

**TACO BELL FOUNDATION, INC.**  
**FINANCIAL REPORT**  
**DECEMBER 31, 2022**

# TACO BELL FOUNDATION, INC.

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Taco Bell Foundation, Inc.

### Opinion

We have audited the financial statements of Taco Bell Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of December 31, 2022, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS 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 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 GAAS, 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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.

#### **Report on Summarized Comparative Information**

We have previously audited the Foundation's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 18, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The image shows a handwritten signature in black ink that reads "Singer Lewak LLP". The signature is written in a cursive, flowing style.

November 10, 2023

**TACO BELL FOUNDATION, INC.****STATEMENT OF FINANCIAL POSITION****December 31, 2022****(with Comparative Totals as of December 31, 2021)****ASSETS**

	<u>2022</u>	<u>2021</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 42,375,737	\$ 24,790,823
Investments	4,220,464	2,503,721
Contributions receivable	2,356,780	5,325,638
Contributions receivable – related parties	108,250	260,276
Inventory	<u>3,535</u>	<u>3,535</u>
Total current assets	<u>49,064,766</u>	<u>32,883,993</u>
<b>Software</b>		
Computer software	31,120	29,520
Less accumulated amortization	<u>(27,625)</u>	<u>(21,552)</u>
Total software	<u>3,495</u>	<u>7,968</u>
<b>Other assets</b>	<u>2</u>	<u>3,148</u>
<b>Total assets</b>	<b><u>\$ 49,068,263</u></b>	<b><u>\$ 32,895,109</u></b>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 152,110	\$ 91,524
Accounts payable – related party	<u>340,805</u>	<u>91,084</u>
Total current liabilities	<u>492,915</u>	<u>182,608</u>
<b>Net assets</b>		
Net assets without donor restrictions	48,066,706	31,712,501
Net assets with donor restrictions	<u>508,642</u>	<u>1,000,000</u>
Total net assets	<u>48,575,348</u>	<u>32,712,501</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 49,068,263</u></b>	<b><u>\$ 32,895,109</u></b>

See notes to financial statements.

**TACO BELL FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**December 31, 2022**  
**(with Comparative Totals as of December 31, 2021)**

	<u>2022</u>	<u>2021</u>
<b>Revenue and support</b>		
Round up fundraiser	\$ 32,463,980	\$ 4,076,427
Contributions	6,281,799	8,784,850
In-kind contributions	2,671,269	748,382
Back to school fundraiser	-	5,727,766
Graduation season fundraiser	-	4,791,781
Other	(230,991)	187,985
Net investment (loss) return	(385,189)	34,723
Net assets released from restriction	<u>491,358</u>	<u>-</u>
Total revenue and support	<u>41,292,226</u>	<u>24,351,914</u>
<b>Expenses</b>		
Program services	20,294,235	18,844,248
Fundraising	4,109,507	1,202,744
General and administrative	<u>534,279</u>	<u>574,683</u>
Total expenses	<u>24,938,021</u>	<u>20,621,675</u>
<b>Increase in net assets without donor restriction</b>	16,354,205	3,730,239
<b>Changes in net assets with donor restrictions</b>		
Contributions	-	1,000,000
Net assets released from restrictions	<u>(491,358)</u>	<u>-</u>
<b>(Decrease) increase in net assets with donor restriction</b>	<u>(491,358)</u>	<u>1,000,000</u>
<b>Change in net assets</b>	<u>15,862,847</u>	<u>4,730,239</u>
<b>Net assets, beginning of year</b>	<u>32,712,501</u>	<u>27,982,262</u>
<b>Net assets, end of year</b>	<u><b>\$ 48,575,348</b></u>	<u><b>\$ 32,712,501</b></u>

See notes to financial statements.

**TACO BELL FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**December 31, 2022**  
**(with Comparative Totals as of December 31, 2021)**

	Program Services	Supporting Services			2022 Total	2021 Total
		Fundraising	General and Administrative	Total		
Advertising	\$ 2,446,753	\$ -	\$ -	\$ -	\$ 2,446,753	\$ 439,192
Amortization	-	-	9,219	9,219	9,219	6,195
Conferences and training	110,569	78,319	41,463	119,782	230,351	-
District management account grant expense	6,971,925	-	-	-	6,971,925	9,816,722
Fundraising incentives	-	3,343,543	-	3,343,543	3,343,543	705,675
IT Expenses	38,122	27,002	14,295	41,297	79,419	-
Miscellaneous	2,239	1,586	840	2,426	4,665	8,143
Office supplies	35,953	25,467	13,482	38,949	74,902	112,000
Outside services	682,728	-	-	-	682,728	368,700
Payroll taxes	51,049	36,159	19,143	55,302	106,351	78,546
Professional fees	-	-	119,549	119,549	119,549	248,943
Rent	56,416	39,961	21,156	61,117	117,533	184,951
Scholarship expense	9,111,464	-	-	-	9,111,464	7,261,000
Salaries and benefits	772,534	547,212	289,701	836,913	1,609,447	1,361,980
Travel	14,483	10,258	5,431	15,689	30,172	29,628
<b>Total expenses by function</b>	<b>\$ 20,294,235</b>	<b>\$ 4,109,507</b>	<b>\$ 534,279</b>	<b>\$ 4,643,786</b>	<b>\$ 24,938,021</b>	<b>\$ 20,621,675</b>

See notes to financial statements.

