

GIVE KIDS THE WORLD, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2019 and 2018

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors of
Give Kids The World, Inc.
Kissimmee, Florida

We have audited the accompanying financial statements of Give Kids The World, Inc. (a Florida not-for-profit corporation), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, 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 audits 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.

Board of Directors of
Give Kids The World, Inc.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Give Kids The World, Inc. as of June 30, 2019 and 2018, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
November 14, 2019

GIVE KIDS THE WORLD, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

ASSETS		2019	2018
ASSETS			
Cash and cash equivalents		\$ 8,928,718	\$ 7,549,544
Cash restricted for long-term purposes		161,205	80,355
Investments		55,061,789	52,936,468
Unconditional promises to give, net		1,253,875	143,721
Inventory		4,552,747	3,628,317
Other assets		1,701,649	1,516,559
Property and equipment, net		<u>43,276,846</u>	<u>45,795,435</u>
TOTAL ASSETS		<u><u>\$ 114,936,829</u></u>	<u><u>\$ 111,650,399</u></u>
 LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and accrued expenses		\$ 1,593,249	\$ 1,548,863
Other liabilities		<u>245,319</u>	<u>263,803</u>
TOTAL LIABILITIES		<u>1,838,568</u>	<u>1,812,666</u>
 COMMITMENTS AND CONTINGENCIES			
NET ASSETS			
Without donor restrictions			
Undesignated		9,050,720	8,408,323
Net investment in property and equipment		43,276,846	45,795,435
Designated		<u>57,586,446</u>	<u>53,650,433</u>
TOTAL WITHOUT DONOR RESTRICTIONS		<u>109,914,012</u>	<u>107,854,191</u>
With donor restrictions		<u>3,184,249</u>	<u>1,983,542</u>
TOTAL NET ASSETS		<u><u>113,098,261</u></u>	<u><u>109,837,733</u></u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 114,936,829</u></u>	<u><u>\$ 111,650,399</u></u>

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

GIVE KIDS THE WORLD, INC.

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2019 and 2018

	2019	2018
PUBLIC SUPPORT AND REVENUE		
Unrestricted contributions - non-cash	\$ 38,667,193	\$ 34,646,257
Unrestricted contributions - cash	16,048,065	16,169,436
Special events revenue, net of costs of direct benefits to donors of \$1,259,274 and \$1,020,203, respectively	888,080	842,257
Interest and dividend income	2,171,228	1,876,864
Net investment gains	1,633,614	2,686,916
Other revenue, net	506,618	410,891
TOTAL PUBLIC SUPPORT AND REVENUE	59,914,798	56,632,621
EXPENSES		
Program activities	55,906,561	52,274,886
Supporting activities:		
Management and general	1,454,408	1,114,289
Fundraising	3,156,262	3,384,547
Total supporting activities	4,610,670	4,498,836
TOTAL EXPENSES	60,517,231	56,773,722
NET ASSETS RELEASED FROM RESTRICTIONS	2,662,254	3,043,714
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	2,059,821	2,902,613
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions with donor restrictions - non-cash	309,400	107,985
Contributions with donor restrictions - cash	3,539,365	2,600,649
Other revenue, net	14,196	19,995
Net assets released from restrictions	(2,662,254)	(3,043,714)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	1,200,707	(315,085)
CHANGE IN NET ASSETS	3,260,528	2,587,528
NET ASSETS - BEGINNING OF YEAR	109,837,733	107,250,205
NET ASSETS - END OF YEAR	\$ 113,098,261	\$ 109,837,733

