



INSPIRE BRANDS FOUNDATION, INC.

**FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 and 2020**

**with
INDEPENDENT AUDITORS' REPORT**

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INDEPENDENT AUDITORS' REPORT

**Board of Trustees of
Inspire Brands Foundation, Inc.**

Opinion

We have audited the accompanying financial statements of Inspire Brands Foundation, Inc. (the "Foundation") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and 2020, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP; 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.

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 for one year after the date of this report.

Auditors' 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 auditors' 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 can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Smith and Howard

August 12, 2022

**INSPIRE BRANDS FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

ASSETS

	<u>2021</u>	<u>2020</u>
Current Assets		
Cash	\$ 1,447,210	\$ 1,718,531
Accounts receivable - In-unit fundraisers	1,770,338	47,537
Agency receivable	750,000	-
Other receivables	683,314	940,573
Prepaid expenses	<u>7,693</u>	<u>17,441</u>
Total Current Assets	4,658,555	2,724,082
Cash, Board Designated	3,631,709	2,253,739
Investments	7,197,811	6,515,962
Property and equipment, net	<u>24,498</u>	<u>34,285</u>
	<u>\$ 15,512,573</u>	<u>\$ 11,528,068</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 92,938	\$ 89,358
Grant obligations - short term	746,646	917,801
Accrued expenses	<u>177,318</u>	<u>221,799</u>
Total Current Liabilities	1,016,902	1,228,958
Grant obligations - long term	<u>654,843</u>	<u>423,279</u>
	<u>1,671,745</u>	<u>1,652,237</u>
Net Assets		
Without donor restrictions		
Board designated for Arby's Foundation initiatives	9,396,403	7,561,379
Board designated for Buffalo Wild Wings Foundation initiatives	2,291,682	1,089,174
Board designated for Sonic Foundation initiatives	703,453	88,571
Board designated for Inspire Brands Foundation initiatives	119,251	30,577
Board designated for Jimmy John's Foundation initiatives	<u>89,069</u>	<u>-</u>
Total without donor restrictions	12,599,858	8,769,701
With donor restrictions	<u>1,240,970</u>	<u>1,106,130</u>
Total Net Assets	<u>13,840,828</u>	<u>9,875,831</u>
	<u>\$ 15,512,573</u>	<u>\$ 11,528,068</u>

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

INSPIRE BRANDS FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Net Assets Without Donor Restrictions:		
Support, Revenues, and Gains		
Consumer fundraising	\$ 9,751,948	\$ 7,581,108
Partner and Corporate Fundraising	4,424,702	2,902,332
Investment return, net	681,969	621,789
Other income	<u>257,296</u>	<u>60,426</u>
Total	15,115,915	11,165,655
Net assets released from restrictions	<u>640,715</u>	<u>96,950</u>
Total Support, Revenues, and Gains	<u>15,756,630</u>	<u>11,262,605</u>
Expenses		
Program services - grants and charitable contributions	8,887,899	7,694,208
Program services - other	1,072,431	852,124
Fundraising	1,199,603	975,903
Management and general	<u>766,540</u>	<u>697,469</u>
Total Expenses	<u>11,926,473</u>	<u>10,219,704</u>
Change in Net Assets Without Donor Restrictions	3,830,157	1,042,901
Net Assets With Donor Restrictions:		
Contributions		
Sonic Foundation Disaster Relief Fund	275,555	203,080
Inspire Brands Foundation Initiatives	500,000	1,000,000
Net assets released from restrictions	<u>(640,715)</u>	<u>(96,950)</u>
Change in Net Assets With Donor Restrictions	<u>134,840</u>	<u>1,106,130</u>
Change in Net Assets	3,964,997	2,149,031
Net Assets, Beginning of Year	<u>9,875,831</u>	<u>7,726,800</u>
Net Assets, End of Year	<u>\$ 13,840,828</u>	<u>\$ 9,875,831</u>

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

**INSPIRE BRANDS FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Grants	\$ 8,887,899	\$ -	\$ -	\$ 8,887,899
Salaries and benefits	597,412	316,171	569,878	1,483,461
Restaurant fundraising	-	523,016	-	523,016
Fundraising events	-	200,748	-	200,748
Impact and awareness	162,541	-	34,408	196,949
Professional services	250,609	126,853	81,987	459,449
Administrative expenses	14,456	15,100	32,825	62,381
Rent	43,208	16,627	36,797	96,632
Depreciation	4,205	1,088	10,645	15,938
Total	<u>\$ 9,960,330</u>	<u>\$ 1,199,603</u>	<u>\$ 766,540</u>	<u>\$ 11,926,473</u>