**TACO BELL FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**December 31, 2022**  
**(with Comparative Totals as of December 31, 2021)**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 15,862,847	\$ 4,730,239
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Amortization	9,219	6,195
Net realized and unrealized gain on investments	750,589	(3,110)
(Increase) decrease in:		
Contributions receivable	2,968,858	5,766,408
Contributions receivable – related parties	152,026	(23,673)
Inventory	-	(1,135)
Other assets	3,146	61,324
Increase (decrease) in:		
Accounts payable and accrued expenses	60,586	(92,640)
Accounts payable – related party	<u>249,721</u>	<u>(113,408)</u>
Net change in cash from operating activities	<u>20,056,992</u>	<u>10,330,200</u>
<b>Cash flows from investing activities</b>		
Purchases of investments	(3,530,845)	(2,617,427)
Reinvestment of investment income	(101,476)	(28,309)
Proceeds from sales and redemption of investments	1,164,989	145,125
Purchase of computer software	<u>(4,746)</u>	<u>(700)</u>
Net change in cash from investing activities	<u>(2,472,078)</u>	<u>(2,501,311)</u>
<b>Net change in cash and cash equivalents</b>	17,584,914	7,828,889
<b>Cash and cash equivalents, beginning of year</b>	<u>24,790,823</u>	<u>16,961,934</u>
<b>Cash and cash equivalents, end of year</b>	<u><b>\$ 42,375,737</b></u>	<u><b>\$ 24,790,823</b></u>

See notes to financial statements.



# **TACO BELL FOUNDATION, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE 1 – ORGANIZATION ACTIVITY**

Taco Bell Foundation, Inc. (the “Foundation”) is a nonprofit California corporation established in September 1992 to receive and disburse or maintain funds to be expended for community, hospital, religious, charitable or educational purposes as determined by the Board of Directors. The Foundation’s revenues are derived from donations from Taco Bell Corporation (the “Corporation”) and Taco Bell Franchisees (the “Franchisees”), fundraisers at various Taco Bell Corporation and Taco Bell Franchise locations throughout the United States, and contributions collected through the Round Up program at various Taco Bell Corporation and Taco Bell Franchise locations throughout the United States.

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

#### Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

The accompanying financial statements include a statement of financial position that presents the amounts for each of the two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. These net assets are classified based on the existence or absence of donor-imposed restrictions and a statement of activities that reflects the changes in those categories of net assets.

Net assets with donor restrictions include those assets whose use by the Foundation has been limited by donors to later periods of time, for specified purposes, or restricted in perpetuity. When a donor restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

#### Prior-year Comparative Information

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation’s financial statements for the year ended December 31, 2021, from which the summarized information was derived.

#### Use of Estimates

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

# **TACO BELL FOUNDATION, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### Investments

Investments are carried at their fair value as of the date of the statements of financial position, which may differ from the amount ultimately realized at the time of sale. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Realized and unrealized gains and losses include gains and losses from purchases and sales of investments, as well as changes in the value of assets held during the year and are recognized in the accompanying statement of activities. Gains or losses on investments are recognized as an increase or decrease in net assets without donor restrictions unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

The Foundation's investments consist of fixed income securities and equity securities. The Foundation's investments are generally publicly traded on national securities exchanges and have readily available quoted market values. Such investments are recorded at market value. Purchases and sales of securities are reflected on the trade dates.

Dividends and interest income are accrued when earned. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expenses.

#### Fair Value Measurements

The Foundation follows the U.S. GAAP framework for fair value measurements which favors the use of market-based information over entity-specific information. As defined by U.S. GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable.

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. Investments measured at fair value are classified in one of the following three fair value hierarchy levels:

Level 1 – Quoted market prices in active markets for identical assets or liabilities

Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3 – Unobservable inputs that are not corroborated by market data

# **TACO BELL FOUNDATION, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### Fair Value Measurements (Continued)

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of the observable inputs and minimize the use of the unobservable inputs.

#### Contributions, Promises to Give, and Revenue Recognition

The Foundation records as revenue the following types of contributions under Financial Accounting Standards Board (“FASB”) ASC 958-605 when they are received unconditionally at their estimated fair value: cash, promises to give (pledges), and gifts of long-lived and other assets. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met.

