

**BURGER KING
MCLAMORE FOUNDATION, INC.**

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Burger King McLamore Foundation, Inc. (the "Foundation") (a nonprofit organization) which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, 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

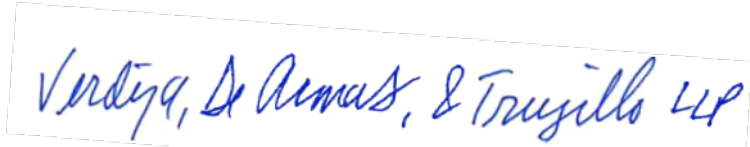
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2019 and 2018, 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.

A handwritten signature in blue ink, enclosed in a thin black rectangular border. The signature reads "Verdya, De Armas, & Trujillo LLP".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
April 20, 2020

BURGER KING MCLAMORE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

	Without Donor Restrictions		With Donor Restrictions		Total
	Operating Fund	Board Designated Fund	Other Donor Restricted Funds	Time Restricted Gift	
CURRENT ASSETS					
Cash and cash equivalents	\$ 430,486	\$ 3,018,047	\$ 1,823,893	\$ 463,456	\$ 5,735,882
Contributions receivable, net	583,247	-	628,960	-	1,212,207
Pledge receivable, current	-	-	125,000	-	125,000
Prepaid expenses	29,934	-	-	-	29,934
TOTAL CURRENT ASSETS	1,043,667	3,018,047	2,577,853	463,456	7,103,023
OTHER ASSETS					
Pledge receivable, long-term, net	-	-	115,570	-	115,570
Investments	1,365,574	10,265,871	3,964,930	5,052,773	20,649,148
Due (to) from funds	(443,549)	283,071	1,277,292	(1,116,814)	-
TOTAL OTHER ASSETS	922,025	10,548,942	5,357,792	3,935,959	20,764,718
TOTAL ASSETS	\$ 1,965,692	\$ 13,566,989	\$ 7,935,645	\$ 4,399,415	\$ 27,867,741
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	\$ 158,675	\$ -	\$ 1,063	\$ -	\$ 159,738
TOTAL CURRENT LIABILITIES	158,675	-	1,063	-	159,738
TOTAL LIABILITIES	158,675	-	1,063	-	159,738
COMMITMENTS AND CONTINGENCIES					
NET ASSETS					
Without donor restrictions	1,807,017	13,566,989	-	-	15,374,006
With donor restrictions	-	-	7,934,582	4,399,415	12,333,997
TOTAL NET ASSETS	1,807,017	13,566,989	7,934,582	4,399,415	27,708,003
TOTAL LIABILITIES AND NET ASSETS	\$ 1,965,692	\$ 13,566,989	\$ 7,935,645	\$ 4,399,415	\$ 27,867,741

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

BURGER KING MCLAMORE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS					
	<u>Without Donor Restrictions</u>		<u>With Donor Restrictions</u>		Total
	Operating Fund	Board Designated Fund	Other Donor Restricted Funds	Time Restricted Gift	
CURRENT ASSETS					
Cash and cash equivalents	\$ 251,158	\$ 985,887	\$ 1,267,474	\$ 177,468	\$ 2,681,987
Contributions receivable, net	157,300	-	572,788	-	730,088
Pledge receivable, current	-	-	125,000	-	125,000
Prepaid expenses	30,733	-	-	-	30,733
TOTAL CURRENT ASSETS	439,191	985,887	1,965,262	177,468	3,567,808
OTHER ASSETS					
Pledges receivable, long-term, net	-	-	226,694	-	226,694
Investments	1,264,146	9,618,064	2,807,155	4,556,004	18,245,369
Due (to) from funds	(373,025)	236,792	470,290	(334,057)	-
TOTAL OTHER ASSETS	891,121	9,854,856	3,504,139	4,221,947	18,472,063
TOTAL ASSETS	\$ 1,330,312	\$ 10,840,743	\$ 5,469,401	\$ 4,399,415	\$ 22,039,871
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	\$ 100,114	\$ -	\$ 99,510	\$ -	\$ 199,624
TOTAL CURRENT LIABILITIES	100,114	-	99,510	-	199,624
TOTAL LIABILITIES	100,114	-	99,510	-	199,624
COMMITMENTS AND CONTINGENCIES					
NET ASSETS					
Without Donor Restrictions	1,230,198	10,840,743	-	-	12,070,941
With Donor Restrictions	-	-	5,369,891	4,399,415	9,769,306
TOTAL NET ASSETS	1,230,198	10,840,743	5,369,891	4,399,415	21,840,247
TOTAL LIABILITIES AND NET ASSETS	\$ 1,330,312	\$ 10,840,743	\$ 5,469,401	\$ 4,399,415	\$ 22,039,871