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

**INSPIRE BRANDS FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Grants	\$ 7,694,208	\$ -	\$ -	\$ 7,694,208
Salaries and benefits	578,238	354,479	496,742	1,429,459
Restaurant fundraising	-	474,407	-	474,407
Fundraising events	188	74,328	-	74,516
Impact and awareness	82,972	610	32,768	116,350
Professional services	161,519	600	102,490	264,609
Administrative expenses	23,496	65,768	47,931	137,195
Rent	5,711	5,711	9,116	20,538
Depreciation	-	-	8,422	8,422
Total	<u>\$ 8,546,332</u>	<u>\$ 975,903</u>	<u>\$ 697,469</u>	<u>\$ 10,219,704</u>

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

INSPIRE BRANDS FOUNDATION, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 3,964,997	\$ 2,149,031
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	15,938	8,422
Net unrealized and realized gains on investments	(572,006)	(518,587)
Loss on disposal of property and equipment	2,710	-
Changes in assets and liabilities:		
Accounts receivable - In-unit fundraisers	(1,722,801)	702,204
Other receivables	257,259	(297,605)
Prepaid expenses	9,748	112,386
Accounts payable	3,580	22,018
Accrued expenses	(44,481)	48,152
Due from related party	(750,000)	-
Grant obligation	60,409	(1,787,049)
Total Adjustments	<u>(2,739,644)</u>	<u>(1,710,059)</u>
Net Cash Provided by Operating Activities	<u>1,225,353</u>	<u>438,972</u>
Cash Flows from Investment Activities:		
Purchases of property and equipment	(8,861)	(27,722)
Purchases of investments	(2,119,416)	(2,161,866)
Proceeds from sales of investments	<u>2,009,573</u>	<u>4,060,203</u>
Net Cash Provided (Required) by Investing Activities	<u>(118,704)</u>	<u>1,870,615</u>
Increase in Cash	<u>1,106,649</u>	<u>2,309,587</u>
Cash at Beginning of Year	<u>3,972,270</u>	<u>1,662,683</u>
Cash at End of Year	<u>\$ 5,078,919</u>	<u>\$ 3,972,270</u>
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Financial Position:</u>		
Cash	\$ 1,447,210	\$ 1,718,531
Cash, Board Designated	<u>3,631,709</u>	<u>2,253,739</u>
	<u>\$ 5,078,919</u>	<u>\$ 3,972,270</u>

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

INSPIRE BRANDS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Inspire Brands Foundation, Inc. (the “Foundation”), can also operate as Arby’s Foundation, Buffalo Wild Wings Foundation, Sonic Foundation and Jimmy John’s Foundation. The Foundation is a non-profit corporation formed on April 24, 1986 to make charitable contributions. The Internal Revenue Service has determined that the Foundation is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Foundation is classified as a publicly supported charitable organization. The mission of the Foundation is defined as a "non-profit, non-sectarian grant giving organization investing in the resources and experiences kids need to unlock their potential."

Basis of Accounting

The Foundation follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“GAAP”).

Reclassifications

Certain reclassifications have been made to the 2020 financial statements to conform to the current year presentation.

Presentation

The accompanying financial statements present “net assets”. Net assets, along with revenues, expenses, gains and losses, are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

- Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation.
- Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in these financial statements. Actual results could differ from those estimates.

INSPIRE BRANDS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risks and Uncertainties

The Foundation's financial instruments that are exposed to concentrations of credit risk consist primarily of cash, receivables and investments. At times, cash balances exceed federally insured amounts. The Foundation believes it reduces risks associated with balances in excess of federal insured amounts by maintaining its cash with major financial institutions with sound financial standing. Management continually monitors receivable balances and believes that its exposure to credit risk is limited. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying financial statements.

Accounts Receivable

Accounts receivable are recorded at the amount of cash estimated as realizable. Uncollectible accounts receivable balances, if any, are charged against bad debt expense when that determination is made. Accounts receivable balances are considered delinquent based upon individual contractual terms. As of December 31, 2021 and 2020, there was no allowance for uncollectible accounts.

Revenue Recognition

Revenues generated from restaurant fundraising are recorded as In-unit fundraiser proceeds on the statement of activities.

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are met in the same year in which the contributions are recognized. All other donor-restricted contributions, if any, are reported as increases in net assets with donor restrictions.

Contributions in-kind are recognized as contributions if the item (a) creates or enhances non-financial assets or (b) requires specialized skill, are performed by people with those skills, and would otherwise be purchased by the Foundation. During the years ended December 31, 2021 and 2020, the Foundation recorded contributions in-kind at the estimated fair value at the date of donation, valued at \$639,270 and \$168,973, respectively. Contributions in-kind are included in Partner proceeds in the accompanying statement of activities.

