

Financial Statements Together with
Report of Independent Certified Public
Accountants

Comic Relief, Inc. (d/b/a Comic Relief US)

December 31, 2020 and 2019

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
Comic Relief, Inc. (d/b/a Comic Relief US)

Report on the financial statements

We have audited the accompanying financial statements of Comic Relief, Inc. (d/b/a Comic Relief US) ("CR US"), which comprise the statements of financial position as of December 31, 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the CR US'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 US'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. (d/b/a Comic Relief US) as of December 31, 2020 and 2019, 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 16, 2021

Comic Relief US

STATEMENT OF ACTIVITIES

For the year ended December 31, 2020
with comparative totals for the year ended December 31, 2019

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue				
Contributions and grants	\$ 42,359,335	\$ -	\$ 42,359,335	\$ 52,148,605
Contributed services and rent	156,240	-	156,240	324,873
Interest and other income	17,430	-	17,430	192,800
Net assets released from restrictions	1,390,262	(1,390,262)	-	-
Total support and revenue	43,923,267	(1,390,262)	42,533,005	52,666,278
Expenses				
Program services	32,819,953	-	32,819,953	41,336,235
Supporting services				
Fundraising	4,906,021	-	4,906,021	4,239,786
General and administrative	1,747,432	-	1,747,432	2,461,801
Total expenses	39,473,406	-	39,473,406	48,037,822
Change in net assets	4,449,861	(1,390,262)	3,059,599	4,628,456
Net assets at the beginning of the year	6,616,256	2,247,419	8,863,675	4,235,219
Net assets at the end of the year	<u>\$ 11,066,117</u>	<u>\$ 857,157</u>	<u>\$ 11,923,274</u>	<u>\$ 8,863,675</u>

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

Comic Relief US

STATEMENT OF ACTIVITIES

For the year ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Contributions and grants	\$ 48,678,436	\$ 3,470,169	\$ 52,148,605
Contributed services and rent	324,873	-	324,873
Interest and other income	171,943	20,857	192,800
Net assets released from restrictions	<u>1,664,935</u>	<u>(1,664,935)</u>	<u>-</u>
Total support and revenue	<u>50,840,187</u>	<u>1,826,091</u>	<u>52,666,278</u>
Expenses			
Program services	41,336,235	-	41,336,235
Supporting services			
Fundraising	4,239,786	-	4,239,786
General and administrative	<u>2,461,801</u>	<u>-</u>	<u>2,461,801</u>
Total expenses	<u>48,037,822</u>	<u>-</u>	<u>48,037,822</u>
Change in net assets	2,802,365	1,826,091	4,628,456
Net assets at the beginning of the year	<u>3,813,891</u>	<u>421,328</u>	<u>4,235,219</u>
Net assets at the end of the year	<u>\$ 6,616,256</u>	<u>\$ 2,247,419</u>	<u>\$ 8,863,675</u>

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

Comic Relief US

STATEMENT OF FUNCTIONAL EXPENSES

**For the year ended December 31, 2020
with comparative totals for the year ended December 31, 2019**

	2020					2019
	Red Nose Day	Total Program	Fundraising	General and Administration	Total	Total
Grants	\$ 29,612,540	\$ 29,612,540	\$ -	\$ -	\$ 29,612,540	\$ 37,820,109
Salaries and benefits	743,839	743,839	2,150,036	899,405	3,793,280	3,841,941
Legal fees	33,097	33,097	62,137	3,343	98,577	211,923
Professional fees	643,851	643,851	2,365,790	468,282	3,477,923	3,726,348
Events	-	-	-	-	-	64,549
Audit, tax and accounting	-	-	-	130,600	130,600	129,644
Travel and associated costs	7,947	7,947	7,631	10,212	25,790	214,428
Operations and office costs	77,754	77,754	225,954	206,760	510,468	573,187
Project assessors	151,369	151,369	-	-	151,369	186,191
Donation processing	1,516,619	1,516,619	-	-	1,516,619	944,629
In-kind contribution	32,937	32,937	94,473	28,830	156,240	324,873
Total expenses	\$ 32,819,953	\$ 32,819,953	\$ 4,906,021	\$ 1,747,432	\$ 39,473,406	\$ 48,037,822

