

Financial Statements Together with Report of  
Independent Certified Public Accountants

**COMIC RELIEF, INC.**

For the years ended December 31, 2017 and 2016

# COMIC RELIEF, INC.

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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Directors of  
**Comic Relief, Inc.**

We have audited the accompanying financial statements of Comic Relief, Inc. (“CR Inc.”) which comprise the statements of financial position as of December 31, 2017 and 2016, 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to CR Inc.’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 CR Inc.’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Comic Relief, Inc., as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Grant Thornton LLP*

New York, New York  
April 27, 2018

**COMIC RELIEF, INC.**  
**Statements of Financial Position**  
**As of December 31, 2017 and 2016**

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	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 20,029,914	\$ 11,495,144
Accounts receivable	280,588	700,837
Prepaid expenses	<u>364,270</u>	<u>561,311</u>
Total assets	<u>\$ 20,674,772</u>	<u>\$ 12,757,292</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 425,061	\$ 167,810
Due to related party	30,182	408,837
Grants payable	<u>12,718,000</u>	<u>6,905,000</u>
Total liabilities	<u>13,173,243</u>	<u>7,481,647</u>
Net assets		
Unrestricted	4,347,094	5,029,469
Temporarily restricted	<u>3,154,435</u>	<u>246,176</u>
Total net assets	<u>7,501,529</u>	<u>5,275,645</u>
Total liabilities and net assets	<u>\$ 20,674,772</u>	<u>\$ 12,757,292</u>

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

**COMIC RELIEF, INC.**  
**Statement of Activities**  
**For the year ended December 31, 2017**

	<b>2017</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Contributions and grants	\$ 91,002,645	\$ 3,117,394	\$ 94,120,039
Contributed services and rent	326,382	-	326,382
Interest and other income	14,935	-	14,935
Net assets released from restrictions	<u>209,135</u>	<u>(209,135)</u>	<u>-</u>
Total support and revenue	<u>91,553,097</u>	<u>2,908,259</u>	<u>94,461,356</u>
<b>EXPENSES</b>			
Program services	86,056,341	-	86,056,341
Supporting services			
Fundraising	4,381,688	-	4,381,688
General and administrative	<u>1,797,443</u>	<u>-</u>	<u>1,797,443</u>
Total expenses	<u>92,235,472</u>	<u>-</u>	<u>92,235,472</u>
Change in net assets	(682,375)	2,908,259	2,225,884
Net assets at the beginning of the year	<u>5,029,469</u>	<u>246,176</u>	<u>5,275,645</u>
Net assets at the end of the year	<u>\$ 4,347,094</u>	<u>\$ 3,154,435</u>	<u>\$ 7,501,529</u>

*The accompanying notes are an integral part of this financial statement.*

**COMIC RELIEF, INC.**  
**Statement of Activities**  
**For the year ended December 31, 2016**

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	<b>2016</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Contributions and grants	\$ 37,746,443	\$ 273,132	\$ 38,019,575
Contributed services and rent	204,000	-	204,000
Interest and other income	7,712	-	7,712
Net assets released from restrictions	<u>164,536</u>	<u>(164,536)</u>	<u>-</u>
Total support and revenue	<u>38,122,691</u>	<u>108,596</u>	<u>38,231,287</u>
<b>EXPENSES</b>			
Program services	31,181,456	-	31,181,456
Supporting services			
Fundraising	2,727,162	-	2,727,162
General and administrative	<u>1,159,836</u>	<u>-</u>	<u>1,159,836</u>
Total expenses	<u>35,068,454</u>	<u>-</u>	<u>35,068,454</u>
Change in net assets	3,054,237	108,596	3,162,833
Net assets at the beginning of the year	<u>1,975,232</u>	<u>137,580</u>	<u>2,112,812</u>
Net assets at the end of the year	<u>\$ 5,029,469</u>	<u>\$ 246,176</u>	<u>\$ 5,275,645</u>