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

BURGER KING MCLAMORE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
DECEMBER 31, 2019

	Without Donor Restrictions		With Donor Restrictions		Total
	Operating Fund	Board Designated Fund	Other Donor Restricted Funds	Time Restricted Gift	
SUPPORT AND REVENUES					
Contributions and donations	\$ 1,042,957	\$ 561,832	\$ 6,098,258	\$ -	\$ 7,703,047
In-kind contributions	201,878	-	-	-	201,878
Net assets released from restrictions	5,137,405	-	(5,137,405)	-	-
TOTAL SUPPORT AND REVENUES	6,382,240	561,832	960,853	-	7,904,925
EXPENSES					
Program services	4,898,129	-	-	-	4,898,129
Management and general	519,197	-	-	-	519,197
Fundraising	689,948	-	-	-	689,948
TOTAL EXPENSES	6,107,274	-	-	-	6,107,274
CHANGE IN NET ASSETS BEFORE INVESTMENT INCOME	274,966	561,832	960,853	-	1,797,651
Interest and dividend income, net	61,323	245,686	176,980	-	483,989
Net realized and unrealized gain on investments	240,530	1,918,728	1,426,858	-	3,586,116
TOTAL INVESTMENT INCOME	301,853	2,164,414	1,603,838	-	4,070,105
CHANGE IN NET ASSETS AFTER INVESTMENT INCOME	576,819	2,726,246	2,564,691	-	5,867,756
NET ASSETS - BEGINNING OF YEAR	1,230,198	10,840,743	5,369,891	4,399,415	21,840,247
NET ASSETS - END OF YEAR	\$ 1,807,017	\$ 13,566,989	\$ 7,934,582	\$ 4,399,415	\$ 27,708,003

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

BURGER KING MCLAMORE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
DECEMBER 31, 2018

	Without Donor Restrictions		With Donor Restrictions		Total
	Operating Fund	Board Designated Fund	Other Donor Restricted Funds	Time Restricted Gift	
SUPPORT AND REVENUES					
Contributions and donations	\$ 969,755	\$ 415,609	\$ 4,646,032	\$ -	\$ 6,031,396
In-kind contributions	169,968	-	-	-	169,968
Net assets released from restrictions	5,283,382	-	(5,283,382)	-	-
TOTAL SUPPORT AND REVENUES	6,423,105	415,609	(637,350)	-	6,201,364
EXPENSES					
Program services	5,128,616	-	-	-	5,128,616
Management and general	448,678	-	-	-	448,678
Fundraising	488,645	-	-	-	488,645
TOTAL EXPENSES	6,065,939	-	-	-	6,065,939
CHANGE IN NET ASSETS BEFORE INVESTMENT LOSS	357,166	415,609	(637,350)	-	135,425
Interest and dividend income	32,699	413,237	258,518	-	704,454
Net realized and unrealized loss on investments	(159,667)	(1,601,857)	(1,097,665)	-	(2,859,189)
TOTAL INVESTMENT LOSS	(126,968)	(1,188,620)	(839,147)	-	(2,154,735)
CHANGE IN NET ASSETS AFTER INVESTMENT LOSS	230,198	(773,011)	(1,476,497)	-	(2,019,310)
NET ASSETS - BEGINNING OF YEAR	1,000,000	11,613,754	6,846,388	4,399,415	23,859,557
NET ASSETS - END OF YEAR	\$ 1,230,198	\$ 10,840,743	\$ 5,369,891	\$ 4,399,415	\$ 21,840,247

