

**GIVE KIDS THE WORLD, INC.**

**FINANCIAL STATEMENTS**

**Years Ended June 30, 2020 and 2019**

# CONTENTS

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	<u>Page Number</u>
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8



Certified Public Accountants

## **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, 2020 and 2019, 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, 2020 and 2019, 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.

**MSL, P.A.**

Certified Public Accountants

Orlando, Florida  
November 6, 2020

# GIVE KIDS THE WORLD, INC.

## STATEMENTS OF FINANCIAL POSITION

**June 30, 2020 and 2019**

<b>ASSETS</b>		<b>2020</b>	<b>2019</b>
<b>ASSETS</b>			
Cash and cash equivalents		\$ 8,053,981	\$ 8,928,718
Cash restricted for long-term purposes		-	161,205
Investments		54,611,682	55,061,789
Unconditional promises to give, net		2,467,796	1,253,875
Inventory		4,470,529	4,552,747
Other assets		445,707	1,701,649
Property and equipment, net		43,205,885	43,276,846
	<b>TOTAL ASSETS</b>	<b>\$ 113,255,580</b>	<b>\$ 114,936,829</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued expenses		\$ 1,919,651	\$ 1,593,249
Other liabilities		102,466	245,319
	<b>TOTAL LIABILITIES</b>	<b>2,022,117</b>	<b>1,838,568</b>
<b>COMMITMENTS AND CONTINGENCIES</b>			
<b>NET ASSETS</b>			
Without donor restrictions			
Undesignated		7,411,423	9,050,720
Net investment in property and equipment		43,205,885	43,276,846
Designated		56,529,495	57,586,446
	<b>TOTAL WITHOUT DONOR RESTRICTIONS</b>	<b>107,146,803</b>	<b>109,914,012</b>
With donor restrictions		4,086,660	3,184,249
	<b>TOTAL NET ASSETS</b>	<b>111,233,463</b>	<b>113,098,261</b>
	<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 113,255,580</b>	<b>\$ 114,936,829</b>

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

# GIVE KIDS THE WORLD, INC.

## STATEMENTS OF ACTIVITIES

Years Ended June 30, 2020 and 2019

	2020	2019
PUBLIC SUPPORT AND REVENUE		
Unrestricted contributions - non-cash	\$ 26,975,348	\$ 38,667,193
Unrestricted contributions - cash	12,585,148	16,048,065
Grant revenue	1,750,000	-
Special events revenue, net of costs of direct benefits to donors of \$1,479,585 and \$1,259,274, respectively	667,726	888,080
Interest and dividend income	1,537,216	2,171,228
Net investment (losses) gains	(686,066)	1,633,614
Other revenue, net	520,974	506,618
TOTAL PUBLIC SUPPORT AND REVENUE	43,350,346	59,914,798
EXPENSES		
Program activities	44,009,350	55,906,561
Supporting activities:		
Management and general	1,694,807	1,454,408
Fundraising	3,296,203	3,156,262
Total supporting activities	4,991,010	4,610,670
TOTAL EXPENSES	49,000,360	60,517,231
NET ASSETS RELEASED FROM RESTRICTIONS	2,882,805	2,662,254
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(2,767,209)	2,059,821
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions with donor restrictions - non-cash	161,724	309,400
Contributions with donor restrictions - cash	3,612,498	3,539,365
Other revenue, net	10,994	14,196
Net assets released from restrictions	(2,882,805)	(2,662,254)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	902,411	1,200,707
CHANGE IN NET ASSETS	(1,864,798)	3,260,528
NET ASSETS - BEGINNING OF YEAR	113,098,261	109,837,733
NET ASSETS - END OF YEAR	\$ 111,233,463	\$ 113,098,261