*The accompanying notes are an integral part of this financial statement.*

**COMIC RELIEF, INC.**  
**Statement of Functional Expenses**  
**For the year ended December 31, 2017**

	2017						
	Red Nose Day	Hand In Hand	Other Programs <sup>1</sup>	Total Program	Fundraising	General and Administration	Total
Grants	\$ 34,680,000	\$ 46,184,500	\$ 225,000	\$ 81,089,500	\$ -	\$ -	\$ 81,089,500
Salaries and benefits	812,120	252,163	-	1,064,283	1,263,695	725,393	3,053,371
Legal fees	-	98,959	-	98,959	4,280	167,130	270,369
Personnel services and expenses	74,177	59,318	-	133,495	2,321,716	315,899	2,771,110
Events	20,036	-	-	20,036	473,989	-	494,025
Audit, tax and accounting	-	3,782	-	3,782	-	64,088	67,870
Travel and associated costs	68,128	8,516	-	76,644	173,198	61,005	310,847
Operations and office costs	88,247	54,635	-	142,882	73,560	463,928	680,370
Website	72	40	-	112	71,250	-	71,362
Project assessors	163,343	2,500	-	165,843	-	-	165,843
Donation processing	1,059,818	2,200,852	135	3,260,805	-	-	3,260,805
<b>Total expenses</b>	<b><u>\$ 36,965,941</u></b>	<b><u>\$ 48,865,265</u></b>	<b><u>\$ 225,135</u></b>	<b><u>\$ 86,056,341</u></b>	<b><u>\$ 4,381,688</u></b>	<b><u>\$ 1,797,443</u></b>	<b><u>\$ 92,235,472</u></b>

<sup>1</sup> Other programs consist of Flying Start and Jack Black Fund for Kids.

*The accompanying notes are an integral part of this financial statement.*

**COMIC RELIEF, INC.**  
**Statement of Functional Expenses**  
**For the year ended December 31, 2016**

	<b>2016</b>					
	<b>Red Nose Day</b>	<b>Flying Start</b>	<b>Total</b>	<b>Fundraising</b>	<b>General and Administration</b>	<b>Total</b>
Grants	\$ 29,764,700	\$ 5,000	\$ 29,769,700	\$ -	\$ -	\$ 29,769,700
Salaries and benefits	90,575	-	90,575	345,769	602,723	1,039,067
Legal fees	-	-	-	18,045	141,609	159,654
Personnel services and expenses	120,765	-	120,765	1,661,796	69,614	1,852,175
Events	-	53,510	53,510	262,671	-	316,181
Audit, tax and accounting	-	5,000	5,000	-	107,882	112,882
Travel and associated costs	105,475	-	105,475	264,299	12,627	382,401
Operations and office costs	73,130	-	73,130	80,426	225,381	378,937
Website	-	-	-	94,156	-	94,156
Project assessors	145,977	-	145,977	-	-	145,977
Donation processing	816,298	1,026	817,324	-	-	817,324
	<u>816,298</u>	<u>1,026</u>	<u>817,324</u>	<u>-</u>	<u>-</u>	<u>817,324</u>
Total expenses	<u>\$ 31,116,920</u>	<u>\$ 64,536</u>	<u>\$ 31,181,456</u>	<u>\$ 2,727,162</u>	<u>\$ 1,159,836</u>	<u>\$ 35,068,454</u>

*The accompanying notes are an integral part of this financial statement.*

**COMIC RELIEF, INC.**  
**Statements of Cash Flows**  
For the years ended December 31, 2017 and 2016

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	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,225,884	\$ 3,162,833
Adjustments to reconcile increase in net assets to cash provided by operating activities		
Decrease (increase) in accounts receivable	420,249	(693,325)
Decrease (increase) in prepaid expenses	197,041	(508,534)
Increase in accounts payable and accrued expenses	257,251	100,769
(Decrease) increase in due to related party	(378,655)	353,376
Increase in grants payable	<u>5,813,000</u>	<u>2,025,000</u>
Net cash provided by operating activities	<u>8,534,770</u>	<u>4,440,119</u>
Change in cash and cash equivalents	<u>8,534,770</u>	<u>4,440,119</u>
Cash and cash equivalents at beginning of the year	<u>11,495,144</u>	<u>7,055,025</u>
Cash and cash equivalents at end of the year	<u>\$ 20,029,914</u>	<u>\$ 11,495,144</u>

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

**COMIC RELIEF, INC.**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

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**1. DESCRIPTION OF THE ORGANIZATION AND ITS ACTIVITIES**

Comic Relief, Inc. (“CR, Inc.”) is a Delaware non-profit public benefit corporation incorporated in December of 2006. CR, Inc. makes grants to other charitable organizations, especially those groups working to end poverty and improve health and education, in both the United States of America and internationally.

During 2014, CR, Inc. established the Flying Start Fund (the “Fund”) to receive donations made through the fundraising activities of British Airways staff and the public. The funds raised are to be used in furtherance of the Fund’s objectives jointly agreed between CR, Inc. and British Airways. CR, Inc. retains ultimate discretion and control over the use and expenditure of the monies contributed to the Fund.