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

Comic Relief US

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2019

	<u>Red Nose Day</u>	<u>Hand In Hand</u>	<u>Other Programs ¹</u>	<u>Total Program</u>	<u>Fundraising</u>	<u>General and Administration</u>	<u>Total</u>
Grants	\$ 37,725,109	\$ -	\$ 95,000	\$ 37,820,109	\$ -	\$ -	\$ 37,820,109
Salaries and benefits	732,278	77,568	-	809,846	1,708,038	1,324,057	3,841,941
Legal fees	-	-	40,687	40,687	117,480	53,756	211,923
Professional fees	1,325,740	20,000	-	1,345,740	1,796,464	584,144	3,726,348
Events	21,861	-	-	21,861	40,069	2,619	64,549
Audit, tax and accounting	-	-	-	-	-	129,644	129,644
Travel and associated costs	46,850	905	-	47,755	100,481	66,192	214,428
Operations and office costs	74,802	-	90	74,892	249,372	248,923	573,187
Project assessors	181,991	4,200	-	186,191	-	-	186,191
Donation processing	944,629	-	-	944,629	-	-	944,629
In-kind contribution	-	-	44,525	44,525	227,882	52,466	324,873
Total expenses	<u>\$ 41,053,260</u>	<u>\$ 102,673</u>	<u>\$ 180,302</u>	<u>\$ 41,336,235</u>	<u>\$ 4,239,786</u>	<u>\$ 2,461,801</u>	<u>\$ 48,037,822</u>

¹ 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 US

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets to cash	\$ 3,059,599	\$ 4,628,455
Adjustments to reconcile increase in net assets to cash used in operating activities		
Decrease (increase) in contribution receivable	410,478	(2,646,611)
Unrealized gains on short-term investments	(139)	-
(Increase) decrease in prepaid expenses	(31,401)	333,458
Decrease in accounts payable and accrued expenses	(24,928)	(147,719)
Change in due to/due from related party	-	450,000
Decrease in grants payable	<u>(291,927)</u>	<u>(3,817,250)</u>
Net cash provided by (used in) operating activities	<u>3,121,682</u>	<u>(1,199,667)</u>
Cash flows from investing activities		
Purchases of short-term investments	(960,000)	-
Proceeds from sales of short-term investments	<u>680,000</u>	<u>-</u>
Net cash used in investing activities	<u>(280,000)</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from loan payable	<u>554,612</u>	<u>-</u>
Net cash provided by financing activities	<u>554,612</u>	<u>-</u>
Change in cash and cash equivalents	3,396,294	(1,199,667)
Cash and cash equivalents at beginning of the year	<u>16,114,183</u>	<u>17,313,850</u>
Cash and cash equivalents at end of the year	<u>\$ 19,510,477</u>	<u>\$ 16,114,183</u>

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

Comic Relief US

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 1 - DESCRIPTION OF THE ORGANIZATION AND ITS ACTIVITIES

Comic Relief, Inc. d/b/a Comic Relief US (“CR US”) is a Delaware non-profit public benefit corporation incorporated in December of 2006. CR US 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.

NOTE 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 US’s net assets and changes in net assets are classified and reported as follows:

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

With donor restriction - CR US reports contributions of cash and other assets 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

Net assets with donor restriction may also include gifts of cash and other 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 US had no such net assets at December 31, 2020 and 2019.

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.

Short-Term Investments

Short-term investments consist of certificates of deposit with original maturities of greater than three months in accordance with the short-term investment policy.

Comic Relief US

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Fair Value Measurement

The Financial Accounting Standards Board (“FASB”) Topic 820, under the FASB Accounting Standards Codification (“ASC”) defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the respective asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is categorized into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

Level 3 - Securities that have little to no pricing observability as of the report date. These securities are measured using management’s best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. 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. However, the determination of what constitutes “observable” requires significant judgment by the reporting entity. CR US considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the CR US’s perceived risk of that instrument.

CR US’s policy is to recognize transfers in and transfers out of levels at the end of the reporting period.

Contributions and Contributions Receivable

CR US recognizes revenue from contributions, grants and contracts in accordance with Accounting Standards Update (“ASU”) 2018-08, Not-For-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (“ASU 2018-08”). Accordingly, CR US evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, CR US applies guidance under ASC Topic 606, *Revenue from Contracts with Customers* (“ASC 606”). If the transfer of assets is determined to be a contribution, CR US evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before CR US is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets.

Comic Relief US

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

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 net assets with donor restrictions. Contributions with donor-imposed restrictions that are met in the same accounting period are recorded as income within net assets without donor restrictions.

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 promises to give received by CR US during the years ended December 31, 2020 and 2019.

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 US 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, 2020, CR US had no conditional grants outstanding.

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 US 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 US 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 US 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 US 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.

Comic Relief US

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE 3 - CONTRIBUTIONS RECEIVABLE

At December 31, 2020 and 2019, contributions receivable, are due to be collected as follows:

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 2,567,169	\$ 2,152,595
One to five years	-	825,052
Total	<u>\$ 2,567,169</u>	<u>\$ 2,977,647</u>

Management has reviewed its outstanding contributions receivable and deems all amounts as collectible as of year-end.