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

# GIVE KIDS THE WORLD, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

	Program Activities	Supporting Activities	Fundraising	Total
Family services	\$ 27,082,462	\$ -	\$ -	\$ 27,082,462
Salaries and benefits	7,096,925	1,064,349	1,638,712	9,799,986
Family, participant and program relations	2,032,300	42,048	-	2,074,348
Restaurant food and beverage	1,455,965	-	-	1,455,965
Repairs and maintenance	985,115	-	-	985,115
Telephone and utilities	871,148	19,432	39,951	930,531
Payroll taxes	443,270	98,344	113,610	655,224
Insurance	395,090	41,735	55,646	492,471
Advertising and promotion	600	69,395	324,868	394,863
Materials and supplies	87,502	-	144,645	232,147
Computer maintenance	35,571	81,439	424,360	541,370
Taxes, licenses, and fees	8,638	5,259	184,556	198,453
Professional fees	-	87,838	8,820	96,658
Office supplies and postage	66,359	30,360	63,302	160,021
Housekeeping, contracts, and supplies	170,543	-	-	170,543
Meetings and travel	17,953	11,999	112,702	142,654
Printing and stationary	68,622	6,868	30,474	105,964
Equipment, office, and storage rental	51,693	7,481	-	59,174
Education and training	12,649	33,192	4,274	50,115
Dues and subscriptions	447	12,893	30,167	43,507
Other	2,707	10,470	39,114	52,291
	<b>40,885,559</b>	<b>1,623,102</b>	<b>3,215,201</b>	<b>45,723,862</b>
TOTAL EXPENSES BEFORE DEPRECIATION				
Depreciation	3,123,791	71,705	81,002	3,276,498
	<b>\$ 44,009,350</b>	<b>\$ 1,694,807</b>	<b>\$ 3,296,203</b>	<b>\$ 49,000,360</b>
TOTAL EXPENSES				

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, 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
	52,590,004	1,377,912	3,069,849	57,037,765
TOTAL EXPENSES BEFORE DEPRECIATION				
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 CASH FLOWS

Years Ended June 30, 2020 and 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from contributions	\$ 13,729,850	\$ 18,333,555
Cash received from other sources	1,188,700	1,394,698
Investment income received	1,537,216	2,171,228
Cash paid for operating activities and costs	(14,378,950)	(19,605,360)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<b>2,076,816</b>	2,294,121
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	23,803,874	22,266,273
Purchases of investments	(23,872,409)	(22,584,118)
Purchases of property and equipment	(3,044,223)	(651,477)
NET CASH USED IN INVESTING ACTIVITIES	<b>(3,112,758)</b>	(969,322)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions restricted for long-term purposes	-	135,225
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	135,225
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<b>(1,035,942)</b>	1,460,024
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - BEGINNING OF YEAR	<b>9,089,923</b>	7,629,899
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<b>\$ 8,053,981</b>	\$ 9,089,923
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS</b>		
Change in net assets	\$ (1,864,798)	\$ 3,260,528
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net loss (gain) on investments	686,066	(1,633,614)
In-kind donations of stock	(167,424)	(173,862)
In-kind donations to property and equipment	(161,724)	(309,400)
Loss on disposal of property and equipment	410	-
Contributions restricted for long-term purposes	-	(135,225)
Depreciation	3,276,498	3,479,466
Change in unconditional promises to give, net	(1,213,921)	(1,110,154)
Change in inventory	82,218	(924,430)
Change in accounts payable and accrued expenses	326,402	44,386
Net change in other operating assets and other liabilities	1,113,089	(203,574)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<b>\$ 2,076,816</b>	\$ 2,294,121

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

# **GIVE KIDS THE WORLD, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2020 and 2019**

### **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.

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

### Cash Restricted for Long-Term Purposes

Cash restricted for long-term purposes is restricted for capital expansion. Total cash, cash equivalents, and restricted cash presented in the statements of cash flows consists of amounts from the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 8,053,981	\$ 8,928,718
Restricted cash included:		
Cash restricted for long-term purposes	<u>-</u>	<u>161,205</u>
Cash, cash equivalents, and restricted cash	<u>\$ 8,053,981</u>	<u>\$ 9,089,923</u>

### Investments

Investments primarily consist of equity securities, mutual funds, marketable debt, and certificates of deposit, 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

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

### **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.

### **Grant Revenue**

Grant revenue is recognized as the terms and conditions of the grant are met (see Note 13).

### **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”).

### **New Accounting Standard Adoption**

On July 1, 2019, the Organization adopted Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers*. ASC 606 requires the Organization to recognize revenue at the net amount it expects to collect for the transfer of goods or services to customers and enhances disclosures. The Organization has elected to adopt ASC 606 utilizing a modified retrospective approach beginning as of July 1, 2019. The implementation of ASC 606 had no impact on beginning net assets or the change in net assets for the year ended June 30, 2020.