In the summer of 2014, Comic Relief UK, a charity registered in the United Kingdom (“UK”) under charity registration number 326568, agreed to Heads of Terms with NBC Universal for the production of a Red Nose Day telethon to be broadcast on May 21, 2015. The telethon was modelled on the successful operation of Red Nose Day over the past 25 years in the UK. CR, Inc. entered into a license agreement with Comic Relief UK for the use of the trademarks and the provision of knowhow whereby CR, Inc. managed the campaign and the relationship with NBC Universal and other corporate and non-profit partners. The proceeds of the event were received by CR, Inc. and CR, Inc. is responsible for the disbursement of the funds including grants to charitable organizations. Given the success of the telethon in years 2016 and 2017, the license was extended once again for 2018, with the telethon to be held on May 24, 2018.

In September 2017, CR, Inc. was approached by Silent Content Ventures, LLC (“SCV”) to assist with Hand in Hand Hurricane Relief benefit. CR, Inc.’s role in the benefit was to manage campaign fundraising and grant making. This was to be done by receiving donations into a Hurricane Relief fund, advising SCV regarding donor solicitations and communications and managing platforms, receiving donations, grant making and monitoring of grants.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), which recognizes revenue when earned and expenses when incurred and accordingly, reflect all significant receivables, payables and other liabilities.

**Net Asset Classifications**

Net assets and changes in net assets are classified based on the existence or absence of donor-imposed restrictions. CR, Inc.’s net assets and changes in net assets are classified and reported as follows:

*Unrestricted Net Assets* - Unrestricted net assets include contributions received without any donor-imposed restrictions. All expenses are reported as decreases in unrestricted net assets. Revenues, expenses, gains, and losses are reported as increases or decreases in unrestricted net assets unless their use is restricted by donor-imposed stipulations.

**COMIC RELIEF, INC.**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

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*Temporarily Restricted Net Assets* - CR, Inc. reports contributions of cash and other assets as temporarily restricted support if they are received with donor stipulations as to the specific timing or use of the donated asset. When a donor's restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the statement of activities as net assets released from restrictions.

*Permanently restricted* - Net assets that are subject to donor-imposed stipulations requiring that the corpus be retained in a fund of permanent duration and the income therefrom be used for general or specific purposes, as required by donors. CR, Inc. had no permanently restricted net assets at December 31, 2017 and 2016.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of checking and commercial paper accounts. For purposes of the statements of cash flows, all highly liquid instruments with original maturities of three months or less are considered to be cash equivalents.

**Contributions and Contributions Receivable**

Contributions are recognized when the unconditional promise to give is received. All contributions are considered to be available for unrestricted use unless restricted by the donor. Amounts received that are designated for future periods or designated by the donor for specific purposes are reported as temporarily restricted support. Contributions with donor-imposed restrictions that are met in the same accounting period are recorded as unrestricted income.

Contributions receivable are recorded at net realizable value. An allowance for uncollectible contributions receivable is provided based on an assessment of the creditworthiness of the respective donor. Receivables are written off in the period in which they are deemed uncollectible and payments received subsequently are recorded as income in the period received.

Conditional promises to give are not recognized until they become unconditional promises to give, that is, when the conditions on which they depend are substantially met. There were no conditional promise to give received by CR, Inc. during the years ended December 31, 2017 and 2016.

**Contributed Services**

Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

**Grants and Grants Payable**

All grants are taken under consideration and approved by the Board of Directors. Grant awards by CR, Inc. to recipients are recorded as an expense and a liability when approved by the Board of Directors, when the grantee has been selected and notified and when all significant conditions have been met. At December 31, 2017, CR, Inc. had one conditional grant outstanding which totaled \$250,000 and was not reflected in the accompanying financial statements. At December 31, 2016, CR, Inc. had one conditional grant outstanding which totaled \$750,000 and was not reflected in the accompanying financial statements.

**COMIC RELIEF, INC.**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

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**Functional Allocation of Expenses**

Expenses that apply to more than one functional category have been allocated between program and supporting services, based on the time spent on these functions as estimated by senior management. The remaining costs are charged directly to the appropriate functional category.

**Income Taxes**

CR, Inc. follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

CR, Inc. is exempt from federal income tax under Internal Revenue Code (the “Code”) section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. CR, Inc. has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it was nexus; and to identify and evaluate other matters that may be considered tax positions. CR, Inc. has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

**Use of Estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant items subject to such estimates and assumptions include the valuation of long-term grants, amount of contributed services and allocation of expenses by function. Actual results could differ from those estimates.

**New Pronouncement**

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Updated (“ASU”) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statement of Not-for-Profit Entities*. The new guidance improves and simplifies the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit’s liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU 2016-14 is to be applied retroactively with transition provisions. CR, Inc. is in the process of evaluating the impact this standard will have on the financial statements.

**Reclassifications**

Certain reclassifications were made to the 2016 financial statements in order to conform to the 2017 presentation. Such reclassifications did not change total assets, total liabilities, revenues, expenses or changes in net assets as reflected in the 2016 financial statements

**COMIC RELIEF, INC.**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

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**3. GRANT PAYABLE**

Grants payable at December 31, 2017 and 2016, consisted of the follows:

	<u>2017</u>	<u>2016</u>
Less than one year	\$ 12,158,000	\$ 5,385,000
One to five years	<u>560,000</u>	<u>1,520,000</u>
Total	<u>\$ 12,718,000</u>	<u>\$ 6,905,000</u>

**4. CONCENTRATION OF CREDIT RISK**

CR, Inc. maintains its cash at a financial institution, which may at times exceed federally insured limits. CR, Inc. has not experienced any losses in such accounts and believes it is not exposed to any significant risk on its cash and cash equivalents. At December 31, 2017 and 2016, CR, Inc. had all of its cash in commercial paper.

CR, Inc.'s contribution revenue is primarily generated from donors. For the year ended December 31, 2017, approximately 22% of contribution revenue was received from one donor. For the year ended December 31, 2016, approximately 73% of contribution revenue was received from two donors.

**5. RELATED PARTY TRANSACTIONS**

CR, Inc. incurred legal expenses with a firm, wherein a Board member is a partner. During the years ended December 31, 2017 and 2016, the total expenses incurred were \$270,368 and \$141,609, respectively.

CR, Inc. received a donation in 2017 in the amount of \$10,000 from a company where one of our board members is employed.

CR, Inc. received operation support from Comic Relief UK in the form of payment and process of expenses throughout the year. As of December 31, 2017 and 2016, \$30,182 and \$408,837, respectively, is payable to Comic Relief UK. For the years ended December 31, 2017 and 2016, Comic Relief UK charged CR, Inc. \$210,066 and \$408,837, respectively, for reimbursement of invoices processed on CR, Inc.'s behalf.

**6. CONTRIBUTED SERVICES**

For the years ended December 31, 2017 and 2016, CR, Inc. received donated legal fee from a related party with a fair value of \$198,098 and \$0, respectively.

For the years ended December 31, 2017 and 2016, CR, Inc. received donated office space and support in New York City in the amount of \$128,284 and \$204,000, respectively.

CR, Inc. received contributed services from NBC Universal to carry out a national fundraising and awareness raising campaign including a television special to be broadcast related to Red Nose Day 2017 and Red Nose Day 2016. The amount contributed could not be readily determined and valued.

**COMIC RELIEF, INC.**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

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**7. TEMPORARILY RESTRICTED NET ASSETS**

For the years ended December 31, 2017 and 2016, temporarily restricted net assets consisted of the following:

	<u>Flying Start</u>	<u>Red Nose Day 2017</u>	<u>Jack Black Fund</u>	<u>HHH</u>	<u>Total</u>
<b>Temporarily restricted net assets - December 21, 2015</b>	\$ 37,580	\$ 100,000	\$ -	\$ -	\$ 137,580
Contributions	248,132	-	25,000	-	273,132
Releases from restriction	<u>(64,536)</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>(164,536)</u>
<b>Temporarily restricted net assets - December 21, 2016</b>	<u>221,176</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>246,176</u>
Contributions	1,335	10,000	-	3,106,059	3,117,394
Releases from restriction	<u>(184,135)</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>	<u>(209,135)</u>
<b>Temporarily restricted net assets December 31, 2017</b>	<u>\$ 38,376</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 3,106,059</u>	<u>\$ 3,154,435</u>

**8. SUBSEQUENT EVENTS**

CR, Inc. in conjunction with NBC Universal will carry out a national fundraising and awareness raising campaign including a television special to be broadcast on Red Nose Day May 24, 2018.

CR, Inc. has evaluated its December 31, 2017 financial statements for subsequent events through April 27, 2018, the date the financial statements were available to be issued. Except as noted above, CR, Inc. is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.