held in perpetuity or for a specified term with the investment return available for operations. See Note 6.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is fulfilled, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statement of activities as net assets without donor restrictions.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**BURGER KING FOUNDATION INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Cash and Cash Equivalents**

Cash and cash equivalents are comprised of interest-bearing cash accounts. Short-term, highly liquid investments are treated as cash equivalents. Investments are presented in the Statements of Financial Position at their fair market values.

**Investments**

The Foundation reports its investments under an accounting standard where a not-for-profit organization is required to report investments in equity securities with readily determinable fair values and all investments in debt securities at fair value, with realized and unrealized gains and losses included in the statements of activities. The fair value of marketable securities is determined by quoted market prices.

**Property and Equipment, net**

Property and equipment owned by the Foundation are recorded at historical cost less accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets. The Foundation's property and equipment are fully depreciated at December 31, 2022 and 2021.

**Income Tax**

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements. The Foundation recognizes and measures tax positions taken or expected to be taken in its tax return based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction and Florida are the major tax jurisdictions where the Foundation files tax returns. The Foundation is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2019.

**Revenue Recognition**

Contributions and Donations

The Foundation's contributions consist primarily of voluntary donations from BKC employees, BURGER KING® restaurant guests, and from other interested organizations such as franchisees, vendors, and suppliers.

The Foundation recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Unconditional pledges to give cash and other assets are reported at fair value at the date the pledge is received to the extent it is estimated to be collectible by the Foundation. Pledges received with donor restrictions that limit the use of the donated assets are reported as net assets with donor restrictions. Pledges receivable due in excess of one year are discounted to present value. There was no discount required for the year ended December 31, 2022 and 2021. Pledges are classified as net assets with donor restrictions.

**BURGER KING FOUNDATION INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Credit Risk**

Financial instruments, which potentially subject the Foundation to concentrations of credit risk, consist principally of cash and cash equivalents and investments. The Foundation tries to limit the amount of its credit risk by placing its cash with highly liquid financial institutions. At times during the years ended December 31, 2022 and 2021, the Foundation held cash and cash equivalents in excess of federally insured limits. To reduce its credit risk with respect to investment, the Foundation directs the investments of its funds in accordance with an established investment policy and in conjunction with investment guidelines. Cash and cash equivalent balances exceeding the FDIC insured limit totaled approximately \$5,100,000 and \$6,200,000 as of December 31, 2022 and 2021, respectively. The Foundation has not experienced and does not expect to incur any losses in such accounts.

**Net Assets Released From Restrictions**

Net assets released from restrictions amounted to \$5,917,470 and \$5,443,918 due to expiration of time or purpose restrictions for the years ended December 31, 2022 and 2021, respectively.

**Subsequent Events**

The Foundation has evaluated subsequent events through May 23, 2023, which is the date the financial statements were available to be issued.

**Recently Issued Accounting Pronouncements Adopted**

Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU 2020-07, Not-for-profit Entities (Topic 958) Presentation Disclosures by Not-for-profit Entities for Contributed Nonfinancial Assets, requiring an entity to present contributed financial assets as a separate line item on the statement of activities, apart from contributions of cash and other financial assets. ASU 2020-07 includes additional disclosure requirements about contributed nonfinancial assets for not-for-profit entities, including additional disclosure requirements for recognized contributed services. The standard was applied on a retrospective basis for the fiscal year ended December 31, 2022. Refer to Note 11 of the financial statements.