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

GIVE KIDS THE WORLD, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

	Program Activities	Supporting Activities	Fundraising	Total	
Family services	\$ 37,875,589	\$ -	\$ -	\$ 37,875,589	
Salaries and benefits	5,959,206	835,132	1,495,534	8,289,872	
Family, participant and program relations	2,901,161	41,871	-	2,943,032	
Restaurant food and beverage	1,924,041	-	-	1,924,041	
Repairs and maintenance	1,237,600	-	-	1,237,600	
Telephone and utilities	1,010,436	20,186	38,870	1,069,492	
Payroll taxes	371,604	74,122	100,104	545,830	
Insurance	392,569	34,512	46,016	473,097	
Advertising and promotion	6,252	39,162	338,679	384,093	
Materials and supplies	147,441	-	284,927	432,368	
Computer maintenance	150,658	84,098	165,172	399,928	
Taxes, licenses, and fees	7,874	5,039	198,488	211,401	
Professional fees	17,500	143,492	97,250	258,242	
Office supplies and postage	76,199	37,713	77,543	191,455	
Housekeeping, contracts, and supplies	238,543	-	-	238,543	
Meetings and travel	39,274	15,808	140,242	195,324	
Printing and stationary	98,725	4,214	47,921	150,860	
Equipment, office, and storage rental	84,940	7,540	-	92,480	
Education and training	45,003	16,448	12,372	73,823	
Dues and subscriptions	100	9,515	26,731	36,346	
Other	5,289	9,060	-	14,349	
	TOTAL EXPENSES BEFORE DEPRECIATION	52,590,004	1,377,912	3,069,849	57,037,765
Depreciation	3,316,557	76,496	86,413	3,479,466	
	TOTAL EXPENSES	\$ 55,906,561	\$ 1,454,408	\$ 3,156,262	\$ 60,517,231

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

GIVE KIDS THE WORLD, INC.

STATEMENTS OF FUNCTIONAL EXPENSES *(Continued)*

Year Ended June 30, 2018

	Program Activities	Supporting Activities	Fundraising	Total
Family services	\$ 34,807,995	\$ -	\$ -	\$ 34,807,995
Salaries and benefits	5,521,216	674,816	1,663,748	7,859,780
Family, participant and program relations	2,711,181	33,950	-	2,745,131
Restaurant food and beverage	1,824,637	-	-	1,824,637
Repairs and maintenance	1,241,189	-	-	1,241,189
Telephone and utilities	1,081,296	14,477	18,227	1,114,000
Payroll taxes	344,551	59,082	106,138	509,771
Insurance	390,513	29,362	55,787	475,662
Advertising and promotion	30,000	-	355,291	385,291
Materials and supplies	150,598	-	216,038	366,636
Computer maintenance	103,620	63,493	148,965	316,078
Taxes, licenses, and fees	9,426	8,265	243,999	261,690
Professional fees	-	53,045	178,071	231,116
Office supplies and postage	80,566	26,582	89,980	197,128
Housekeeping, contracts, and supplies	196,166	-	-	196,166
Meetings and travel	40,954	15,447	114,439	170,840
Printing and stationary	79,026	2,703	70,623	152,352
Equipment, office, and storage rental	124,580	7,481	-	132,061
Education and training	19,257	25,649	15,253	60,159
Dues and subscriptions	119	9,906	16,475	26,500
Other	5,726	9,021	-	14,747
	48,762,616	1,033,279	3,293,034	53,088,929
TOTAL EXPENSES BEFORE DEPRECIATION				
Depreciation	3,512,270	81,010	91,513	3,684,793
	\$ 52,274,886	\$ 1,114,289	\$ 3,384,547	\$ 56,773,722
TOTAL EXPENSES				

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

GIVE KIDS THE WORLD, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions	\$ 18,333,555	\$ 19,295,639
Cash received from other sources	1,394,698	1,253,148
Investment income received	2,171,228	1,876,864
Cash paid for operating activities and costs	(19,431,498)	(17,938,529)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,467,983	4,487,122
CASH FLOWS FROM INVESTING ACTIVITIES		
Net release of assets restricted for long-term purposes	(80,850)	(65,671)
Proceeds from sales of investments	22,266,273	19,038,124
Purchases of investments	(22,757,980)	(21,942,563)
Purchases of property and equipment	(651,477)	(274,355)
NET CASH USED IN INVESTING ACTIVITIES	(1,224,034)	(3,244,465)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term purposes	135,225	177,201
NET CASH PROVIDED BY FINANCING ACTIVITIES	135,225	177,201
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,379,174	1,419,858
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	7,549,544	6,129,686
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,928,718	\$ 7,549,544
RECONCILIATION OF CHANGE IN NET ASSETS TO NET		
OPERATING CASH FLOWS		
Change in net assets	\$ 3,260,528	\$ 2,587,528
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net gains on investments	(1,633,614)	(2,686,916)
In-kind donations to property and equipment	(309,400)	(107,985)
Loss on disposal of property and equipment	-	83,221
Contributions restricted for long-term purposes	(135,225)	(177,201)
Depreciation	3,479,466	3,684,793
Change in unconditional promises to give, net	(1,110,154)	525,554
Change in inventory	(924,430)	43,243
Change in accounts payable and accrued expenses	44,386	429,254
Net change in other operating assets and other liabilities	(203,574)	105,631
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 2,467,983	\$ 4,487,122

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

GIVE KIDS THE WORLD, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2019 and 2018

NOTE 1 - NATURE OF ORGANIZATION AND OPERATIONS

Give Kids The World, Inc. (the “Organization”) was founded in 1986 as a Florida not-for-profit corporation. The Organization provides children between the ages of 3 and 18 who have a critical illness and their families a cost-free opportunity to experience various world-famous Central Florida attractions. The Organization also provides the families with lodging on its 84-acre property located in Kissimmee, Florida. In addition to providing accommodations, the Organization also provides meals to the families and operates Give Kids The World Village (the “Village”), the Organization’s own resort, which includes swimming pools, miniature golf, a carousel ride, nightly entertainment, and much more.

In order to effectively accomplish its mission, the Organization works with local and national companies, community service organizations, and individuals to procure vacation packages, attraction tickets, transportation services, small gifts, food service, and volunteer time to carry out many of its activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared using the accrual basis of accounting in accordance with principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as net assets without donor restrictions and net assets with donor restrictions.

Designated Net Assets

Designated net assets represent amounts designated by the Board for various operating and capital needs.

Cash and Cash Equivalents

The Organization considers investments purchased or donated with original maturities of three months or less from the date of purchase to be cash equivalents.

Cash Restricted for Long-Term Purposes

Cash restricted for long-term purposes is restricted for capital expansion.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments primarily consist of mutual funds, marketable debt, and equity securities, which are stated at estimated fair value. Realized gains and losses are calculated based on proceeds received, less carrying value at the beginning of the reporting period. The cost of securities sold is based on the specific-identification method. Changes in unrealized gains and losses represent the change in the market value of investment holdings during the period.

Unconditional Promises to Give

Unconditional promises to give are recognized as revenue and assets in the period in which the related promise is made. Unconditional promises to give are stated, net of an allowance for doubtful accounts and net of present value discounts. The Organization estimates the allowance for doubtful accounts based on an analysis of specific accounts, taking into consideration the age of the past due account and assessment of ability to pay. Accounts are written off upon management's determination that the amounts are uncollectible.

Inventory

Inventory primarily consists of gifts, theme park tickets, and retail merchandise. Inventory is stated at the lower of cost or market using the first-in, first-out inventory cost-flow assumption.

Property and Equipment

The Organization capitalizes purchases of property and equipment which have a cost greater than \$2,000 and estimated useful lives of more than one year. Acquisitions of property and equipment are carried at cost or, if donated, at the estimated fair value at the date of donation. Repairs and maintenance are expensed as incurred. Depreciation is primarily computed on a straight-line basis over the estimated useful lives of the assets generally as follows:

Land improvements	15 years
Buildings and improvements	25 years
Furniture and equipment	5-10 years
Computer equipment	3 years

Contributions

Contributions are considered to be available for unrestricted use, unless specifically restricted by the donor. Gifts of cash and other assets received with donor stipulations that limit the use of the donated assets are reported as donor-restricted contributions. When a restriction ends, or the purpose of the restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

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

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. The Organization assigns expenses directly to the benefited function.

Income Taxes

The Organization is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to Florida law. The Organization is further classified as a public charity and not a private foundation for federal tax purposes. Income taxes, if any, on unrelated business income are immaterial and are recognized as expenses when paid. The Organization has not taken any material uncertain tax positions for which the associated tax benefits may not be recognized under accounting principles generally accepted in the United States of America (“GAAP”).

As of June 30, 2019, with few exceptions, the Organization is no longer subject to income tax examinations by U.S. federal taxing authorities for any tax years prior to the past three tax years.

New Accounting Standard Adoption

On July 1, 2018, the Organization adopted ASC 958, *Presentation of Financial Statements of Not-for-Profit Entities* (the “New Presentation Standard”). The New Presentation Standard amends the current reporting model for not-for-profit organizations and enhances disclosures. The implementation of the New Presentation Standard had no impact on the previously reported net assets or change in net assets. As permitted by the transition rules of the New Presentation Standard, the Organization has elected to present 2019 information only for the liquidity disclosure (see Note 3).

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 and disclosures in the financial statements. Significant estimates used in preparing these financial statements include those related to the estimated fair value of investments, the estimated net realizable value of inventories, the estimated useful lives of property and equipment, and the estimated fair value of non-cash contributions. Actual results could differ from those estimates, and those differences could be material.

Reclassifications

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 presentation. Such reclassifications had no effect on the previously reported change in net assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events and transactions for recognition and disclosure in these financial statements through November 14, 2019, which is the date the financial statements were available to be issued.

NOTE 3 - LIQUIDITY

Financial assets available to meet cash needs for general expenditures within one year are as follows at June 30, 2019:

Cash and cash equivalents	\$ 8,928,718
Investments	55,061,789
Less: Donor-restricted investments	<u>(1,789,220)</u>
	<u>\$ 62,201,287</u>

As part of a cash and liquidity management policy, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Additionally, cash in excess of daily needs is invested in both short- and long-term investment instruments. To help manage unanticipated liquidity needs, the Organization's investment portfolio consists of investments readily convertible to cash.

NOTE 4 - CONCENTRATIONS AND CREDIT RISK

The Organization maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Organization has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk related to cash and cash equivalents.

More than 87% of the Organization's non-cash contribution revenue came from a small group of donors. The Organization hopes and expects to gratefully continue its relationship with these significant donors.

NOTE 5 - INVESTMENTS AND FAIR VALUE

Investments consist of the following as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Equity securities:		
Mutual funds - equity	\$ 30,650,389	\$ 31,387,487
Common stock and other	9,889,790	9,028,268
Mutual funds - fixed income	4,747,365	7,274,410
Debt securities	8,250,230	3,534,025
Certificates of deposit	1,493,491	1,372,772
Other investments	<u>30,524</u>	<u>339,506</u>
Total investments	<u>\$ 55,061,789</u>	<u>\$ 52,936,468</u>

NOTE 5 - INVESTMENTS AND FAIR VALUE (Continued)

The fair value of financial instruments is presented based upon a hierarchy of levels that prioritizes the inputs of 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 (Level 3 measurements). 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.

If available, quoted market prices are used to value investments. 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.

Following is a description of each of the three levels of input within the fair value hierarchy:

Level 1 Unadjusted quoted market prices in active markets for identical items

Level 2 Other significant, observable inputs (such as quoted prices for similar items)

Level 3 Significant, unobservable inputs

Estimated fair value of assets measured on a recurring basis at June 30, 2019 and 2018 is as follows:

	June 30, 2019			
	Level 1	Level 2	Level 3	Total
Securities:				
Mutual funds - equity	\$ 30,650,389	\$ -	\$ -	\$ 30,650,389
Common stock and other	9,889,790	-	-	9,889,790
Mutual funds - fixed income	4,747,365	-	-	4,747,365
Debt securities - other	7,396,954	-	-	7,396,954
Debt securities - treasury and municipal	853,276	-	-	853,276
Non-traditional	-	-	30,524	30,524
Certificates of deposit	1,493,491	-	-	1,493,491
Total	<u>\$ 55,031,265</u>	<u>\$ -</u>	<u>\$ 30,524</u>	<u>\$ 55,061,789</u>
	June 30, 2018			
	Level 1	Level 2	Level 3	Total
Securities:				
Mutual funds - equity	\$ 31,387,487	\$ -	\$ -	\$ 31,387,487
Common stock and other	9,028,268	-	-	9,028,268
Mutual funds - fixed income	7,274,410	-	-	7,274,410
Debt securities - other	2,841,940	-	-	2,841,940
Debt securities - treasury and municipal	692,085	-	-	692,085
Non-traditional	-	-	339,506	339,506
Certificates of deposit	1,372,772	-	-	1,372,772
Total	<u>\$ 52,596,962</u>	<u>\$ -</u>	<u>\$ 339,506</u>	<u>\$ 52,936,468</u>

NOTE 5 - INVESTMENTS AND FAIR VALUE (Continued)

Non-traditional investments valued using Level 3 inputs consist of investments in pooled funds which invest in privately held enterprises. Generally, such investments cannot be liquidated in the near term. The estimated fair values of non-traditional investments are generally based on amounts provided by the investee, which are estimated using the net asset value per share of the investments.