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions. Conditional contributions are recorded as support in the period the condition is met. Such contributions are required to be reported as net assets with donor restrictions and are then reclassified to net assets without donor restrictions upon expiration of the restriction, usually when the funds are spent. Future promises to give are recognized and recorded as receivables at their estimated realizable value in the year during which they are promised to the Foundation.

Conditional promises to give that are conditioned upon future events or future matching are not recorded until the condition has been satisfied. If funds are received from such gifts, they are recorded as refundable advances until the condition is satisfied. When the condition has been satisfied, the gift is recognized as either with or without donor restrictions depending on the intent of the donor.

#### Cash and Cash Equivalents

The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to other long-term purposes are excluded from this definition.

#### Contributions Receivable

Contributions receivable are amounts contributed prior to year end that were not submitted to the Foundation until after year-end. All contributions are expected to be collected within one year. The Foundation provides an allowance, as necessary, for uncollectible promises, based on management’s evaluation of potential uncollectible contributions receivable at year-end. No allowance was recorded as of December 31, 2022 and 2021.

## **TACO BELL FOUNDATION, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### In-kind Contributions

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. We do not sell donated gifts-in-kind. Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, general and administration, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by U.S. GAAP, as there is no objective basis of deriving their value. Contributed goods are recorded at fair value at the date of donation. See Note 5 for related party contributions and Note 6 for unrelated third parties contributions.

##### Income Taxes

The Foundation has been designated as tax-exempt under Internal Revenue Code Section 501(c)(3) and is also exempt from state franchise taxes under Section 23701(d) of the California Revenue and Taxation Code and is not generally subject to federal or state income taxes. However, the Foundation is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded as, in the opinion of management, the net income, if any, from any unrelated trade or business is not material to the basic financial statements taken as a whole.

The Foundation will recognize the impact of tax positions in the financial statements if that position is more likely than not of being sustained on audit, based on the technical merits of the position. To date, the Foundation has not recorded any uncertain tax positions.

##### Functional Allocation of Expenses

The costs of providing the Foundation's various programs and the Foundation's administration have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates. The expenses that are allocated include rent, travel, salaries and benefits, payroll taxes, office supplies and miscellaneous expenses are allocated on the basis of estimates of time and effort.

##### Advertising

The Foundation expenses advertising costs as incurred.

# **TACO BELL FOUNDATION, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### Software

Software is stated at cost. Amortization of computer software is provided using the straight-line method over the estimated useful life of three years.

#### Impairment of Long-lived Assets

Impairment losses are recorded on long-lived assets and intangible assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Any loss would be recognized in change in net assets in the period in which the determination is made. Management determined that no impairment of long-lived assets existed as of December 31, 2022 and 2021.

#### Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

#### Recently Adopted Accounting Pronouncements

On January 1, 2022, the Foundation adopted Financial Accounting Standards Board (FASB) ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. The adoption of ASU 2020-07 resulted in in-kind contributions being broken out in the statement of activities from contributions. In addition, additional disclosures are now required for these in-kind contributions; see Note 5 and Note 6.

### **NOTE 3 – RISKS AND UNCERTAINTIES**

The Foundation manages deposit concentration risk by placing cash, money market accounts and certificates of deposit with financial institutions believed by the Foundation to be creditworthy. The Foundation maintains its investments in one financial institution. At times, amounts on deposit and invested may exceed insured limits or include uninsured investments in money market accounts. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents or investments.

Credit risk associated with contribution receivables is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from the Corporation and Franchisees.

**TACO BELL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments are exposed to various risks, such as changes in interest rates or credit ratings and market fluctuations. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated statements of financial position.

The Foundation's investments recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the provisions of FASB ASC Topic 820, "Fair Value Measurements." See Note 2 for a discussion of the Foundation's policy regarding this hierarchy.

The following are the major categories of assets measured at fair value during the year ended December 31, 2022. All investments are considered Level 1 (using quoted market prices in active markets for identical assets or liabilities):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities	\$ 2,145,933	\$ -	\$ -	\$ 2,145,933
Fixed income securities	<u>2,074,531</u>	<u>-</u>	<u>-</u>	<u>2,074,531</u>
<b>Total</b>	<b><u>\$ 4,220,464</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,220,464</u></b>

The Foundation's policy is to recognize transfers between each level at the end of a reporting period. There were no transfers between each level of the fair value hierarchy in 2022.

The following are the techniques used to determine fair values for the investments listed in the above tables:

Equity securities – Valued at the daily closing price reported on the active market on which the individual securities are traded.

