

**HAVE IT YOUR WAY FOUNDATION, INC.**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED  
DECEMBER 31, 2010 AND 2009

TABLE OF CONTENTS

|  |      |
|--|------|
| <b>INDEPENDENT AUDITORS' REPORT</b> .....                                    | 1    |
| <b>FINANCIAL STATEMENTS</b>  |      |
| Statement of Financial Position for the year ended December 31, 2010. ....   | 2    |
| Statement of Financial Position for the year ended December 31, 2009.....    | 3    |
| Statement of Activities for the year ended December 31, 2010.....            | 4    |
| Statement of Activities for the year ended December 31, 2009. ....           | 5    |
| Statements of Cash Flows for the years ended December 31, 2010 and 2009. . . | 6    |
| Notes to Financial Statements. ....  | 7-16 |

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Have It Your Way Foundation, Inc.  
Miami, Florida

We have audited the accompanying statements of financial position of Have It Your Way Foundation, Inc. (the "Foundation") as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

  
VERDEJA & DE ARMAS, LLP

Coral Gables, Florida  
April 13, 2011

**HAVE IT YOUR WAY FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2010**

| <b>ASSETS</b>                               |                     |                                     |                           |                           |                      |
|---|---------------------|-------------------------------------|---------------------------|---------------------------|----------------------|
|   | Unrestricted        | Board<br>Designated<br>Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted | Total                |
| <b>CURRENT ASSETS</b>                       |                     |                                     |                           |                           |                      |
| Cash and cash equivalents                   | \$ 537,488          | \$ -                                | 1,085,891                 | \$ -                      | \$ 1,623,379         |
| Accounts receivable                         | 58,828              | -                                   | 174,512                   | -                         | 233,340              |
| <b>TOTAL CURRENT ASSETS</b>                 | <b>596,316</b>      | <b>-</b>                            | <b>1,260,403</b>          | <b>-</b>                  | <b>1,856,719</b>     |
| <b>PROPERTY AND EQUIPMENT, NET</b>          | <b>13,969</b>       | <b>-</b>                            | <b>-</b>                  | <b>-</b>                  | <b>13,969</b>        |
| <b>OTHER ASSETS</b>                         |                     |                                     |                           |                           |                      |
| Prepaid Expenses                            | 1,468               | -                                   | -                         | -                         | 1,468                |
| Investments                                 | 2,970,966           | 989,267                             | 923,421                   | 4,476,989                 | 9,360,643            |
| Due from (to) funds                         | (180,143)           | 5,375                               | 252,342                   | (77,574)                  | -                    |
| <b>TOTAL OTHER ASSETS</b>                   | <b>2,792,291</b>    | <b>994,642</b>                      | <b>1,175,763</b>          | <b>4,399,415</b>          | <b>9,362,111</b>     |
| <b>TOTAL ASSETS</b>                         | <b>\$ 3,402,576</b> | <b>\$ 994,642</b>                   | <b>\$ 2,436,166</b>       | <b>\$ 4,399,415</b>       | <b>\$ 11,232,799</b> |
| <b>LIABILITIES AND NET ASSETS</b>           |                     |                                     |                           |                           |                      |
| <b>CURRENT LIABILITIES</b>                  |                     |                                     |                           |                           |                      |
| Accounts payable<br>and accrued expenses    | \$ 50,386           | \$ -                                | \$ 2,529                  | \$ -                      | \$ 52,915            |
| Grants payable                              | 200,000             | -                                   | -                         | -                         | 200,000              |
| <b>TOTAL CURRENT LIABILITIES</b>            | <b>250,386</b>      | <b>-</b>                            | <b>2,529</b>              | <b>-</b>                  | <b>252,915</b>       |
| <b>TOTAL LIABILITIES</b>                    | <b>250,386</b>      | <b>-</b>                            | <b>2,529</b>              | <b>-</b>                  | <b>252,915</b>       |
| <b>COMMITMENTS AND CONTINGENCIES</b>        |                     |                                     |                           |                           |                      |
| <b>NET ASSETS</b>                           |                     |                                     |                           |                           |                      |
| Unrestricted                                | 3,152,190           | -                                   | -                         | -                         | 3,152,190            |
| Unrestricted - board designated             | -                   | 994,642                             | -                         | -                         | 994,642              |
| Temporarily restricted                      | -                   | -                                   | 2,433,637                 | -                         | 2,433,637            |
| Permanently restricted                      | -                   | -                                   | -                         | 4,399,415                 | 4,399,415            |
| <b>TOTAL NET ASSETS</b>                     | <b>3,152,190</b>    | <b>994,642</b>                      | <b>2,433,637</b>          | <b>4,399,415</b>          | <b>10,979,884</b>    |
| <b>TOTAL LIABILITIES<br/>AND NET ASSETS</b> | <b>\$ 3,402,576</b> | <b>\$ 994,642</b>                   | <b>\$ 2,436,166</b>       | <b>\$ 4,399,415</b>       | <b>\$ 11,232,799</b> |