The change in the components of financial instruments measured using Level 3 inputs was primarily due to unrealized losses and sales of approximately \$309,000 and \$405,000 for the years ended June 30, 2019 and 2018.

NOTE 6 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Gross unconditional promises to give	\$ 1,409,751	\$ 164,353
Less: Present value discount (approximately 1%-2%, per annum)	(131,306)	(4,842)
Less: Allowance for uncollectible amounts	<u>(24,570)</u>	<u>(15,790)</u>
Unconditional promises to give, net	<u>\$ 1,253,875</u>	<u>\$ 143,721</u>

Unconditional promises to give are due as follows:

	<u>2019</u>	<u>2018</u>
Less than one year	\$ 227,130	\$ 62,063
One to five years	544,804	102,290
Six to ten years	<u>637,817</u>	<u>-</u>
Gross unconditional promises to give	<u>\$ 1,409,751</u>	<u>\$ 164,353</u>

Unconditional promises to give were primarily restricted for future campus expansion or passage of time.

NOTE 7 - INVENTORY

Inventory consists of the following as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Toys, gifts, and family supplies	\$ 2,783,759	\$ 2,083,904
Attraction tickets	1,666,025	1,453,333
Retail merchandise and other	<u>102,963</u>	<u>91,080</u>
Total inventory	<u>\$ 4,552,747</u>	<u>\$ 3,628,317</u>

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Land	\$ 4,906,388	\$ 4,906,388
Land improvements	12,258,052	12,150,201
Buildings and improvements	57,163,332	57,072,562
Furniture and equipment	10,852,246	10,670,791
Computer equipment	1,510,196	1,479,962
Construction in progress	595,208	61,845
Total property and equipment	<u>87,285,422</u>	<u>86,341,749</u>
Less: Accumulated depreciation and amortization	<u>(44,008,576)</u>	<u>(40,546,314)</u>
Net property and equipment	<u>\$ 43,276,846</u>	<u>\$ 45,795,435</u>

Depreciation amounted to \$3,479,466 and \$3,684,793 for the years ended June 30, 2018 and 2018, respectively. Construction in progress primarily consists of building improvements and Henri's Starlite Scoops.

NOTE 9 - DESIGNATED AND RESTRICTED NET ASSETS

The Organization maintains a Board-designated endowment which represents amounts segregated by the Board to provide income for the Organization's operating and capital needs. Board-designated endowment activity was as follows:

Board-designated endowment, July 1, 2017	\$ 49,095,593
Interest and dividends	1,867,578
Net realized gain on sale of investments	2,139,818
Net unrealized gain on investments	627,683
Investment fees	(80,239)
Board-designated endowment, June 30, 2018	<u>53,650,433</u>
Interest and dividends	2,126,712
Net realized gain on sale of investments	3,119,350
Net unrealized loss on investments	(1,403,666)
Stock donations	173,862
Investment fees	(80,245)
Board-designated endowment, June 30, 2019	<u>\$ 57,586,446</u>

The Organization has adopted an investment policy for Board-designated endowment assets that attempts to provide a predictable stream of funding, while seeking to maintain the purchasing power of the assets and to preserve the invested capital. The spending policy provides flexibility, and the Organization seeks the advice of the Board of Directors when determining amounts to be spent.

NOTE 9 - DESIGNATED AND RESTRICTED NET ASSETS (Continued)

Donor-restricted net asset activity during the year ended June 30, 2019 was as follows:

	<u>Balance July 1</u>	<u>Reclassification</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance June 30</u>
The Village - food services	\$ 1,340,203	\$ -	\$ 1,584,280	\$ (1,673,085)	\$ 1,251,398
Time restrictions	123,669	-	1,259,576	(149,421)	1,233,824
Other program activities	278,460	-	551,355	(480,348)	349,467
Henri's Starlite Scoops	160,855	-	27,500	-	188,355
Future capital expansion	80,355	-	440,250	(359,400)	161,205
Total	<u>\$ 1,983,542</u>	<u>\$ -</u>	<u>\$ 3,862,961</u>	<u>\$ (2,662,254)</u>	<u>\$ 3,184,249</u>

Donor-restricted net asset activity during the year ended June 30, 2018 was as follows:

	<u>Balance July 1</u>	<u>Reclassification</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance June 30</u>
The Village - food services	\$ 1,199,670	\$ -	\$ 1,753,603	\$ (1,613,070)	\$ 1,340,203
Time restrictions	669,275	-	123,493	(669,099)	123,669
Other program activities	414,998	(100,000)	513,757	(550,295)	278,460
Henri's Starlite Scoops	8,265	100,000	52,590	-	160,855
Future capital expansion	6,419	-	285,186	(211,250)	80,355
Total	<u>\$ 2,298,627</u>	<u>\$ -</u>	<u>\$ 2,728,629</u>	<u>\$ (3,043,714)</u>	<u>\$ 1,983,542</u>

NOTE 10 - CONTRIBUTIONS - NON-CASH

The Organization receives donations from several Central Florida theme parks, which consist of tickets, onsite parking, character visits, family photographs while visiting the parks, and more. The Organization also receives donations of toys and family gifts, food and beverages, family transportation, and other similar donations from individuals and corporate partners. Non-cash contributions are recognized as revenue at their estimated fair value on the date the gifts are received and are recognized as expenses when the related gifts are distributed to families. During the years ended June 30, 2019 and 2018, the Organization recognized non-cash contributions of \$39,801,820 and \$35,338,918, respectively, of which \$38,976,593 and \$34,754,242 is included in "contributions - non-cash" (including amounts with and without donor restrictions) and \$825,227 and \$584,676 is included in "special events revenue" in the accompanying statements of activities.

In addition, volunteers provide labor and other services for various Organization activities. Such contributed services, which do not meet the criteria for recognition in conformity with GAAP, are not included in the accompanying financial statements. The contributed services have been estimated by management to be approximately 342,000 and 321,000 hours, and are valued at approximately \$8,697,000 and \$7,938,000 for the years ended June 30, 2019 and 2018, respectively.

NOTE 10 - CONTRIBUTIONS – NON-CASH (Continued)

Non-cash contributions consist of the following for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Theme park attraction tickets, parking, and photos	\$ 35,349,386	\$ 31,573,577
Toys and family gifts	1,327,007	1,224,127
Fundraising related support	824,663	584,676
Character visits	689,430	506,314
Food and beverage	505,491	618,001
Other program in-kind gifts	460,115	291,872
Capital improvements for expansion and operations	309,400	107,985
Transportation	208,562	313,038
Family supplies	127,766	119,328
Total non-cash contributions	<u>\$ 39,801,820</u>	<u>\$ 35,338,918</u>

NOTE 11 - RELATED-PARTY TRANSACTIONS

From time to time, the Organization engages in transactions with individuals who have family relationships with Board members or management, or with companies in which Board members or management have ownership interests. Independent members of the Organization's Board of Directors approved the transactions after considering the terms of comparable services. During the years ended June 30, 2019 and 2018, the Organization paid approximately \$541,000 and \$511,000 for food services, consulting, and other services and approximately \$61,000 and \$2,000 for legal services to such parties, respectively.

NOTE 12 - RETIREMENT PLAN

The Organization maintains a defined contribution retirement plan (the "Plan") covering all eligible employees. Employees may make elective deferral contributions to the Plan. In addition, the Organization makes matching contributions to the Plan based on specific deferrals of participating employees, as defined by the Plan document. The Organization may also make an annual discretionary contribution to the Plan. During the years ended June 30, 2019 and 2018, the Organization contributed approximately \$182,000 and \$212,000, respectively, to the Plan.