



Arby's Foundation, Inc.

Atlanta, Georgia

Financial Statements

For the Years Ended December 31, 2015 and 2014

**ARBY'S FOUNDATION, INC.
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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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Board of Trustees of
Arby's Foundation, Inc.:

We have audited the accompanying financial statements of Arby's Foundation, Inc. (a Georgia corporation), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arby's Foundation, Inc. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of expenses shown on pages 16-19 are presented for purposes of additional analysis and are not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Grant Thornton LLP

Atlanta, Georgia

May 12, 2016

ARBY'S FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
ASSETS		
Current assets:		
Cash	\$ 1,083,334	\$ 1,067,470
Accounts receivable - In-unit fundraisers	12,774	75,723
Other receivables	202,427	197,348
Prepaid expenses	3,364	24,381
Total current assets	1,301,899	1,364,922
Investments	6,570,474	8,125,091
Property and equipment, net	15,872	63,206
Total assets	\$ 7,888,245	\$ 9,553,219
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 10,946	\$ 63,258
Charitable donations payable	36,015	96,195
Capital lease payable - short term	-	57,614
Georgia community investment obligation - short term	-	1,000,000
Summer innovation strategy obligation - short term	458,458	1,000,000
Grant obligation - short term	60,000	-
Accrued expenses	97,096	97,044
Total current liabilities	662,515	2,314,111
Capital lease payable - long term	-	7,053
Summer innovation strategy obligation - long term	-	354,877
Grant obligation - long term	40,096	-
Total liabilities	702,611	2,676,041
NET ASSETS		
Unrestricted net assets:		
Undesignated	1,416,079	1,560,578
Board designated - endowment	5,709,555	5,266,600
Temporarily restricted	60,000	50,000
Total net assets	7,185,634	6,877,178
Total liabilities and net assets	\$ 7,888,245	\$ 9,553,219

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

**ARBY'S FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2015</u>
Support and revenues			
In-unit fundraisers proceeds	\$ 3,766,932	\$ -	\$ 3,766,932
Sponsors income	1,072,126	50,000	1,122,126
Vendors and other contributions	844,763	-	844,763
Restaurant promotions - Kids Meal income	133,209	-	133,209
School's Out Food's In income	81,076	-	81,076
Other income	68,462	10,000	78,462
Net assets released from restrictions	50,000	(50,000)	-
Total support and revenues	<u>6,016,568</u>	<u>10,000</u>	<u>6,026,568</u>
Expenses			
Program services - grants and charitable contributions	3,533,278	-	3,533,278
Program services - other	844,106	-	844,106
Management and general Fundraising	584,992	-	584,992
Fundraising	668,689	-	668,689
Total expenses	<u>5,631,065</u>	<u>-</u>	<u>5,631,065</u>
CHANGE IN NET ASSETS BEFORE INVESTMENT LOSS	385,503	10,000	395,503
INVESTMENT LOSS	<u>(87,047)</u>	<u>-</u>	<u>(87,047)</u>
CHANGE IN NET ASSETS	298,456	10,000	308,456
NET ASSETS			
Beginning of year	<u>6,827,178</u>	<u>50,000</u>	<u>6,877,178</u>
NET ASSETS			
End of year	<u>\$ 7,125,634</u>	<u>\$ 60,000</u>	<u>\$ 7,185,634</u>

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

**ARBY'S FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2014</u>
Support and revenues			
In-unit fundraisers proceeds	\$ 3,450,529	\$ -	\$ 3,450,529
Sponsors income	1,154,292	50,000	1,204,292
Vendors and other contributions	824,008	-	824,008
Restaurant promotions - Kids Meal income	126,760	-	126,760
School's Out Food's In income	25,207	-	25,207
Other income	39,558	-	39,558
	<u>5,620,354</u>	<u>50,000</u>	<u>5,670,354</u>
Expenses			
Program services - grants and charitable contributions	3,229,795	-	3,229,795
Program services - other	827,731	-	827,731
Management and general Fundraising	548,306	-	548,306
	<u>770,988</u>	<u>-</u>	<u>770,988</u>
Total expenses	<u>5,376,820</u>	<u>-</u>	<u>5,376,820</u>
CHANGE IN NET ASSETS BEFORE INVESTMENT INCOME	243,534	50,000	293,534
INVESTMENT INCOME	<u>476,661</u>	<u>-</u>	<u>476,661</u>
CHANGE IN NET ASSETS	720,195	50,000	770,195
NET ASSETS			
Beginning of year	<u>6,106,983</u>	<u>-</u>	<u>6,106,983</u>
NET ASSETS			
End of year	<u>\$ 6,827,178</u>	<u>\$ 50,000</u>	<u>\$ 6,877,178</u>

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

ARBY'S FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 308,456	\$ 770,195
Adjustment to reconcile change in net assets to net cash used in operating activities:		
Depreciation	29,232	128,405
Net unrealized and realized losses (gains) on investments	330,552	(229,092)
Loss on disposal of property and equipment	1,888	6,847
Change in accounts receivable - In-unit fundraisers	62,949	(69,531)
Change in other receivables	(5,079)	(18,605)
Change in prepaid expenses	21,017	5,730
Change in accounts payable	(52,312)	55,563
Change in charitable donations payable	(60,180)	74,921
Change in grant obligation	100,096	-
Change in Georgia community investment obligation	(1,000,000)	(921,404)
Change in Summer innovation strategy obligation	(896,419)	(1,300,540)
Change in accrued expenses	52	(60,934)
Total adjustments	(1,468,204)	(2,328,640)
Net cash used in operating activities	(1,159,748)	(1,558,445)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(14,617)	(19,223)
Proceeds from sales of property and equipment	5,500	-
Purchases of investments	(6,753,338)	(7,326,781)
Proceeds from sales of investments	7,977,403	8,248,182
Net cash provided by investing activities	1,214,948	902,178
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease payments	(39,336)	(78,248)
Net cash used in financing activities	(39,336)	(78,248)
INCREASE (DECREASE) IN CASH	15,864	(734,515)
CASH, Beginning of Year	1,067,470	1,801,985
CASH, End of Year	\$ 1,083,334	\$ 1,067,470
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 1,132	\$ 10,237

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

ARBY'S FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Arby's Foundation, Inc. (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 dedicated to ending childhood hunger in America, because every child deserves to learn, play and grow."

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of restrictions. The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. There were temporarily restricted (by time) net assets of \$60,000 and \$50,000 and no permanently restricted net assets as of December 31, 2015 and 2014, respectively.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash

At December 31, 2015 and 2014, the Foundation had cash deposits, including outstanding checks, in excess of the existing Federal Deposit Insurance Corporation limit of \$250,000. The Foundation believes it mitigates any risk by depositing cash with major financial institutions.

Contributions

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 unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions, if any, are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions.

ARBY'S FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Revenue

Revenues generated from restaurant fundraising are recorded as In-unit fundraisers proceeds on the Statements of Activities. The Foundation distributes 90% of the in-unit fundraisers proceeds to grants and charitable contributions and 10% is retained for costs related to administering the program.

Accounts Receivable

Accounts receivable, net of allowances for uncollectible accounts, 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. There were no uncollectible accounts written off during the years ended December 31, 2015 and 2014. As of December 31, 2015 and 2014, there were no allowances for uncollectible accounts.

Financial Instruments

The Foundation's financial instruments include cash, accounts receivable, investments and accounts payable. The fair value of cash, accounts receivable and accounts payable approximates book value due to their short-term nature.

For investments, valuation techniques under the accounting guidance related to fair value measurements are based on observable and unobservable inputs. Observable inputs reflect readily obtainable data from independent sources, while unobservable inputs reflect our market assumptions. These inputs are classified into the following hierarchy:

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

Level 2 Inputs – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 Inputs – Pricing inputs are unobservable for the assets or liabilities and include situations where there is little, if any, market activity for the assets or liabilities. The inputs into the determination of fair value require significant management judgment or estimation.

Investments consist of 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. This holding is included in Level 2 investments and is valued as of December 31, 2015 and 2014 at \$164,863 and \$184,784, respectively. Unrealized and realized gains and losses on investments are reported as an increase or decrease in unrestricted net assets.

ARBY'S FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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 seven years.

Collections

Collections acquired through purchases are not recorded as assets on the Statements of Financial Position. Purchases of a collection are recorded as a decrease in unrestricted net assets in the year in which the collections are acquired. Contributed collections are not reflected on the financial statements.

Contributions In-Kind

Contributions in-kind are recognized as contributions if the item (a) creates or enhances non-financial assets or (b) require specialized skill, are performed by people with those skills, and would otherwise be purchased by the Foundation. During the years ended December 31, 2015 and 2014, the Foundation recorded contributions in-kind at the estimated fair value at the date of donation for donations related to program events, valued at \$50,336 and \$50,122, respectively. Contributions in-kind are included in Sponsors income in the Statements of Activities.

Reclassifications

Certain expenses on the supplemental schedules have been reclassified for the year ended December 31, 2014. The presentation is consistent with the presentation for the year ended December 31, 2015, and did not result in any impact to the change in net assets or net assets.

Subsequent Events

The Foundation discloses material events that occur after the Statement of Financial Position date but before financial statements are issued. In general, these events are recognized in the financial statements if the condition existed at the date of the Statement of Financial Position, but are not recognized if the condition did not exist at the Statement of Financial Position date. The Foundation discloses non-recognized events if required to keep the financial statements from being misleading. Management evaluated events occurring subsequent to December 31, 2015 through May 12, 2016, the date the financial statements were available for issuance.

ARBY'S FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

2. INVESTMENTS

As of December 31, 2015 and 2014, the only assets that are measured at fair value on a recurring basis in periods subsequent to initial recognition are investments. Such investments are classified within Level 1 or Level 2 of the valuation hierarchy.

The following is a summary of investments held at December 31:

	2015			
	Level 1	Level 2	Level 3	Total
Equities	\$ 3,654,763	\$ -	\$ -	\$ 3,654,763
Money market funds	6,679	164,863	-	171,542
U.S. Treasuries	175,237	-	-	175,237
Corporate bonds	325,858	-	-	325,858
Government related securities	-	182,605	-	182,605
Fixed income funds	-	2,060,469	-	2,060,469
Total Investments	<u>\$ 4,162,537</u>	<u>\$ 2,407,937</u>	<u>\$ -</u>	<u>\$ 6,570,474</u>

	2014			
	Level 1	Level 2	Level 3	Total
Equities	\$ 4,399,203	\$ -	\$ -	\$ 4,399,203
Money market funds	3,751	184,784	-	188,535
U.S. Treasuries	289,869	-	-	289,869
Corporate bonds	627,423	-	-	627,423
Government related securities	-	329,885	-	329,885
Fixed income funds	-	2,290,176	-	2,290,176
Total Investments	<u>\$ 5,320,246</u>	<u>\$ 2,804,845</u>	<u>\$ -</u>	<u>\$ 8,125,091</u>

ARBY'S FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

December 31, 2015	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equities	\$ 3,761,045	\$ 3,654,763	\$ (106,281)
Money market funds	171,542	171,542	-
U.S. Treasuries	176,657	175,237	(1,420)
Corporate bonds	331,899	325,858	(6,041)
Government related securities	182,155	182,605	450
Fixed income mutual funds	2,188,515	2,060,469	(128,046)
Total Investments	<u>\$ 6,811,813</u>	<u>\$ 6,570,474</u>	<u>\$ (241,339)</u>

December 31, 2014	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equities	\$ 3,715,695	\$ 4,399,203	\$ 683,508
Money market funds	188,535	188,535	-
U.S. Treasuries	283,128	289,869	6,741
Corporate bonds	627,849	627,423	(426)
Government related securities	326,298	329,885	3,587
Fixed income mutual funds	2,325,332	2,290,176	(35,156)
Total Investments	<u>\$ 7,466,837</u>	<u>\$ 8,125,091</u>	<u>\$ 658,254</u>

Investment income (loss) for the years ended December 31, 2015 and 2014 consisted of the following:

	2015	2014
Interest and dividends	\$ 243,505	\$ 247,569
Realized gains	569,041	819,298
Unrealized losses	(899,593)	(590,206)
Net investment (loss) income	<u>\$ (87,047)</u>	<u>\$ 476,661</u>

ARBY'S FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

3. PROPERTY AND EQUIPMENT

The Foundation's property and equipment at December 31, 2015 and 2014 consists of the following:

	<u>2015</u>	<u>2014</u>
Computers	\$ 15,513	\$ 15,121
Tow vehicle and trailer	-	457,222
Furniture and fixtures	17,362	15,059
Other equipment	68,679	86,288
Subtotal	<u>101,554</u>	<u>573,690</u>
Less accumulated depreciation	<u>85,682</u>	<u>510,484</u>
Total property and equipment	<u>\$ 15,872</u>	<u>\$ 63,206</u>

The Foundation recognized depreciation expense of \$29,232 and \$128,405 for the years ended December 31, 2015 and 2014, respectively.

During the year ended December 31, 2015, the Foundation determined that the tow vehicle and trailer would no longer be utilized, notified its lenders and returned the vehicles. One of the leases ended early in 2015 and the other lease allowed the Foundation to return the vehicle early with notice. The net effect of this transaction was a non-cash reduction of \$26,936 and \$26,704 in Property and equipment, net and Capital lease payable, respectively.

4. ENDOWMENT

The State of Georgia enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which concerns charities and how they manage investments and spend endowments. This affects all organizations with endowments, and accomplishes three main objectives: (a) sets standards for investment of assets for Board of Directors, (b) allows flexibility for spending of endowment funds, and (c) sets up a mechanism by which a fund can be released by the charity from donor restrictions.

The Foundation has interpreted the State of Georgia's UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of any donor-restricted endowment funds absent explicit donor stipulations to the contrary. At December 31, 2015 and 2014, the Foundation has no donor-restricted endowment funds.

The primary investment goal of the Foundation's adopted investment and spending policies, approved by the Board of Directors, is to preserve the real purchasing power of the assets in perpetuity and maximize the yield on investments by attaining a real total return while diversifying risk, by using funding only when current year operating income is insufficient. Total return is defined as the sum of total interest and dividends, appreciation, and realized and unrealized gains (losses), less all investment management costs. The Foundation's objective is to maintain appropriate liquidity ranging from meeting short-term operating needs to supporting the mission over the long term. The endowment assets are invested in a manner that is intended to produce results that exceed common benchmarks for a balanced portfolio.

ARBY'S FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

An endowment is an established fund of cash, securities, or other assets (such as contributions receivable) to provide income for the maintenance of a nonprofit organization. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation's investments are included as a Board-designated unrestricted endowment.

Endowment net asset composition is all Board-designated funds (investments) of \$5,709,555 and \$5,266,600 as of December 31, 2015 and 2014, respectively. The changes in endowment net assets for the years ended December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Endowment beginning of year	\$5,266,600	\$4,465,185
Investment (loss) income	(87,047)	476,661
Transfer from undesignated	1,669,698	1,184,272
Endowment grants	(1,053,279)	(741,232)
Investment expenses	<u>(86,417)</u>	<u>(118,286)</u>
Endowment end of year	<u>\$5,709,555</u>	<u>\$5,266,600</u>

5. RELATED PARTY TRANSACTIONS

The Foundation rents office space from a related party on a month-to-month basis. Rent paid for office space was \$40,379 and \$38,712 for the years ended December 31, 2015 and 2014, respectively. Accounts payable to the related party are \$3,783 and \$3,893 as of December 31, 2015 and 2014, respectively.

Included in Support and revenues on the Statements of Activities are cash contributions and sponsorships of \$1,274,260 for the year ended December 31, 2015 from either vendors who are board members of the Foundation or employees of Arby's Restaurant Group. Of this total, \$844,763 is included in Vendors and other contributions, \$274,533 is included in Sponsors income, \$81,076 is included in School's Out Food's In income and \$73,888 is included in Other income.

Included in Support and revenues on the Statements of Activities are cash contributions and sponsorships of \$1,157,904 for the year ended December 31, 2014 from either vendors who are board members of the Foundation or employees of Arby's Restaurant Group. Of this total, \$824,008 is included in Vendors and other contributions, \$298,013 is included in Sponsors income, \$25,207 is included in School's Out Food's In Income and \$10,676 is included in Other income.

The Arby's corporate and franchisee restaurants ran "In-unit" restaurant promotions in which customers could make a contribution and receive a coupon. The Foundation received revenues of \$3,766,932 and \$3,450,529 for the years ended December 31, 2015 and 2014, respectively, from these promotions.

ARBY'S FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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 ARG. These contributed services amounted to \$15,545 for the year ended December 31, 2015. These dollars are included in the Statements of Activities as in-kind contributions.

Included in Expenses on the Statements of Activities is a shared services agreement, dated September 28, 2015, for executive leadership with a related party in the amount of \$10,000 for the year ending December 31, 2015. These are allocated between Program services - other, Management and general and Fundraising \$6,000, \$2,667, and \$1,333, respectively.

6. 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 \$.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 contributions to the plan were \$20,342 and \$21,315 for the years ended December 31, 2015 and 2014, respectively.

7. 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. U.S. 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 has reported on its Form 990-T, the return to report unrelated business income, approximately \$750,000 of net operating loss carry forwards. These net operating losses may be available to offset future unrelated business income. These net operating losses will expire between 2023 to 2026. These net operating losses resulted in approximately \$255,000 of deferred income tax assets which are fully reserved for with a valuation allowance. Management does not believe it is more likely than not the future benefits of the net operating losses will be recognized.

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, 2015 and 2014, there are no known items which result in recording a liability related to uncertain tax positions. Tax years 2012 through 2015 remain subject to examination by major tax jurisdictions (US Federal, state and local authorities).

ARBY'S FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

8. AGENCY TRANSACTIONS

The Foundation received \$0 and \$4,922 in funds through various fundraising events that were agency transactions in the years ended December 31, 2015 and 2014, respectively.

9. SUMMER INNOVATION STRATEGY OBLIGATION

For the year ended December 31, 2013, the Foundation committed by way of an unconditional promise to give \$4,000,000 to the Share Our Strength No Kid Hungry campaign Summer Innovation Strategy. This donation is being paid out over four years: \$1,000,000 in 2013, \$1,500,000 in 2014, \$1,000,000 in 2015 and \$500,000 in 2016. Unconditional promises are discounted and recorded at their estimated fair value at the date they are pledged. The Foundation has elected the traditional or discount rate adjustment (DRA) technique in which the single set of cash flows are conditional cash flows. The risk-adjusted discount rate is derived from observed rates of return for comparable liabilities that are traded in the market. Amortization of this discount is being recorded as additional contribution expense. The remaining accrued amount as of December 31, 2015 of \$458,458 is included in Summer innovation strategy obligation – short term.

ARBY'S FOUNDATION, INC.
SUPPLEMENTAL SCHEDULES OF PROGRAM SERVICES –
GRANTS AND CHARITABLE CONTRIBUTIONS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Share Our Strength	\$2,494,500	\$2,576,062
Community Outreach	862,230	281,631
Summer Innovation Strategy	103,580	199,460
School's Out Food's In grants	72,968	22,686
Georgia Community Investment	-	78,596
Franchise Community Outreach	-	71,360
Total program services grants and charitable contributions	<u>\$3,533,278</u>	<u>\$3,229,795</u>

ARBY'S FOUNDATION, INC.
SUPPLEMENTAL SCHEDULES OF PROGRAM SERVICES - OTHER
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
School's Out Food's In, including Summer Mobile Tour	\$ 331,983	\$ 385,917
Salaries and related benefits	292,511	273,309
Professional Services	117,541	4,246
Administrative	69,065	33,753
Depreciation	18,415	107,161
Rent	13,460	13,108
Interest expense	1,131	10,237
Total program services - other	<u>\$ 844,106</u>	<u>\$ 827,731</u>

ARBY'S FOUNDATION, INC.
SUPPLEMENTAL SCHEDULES OF MANAGEMENT AND GENERAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Salaries and related benefits	\$ 342,606	\$ 273,788
Investment expenses and foreign taxes	87,791	118,698
Professional services	67,285	69,924
Administrative	58,633	48,378
Rent	17,860	16,274
Depreciation	10,817	21,244
Total management and general	<u>\$ 584,992</u>	<u>\$ 548,306</u>

ARBY'S FOUNDATION, INC.
SUPPLEMENTAL SCHEDULES OF FUNDRAISING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Salaries and related benefits	\$ 206,504	\$ 207,519
Partner program	202,945	264,900
Childhood Hunger - Community Investment (restaurant fundraisers)	181,763	256,345
Professional Services	34,495	11,235
Administrative	22,781	8,805
Rent	13,460	13,108
School's Out Food's In expense	6,741	9,076
Total fundraising	<u>\$ 668,689</u>	<u>\$ 770,988</u>