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

**HAVE IT YOUR WAY FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2009**

| <b>ASSETS</b>                      |                     |                                     |                           |                           |                     |
|------------------------------------|---------------------|-------------------------------------|---------------------------|---------------------------|---------------------|
|                                    | Unrestricted        | Board<br>Designated<br>Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted | Total               |
| <b>CURRENT ASSETS</b>              |                     |                                     |                           |                           |                     |
| Cash and cash equivalents          | \$ 1,215,228        | \$ -                                | \$ 1,966,326              | \$ -                      | \$ 3,181,554        |
| Accounts receivable                | 28,415              | -                                   | 18,813                    | -                         | 47,228              |
| Pledges receivable, net            | -                   | -                                   | 100,000                   | -                         | 100,000             |
| <b>TOTAL CURRENT ASSETS</b>        | <b>1,243,643</b>    | <b>-</b>                            | <b>2,085,139</b>          | <b>-</b>                  | <b>3,328,782</b>    |
| <b>PROPERTY AND EQUIPMENT, NET</b> | <b>26,282</b>       | <b>-</b>                            | <b>-</b>                  | <b>-</b>                  | <b>26,282</b>       |
| <b>OTHER ASSETS</b>                |                     |                                     |                           |                           |                     |
| Prepaid Expenses                   | 732                 | -                                   | -                         | -                         | 732                 |
| Investments                        | 1,283,230           | 569,459                             | -                         | 4,001,036                 | 5,853,725           |
| Due from (to) funds                | (145,946)           | -                                   | (217,433)                 | 363,379                   | -                   |
| <b>TOTAL OTHER ASSETS</b>          | <b>1,138,016</b>    | <b>569,459</b>                      | <b>(217,433)</b>          | <b>4,364,415</b>          | <b>5,854,457</b>    |
| <b>TOTAL ASSETS</b>                | <b>\$ 2,407,941</b> | <b>\$ 569,459</b>                   | <b>\$ 1,867,706</b>       | <b>\$ 4,364,415</b>       | <b>\$ 9,209,521</b> |

**LIABILITIES AND NET ASSETS**

|   |                     |                   |                     |                     |                     |
|---|---------------------|-------------------|---------------------|---------------------|---------------------|
| <b>CURRENT LIABILITIES</b>                  |                     |                   |                     |                     |                     |
| Accounts payable<br>and accrued expenses    | \$ 271,190          | \$ -              | \$ -                | \$ -                | \$ 271,190          |
| Deferred income                             | 101,000             | -                 | -                   | -                   | 101,000             |
| Due to Valerie Fund                         | -                   | -                 | 42,000              | -                   | 42,000              |
| Grants payable                              | 23,000              | -                 | -                   | -                   | 23,000              |
| <b>TOTAL CURRENT LIABILITIES</b>            | <b>395,190</b>      | <b>-</b>          | <b>42,000</b>       | <b>-</b>            | <b>437,190</b>      |
| <b>TOTAL LIABILITIES</b>                    | <b>395,190</b>      | <b>-</b>          | <b>42,000</b>       | <b>-</b>            | <b>437,190</b>      |
| <b>COMMITMENTS AND CONTINGENCIES</b>        |                     |                   |                     |                     |                     |
| <b>NET ASSETS</b>                           |                     |                   |                     |                     |                     |
| Unrestricted                                | 2,012,751           | -                 | -                   | -                   | 2,012,751           |
| Unrestricted - board designated             | -                   | 569,459           | -                   | -                   | 569,459             |
| Temporarily restricted                      | -                   | -                 | 1,825,706           | -                   | 1,825,706           |
| Permanently restricted                      | -                   | -                 | -                   | 4,364,415           | 4,364,415           |
| <b>TOTAL NET ASSETS</b>                     | <b>2,012,751</b>    | <b>569,459</b>    | <b>1,825,706</b>    | <b>4,364,415</b>    | <b>8,772,331</b>    |
| <b>TOTAL LIABILITIES<br/>AND NET ASSETS</b> | <b>\$ 2,407,941</b> | <b>\$ 569,459</b> | <b>\$ 1,867,706</b> | <b>\$ 4,364,415</b> | <b>\$ 9,209,521</b> |