**BURGER KING FOUNDATION INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**NOTE 3 – CONTRIBUTIONS RECEIVABLE, NET**

Contributions receivable as of December 31, 2022 and 2021 are summarized as follows:

	2022	2021
Less than one year	\$ 2,337,170	\$ 1,563,656
Total	<u>2,337,170</u>	<u>1,563,656</u>
Less:		
Allowance for uncollectible accounts	(70,863)	(71,836)
Contributions Receivables, net	<u>\$ 2,266,307</u>	<u>\$ 1,491,820</u>

**NOTE 4 – INVESTMENTS**

The Foundation has investments held in an account at a licensed brokerage firm. Investments at December 31, 2022 and 2021 are summarized as follows:

	2022	2021
	Fair	Fair
	Value	Value
Domestic fixed income	\$ 4,343,012	\$ 6,692,749
Domestic equity	13,530,811	15,409,783
International equity	3,329,722	2,839,895
Alternative assets	549,699	36,458
Real assets	406,840	1,138,887
Total investments	<u>22,160,084</u>	<u>\$ 26,117,772</u>

The following schedule summarizes the investment return and its classification in the Statements of Activities for the years ended December 31, 2022 and 2021, respectively:

	2022	2021
Interest and dividends	\$ 489,387	\$ 346,892
Net realized and unrealized gain (loss)	(4,231,867)	2,012,335
Total	<u>\$ (3,742,480)</u>	<u>\$ 2,359,227</u>

**BURGER KING FOUNDATION INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**NOTE 5 – FAIR VALUE MEASUREMENTS**

Generally accepted accounting principles provide a framework for measuring fair value. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Assets and liabilities that are required to be recorded at fair value in the statement of financial position are categorized based on the inputs to valuation techniques as follows:

Level 1 – Observable inputs that reflect quoted prices in active markets for identical assets or liabilities.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in active markets where that particular asset or liability is not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets.

The Foundation's investments are mainly invested as follows:

*Equity securities*

Investments in equity securities are valued at quoted prices of active markets and are classified as Level 1 and 2 within the fair value hierarchy.

*Fixed income and Alternative Assets*

The fair value of fixed income securities, real estate, and other alternative assets are classified as either Level 1 or Level 2 within the fair value hierarchy based on the availability of observable inputs that reflect quoted prices in active markets for identical assets or liabilities.

*Real Assets*

Investments in real assets funds include funds which invest in various real assets, including commodities. Fair value is based on quoted market prices for those traded on active markets and are classified as Level 1.

The Foundation's brokerage firm uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, fair value is measured using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs are not available.

**BURGER KING FOUNDATION INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)**

Financial instruments measured at fair value on a recurring basis are summarized as follows at December 31, 2022:

Description	December 31, 2022	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Equity securities:				
Domestic	\$ 13,530,811	\$ 13,530,811	\$ -	\$ -
International	3,329,722	2,607,311	722,411	-
Fixed income:				
Domestic	4,343,012	2,269,374	2,073,638	-
Alternative assets	549,699	-	-	549,699
Real assets	406,840	406,840	-	-
Total investments	<u>\$ 22,160,084</u>	<u>\$ 18,814,336</u>	<u>\$ 2,796,049</u>	<u>\$ 549,699</u>

Financial instruments measured at fair value on a recurring basis are summarized as follows at December 31, 2021:

Description	December 31, 2021	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Equity securities:				
Domestic	\$ 15,409,783	\$ 15,409,783	\$ -	\$ -
International	2,839,895	1,992,955	846,940	-
Fixed income:				
Domestic	6,692,749	4,162,987	2,529,762	-
International	-	-	-	-
Alternative assets	36,458	36,458	-	-
Real assets	1,138,887	1,138,887	-	-
Total investments	<u>\$ 26,117,772</u>	<u>\$ 22,741,070</u>	<u>\$ 3,376,702</u>	<u>\$ -</u>

**BURGER KING FOUNDATION INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are composed of amounts received by the Foundation whose use is limited by either the passage of time or stipulations set forth by the donor that cannot be removed by actions of the Foundation.

The BURGER KING/McLamore Foundation Inc. (d/b/a BURGER KING Scholars) was a nonprofit organization with the purpose to encourage, aid and promote the education of young people. The BURGER KING/ McLamore Foundation Inc., an unrelated organization to the Foundation, was dissolved on January 13, 2009. Prior to its dissolution, the organization entered into a grant agreement (the “Agreement”) with the Foundation. Pursuant to the Agreement, the Foundation was awarded a grant in the amount of \$4,500,000 of which \$4,399,415 was received, which is included in net assets with donor restrictions. These funds are to be utilized for charitable and educational purposes as stipulated by the Agreement. It is intended that the grant be managed by the Foundation as an endowment for the benefit of the Foundation. Commencing 15 years from October 22, 2007, the date of the Agreement, the Foundation may use up to 5% of the corpus of the grant each year to fund post-secondary school educational scholarship programs in the name of James W. McLamore and any related operating expense. The 15 year time period expired October 22, 2022. As a result, up to 5% or \$219,970 of the corpus is available to the Organization for scholarship programs in accordance with the grant agreement. No amounts have been spent from the corpus as of December 31, 2022. As of December 31, 2022 and 2021, net assets with donor restrictions consisted of the following:

	2022	2021
BURGER KING Scholars endowment- time restricted gift	\$ 4,179,444	\$ 4,399,415
BURGER KING Scholars endowment- accumulated earnings	1,172,258	2,197,908
BURGER KING Legacy endowment for scholars	1,168,126	1,234,641
BURGER KING Legacy Family Fund Endowment	103,609	116,820
Restricted for BK Scholarship Fund	4,812,463	6,040,879
Restricted for BK Family Fund	15,796	150,010
Restricted to International Education Programming	173,601	251,007
Restricted for James W. McLamore Scholarship Programs	219,971	-
Total	<u>\$ 11,845,268</u>	<u>\$ 14,390,680</u>

Net assets with donor restrictions are held as follows:

	2022	2021
Cash and cash equivalents	\$ 1,888,707	\$ 4,101,913
Contributions and prepaid expenses	2,108,702	925,123
Pledge receivable	-	25,000
Investments	7,795,346	9,253,383
Due from funds	135,645	209,386
Accounts Payable	(83,132)	(124,125)
	<u>\$ 11,845,268</u>	<u>\$ 14,390,680</u>



**BURGER KING FOUNDATION INC.**  
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**NOTE 7 – ENDOWMENTS**

The Foundation's endowment consists of individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Although these board-designated funds are included in net assets without donor restrictions, management and the Board of Directors segregated these funds so that the principal is designated not to be expended without Board approval. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The State of Florida enacted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA") effective July 1, 2012, the provisions of which apply to endowment funds existing on or established after that date. The Foundation has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the donor-restricted endowment fund, (b) the original value of subsequent gifts to the donor-restricted endowment fund and (c) investment return/accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with the FUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

For the years ended December 31, 2022 and 2021, the Foundation has elected not to add appreciation for cost of living or other spending policies to its donor-restricted endowment for inflation and other economic conditions.

**BURGER KING FOUNDATION INC.**  
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NOTE 7 – ENDOWMENTS (Continued)

Endowment net asset composition by type of fund as of December 31, 2022 was as follows:

2022	Without donor Restrictions	With donor restrictions			Total funds
		Accumulated gains (losses) and other	Time restricted gift	Total with donor restrictions	
Donor-restricted endowment funds	\$ -	\$ 2,663,906	\$ 4,179,444	\$ 6,843,350	\$ 6,843,350
Board designated endowment funds	16,133,780	-	-	-	16,133,780
Total Funds	<u>\$ 16,133,780</u>	<u>\$ 2,663,906</u>	<u>\$ 4,179,444</u>	<u>\$ 6,843,350</u>	<u>\$ 22,977,130</u>

Endowment net asset composition by type of fund as of December 31, 2021 was as follows:

2021	Without donor Restrictions	With donor restrictions			Total funds
		Accumulated gains (losses) and other	Time restricted gift	Total with donor restrictions	
Donor-restricted endowment funds	\$ -	\$ 3,549,367	\$ 4,399,415	\$ 7,948,782	\$ 7,948,782
Board designated endowment funds	18,551,622	-	-	-	18,551,622
Total Funds	<u>\$ 18,551,622</u>	<u>\$ 3,549,367</u>	<u>\$ 4,399,415</u>	<u>\$ 7,948,782</u>	<u>\$ 26,500,404</u>

Changes in endowment net assets for the year ended December 31, 2022 was as follows:

2022	Without donor restrictions	With donor restrictions			Total funds
		Accumulated gains (losses) and other	Time restricted gift	Total with donor restrictions	
Endowment net assets, beginning of year	\$ 18,551,622	\$ 3,549,367	\$ 4,399,415	\$ 7,948,782	\$ 26,500,404
Investment return:					
Investment income	306,449	149,776	-	149,776	456,225
Net appreciation (realized and unrealized)	(2,724,291)	(1,216,808)	-	(1,216,808)	(3,941,099)
Total investment return	(2,417,842)	(1,067,032)	-	(1,067,032)	(3,484,874)
Contributions	-	80,000	-	80,000	80,000
Corpus available for spending	-	219,971	(219,971)	-	-
Appropriation of endowment assets for expenditure	-	(118,400)	-	(118,400)	(118,400)
Endowment net assets, end of year	<u>\$ 16,133,780</u>	<u>\$ 2,663,906</u>	<u>\$ 4,179,444</u>	<u>\$ 6,843,350</u>	<u>\$ 22,977,130</u>

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**NOTE 7 – ENDOWMENTS (Continued)**

Changes in endowment net assets for the year ended December 31, 2021 was as follows:

2021	Without donor restrictions	With donor restrictions			Total funds
		Accumulated gains (losses) and other	Time restricted gift	Total with donor restrictions	
Endowment net assets, beginning of year	\$ 15,918,988	\$ 2,834,353	\$ 4,399,415	\$ 7,233,768	\$ 23,152,756
Investment return:					
Investment income	208,473	98,813	-	98,813	307,286
Net appreciation (realized and unrealized)	1,158,562	535,926	-	535,926	1,694,488
Total investment return	1,367,035	634,739	-	634,739	2,001,774
Contributions	1,265,599	295,034	-	295,034	1,560,633
Appropriation of endowment assets for expenditure	-	(214,759)	-	(214,759)	(214,759)
Endowment net assets, end of year	<u>\$ 18,551,622</u>	<u>\$ 3,549,367</u>	<u>\$ 4,399,415</u>	<u>\$ 7,948,782</u>	<u>\$ 26,500,404</u>

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donors or FUPMIFA require the Foundation to retain as a fund of perpetual duration. In accordance with GAAP and the Board of Directors interpretations, deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of December 31, 2022 and 2021.

**NOTE 8 – RELATED PARTY TRANSACTIONS**

BKC and RBI provide significant in-kind support to the Foundation, which enables the Foundation to operate. See Note 11.

BKC also provides support to the Foundation through contributions, event sponsorships, and the facilitation of fundraisers at its company-owned and franchised restaurants, of which the proceeds collected are remitted to the Foundation. Contributions from these efforts totaled \$456,150 and \$503,151 during the years ended December 31, 2022 and 2021, respectively.

In addition, \$75,561 and \$43,437 is owed to the Foundation from BKC, and are included in contribution receivables in the Statements of Financial Position at December 31, 2022 and 2021, respectively. Amounts owed by the Foundation to BKC were \$573,818 and \$232,539, and are included in accounts payable and accrued expenses in the Statements of Financial Position at December 31, 2022 and 2021, respectively.

**BURGER KING FOUNDATION INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**NOTE 9 – COMMITMENTS**

Every year, the Foundation awards \$150,000 to three (3) students: a \$50,000 conditional scholarship per student. The \$50,000 James McLamore Whopper scholarship is paid in four (4) annual installments of \$12,500 per student. The four year commitment with the student and educational institution is dependent upon the student successfully maintaining a minimum grade point average and class standing and is therefore not recorded as a liability in the financial statements.