Property and Equipment

Purchased property and equipment are recorded at cost. Additions and replacements are charged to the property and equipment accounts, while repairs and maintenance are charged to expenses as incurred. The threshold for capitalization is \$1,000. Depreciation is provided by the straight-line method over the estimated useful lives of the assets, which range from three to four years.

INSPIRE BRANDS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

The costs of providing the various program and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. The Foundation incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Foundation also conducts a number of activities which benefit both its program objectives as well as supporting services (i.e. fundraising and management and general activities). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited, based on either financial or nonfinancial data, such as estimates of time and effort incurred by personnel.

Investments

The Foundation's investment categories include equities, money market funds, U.S. treasuries, and corporate bonds that are carried at fair value based on quoted market prices. Investments also include government related securities and fixed income mutual funds, which are valued based on quoted market prices for similar assets. The Foundation has one holding in a money market fund whose valuation is determined using the net asset value ("NAV") per share as a practical expedient. The fund maintains a \$1 NAV per share for which shares can be redeemed. The Foundation has the ability to redeem this holding with the investee at NAV per share at the measurement date.

Investment earnings, including interest income and unrealized and realized gains and losses, are recorded in net assets without donor restrictions unless the income's use is donor restricted by explicit donor stipulations.

Fair Value Measured on Recurring Basis

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs in which little or no market data exists (Level 3 measurements). The three levels of the fair value hierarchy under GAAP are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

**INSPIRE BRANDS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measured on Recurring Basis (Continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The table below represents fair value measurement hierarchy of the assets at fair value as of December 31:

	<u>Level 1</u>	<u>Level 2</u>	<u>2021</u> <u>Level 3</u>	<u>NAV</u>	<u>Total</u>
Equities	\$ 4,581,487	\$ -	\$ -	\$ -	\$ 4,581,487
Money market funds	1,953	-	-	195,233	197,186
U.S. Treasuries	531,985	-	-	-	531,985
Corporate bonds	-	320,567	-	-	320,567
Government related securities	-	133,789	-	-	133,789
Fixed income funds	<u>1,432,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,432,797</u>
Total Investments	<u>\$ 6,548,222</u>	<u>\$ 454,356</u>	<u>\$ -</u>	<u>\$ 195,233</u>	<u>\$ 7,197,811</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>2020</u> <u>Level 3</u>	<u>NAV</u>	<u>Total</u>
Equities	\$ 2,078,718	\$ -	\$ -	\$ -	\$ 2,078,718
Money market funds	114	-	-	251,360	251,474
U.S. Treasuries	387,472	-	-	-	387,472
Corporate bonds	-	411,298	-	-	411,298
Government related securities	-	284,723	-	-	284,723
Fixed income funds	<u>3,102,277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,102,277</u>
Total Investments	<u>\$ 5,568,581</u>	<u>\$ 696,021</u>	<u>\$ -</u>	<u>\$ 251,360</u>	<u>\$ 6,515,962</u>

Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

INSPIRE BRANDS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 – BOARD DESIGNATED STRATEGIC RESERVES

The Board of Trustees has designated all net assets without donor restrictions to be a Strategic Operating Reserve Fund (“Strategic Reserves”) to ensure long-term sustainability of the mission, programs, and ongoing operations of the Foundation. The Strategic Reserves are intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses. The Strategic Reserves may also be used for one-time, non-recurring expenses that will build long-term capacity. The Board of Trustees is required to approve any request for use of the Strategic Reserves. The Strategic Reserves target minimum is equal to six months of average annual operating costs. Average annual operating costs do not include depreciation, in-kind and other non-cash expenses, one-time or unusual expenditures or capital purchases.

NOTE 3 – RELATED PARTY TRANSACTIONS

In 2020, the Foundation rented office space from a related party on a month-to-month basis. In 2021, this office space was gifted in-kind to the Foundation. Rent paid for office space was \$17,132 for the year ended December 31, 2020. The value of rent gifted in-kind was \$93,742 for the year ended December 31, 2021. There were no accounts payable to the related party as of December 31, 2021 and 2020.

For the year ended December 31, 2021, Inspire Brands, Inc., Board members of the Foundation or employees of Inspire Brands, Inc. and Subsidiaries made cash contributions or sponsorships totaling \$1,719,226, of which \$1,663,843 is recorded in Partner proceeds and \$55,383 in Other income in the accompanying statement of activities. For the year ended December 31, 2020, Board members of the Foundation or employees of Inspire Brands, Inc. and Subsidiaries made cash contributions or sponsorships totaling \$703,279, of which \$679,200 is recorded in Partner proceeds and \$24,079 in Other income in the accompanying statement of activities.

Certain key employees of a related party have donated services to the Foundation in the following areas: benefits, design, communications, and accounting. These services were provided in connection with the individuals’ responsibilities as employees of Inspire Brands, Inc. These contributed services amounted to \$21,849 and \$20,780 for the years ended December 31, 2021 and 2020, respectively. These in-kind contributions are included in Partner proceeds in the accompanying statement of activities.

The Foundation made payments to Inspire Brands and franchisees totaling \$43,339 and \$57,868 for the years ended December 31, 2021 and 2020, respectively. The payments are included in Program services – other in the accompanying statement of activities.

During 2021, the Foundation entered into an agreement with Inspire Brands, Inc. for Inspire Brands, Inc. to provide funding for a grant obligation to a nonprofit. At December 31, 2021, the outstanding balance was \$750,000 and is to be paid \$150,000 per year through 2025.

**INSPIRE BRANDS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 3 – RELATED PARTY TRANSACTIONS (Continued)

The Foundation received related party revenues from Commercial co-venture promotions for the years ended December 31 as follows:

	<u>2021</u>	<u>2020</u>
Arby's Foundation	\$ 100,000	\$ -
Buffalo Wild Wings Foundation	1,369,086	1,387,264
Jimmy John's Foundation	423,542	-
Sonic Foundation	<u>23,737</u>	<u>-</u>
Commercial Co-Venture Promotions	<u>\$ 1,916,365</u>	<u>\$ 1,387,264</u>

NOTE 4 – EMPLOYEE BENEFIT PLAN

The Foundation maintains a 401(k) defined contribution retirement plan that covers substantially all full-time employees who meet certain eligibility requirements. The Foundation will match \$1 for each dollar deferred up to the first 3% of pay and \$0.50 on the dollar for the next 2% of pay. The maximum matching contribution is 4% of compensation per year. Participants are fully vested in their own deferrals and the employer matching contributions. The Foundation's contribution to the plan was \$33,301 and \$18,178 for the years ended December 31, 2021 and 2020, respectively.

NOTE 5 – INCOME TAXES

The Foundation is recognized by the Internal Revenue Service as being exempt from Federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (the "IRC") as a publicly supported organization. GAAP requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for the difference between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future, based on enacted tax laws and rates. Valuation allowances are established when necessary to reduce the deferred income tax assets to an amount that is more likely than not to be realized. The Foundation is subject to IRC Section 511(a) for income taxes on unrelated business income.

The Foundation recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authority, based on the technical merits of the position. As of December 31, 2021, there are no known items which result in recording a liability related to uncertain tax positions. In general, the Foundation is no longer subject to tax examinations for tax years ending before December 31, 2018.

INSPIRE BRANDS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 6 – GRANT OBLIGATIONS

Unconditional promises are discounted and recorded at their estimated fair value at the date they were pledged. The Foundation elected the traditional or discount rate adjustment technique in which the single set of cash flows are conditional cash flows. The risk-adjusted discount rate is derived from observed rates or return for comparable liabilities that are traded in the market. Amortization of this discount is \$24,356 and \$76,389 for the years ended December 31, 2021 and 2020, respectively, and is recorded as additional contribution expense.

The Foundation will pay the future grant obligations as follows for the years ended December 31:

2022	\$ 746,646
2023	229,843
2024	225,000
2025	<u>200,000</u>
Total Grant Obligations	<u>\$ 1,401,489</u>

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2021, the Foundation has net assets with donor restrictions of \$1,240,970. The funds are restricted as follows, \$1,200,000 for Inspire Brands Foundation and \$40,970 for Sonic Foundation. At December 31, 2020, the Foundation had net assets with donor restrictions of \$1,106,130. The funds were restricted as follows, \$1,000,000 for Inspire Brands Foundation and \$106,130 for Sonic Foundation.

NOTE 8 – LIQUIDITY AND AVAILABILITY OF RESOURCES

For purposes of analyzing resources available to meet general expenditures, the Foundation considers financial assets that will be collected and available in 2021 and 2020 to the Foundation. Financial assets available for general expenditures, within one year are as follows as of December 31:

	<u>2021</u>	<u>2020</u>
Cash	\$ 5,078,919	\$ 3,972,270
Accounts receivable - In-unit fundraisers	1,770,338	47,537
Agency receivable	750,000	-
Other receivables	683,314	940,573
Investments	<u>7,197,811</u>	<u>6,515,962</u>
Financial assets, at year end	15,480,382	11,476,342
Less those unavailable for general expenditures within one year, due to:		
Board designated and donor restricted funds	(13,840,828)	(9,875,831)
Agency receivable	<u>(750,000)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 889,554</u>	<u>\$ 1,600,511</u>

INSPIRE BRANDS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 8 – LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

These financial assets provide sufficient liquidity to meet the day-to-day operating cash needs of the Foundation. The Foundation's goal is generally to maintain financial assets to meet at least six months of operating expenses. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other liabilities become due. The Foundation invests cash in excess of daily requirements in money market funds.