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

BURGER KING MCLAMORE FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	<u>2019</u>	<u>2018</u>
Change in net assets	\$ 5,867,756	\$ (2,019,310)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision (reduction) for bad debt	50,411	(60,364)
Net realized and unrealized (gains) losses on investments	(3,586,116)	2,859,189
Pledge discount adjustment	(13,876)	(18,149)
(Increase) decrease in operating assets:		
Contributions receivable	(532,530)	430,585
Pledge receivable	125,000	125,000
Prepaid expenses	799	(23,151)
(Decrease) increase in operating liabilities:		
Accounts payable and accrued expenses	(39,886)	7,250
TOTAL ADJUSTMENTS	<u>(3,996,198)</u>	<u>3,320,360</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,871,558</u>	<u>1,301,050</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net proceeds (purchases) of investments	<u>1,182,337</u>	<u>(2,728,539)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>1,182,337</u>	<u>(2,728,539)</u>
NET INCREASE (DECREASE) IN CASH	3,053,895	(1,427,489)
CASH AT BEGINNING OF YEAR	<u>2,681,987</u>	<u>4,109,476</u>
CASH AT END OF YEAR	<u>\$ 5,735,882</u>	<u>\$ 2,681,987</u>
 <u>SUPPLEMENTAL DISCLOSURES OF NON-CASH TRANSACTIONS</u>		
In-kind services	<u>\$ 201,878</u>	<u>\$ 169,968</u>

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

BURGER KING MCLAMORE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 – ORGANIZATION

The BURGER KING McLAMORESM 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 KINGSM Scholars program, creating education spaces, and providing emergency relief grants to BURGER KING[®] employees. The BURGER KINGSM Scholars program awards scholarships between \$1,000 and \$50,000 to high school students and BURGER KING[®] 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[®] 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 \$3,000. Programs are supported through voluntary donations from BURGER KING[®] Corporation (“BKC”) employees, Restaurant Brands International, Inc. (“RBI”) employees, and BURGER KING[®] 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 7.

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.

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.

BURGER KING MCLAMORE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2019 and 2018.

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 2016.

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. For pledges received during the year ended December 31, 2019 and 2018, the discount rate used was 4%. Pledges are classified as net assets with donor restrictions.

Donated Goods and Services

The Foundation records the value of donated goods and services when there is an objective basis available to measure the value. Donated items are reflected as support in the accompanying financial statements at the fair market values at the date of receipt. However, for donated items that do not meet the criteria in FASB ASC 958-605 for recognition, the value is neither recorded nor recognized. For the years ended December 31, 2019 and 2018, donated goods and services amounted to approximately \$200,000 and \$170,000, respectively.

BURGER KING MCLAMORE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Adopted Accounting Pronouncements

Effective July 1, 2018, the Foundation adopted the Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The Foundation's financial statements have been adjusted accordingly. The new standard changed the following aspects of the Foundation's financial statements.

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of financial assets (see Note 11) and expanded on disclosures related to the functional allocation of expenses.

The Foundation has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Foundation's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Foundation recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

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, 2019 and 2018, 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 \$5,626,540 and \$2,465,807 as of December 31, 2019 and 2018, 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 \$5,137,405 and \$5,283,382 due to expiration of time or purpose restrictions for the years ended December 31, 2019 and 2018, respectively.

Subsequent Events

The Foundation has evaluated subsequent events through April 20, 2020, which is the date the financial statements were available to be issued. See Note 13.

BURGER KING MCLAMORE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 3 – PLEDGE RECEIVABLE, NET

Pledge receivable includes the following unconditional promise to give as of December 31, 2019 and 2018:

Amounts due in:	2019	2018
Less than one year	\$ 125,000	\$ 125,000
One to five years	125,000	250,000
Total	250,000	375,000
Less: present value discount	(9,430)	(23,306)
Total pledges receivable, net	<u>\$ 240,570</u>	<u>\$ 351,694</u>

NOTE 4 – CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable as of December 31, 2019 and 2018 are summarized as follows:

	2019	2018
Less than one year	\$ 1,323,229	\$ 790,699
Total	<u>1,323,229</u>	<u>790,699</u>
Less:		
Allowance for uncollectible accounts	(111,022)	(60,611)
Contributions Receivables, net	<u>\$ 1,212,207</u>	<u>\$ 730,088</u>

NOTE 5 – INVESTMENTS

The Foundation has investments held in an account at a licensed brokerage firm. Investments at December 31, 2019 and 2018 are summarized as follows:

	2019	2018
	Fair	Fair
	Value	Value
Domestic fixed income	\$ 4,244,590	\$ 4,427,116
International fixed income	1,226,254	-
Domestic equity	8,401,315	9,581,692
International equity	4,975,572	3,250,651
Alternative assets	1,801,417	985,910
Total investments	<u>\$ 20,649,148</u>	<u>\$ 18,245,369</u>

The following schedule summarizes the investment return and its classification in the Statements of Activities for the years ended December 31, 2019 and 2018, respectively:

	2019	2018
Interest and dividends	\$ 483,989	\$ 704,454
Net realized and unrealized gain (loss)	3,586,116	(2,859,189)
Total	<u>\$ 4,070,105</u>	<u>\$ (2,154,735)</u>

BURGER KING MCLAMORE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 6- 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.

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.

Financial instruments measured at fair value on a recurring basis are summarized as follows at December 31, 2019:

Description	December 31, 2019	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	\$ 8,401,315	\$ 8,401,315	\$ -	\$ -
International	4,975,572	4,056,896	918,676	-
Fixed income:				
Domestic	4,244,590	3,927,677	316,913	-
International	1,226,254	1,226,254	-	-
Alternative assets	1,757,272	1,757,272	-	-
Real Estate	44,145	44,145	-	-
Total investments	<u>\$ 20,649,148</u>	<u>\$ 19,413,559</u>	<u>\$ 1,235,589</u>	<u>\$ -</u>

BURGER KING MCLAMORE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 6- FAIR VALUE MEASUREMENTS(Continued)

Financial instruments measured at fair value on a recurring basis are summarized as follows at December 31, 2018:

Description	December 31, 2018	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	\$ 9,581,692	\$ 9,581,692	\$ -	\$ -
International	3,250,651	2,698,822	551,829	-
Fixed income:				
Domestic	4,427,116	3,636,258	790,858	-
Alternative assets	973,808	973,808	-	-
Real Estate	12,102	12,102	-	-
Total investments	<u>\$ 18,245,369</u>	<u>\$ 16,902,682</u>	<u>\$ 1,342,687</u>	<u>\$ -</u>

The Foundation did not have level 3 investments for the year ended December 31, 2019. The following table sets forth a summary of changes in the fair value of the Foundation's level 3 investments for the year ended December 31, 2018:

	December 31, 2017	Purchases, Sales, Issuances, net	Realized and Unrealized Gains	December 31, 2018
Alternative Assets:				
Hedge Funds	\$ 1,074,948	\$ (1,028,468)	\$ (46,480)	\$ -
Total	<u>\$ 1,074,948</u>	<u>\$ (1,028,468)</u>	<u>\$ (46,480)</u>	<u>\$ -</u>

NOTE 7 – 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.

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.