Fixed income securities – Fixed income securities are valued at the closing price reported in the active market in which the individual securities are traded. When observable price quotations are not available, fair value is determined based on the present value of the stream of cash flows it is expected to generate. Such securities are classified as Level 1 in the valuation hierarchy.

The Foundation has determined that any unrealized losses on the investments are deemed to be temporary impairments as of December 31, 2022.

**TACO BELL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 5 – RELATED PARTY TRANSACTIONS AND RELATED PARTY IN-KIND CONTRIBUTIONS**

The Corporation and Franchisees provide support by way of the use of facilities and certain services at no charge and facilitate the collection of the contributions for the Foundation. During the normal course of business, the Foundation reimburses the Corporation for the use of administrative personnel. Contributed salaries and the related payroll taxes and benefits are allocated based on the time spent by each employee on each department. During the normal course of business, the Foundation reimburses the Corporation for the use of office supplies. Contributed office supplies are allocated based on the time spent by each employee on each department that would use these supplies.

Contributed advertising is valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a “like-kind” methodology considering the goods’ condition and utility for use at the time of the contribution. Contributed advertising is used for program services.

Contributed professional services were provided by a firm who assists companies with recruiting searches for future employees. Contributed professional services are used for management and general activities and are recognized at fair value based on current rates for similar professional services.

For the years ended December 31, 2022 and 2021, the Foundation recorded the following expenses, paid on behalf of the Foundation, as in-kind contributions in the accompanying statement of activities:

	<u>2022</u>	<u>2021</u>
Advertising expenses	\$ 341,032	\$ 214,270
Payroll, taxes, and payroll-related benefits	326,150	326,274
Estimated fair market value of free rent	117,533	184,951
Office supplies	41,824	22,887
Professional service expenses	<u>23,000</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 849,539</u></b>	<b><u>\$ 748,382</u></b>

As of December 31, 2022 and 2021, \$340,805 and \$91,084, respectively, was due to the Corporation for accrued expenses. The Corporation also occasionally receives Round Up contributions on behalf of the Foundation. As of December 31, 2022 and 2021, \$108,250 and \$260,276, respectively, was due to the Foundation for such contributions.

**TACO BELL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 6 – IN-KIND CONTRIBUTIONS – NON-RELATED PARTIES**

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

	<u>2022</u>	<u>2021</u>
Advertising expenses	\$ 1,821,730	-

Contributed advertising is valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a “like-kind” methodology considering the goods’ condition and utility for use at the time of the contribution. Contributed advertising is used for program services.

All gifts-in-kind received during the years ended December 31, 2022 and 2021 were unrestricted.

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

The following table summarize the purposes for which net assets with donor restrictions are available (subject to expenditure for specific purpose), and the related additions and releases for the year ended December 31, 2022:

	<u>December 31, 2021</u>	<u>Current- year Additions</u>	<u>Released from Restrictions</u>	<u>December 31, 2022</u>
Guild scholarship program	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>

As there are no donor-imposed conditions (including no right of return) on this contribution, this \$508,642 contribution is an unconditional contribution.



**TACO BELL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 8 – AVAILABLE RESOURCES AND LIQUIDITY**

The following table reflects the Foundation's financial assets as of December 31, 2022 and 2021, that are without donor or other contractual restrictions limiting their use and are available to meet general expenditures within one year of the date of the statement of financial position.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 42,375,737	\$ 24,790,823
Contributions receivable	2,356,780	5,325,638
Contributions receivable – related parties	<u>108,250</u>	<u>260,276</u>
	44,840,767	30,376,737
Less: Net assets with donor restrictions	<u>(508,642)</u>	<u>(1,000,000)</u>
Available financial assets	<u>\$ 44,332,125</u>	<u>\$ 29,376,737</u>

When establishing the business plan and annual budget each year, the Foundation's management and directors evaluate financial assets available to meet general expenditures over the year and predictable sources of earned revenue. When determining available resources for a year, the Foundation supplements the financial assets available in the next year with revenues from certain earned income sources.

- Round Up Collections – expected restaurant donations are reasonably predicted based on historical owner and store participation, limited release food and beverage items, ambassador training and advertising, in-store sales trends, and on historical donation rates.
- National Fundraisers – expected restaurant donations are reasonably predicted based on historical owner and store participation, limited release food and beverage items, ambassador training and advertising, in-store sales trends, and on historical donation rates.
- Contributions – expected gifts and contributions are reasonably predicted based on invitations for proposals, annual giving programs and history and on-site giving (based on attendance per capita budgeted).

Comparing these cash inflow sources to budgeted expenses reveals funding that may or may not be required to be raised to meet the budget year to achieve a balanced budget.

**TACO BELL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 9 – SUBSEQUENT EVENTS**

Management evaluated all activity through November 10, 2023, (the issue date of the financial statements) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements.