

**TACO BELL FOUNDATION, INC.**  
**FINANCIAL REPORT**  
**DECEMBER 31, 2023**

**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, 2023, 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, 2023, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 10, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, 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 5, 2024

**TACO BELL FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2023**  
**(with Comparative Totals as of December 31, 2022)**

<b>ASSETS</b>		
	2023	2022
<b>Current assets</b>		
Cash and cash equivalents	\$ 31,507,298	\$ 42,375,737
Investments	33,851,371	4,220,464
Contributions receivable	3,901,042	2,356,780
Contributions receivable – related parties	342,036	108,250
Inventory	-	3,535
Total current assets	69,601,747	49,064,766
<b>Software</b>		
Computer software	31,120	31,120
Less accumulated amortization	(30,140)	(27,625)
Total software	980	3,495
<b>Other assets</b>		
	2	2
<b>Total assets</b>	<b>\$ 69,602,729</b>	<b>\$ 49,068,263</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 3,337,999	\$ 152,110
Accounts payable – related party	424,442	340,805
Total current liabilities	3,762,441	492,915
<b>Net assets</b>		
Net assets without donor restrictions	65,840,288	48,066,706
Net assets with donor restrictions	-	508,642
Total net assets	65,840,288	48,575,348
<b>Total liabilities and net assets</b>	<b>\$ 69,602,729</b>	<b>\$ 49,068,263</b>

See notes to financial statements.

**TACO BELL FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**December 31, 2023**  
**(with Comparative Totals as of December 31, 2022)**

	2023	2022
<b>Revenue and support</b>		
Round up fundraiser	\$ 41,959,569	\$ 32,463,980
Contributions	7,465,453	6,281,799
In-kind contributions	3,036,738	2,671,269
Other	(113,500)	(230,991)
Net investment (loss) return	1,791,576	(385,189)
Net assets released from restriction	508,642	491,358
Total revenue and support	54,648,478	41,292,226
<b>Expenses</b>		
Program services	32,744,954	20,294,235
Fundraising	3,292,688	4,109,507
General and administrative	837,254	534,279
Total expenses	36,874,896	24,938,021
<b>Increase in net assets without donor restriction</b>	17,773,582	16,354,205
<b>Changes in net assets with donor restrictions</b>		
Net assets released from restrictions	(508,642)	(491,358)
<b>Decrease in net assets with donor restriction</b>	(508,642)	(491,358)
<b>Change in net assets</b>	17,264,940	15,862,847
<b>Net assets, beginning of year</b>	48,575,348	32,712,501
<b>Net assets, end of year</b>	<b>\$ 65,840,288</b>	<b>\$ 48,575,348</b>

See notes to financial statements.

**TACO BELL FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**December 31, 2023**  
**(with Comparative Totals as of December 31, 2022)**

	Program Services	Supporting Services			2023 Total	2022 Total
		Fundraising	General and Administrative	Total		
Advertising	\$ 2,972,946	\$ -	\$ -	\$ -	\$ 2,972,946	\$ 2,446,753
Amortization	-	-	2,515	2,515	2,515	9,219
Conferences and training	469,832	332,797	176,187	508,984	978,816	230,351
District management account grant expense	16,407,844	-	-	-	16,407,844	6,971,925
Fundraising incentives	-	2,045,964	-	2,045,964	2,045,964	3,343,543
IT Expenses	40,671	28,808	15,251	44,059	84,730	79,419
Miscellaneous	2,122	1,503	795	2,298	4,420	4,664
Office supplies	40,326	28,565	15,123	43,688	84,014	74,902
Outside services	1,898,800	-	-	-	1,898,800	682,728
Payroll taxes	70,172	49,706	26,315	76,021	146,193	106,351
Professional fees	-	-	174,709	174,709	174,709	119,549
Rent	56,416	39,961	21,156	61,117	117,533	117,533
Scholarship expense	9,705,283	-	-	-	9,705,283	9,111,464
Salaries and benefits	1,076,542	762,551	403,703	1,166,254	2,242,796	1,609,446
Travel	4,000	2,833	1,500	4,333	8,333	30,174
<b>Total expenses by function</b>	<b>\$ 32,744,954</b>	<b>\$ 3,292,688</b>	<b>\$ 837,254</b>	<b>\$ 4,129,942</b>	<b>\$ 36,874,896</b>	<b>\$ 24,938,021</b>

See notes to financial statements.

**TACO BELL FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**December 31, 2023**  
**(with Comparative Totals as of December 31, 2022)**

	2023	2022
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 17,264,940	\$ 15,862,847
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Amortization	2,515	9,219
Net realized and unrealized gain on investments	(409,695)	750,589
(Increase) decrease in:		
Contributions receivable	(1,544,262)	2,968,858
Contributions receivable – related parties	(233,786)	152,026
Inventory	3,535	-
Other assets	-	3,146
Increase (decrease) in:		
Accounts payable and accrued expenses	3,185,889	60,586
Accounts payable – related party	83,637	249,721
	<u>18,352,773</u>	<u>20,056,992</u>
<b>Cash flows from investing activities</b>		
Purchases of investments	(29,000,000)	(3,530,845)
Reinvestment of investment income	(221,212)	(101,476)
Proceeds from sales and redemption of investments	-	1,164,989
Purchase of computer software	-	(4,746)
	<u>(29,221,212)</u>	<u>(2,472,078)</u>
<b>Net change in cash and cash equivalents</b>	<u>(10,868,439)</u>	<u>17,584,914</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>42,375,737</u>	<u>24,790,823</u>
<b>Cash and cash equivalents, end of year</b>	<u><b>\$ 31,507,298</b></u>	<u><b>\$ 42,375,737</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, 2022, 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 certificate of deposits, fixed income securities, equity securities, and bonds. 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 and Allowance for Credit Losses

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, 2023 and 2022.