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

**HAVE IT YOUR WAY FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

|   | Unrestricted        | Board<br>Designated<br>Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted | Total                |
|---|---------------------|-------------------------------------|---------------------------|---------------------------|----------------------|
| <b>SUPPORT AND REVENUES</b>                         |                     |                                     |                           |                           |                      |
| Contributions and donations                         | \$ 1,350,316        | \$ 337,607                          | \$ 1,874,512              | \$ 35,000                 | \$ 3,597,435         |
| Interest and investment income                      | 72,089              | 18,960                              | 119,712                   | -                         | 210,761              |
| Net realized and unrealized<br>gains on investments | 247,316             | 68,616                              | 374,262                   | -                         | 690,194              |
| In-kind contributions                               | 684,660             | -                                   | 85,952                    | -                         | 770,612              |
| Net assets released from restrictions               | 1,846,507           | -                                   | (1,846,507)               | -                         | -                    |
| <b>TOTAL SUPPORT<br/>AND REVENUES</b>               | <b>4,200,888</b>    | <b>425,183</b>                      | <b>607,931</b>            | <b>35,000</b>             | <b>5,269,002</b>     |
| <b>EXPENSES</b>                                     |                     |                                     |                           |                           |                      |
| Program services                                    | 1,829,015           | -                                   | -                         | -                         | 1,829,015            |
| Management and general                              | 839,134             | -                                   | -                         | -                         | 839,134              |
| Fundraising   | 393,300             | -                                   | -                         | -                         | 393,300              |
| <b>TOTAL EXPENSES</b>                               | <b>3,061,449</b>    | <b>-</b>                            | <b>-</b>                  | <b>-</b>                  | <b>3,061,449</b>     |
| <b>CHANGE IN NET ASSETS</b>                         | <b>1,139,439</b>    | <b>425,183</b>                      | <b>607,931</b>            | <b>35,000</b>             | <b>2,207,553</b>     |
| <b>NET ASSETS - BEGINNING OF YEAR</b>               | <b>2,012,751</b>    | <b>569,459</b>                      | <b>1,825,706</b>          | <b>4,364,415</b>          | <b>8,772,331</b>     |
| <b>NET ASSETS - END OF YEAR</b>                     | <b>\$ 3,152,190</b> | <b>\$ 994,642</b>                   | <b>\$ 2,433,637</b>       | <b>\$ 4,399,415</b>       | <b>\$ 10,979,884</b> |

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

**HAVE IT YOUR WAY FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

|   | Unrestricted        | Board<br>Designated<br>Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted | Total               |
|---|---------------------|-------------------------------------|---------------------------|---------------------------|---------------------|
| <b>SUPPORT AND REVENUES</b>                         |                     |                                     |                           |                           |                     |
| Contributions and donations                         | \$ 1,182,884        | \$ 212,964                          | \$ 1,687,728              | \$ -                      | \$ 3,083,576        |
| Interest income                                     | 2,468               | -                                   | -                         | -                         | 2,468               |
| Investment income                                   | 1,622               | 3,508                               | 109,782                   | -                         | 114,912             |
| Net realized and unrealized<br>gains on investments | -                   | 62,531                              | 518,387                   | -                         | 580,918             |
| In-kind contributions                               | 670,153             | -                                   | -                         | -                         | 670,153             |
| Net assets released from restrictions               | 1,472,552           | -                                   | (1,508,152)               | 35,600                    | -                   |
| <b>TOTAL SUPPORT<br/>AND REVENUES</b>               | <b>3,329,679</b>    | <b>279,003</b>                      | <b>807,745</b>            | <b>35,600</b>             | <b>4,452,027</b>    |
| <b>EXPENSES</b>                                     |                     |                                     |                           |                           |                     |
| Program services                                    | 1,471,780           | -                                   | -                         | -                         | 1,471,780           |
| Management and general                              | 960,794             | -                                   | -                         | -                         | 960,794             |
| Fundraising   | 392,950             | -                                   | -                         | -                         | 392,950             |
| <b>TOTAL EXPENSES</b>                               | <b>2,825,524</b>    | <b>-</b>                            | <b>-</b>                  | <b>-</b>                  | <b>2,825,524</b>    |
| <b>CHANGE IN NET ASSETS</b>                         | <b>504,155</b>      | <b>279,003</b>                      | <b>807,745</b>            | <b>35,600</b>             | <b>1,626,503</b>    |
| <b>NET ASSETS - BEGINNING OF YEAR</b>               | <b>1,508,596</b>    | <b>290,456</b>                      | <b>1,017,961</b>          | <b>4,328,815</b>          | <b>7,145,828</b>    |
| <b>NET ASSETS - END OF YEAR</b>                     | <b>\$ 2,012,751</b> | <b>\$ 569,459</b>                   | <b>\$ 1,825,706</b>       | <b>\$ 4,364,415</b>       | <b>\$ 8,772,331</b> |

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

**HAVE IT YOUR WAY FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009**

| CASH FLOWS FROM OPERATING ACTIVITIES:  | 2010         | 2009         |
|--|--------------|--------------|
| Change in net assets   | \$ 2,207,553 | \$ 1,626,503 |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities: |              |              |
| Depreciation   | 12,313       | 12,311       |
| Net realized and unrealized gains on investments   | (690,194)    | (580,918)    |
| Reduction of pledges receivable discount   | -            | (3,571)      |
| Decrease in pledges receivable   | 100,000      | 300,000      |
| (Increase) decrease in accounts receivable   | (186,112)    | 110,105      |
| Increase in prepaid expenses   | (736)        | (732)        |
| (Decrease) increase in accounts payable and accrued expenses                                   | (218,275)    | 205,541      |
| (Decrease) increase in deferred income   | (101,000)    | 96,000       |
| Decrease in due to Jimmy Fund  | -            | (66,562)     |
| (Decrease) increase in due to Valerie Fund   | (42,000)     | 42,000       |
| Increase (decrease) in grants payable  | 177,000      | (130,750)    |
| TOTAL ADJUSTMENTS  | (949,004)    | (16,576)     |
| NET CASH PROVIDED BY OPERATING ACTIVITIES  | 1,258,549    | 1,609,927    |
| CASH FLOWS FROM INVESTING ACTIVITIES:  |              |              |
| Net purchases of investments   | (2,816,724)  | (1,942,814)  |
| NET CASH USED IN INVESTING ACTIVITIES  | (2,816,724)  | (1,942,814)  |
| NET DECREASE IN CASH   | (1,558,175)  | (332,887)    |
| CASH AT BEGINNING OF YEAR  | 3,181,554    | 3,514,441    |
| CASH AT END OF YEAR  | \$ 1,623,379 | \$ 3,181,554 |
| <br><u>SUPPLEMENTAL DISCLOSURES OF NON-CASH TRANSACTIONS</u>                                   |              |              |
| In-kind services   | \$ 770,612   | \$ 670,153   |

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

**HAVE IT YOUR WAY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

---

**NOTE 1 – ORGANIZATION**

Have It Your Way Foundation, Inc. (the “Foundation”) was established in October 2005 and incorporated in the State of Florida as a 501(c) (3) organization. The Foundation was organized as a way for Burger King® Corporation (“BKC”) to make a difference in the communities in which it operates.

The Foundation supports education and disaster assistance. Its focus is on improving education and offering scholastic opportunities by providing scholarship awards that honor student’s scholastic achievements and community service efforts. It also focuses on providing disaster assistance through direct grants to service organizations that focus on disaster support. The Foundation is designed to engender greater support by leveraging the power of the BKC brand to gather and distribute funds worldwide. Foundation contributions come from voluntary contributions made by BKC employees, franchisees, vendors and restaurant guests.

BK® Family Fund (the “Fund”) provides immediate, short-term financial assistance to victims of a natural disaster, medical hardship, death, or other emergency hardship situations through grant amounts ranging from \$100 to \$3,000. The Fund is not intended to replace personal or homeowners insurance, federal disaster relief or other types of aid, but rather to assist on an immediate and short-term basis. Fund donations come from voluntary contributions made by the BKC employees and franchisees.

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

**Financial Statement Presentation**

The accompanying Statement of Financial Position, Statement of Activities and Cash Flow (collectively “Financial Statements”) of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Financial Accounting Standards Board (“FASB”) implemented the Accounting Standards Codification (“ASC”) which establishes FASB ASC as the source of authoritative U.S. accounting and reporting standards for nongovernmental entities. Presented below is a summary of significant accounting principles followed in the preparation of the accompanying financial statements.

These Financial Statements are presented in accordance with FASB ASC 958-205 Presentation of Financial Statements. In accordance with these standards, the Foundation is required to classify its resources into three separate classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Foundation is required to present a statement of cash flows.

Unrestricted

Unrestricted net assets consist of net assets that are neither permanently nor temporarily restricted by donor-imposed stipulations. Management or the governing board has discretionary control to use these funds in carrying on the mission of the Foundation.

Temporarily Restricted

Temporarily restricted net assets represent net assets with a donor-imposed restriction that is satisfied either by passage of time or by actions of the Foundation.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**HAVE IT YOUR WAY FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

---

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanently Restricted

Permanently restricted net assets result primarily from contributions that contain a donor-imposed stipulation that neither expires within a certain period of time nor can be fulfilled or otherwise removed by actions of the Foundation.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents are comprised of interest-bearing cash accounts. Short-term, highly liquid investments are treated as investments rather than cash equivalents and are included in investments. Investments are presented in the Statement of Financial Position at their fair market values.

**Investments**

The Foundation reports their investments as required by the Investments-Debt and Equity Securities Subtopic FASB ASC 958-320. Under FASB ASC 958-320, a not-for-profit organization is required to report investments in equity securities with readily determinable fair values and all investments in debt securities at fair value, with unrealized gains and losses included in the statements of activities in net depreciation on investments. The fair value of marketable securities is determined by quoted market prices.

**Property and Equipment, net**

Property and equipment owned by the Foundation are recorded at historical cost less accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets. Estimated useful life for software is 5 years.

**Income Tax**

The Foundation is a nonprofit organization, as described in Section 501(c)(3) of the Internal Revenue Code, exempt from federal income taxes as an organization except that unrelated business income is taxable. The Foundation had no unrelated business income for the year ended December 31, 2010. Accordingly, no provision for income taxes has been recorded in these financial statements.

**Contributions**

The Foundation records contributions as required by the Revenue Recognition Subtopic, FASB ASC 958-605. FASB ASC 958-605 generally requires that contributions received and made, including unconditional promises to give, be recognized as revenues and expenses, respectively, in the period.

Unconditional pledges to give cash and other assets are reported at fair value at the date the pledge is received to the extent it is estimated to be collectible by the Foundation. Pledges received with donor restrictions that limit the use of the donated assets are reported as temporarily or permanently restricted support.

FASB ASC 958-605 also requires pledges receivable due in excess of one year to be discounted to present value. There was no discount required for the years ended December 31, 2010 and December 31, 2009. All pledges are temporarily restricted.

**HAVE IT YOUR WAY FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

---

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

The Foundation's contributions consist of voluntary donations from BKC employees and from other interested organizations such as franchisees, vendors, and suppliers.

**Donated Goods and Services**

The Foundation records the value of donated goods and services when there is an objective basis available to measure the value. Donated items are reflected as support in the accompanying financial statements at the fair market values at the date of receipt. However, for donated items that do not meet the criteria in FASB ASC 958-605 for recognition, the value is neither recorded nor recognized. For the years ended December 31, 2010 and 2009, donated goods amounted to approximately \$0 for both years.

**Significant Contributions and Receivables**

Significant contributions are defined as any contribution greater than 10% of the total support and revenues. For the years ending December 31, 2010 and 2009, the Foundation received no pledge contributions in excess of 10% of the total support and revenues.

**Concentration of Credit Risk**

Financial instruments that potentially subject the Foundation to concentration of credit risk consist primarily of cash deposits and investment securities. The Foundation's investment securities consist mainly of investment grade securities and cash deposits with a major financial institution and brokerage firm. Although cash balances may exceed federally insured limits at times during the year, the Foundation has not experienced any losses in such accounts. At December 31, 2010 and 2009, the Foundation's uninsured bank balances totaled \$820,107 and \$5,165, respectively. The Foundation's investments had a fair market value of \$9,360,643 and \$5,853,725, for the years ended December 31, 2010 and 2009, respectively. Concentration of credit risk with respect to pledges receivable are limited due to the Foundation primarily receiving pledges from individuals, foundations, and corporations with substantial means.

**Net Assets Released From Restrictions**

Net assets released from restrictions amounted to \$1,846,507 and \$1,508,152 due to expiration of time or purpose restrictions for the years ended December 31, 2010 and 2009, respectively.

**Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis as disclosed in Note 11. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Subsequent Events**

The Foundation has evaluated subsequent events through April 13, 2011, which is the date the financial statements were available to be issued.

**HAVE IT YOUR WAY FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Accounting for Uncertainty in Income Taxes**

The Foundation is a not-for-profit organization exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been included in these financial statements.

On January 1, 2009, the Foundation adopted the provisions of an accounting standard, which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with existing accounting guidance on income taxes, and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This standard also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Interest and penalties on tax liabilities, if any; would be recorded as an expense in the statements of activities. No liability for unrecognized tax benefits was recorded as a result of implementing this standard.

NOTE 3 – PLEDGES RECEIVABLE, NET

Pledges receivable include the following unconditional promises to give as of December 31, 2010 and 2009:

|                               |             |                   |
|-------------------------------|-------------|-------------------|
| Amounts due in:               | 2010        | 2009              |
| Less than one year            | \$ -        | \$ 100,000        |
| One to five years             | -           | -                 |
| Total                         | -           | 100,000           |
| Less: present value discount  | -           | -                 |
| Total pledges receivable, net | <u>\$ -</u> | <u>\$ 100,000</u> |

NOTE 4 – INVESTMENTS

The Foundation has investments held in an account at a licensed brokerage firm. Investments at December 31, 2010 and 2009 are summarized as follows:

|                           | 2010                |                     | 2009                |                     |
|---------------------------|---------------------|---------------------|---------------------|---------------------|
|                           | Fair<br>Value       | Carrying<br>Value   | Fair<br>Value       | Carrying<br>Value   |
| Cash and cash equivalents | \$ 87               | \$ 87               | \$ 2,067            | \$ 2,067            |
| Equities                  | 5,527,021           | 5,527,021           | 3,487,882           | 3,487,882           |
| Fixed income              | 3,833,535           | 3,833,535           | 2,363,776           | 2,363,776           |
| Total investments         | <u>\$ 9,360,643</u> | <u>\$ 9,360,643</u> | <u>\$ 5,853,725</u> | <u>\$ 5,853,725</u> |

**HAVE IT YOUR WAY FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 4 – INVESTMENTS (Continued)

The following schedule summarizes the investment return and its classification in the Statement of Activities for the years ended December 31, 2010 and 2009, respectively:

|                                   | <u>2010</u>              | <u>2009</u>              |
|-----------------------------------|--------------------------|--------------------------|
| Investment income                 | \$ 209,691               | \$ 114,912               |
| Net realized gains                | 204,084                  | -                        |
| Net unrealized gains              | <u>486,110</u>           | <u>580,918</u>           |
| Net realized and unrealized gains | <u>690,194</u>           | <u>580,918</u>           |
| Total investment return           | <u><u>\$ 899,885</u></u> | <u><u>\$ 695,830</u></u> |

NOTE 5- FAIR VALUE MEASUREMENTS

As indicated in NOTE 2, FASB ASC 820 requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Observable inputs that reflect quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 – Unobservable inputs that are supported by little or no markets activity and that are significant to the fair value of the assets.

Financial instruments measured at fair value on a recurring basis are summarized below:

| <u>Description</u>        | <u>December 31, 2010</u>   | <u>Fair Value Measurements Using:</u>   |  |
|---------------------------|----------------------------|---|--|
|                           |                            | <u>Quoted Prices in<br/>Active Markets for<br/>Identical Assets<br/>(Level 1)</u> | <u>Significant Other<br/>Observable<br/>Inputs<br/>(Level 2)</u> |
| Cash and cash equivalents | \$ 87                      | \$ 87   | \$ -   |
| Equities                  | 5,527,021                  | 5,527,021   | -  |
| Fixed income              | <u>3,833,535</u>           | <u>3,833,535</u>  | -  |
| Total investments         | <u><u>\$ 9,360,643</u></u> | <u><u>\$ 9,360,643</u></u>  | <u><u>\$ -</u></u>   |

| <u>Description</u>        | <u>December 31, 2009</u>   | <u>Fair Value Measurements Using:</u>   |  |
|---------------------------|----------------------------|---|--|
|                           |                            | <u>Quoted Prices in<br/>Active Markets for<br/>Identical Assets<br/>(Level 1)</u> | <u>Significant Other<br/>Observable<br/>Inputs<br/>(Level 2)</u> |
| Cash and cash equivalents | \$ 2,067                   | \$ 2,067  | \$ -   |
| Equities                  | 3,487,882                  | 3,487,882   | -  |
| Corporate bonds           | <u>2,363,776</u>           | <u>2,363,776</u>  | -  |
| Total investments         | <u><u>\$ 5,853,725</u></u> | <u><u>\$ 5,853,725</u></u>  | <u><u>\$ -</u></u>   |

**HAVE IT YOUR WAY FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

**NOTE 6– PROPERTY AND EQUIPMENT, NET**

Property and equipment for the years ended December 31, 2010 and 2009 are summarized as follows:

|                                | <u>2010</u>      | <u>2009</u>      |
|--------------------------------|------------------|------------------|
| Software                       | \$ 61,218        | \$ 61,218        |
| Less: accumulated depreciation | <u>(47,249)</u>  | <u>(34,936)</u>  |
|                                | <u>\$ 13,969</u> | <u>\$ 26,282</u> |

Depreciation expense for the years ended December 31, 2010 and 2009 was \$12,313 and \$12,311, respectively.

**NOTE 7 – GRANTS PAYABLE**

Grants payable for the years ended December 31, 2010 and 2009 include the following unconditional promises as follows:

| Amounts due in:      | <u>2010</u>       | <u>2009</u>      |
|----------------------|-------------------|------------------|
| Less than one year   | \$ 50,000         | \$ 23,000        |
| One to five years    | <u>150,000</u>    | <u>-</u>         |
| Total grants payable | <u>\$ 200,000</u> | <u>\$ 23,000</u> |

**NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are composed of amounts received by the Foundation whose use was limited by either the passage of time or stipulations set forth by the donor. As of December 31, 2010 and 2009, temporarily restricted net assets consisted of the following:

|   | <u>2010</u>         | <u>2009</u>         |
|---|---------------------|---------------------|
| BK Scholarship Fund                             | \$ 1,774,153        | \$ 469,323          |
| BK Family Fund                                  | 210,565             | 136,182             |
| Coca-Cola Education Fund                        | -                   | 322,500             |
| Giving Campaign Fund                            | 195,572             | 71,391              |
| Fall Fundraiser Fund                            | 1,005               | 757,626             |
| McLamore Foundation Fund                        | 77,574              | -                   |
| Other   | 174,768             | 175,000             |
| Net realized and unrealized loss on investments | -                   | <u>(106,316)</u>    |
|   | <u>\$ 2,433,637</u> | <u>\$ 1,825,706</u> |

These funds are held as follows:

|                           | <u>2010</u>         | <u>2009</u>         |
|---------------------------|---------------------|---------------------|
| Cash and cash equivalents | \$ 1,085,891        | \$ 1,966,326        |
| Accounts receivable       | 174,512             | 18,813              |
| Pledges receivable, net   | -                   | 100,000             |
| Investments               | 923,421             | -                   |
| Due from funds            | 252,342             | (217,433)           |
| Due to Valerie            | -                   | (42,000)            |
| Accounts Payable          | <u>(2,529)</u>      | <u>-</u>            |
|                           | <u>\$ 2,433,637</u> | <u>\$ 1,825,706</u> |

**HAVE IT YOUR WAY FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

**NOTE 9 – PERMANENTLY RESTRICTED NET ASSETS**

Burger King®/McLamore Foundation, Inc. (d/b/a Burger King® Scholars) was a nonprofit organization with the purpose to encourage, aid and promote the education of young people. The Burger King®/McLamore Foundation, Inc. was dissolved on January 13, 2009. On October 22, 2007, the Foundation entered into a grant agreement (the “Agreement”) with Burger King®/McLamore Foundation, Inc. Pursuant to the Agreement, the Foundation was awarded a grant in the amount of \$4,500,000 of which \$4,399,415 were received.

These funds are to be utilized for charitable and educational purposes as stipulated by the Agreement. It is intended that the grant be managed by the Foundation as an endowment for the benefit of the Foundation. Commencing 15 years from the date of the Agreement, the Foundation may use up to 5% of the corpus of the grant each year to fund post-secondary school educational scholarship programs in the name of James W. McLamore and any related operating expense.

Permanently restricted net assets are composed of amounts received by the Foundation whose use is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Foundation. As of December 31, 2010 and 2009, there were permanently restricted net assets of \$ 4,399,415 and \$4,364,415, respectively.

These funds are held as follows:

|                | 2010                | 2009                |
|----------------|---------------------|---------------------|
| Investments    | \$ 4,476,989        | \$ 4,001,036        |
| Due from funds | (77,574)            | 363,379             |
|                | <u>\$ 4,399,415</u> | <u>\$ 4,364,415</u> |

**NOTE 10- ENDOWMENTS**

Endowment net asset composition by type of fund as of December 31, 2010 and 2009 were as follows:

|                                  | Board             |                  |                     |                     |
|----------------------------------|-------------------|------------------|---------------------|---------------------|
|                                  | Designated        | Temporarily      | Permanently         |                     |
| 2010                             | Unrestricted      | Restricted       | Restricted          | Total               |
| Donor-restricted endowment funds | \$ -              | \$ 77,574        | \$ 4,399,415        | \$ 4,476,989        |
| Board designated endowment funds | 994,642           | -                | -                   | 994,642             |
| Total Funds                      | <u>\$ 994,642</u> | <u>\$ 77,574</u> | <u>\$ 4,399,415</u> | <u>\$ 5,471,631</u> |

  

|                                  | Board             |                     |                     |                     |
|----------------------------------|-------------------|---------------------|---------------------|---------------------|
|                                  | Designated        | Temporarily         | Permanently         |                     |
| 2009                             | Unrestricted      | Restricted          | Restricted          | Total               |
| Donor-restricted endowment funds | \$ -              | \$ 1,825,706        | \$ 4,364,415        | \$ 6,190,121        |
| Board designated endowment funds | 569,459           | -                   | -                   | 569,459             |
| Total Funds                      | <u>\$ 569,459</u> | <u>\$ 1,825,706</u> | <u>\$ 4,364,415</u> | <u>\$ 6,759,580</u> |

**HAVE IT YOUR WAY FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 10- ENDOWMENTS (Continued)

Changes in endowment net assets for the year ended December 31, 2010 and 2009 were as follows:

| 2010  | Board<br>Designated<br>Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted | Total               |
|---|-------------------------------------|---------------------------|---------------------------|---------------------|
| Endowment net assets, beginning of year           | \$ 569,459                          | \$ 1,825,706              | \$ 4,364,415              | \$ 6,759,580        |
| Investment return:                                |                                     |                           |                           |                     |
| Investment income                                 | 18,960                              | 119,712                   | -                         | 138,672             |
| Net appreciation (realized and unrealized)        | 68,616                              | 374,262                   | -                         | 442,878             |
| Total investment return                           | 87,576                              | 493,974                   | -                         | 581,550             |
| Contributions                                     | 337,607                             | 1,960,464                 | 35,000                    | 2,333,071           |
| Appropriation of endowment assets for expenditure | -                                   | (1,846,507)               | -                         | (1,846,507)         |
| Other changes                                     | -                                   | (2,356,063)               | -                         | (2,356,063)         |
| Endowment net assets, end of year                 | <u>\$ 994,642</u>                   | <u>\$ 77,574</u>          | <u>\$ 4,399,415</u>       | <u>\$ 5,471,631</u> |
| 2009  | Board<br>Designated<br>Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted | Total               |
| Endowment net assets, beginning of year           | \$ 290,456                          | \$ 1,017,961              | \$ 4,328,815              | \$ 5,637,232        |
| Investment return:                                |                                     |                           |                           |                     |
| Investment income                                 | 3,508                               | 109,782                   | -                         | 113,290             |
| Net appreciation (realized and unrealized)        | 62,531                              | 518,387                   | -                         | 580,918             |
| Total investment return                           | 66,039                              | 628,169                   | -                         | 694,208             |
| Contributions                                     | 212,964                             | 1,687,728                 | -                         | 1,900,692           |
| Appropriation of endowment assets for expenditure | -                                   | (1,472,552)               | -                         | (1,472,552)         |
| Reclassifications                                 | -                                   | (35,600)                  | 35,600                    | -                   |
| Endowment net assets, end of year                 | <u>\$ 569,459</u>                   | <u>\$ 1,825,706</u>       | <u>\$ 4,364,415</u>       | <u>\$ 6,759,580</u> |

**HAVE IT YOUR WAY FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 10 – ENDOWMENTS (Continued)

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donors require the Foundation to retain as a fund of perpetual duration. In accordance with GAAP and the Board of Directors interpretations, deficiencies of this nature are reported in temporarily restricted net assets and were \$0 and \$106,316 as of December 31, 2010 and 2009, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions.

**Reclassifications and Other Changes**

During the year ended December 31, 2010, \$2,356,063 were removed from the endowment net asset composition to comply with the Foundation's policy. For the year ended December 31, 2009, \$35,600 previously recorded as temporarily restricted were reclassified to permanently restricted to comply with the donor's original intent.

NOTE 11 – FUNCTIONAL EXPENSES

The Foundation incurred the following expenses for the year ended December 31, 2010 and 2009:

| 2010                  | Program Services | Supporting Services    |              | Total        |
|-----------------------|------------------|------------------------|--------------|--------------|
|                       |                  | Management and General | Fund Raising |              |
| Expenses              | Education        |                        |              |              |
| Bank fees             | \$ -             | \$ 6,837               | \$ -         | \$ 6,837     |
| Advertising           | 35,104           | -                      | 27,749       | 62,853       |
| Professional services | 1,045            | 33,840                 | 93           | 34,978       |
| Grants                | 1,603,179        | -                      | -            | 1,603,179    |
| Legal services        | -                | 10,171                 | -            | 10,171       |
| Office expense        | 103,736          | 118,133                | 61,189       | 283,058      |
| Special events        | -                | -                      | 289,761      | 289,761      |
| In-kind services      | 85,951           | 670,153                | 14,508       | 770,612      |
| Total expenses        | \$ 1,829,015     | \$ 839,134             | \$ 393,300   | \$ 3,061,449 |

| 2009                  | Program Services | Supporting Services    |              | Total        |
|-----------------------|------------------|------------------------|--------------|--------------|
|                       |                  | Management and General | Fund Raising |              |
| Expenses              | Education        |                        |              |              |
| Bank fees             | \$ -             | \$ 7,537               | \$ -         | \$ 7,537     |
| Professional services | -                | 39,889                 | -            | 39,889       |
| Grants                | 1,471,780        | -                      | -            | 1,471,780    |
| Legal services        | -                | 18,936                 | -            | 18,936       |
| Office expense        | -                | 224,279                | -            | 224,279      |
| Special events        | -                | -                      | 392,950      | 392,950      |
| In-kind services      | -                | 670,153                | -            | 670,153      |
| Total expenses        | \$ 1,471,780     | \$ 960,794             | \$ 392,950   | \$ 2,825,524 |

**HAVE IT YOUR WAY FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

---

**NOTE 12- RELATED PARTY TRANSACTIONS**

BKC provides significant in-kind support to the Foundation, which enables the Foundation to operate. Such in-kind support includes corporate office space, corporate employees assigned to the task of providing general support, processing and distribution of grants, and other ancillary infrastructure support. These donated services were valued at \$670,153 and \$670,153 for the year ended December 31, 2010 and 2009.

In addition, \$16,816 and \$25,039 is owed to the Foundation from BKC, and are included in accounts receivable in the Statement of Financial Position at December 31, 2010 and 2009, respectively. Amounts owed by the Foundation to BKC were \$20,000 and \$29,149, and are included in accounts payable and accrued expenses in the Statement of Financial Position at December 31, 2010 and 2009, respectively.