The Foundation entered into an agreement with Scholarship America to administer scholarships awarded under the BURGER KING<sup>SM</sup> Scholars program. The agreement is through September 2022 and automatically renews for consecutive one-year periods unless written notice is given by either party. During the years ended December 31, 2022 and 2021, the Foundation paid fees totaling approximately \$266,000 and \$265,000, respectively, under the agreement.

**NOTE 10 – FUNCTIONAL EXPENSES**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include advertising, office expenses, and travel which are directly charged to the functions that they benefit.

Functional expenses by natural classification for the year ended December 31, 2022 are as follows:

2022	Program Services	Supporting Services		
Expenses	Education	Management and General	Fundraising	Total
Bank fees	\$ 119	\$ 102	\$ 119	\$ 340
Advertising	60,188	1,857	2,947	64,992
Professional services	-	68,073	-	68,073
Bad debt expense	-	-	-	-
Donation boxes	240,597	-	-	240,597
Printing and shipping	236,788	-	-	236,788
Grants	5,231,744	-	-	5,231,744
Legal services	-	-	-	-
Office expense	333,863	355,587	288,143	977,593
Special events	-	-	492,253	492,253
In-kind services	-	203,052	-	203,052
Travel	3,742	-	10,670	14,412
Total expenses	<u>\$ 6,107,041</u>	<u>\$ 628,671</u>	<u>\$ 794,132</u>	<u>\$ 7,529,844</u>

**BURGER KING FOUNDATION INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 – FUNCTIONAL EXPENSES (Continued)**

Functional expenses by natural classification for the year ended December 31, 2021 are as follows:

2021	Program Services	Supporting Services		
Expenses	Education	Management and General	Fundraising	Total
Bank fees	\$ 180	\$ 155	\$ 180	\$ 515
Advertising	509	1,299	7,850	9,658
Professional services	-	23,150	-	23,150
Bad debt expense	45,000	-	-	45,000
Donation boxes	150,017	-	-	150,017
Printing and shipping	8,888	-	-	8,888
Grants	5,131,591	-	-	5,131,591
Legal services	-	600	-	600
Office expense	302,726	341,015	258,022	901,763
Special events	-	-	365,870	365,870
In-kind services	-	201,417	-	201,417
Travel	-	-	8,071	8,071
	<u>\$ 5,638,911</u>	<u>\$ 567,636</u>	<u>\$ 639,993</u>	<u>\$ 6,846,540</u>

**NOTE 11 – CONTRIBUTED NONFINANCIAL ASSETS**

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the statement of activities included:

	2022	2021
Donated services	\$ 177,492	\$ 176,617
Office expenses	25,560	24,800
	<u>\$ 203,052</u>	<u>\$ 201,417</u>

The Foundation receives in-kind contributions of time and office expenses from related parties BKC and RBI, which enables the foundation to operate.

Donated services

Contributions related to donated services include BKC and RBI employees assigned to the task of providing general support, processing and distribution of grants, and other ancillary infrastructure support, and legal services. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

Office expenses

Contributions related to office expenses include corporate office space and utilities. The Foundation recognizes contributed revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation based on approximate usage of space. Amounts recognized are allocated among program and supporting services based upon the space occupied.

**BURGER KING FOUNDATION INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Foundation monitors its liquidity so that it is able to meet its operating needs while maximizing the investment of its excess operating cash. The Foundation has the following financial assets that could be made readily available within one year of the statement of financial position date to fund expenses without limitations, such as donor-imposed or contractual restrictions or internal designations:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,406,218	\$ 1,317,811
Accounts and interest receivable	<u>157,606</u>	<u>566,697</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,563,824</u>	<u>\$ 1,884,508</u>

Although not expected to be needed, the Foundation also has available for spending without limitation board-designated endowment funds of \$16,133,780 and \$18,551,622 as of December 31, 2022 and 2021, respectively. These resources are invested for long-term appreciation and current income but may be spent at the discretion of the Board.