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

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

Contributions Receivable and Allowance for Credit Losses (Continued)

The Foundation adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* as of January 1, 2023, with the cumulative-effect transition method with the required prospective approach. The measurement of expected credit losses under the current expected credit loss (“CECL”) methodology is applicable to financial assets measured at amortized cost, which includes contribution receivables.

The Foundation offsets gross contribution receivable with an allowance for credit losses. The allowance for credit losses is the Foundation’s best estimate of the amount of probable credit losses in the Foundation’s existing contributions receivable and is based upon historical loss patterns and an evaluation of the potential risk of loss associated with specific accounts. Estimated credit losses based on risk characteristics requires significant judgment by the Foundation. Significant judgment includes but are not limited to assessing current economic conditions and the extent to which they would be relevant to the existing characteristics of the Foundation’s financial assets, the estimated life of financial assets and the level of reliance on historical experience in light of economic conditions. The Foundation reviews and updates, when necessary, its historical risk characteristics that are meaningful to estimating credit losses, any new risk characteristics that arise in the natural course of business and the estimated life of its financial assets.

Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Provisions for allowances for credit losses are recorded in general and administrative expenses. The allowance for credit losses as of December 31, 2023, and the change in allowance for credit losses during the year ended December 31, 2023, was not material to the financial statements.

Prior to the adoption of ASU 2016-13, the Foundation’s maintained an allowance for doubtful accounts to reserve for potential uncollectable receivables as needed. The allowance as of December 31, 2022 was \$0.

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.

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

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

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.

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, 2023 and 2022.

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

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**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.

**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, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities	\$ 2,359,774	\$ -	\$ -	\$ 2,359,774
Bonds	-	1,466,384	-	1,466,384
Fixed income securities	<u>30,025,213</u>	-	-	<u>30,025,213</u>
<b>Total</b>	<b><u>\$32,384,987</u></b>	<b><u>\$ 1,466,384</u></b>	<b><u>\$ -</u></b>	<b><u>\$33,851,371</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 2023.

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

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**NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

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.

Bonds – Valued at the quoted market prices, when available, or market prices provided by recognized broker dealers.

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, 2023.

**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.

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

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

For the years ended December 31, 2023 and 2022, the Foundation recorded the following expenses, paid on behalf of the Foundation, as in-kind contributions in the accompanying statement of activities:

	2023	2022
Advertising expenses	\$ 464,950	\$ 341,032
Payroll, taxes, and payroll-related benefits	316,053	326,150
Estimated fair market value of free rent	117,533	117,533
Office supplies	41,600	41,824
Professional service expenses	20,000	23,000
<b>Total</b>	<b>\$ 960,136</b>	<b>\$ 849,539</b>

As of December 31, 2023 and 2022, \$424,442 and \$340,805, 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, 2023 and 2022, \$342,036 and \$108,250, respectively, was due to the Foundation for such contributions.

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

For the years ended December 31, 2023 and 2022, contributed nonfinancial assets recognized within the statement of activities included the following:

	2023	2022
Advertising expenses	\$ 1,795,474	\$ 2,076,798
Auction items/merchandise	215,109	-
Professional service expenses	86,000	-
<b>Total</b>	<b>\$ 2,096,583</b>	<b>\$ 2,076,798</b>

In-kind contributions are 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, 2023 and 2022, were unrestricted.



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

**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, 2023:

	December 31, <u>2022</u>	Current- year Additions	Released from Restrictions	December 31, <u>2023</u>
Guild scholarship program	\$ 508,642	\$ -	\$ (508,642)	\$ -
	<u>\$ 508,642</u>	<u>\$ -</u>	<u>\$ (508,642)</u>	<u>\$ -</u>

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:

	December 31, <u>2021</u>	Current- year Additions	Released from Restrictions	December 31, <u>2022</u>
Guild scholarship program	\$ 1,000,000	\$ -	\$ (491,358)	\$ 508,642
	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ (491,358)</u>	<u>\$ 508,642</u>

As there were no donor-imposed conditions (including no right of return) on this contribution, this contribution was an unconditional contribution.

**NOTE 8 – AVAILABLE RESOURCES AND LIQUIDITY**

The following table reflects the Foundation’s financial assets as of December 31, 2023 and 2022, 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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 31,507,298	\$ 42,375,737
Contributions receivable	3,901,042	2,356,780
Contributions receivable – related parties	<u>342,036</u>	<u>108,250</u>
	35,750,376	44,840,767
Less: Net assets with donor restrictions	<u>-</u>	<u>(508,642)</u>
Available financial assets	<u>\$ 35,750,376</u>	<u>\$ 44,332,125</u>

# TACO BELL FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 8 – AVAILABLE RESOURCES AND LIQUIDITY (Continued)**

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.

### **NOTE 9 – SUBSEQUENT EVENTS**

Management evaluated all activity through November 5, 2024, (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.