BURGER KING MCLAMORE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

As of December 31, 2019 and 2018, net assets with donor restrictions consisted of the following:

	<u>2019</u>	<u>2018</u>
BURGER KING Scholars endowment- time restricted gift	\$ 4,399,415	\$ 4,399,415
BURGER KING Scholars endowment- accumulated earnings	1,116,814	334,057
BURGER KING Legacy endowment for scholars	532,135	131,246
Restricted for BK Scholarship Fund	5,550,395	4,205,419
Restricted for BK Family Fund	115,239	183,083
Restricted to International Education Programming	619,999	516,086
Total	<u>\$ 12,333,997</u>	<u>\$ 9,769,306</u>

These net assets are held as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 2,287,349	\$ 1,444,942
Contributions and prepaid expenses	628,960	572,788
Pledge receivable	240,570	351,694
Investments	9,017,703	7,363,159
Due from funds	160,478	136,233
Accounts Payable	(1,063)	(99,510)
	<u>\$ 12,333,997</u>	<u>\$ 9,769,306</u>

NOTE 8- 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.

BURGER KING MCLAMORE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 8- ENDOWMENTS (Continued)

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, 2019 and 2018, 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.

Endowment net asset composition by type of fund as of December 31, 2019 was as follows:

2019	With donor restrictions				Total funds
	Without donor Restrictions	Accumulated gains (losses) and other	Time restricted gift	Total with donor restrictions	
Donor-restricted endowment funds	\$ -	\$ 1,648,949	\$ 4,399,415	\$ 6,048,364	\$ 6,048,364
Board designated endowment funds	13,566,989	-	-	-	13,566,989
Total Funds	\$ 13,566,989	\$ 1,648,949	\$ 4,399,415	\$ 6,048,364	\$ 19,615,353

Endowment net asset composition by type of fund as of December 31, 2018 was as follows:

2018	With donor restrictions				Total funds
	Without donor Restrictions	Accumulated gains (losses) and other	Time restricted gift	Total with donor restrictions	
Donor-restricted endowment funds	\$ -	\$ 465,303	\$ 4,399,415	\$ 4,864,718	\$ 4,864,718
Board designated endowment funds	10,840,743	-	-	-	10,840,743
Total Funds	\$ 10,840,743	\$ 465,303	\$ 4,399,415	\$ 4,864,718	\$ 15,705,461

BURGER KING MCLAMORE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 8- ENDOWMENTS (Continued)

Changes in endowment net assets for the year ended December 31, 2019 was as follows:

2019	With donor restrictions				Total funds
	Without donor restrictions	Accumulated gains (losses) and other	Time restricted gift	Total with donor restrictions	
Endowment net assets, beginning of year	\$ 10,840,743	\$ 465,303	\$ 4,399,415	\$ 4,864,718	\$ 15,705,461
Investment return:					
Investment income	245,686	121,071	-	121,071	366,757
Net appreciation (realized and unrealized)	1,918,728	940,934	-	940,934	2,859,662
Total investment return	2,164,414	1,062,005	-	1,062,005	3,226,419
Contributions	561,832	370,208	-	370,208	932,040
Appropriation of endowment assets for expenditure		(248,567)	-	(248,567)	(248,567)
Endowment net assets, end of year	<u>\$ 13,566,989</u>	<u>\$ 1,648,949</u>	<u>\$ 4,399,415</u>	<u>\$ 6,048,364</u>	<u>\$ 19,615,353</u>

Changes in endowment net assets for the year ended December 31, 2018 was as follows:

2018	With donor restrictions				Total funds
	Without donor restrictions	Accumulated gains (losses) and other	Time restricted gift	Total with donor restrictions	
Endowment net assets, beginning of year	\$ 11,613,754	\$ 1,243,872	\$ 4,399,415	\$ 5,643,287	\$ 17,257,041
Investment return:					
Investment income	413,237	169,802	-	169,802	583,039
Net appreciation (realized and unrealized)	(1,601,857)	(749,622)	-	(749,622)	(2,351,479)
Total investment return	(1,188,620)	(579,820)	-	(579,820)	(1,768,440)
Contributions	415,609	66,186	-	66,186	481,795
Appropriation of endowment assets for expenditure	-	(264,935)	-	(264,935)	(264,935)
Endowment net assets, end of year	<u>\$ 10,840,743</u>	<u>\$ 465,303</u>	<u>\$ 4,399,415</u>	<u>\$ 4,864,718</u>	<u>\$ 15,705,461</u>

BURGER KING MCLAMORE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 8- ENDOWMENTS (Continued)

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, 2019 and 2018.