On July 1, 2019, the Organization also adopted Accounting Standards Update (“ASU”) 2016-18, *Statement of Cash Flows – Restricted Cash*. This new guidance requires the statement of cash flows to show the change in total cash, cash equivalents, and restricted cash; a disclosure on the type of restrictions and a reconciliation between total cash, cash equivalents, and restricted cash shown on the statements of cash flows and the line items where these amounts are included within the statements of financial position.

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

### New Accounting Standard Adoption (Continued)

On July 1, 2019, the Organization adopted ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 provides clarification in determining whether grants awards are exchange transactions, conditional contributions, or unconditional contributions, and also clarify when a contribution is restricted. The implementation of this new standard had no impact on net assets or the change in net assets for the year ended June 30, 2020.

### 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 2019 financial statements to conform to the 2020 presentation. Such reclassifications had no effect on the previously reported change in net assets.

### Subsequent Events

Management has evaluated subsequent events and transactions for recognition and disclosure in these financial statements through November 6, 2020, 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 7,788,926	\$ 8,928,718
Investments	54,611,682	55,061,789
Less: Donor-restricted investments	<u>(2,007,262)</u>	<u>(1,789,220)</u>
	<u>\$ 60,393,346</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 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 86% 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Equity securities:		
Mutual funds - equity	\$ 27,371,256	\$ 30,650,389
Common stock and other	12,936,773	9,889,790
Mutual funds - fixed income	4,348,294	4,747,365
Debt securities	8,892,619	8,250,230
Certificates of deposit	1,062,740	1,493,491
Other investments	-	30,524
	<u>\$ 54,611,682</u>	<u>\$ 55,061,789</u>
Total investments		

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

**NOTE 5 - INVESTMENTS AND FAIR VALUE (Continued)**

If available, quoted market prices are used to value investments. Mutual funds, common stock and debt securities are valued at the closing price reported on the most active market on which the individual securities or mutual funds are traded (Level 1). Certificates of deposits are valued using a market approach based on a quoted price from a financial institution (Level 1).

Estimated fair value of assets measured on a recurring basis at June 30, 2020 and 2019 is as follows:

	June 30, 2020			Total
	Level 1	Level 2	Level 3	
Mutual Funds and Securities:				
Mutual funds - equity	\$ 27,371,256	\$ -	\$ -	\$ 27,371,256
Common stock and other	12,936,773	-	-	12,936,773
Mutual funds - fixed income	4,348,294	-	-	4,348,294
Debt securities - other	7,636,788	-	-	7,636,788
Debt securities - treasury and municipal	1,255,831	-	-	1,255,831
Certificates of deposit	1,062,740	-	-	1,062,740
Total	<u>\$ 54,611,682</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,611,682</u>
	June 30, 2019			Total
	Level 1	Level 2	Level 3	Total
Mutual Funds and 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>

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 \$31,000 and \$309,000 for the years ended June 30, 2020 and 2019, respectively.

## NOTE 6 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Gross unconditional promises to give	\$ 2,516,968	\$ 1,409,751
Less: Present value discount (approximately 0.5%-2%, per annum)	(49,172)	(131,306)
Less: Allowance for uncollectible amounts	-	(24,570)
Unconditional promises to give, net	<u>\$ 2,467,796</u>	<u>\$ 1,253,875</u>

Unconditional promises to give are due as follows:

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 782,050	\$ 227,130
One to five years	1,294,325	544,804
Six to ten years	440,593	637,817
Gross unconditional promises to give	<u>\$ 2,516,968</u>	<u>\$ 1,409,751</u>

Unconditional promises to give were primarily restricted for future capital projects or passage of time.

## NOTE 7 - INVENTORY

Inventory consists of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Toys, gifts, and family supplies	\$ 2,520,801	\$ 2,783,759
Attraction tickets	1,875,338	1,666,025
Retail merchandise and other	74,390	102,963
Total inventory	<u>\$ 4,470,529</u>	<u>\$ 4,552,747</u>

## NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ 4,906,388	\$ 4,906,388
Land improvements	12,450,875	12,258,052
Buildings and improvements	59,705,378	57,163,332
Furniture and equipment	11,264,927	10,852,246
Computer equipment	1,510,196	1,510,196
Construction in progress	646,224	595,208
Total property and equipment	<u>90,483,988</u>	<u>87,285,422</u>
Less: Accumulated depreciation and amortization	<u>(47,278,103)</u>	<u>(44,008,576)</u>
Net property and equipment	<u>\$ 43,205,885</u>	<u>\$ 43,276,846</u>

Depreciation amounted to \$3,276,498 and \$3,479,466 for the years ended June 30, 2020 and 2019, respectively. Construction in progress primarily consists of building improvements.



## 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, 2018	\$ 53,650,433
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	<u>(80,245)</u>
Board-designated endowment, June 30, 2019	57,586,446
Interest and dividends	1,514,657
Net realized gain on sale of investments	1,936,327
Net unrealized loss on investments	(2,529,585)
Stock donations	167,424
Disbursements	(2,055,831)
Investment fees	<u>(89,943)</u>
Board-designated endowment, June 30, 2020	<u><b>\$ 56,529,495</b></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.

Donor-restricted net asset activity during the year ended June 30, 2020 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	\$ 1,251,398	\$ 170,753	\$ 1,181,367	\$ (1,253,459)	\$ 1,350,059
Time restrictions	1,233,824	-	1,956,324	(737,348)	2,452,800
Other program activities	349,467	-	385,752	(451,418)	283,801
Henri's Starlite Scoops	188,355	(170,753)	50	(17,652)	-
Future capital expansion	161,205	-	261,723	(422,928)	-
Total	<u>\$ 3,184,249</u>	<u>\$ -</u>	<u>\$ 3,785,216</u>	<u>\$ (2,882,805)</u>	<u>\$ 4,086,660</u>

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>

## 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, 2020 and 2019, the Organization recognized non-cash contributions of \$28,256,246 and \$39,801,820, respectively, of which \$27,137,072 and \$38,976,593 is included in “contributions - non-cash” (including amounts with and without donor restrictions) and \$1,119,174 and \$825,227 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 240,000 and 342,000 hours, and are valued at approximately \$6,528,000 and \$8,697,000 for the years ended June 30, 2020 and 2019, respectively.

Non-cash contributions consist of the following for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Theme park attraction tickets, parking, and photos	\$ 24,598,154	\$ 35,349,386
Toys and family gifts	779,134	1,327,007
Fundraising related support	1,119,174	824,663
Character visits	517,075	689,430
Food and beverage	406,287	505,491
Other program in-kind gifts	435,763	460,115
Investment contributions	161,724	-
Capital improvements for expansion and operations	-	309,400
Transportation	122,305	208,562
Family supplies	116,630	127,766
Total non-cash contributions	<u>\$ 28,256,246</u>	<u>\$ 39,801,820</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, 2020 and 2019, the Organization paid approximately \$420,000 and \$541,000 for food services, consulting, and other services and approximately \$28,000 and \$61,000 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, 2020 and 2019, the Organization contributed approximately \$203,000 and \$182,000, respectively, to the Plan.

## **NOTE 13 - COVID – 19 PANDEMIC**

In 2019 a new coronavirus (“COVID-19”) was identified as the cause of a disease outbreak that originated in China. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The coronavirus outbreak and government responses are creating disruption in financial markets and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the COVID-19 outbreak.

In March 2020, the Organization closed its operations. While the Organization has not fully reopened to date they are hosting some regionally located families and developing other events to provide cash flow during the pandemic.

The Families First Coronavirus Response Act (“FFCRA”) and the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act were signed into law on March 18, 2020 and March 27, 2020, respectively, to address the impact of COVID-19.

On April 27, 2020, the Organization received proceeds from a financial institution, who is a member of the Small Business Administration (“SBA”), in the amount of \$1,750,000 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the CARES Act, provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of qualifying businesses. The loan is unsecured and bears interest at 1.0% per annum. Principal and interest payments would be scheduled to commence May 5, 2021 with a final maturity date in April 21, 2022. Management used the funds for qualifying expenses and plans to apply for forgiveness under the rules issued by the SBA and anticipates that the full amount will be forgiven. The Organization has elected to treat the PPP proceeds as a contribution subject to conditions and is reflected as grant revenue in the statements of activities.