NOTE 9 - RELATED PARTY TRANSACTIONS

BKC and RBI provide significant in-kind support to the Foundation, which enables the Foundation to operate. Such in-kind support includes corporate office space, BKC and RBI employees assigned to the task of providing general support, processing and distribution of grants, and other ancillary infrastructure support. These donated services were valued at \$201,878 and \$169,968 for the years ended December 31, 2019 and 2018. 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 \$470,094 and \$406,783 during the years ended December 31, 2019 and 2018, respectively.

In addition, \$169,639 and \$151,561 is owed to the Foundation from BKC, and are included in contribution receivables in the Statements of Financial Position at December 31, 2019 and 2018, respectively. Amounts owed by the Foundation to BKC were \$109,268 and \$77,658, and are included in accounts payable and accrued expenses in the Statements of Financial Position at December 31, 2019 and 2018, respectively.

NOTE 10 – 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.

The Foundation entered into an agreement with Scholarship America to administer scholarships awarded under the BURGER KINGSM Scholars program. The agreement is through September 2021 and automatically renews for consecutive one-year periods unless written notice is given by either party. During the years ended December 31, 2019 and 2018, the Foundation paid fees totaling approximately \$212,000 and \$237,000, respectively, under the agreement.

NOTE 11 – 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.

BURGER KING MCLAMORE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 11 – FUNCTIONAL EXPENSES (Continued)

The following are the functional expenses by natural classification for the years ended December 31, 2019 and 2018:

2019	Program Services	Supporting Services		
Expenses	Education	Management and General	Fundraising	Total
Bank fees	\$ -	\$ -	\$ 150	\$ 150
Advertising	24,917	5,651	1,025	31,593
Professional services	-	114,938	-	114,938
Donation boxes	346,241	-	-	346,241
Printing and shipping	240,935	-	-	240,935
Grants	4,104,612	-	-	4,104,612
Office expense	175,716	195,588	145,306	516,610
Special events	-	-	538,901	538,901
In-kind services	-	201,878	-	201,878
Travel	5,708	1,142	4,566	11,416
Total expenses	\$ 4,898,129	\$ 519,197	\$ 689,948	\$ 6,107,274
2018	Program Services	Supporting Services		
Expenses	Education	Management and General	Fundraising	Total
Bank fees	\$ -	\$ -	\$ 187	\$ 187
Advertising	2,307	10,975	725	14,007
Professional services	-	113,650	-	113,650
Donation boxes	283,028	-	-	283,028
Printing and shipping	219,832	-	-	219,832
Grants	4,466,403	-	-	4,466,403
Office expense	140,004	152,315	112,283	404,602
Special events	-	-	368,146	368,146
In-kind services	-	169,968	-	169,968
Travel	17,042	1,770	7,304	26,116
Total expenses	\$ 5,128,616	\$ 448,678	\$ 488,645	\$ 6,065,939

BURGER KING MCLAMORE 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>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 430,486	\$ 251,158
Accounts and interest receivable	583,247	157,300
Investments	<u>1,365,574</u>	<u>1,264,146</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,379,307</u>	<u>\$ 1,672,604</u>

Although not expected to be needed, the Foundation also has available for spending without limitation board-designated endowment funds of \$13,566,989 and \$10,840,743 as of December 31, 2019 and 2018, respectively. These resources are invested for long-term appreciation and current income but may be spent at the discretion of the Board.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent to year-end, the effect of the coronavirus outbreak (COVID-19) has been felt worldwide and has caused economic disruption and market volatility. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, it is too early to predict or reasonably estimate if the Foundation will be affected by the significant financial market fluctuations that have occurred or any operational, funding and contribution delays as a result of COVID-19.