NOTE 4 - GRANTS PAYABLE

Grants payable at December 31, 2020 and 2019, consisted of the following:

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 8,007,418	\$ 6,080,000
One to five years	1,605,905	3,825,000
Total	<u>\$ 9,613,323</u>	<u>\$ 9,905,250</u>

NOTE 5 - CONCENTRATION OF CREDIT RISK

CR US maintains its cash at a financial institution, which may at times exceed federally insured limits. CR US has not experienced any losses in such accounts and believes it is not exposed to any significant risk on its cash and cash equivalents

CR US's contribution revenue is primarily generated from donors. For the year ended December 31, 2020, approximately 45% of contribution revenue was received from two donors. For the year ended December 31, 2019, approximately 68% of contribution revenue was received from two donors.

NOTE 6 - RELATED PARTY TRANSACTIONS

CR US incurred legal expenses with a firm, wherein a Board member is a partner. During the years ended December 31, 2020 and 2019, the total expenses incurred were \$83,916 and \$209,411, respectively.

Comic Relief US

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE 7 - CONTRIBUTED SERVICES

For the years ended December 31, 2020 and 2019, CR US received contributed services, as follows:

	2020	2019
Legal Fees	\$ 27,965	\$ 69,802
Office Space	128,275	128,275
Creative Services	-	86,300
Marketing and Promotional Materials	-	40,496
	\$ 156,240	\$ 324,873
Total contributed services		

CR US 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 2020 and Red Nose Day 2019. The amount contributed could not be readily determined and valued.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

For the years ended December 31, 2020 and 2019, net assets with donor restrictions consisted of the following:

	Flying Start	Red Nose Day	Jack Black Fund	HIH	Total
Net assets with donor restrictions December 31, 2018	\$ 42,106	\$ -	\$ 95,000	\$ 284,222	\$ 421,328
Contributions, interest and other income	-	3,470,169	-	20,857	3,491,026
Releases from restriction	(5,000)	(1,259,856)	(95,000)	(305,079)	(1,664,935)
Net assets with donor restrictions December 31, 2019	37,106	2,210,313	-	-	2,247,419
Releases from restriction	(5,000)	(1,385,262)	-	-	(1,390,262)
Net assets with donor restrictions December 31, 2020	\$ 32,106	\$ 825,051	\$ -	\$ -	\$ 857,157

NOTE 9 - LOANS PAYABLE

On May 8, 2020 CR US received loan proceeds in the amount of \$554,612 under the Paycheck Protection Program ("PPP Loan"). The PPP Loan, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loan and accrued interest are forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period. CR US believes this loan will be fully forgiven during the year ending December 31, 2021. The unforgiven portion of the PPP Loan, if any, is payable over five years at an interest rate of 1% with payments not required while forgiveness is pending.

Comic Relief US

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE 10 - SHORT-TERM INVESTMENTS

The fair value as of December 31, 2020 and 2019 is \$280,000 and \$0, including \$139 and \$0 in unrealized appreciation, respectively. At December 31, 2020 all short-term investments consist of certificates of deposit and were classified as level 1 in the fair value hierarchy.

NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects CR US's financial assets as of the date of the statement of financial position, reduced by amounts not available for general use within one year of the date of the statement of financial position because of contractual or donor-imposed restrictions or internal designations:

	<u>2020</u>	<u>2019</u>
Cash	\$ 19,510,477	\$ 16,114,183
Short-term investments	280,139	-
Contributions receivable	<u>2,567,169</u>	<u>2,977,647</u>
Total financial assets	<u>23,357,785</u>	<u>19,091,830</u>
Contractual or donor-imposed restrictions:		
Purpose or time restricted gifts	<u>(857,157)</u>	<u>(2,247,419)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 21,500,628</u>	<u>\$ 16,844,411</u>

CR US is primarily supported by contributions (both with and without donor restriction). Because donor restrictions require resources to be used in a particular manner or in future periods, CR US maintains sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. CR US's largest annual expense are the grants it makes 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. As part of CR US's liquidity management, it has a policy to structure its level of annual grant expense to be covered by the support it receives from its donors.

For the year ended December 31, 2020, CR US reduced its grant expense in response to the uncertainties relating to the COVID-19 pandemic. Due to the generosity of its donor base, CR US experienced a surplus for the year ended December 31, 2020 and, accordingly, management intends to utilize these funds to identify and disburse grant awards to qualifying grantees in fiscal 2021.

NOTE 12 - SUBSEQUENT EVENTS

CR US in conjunction with its partners will carry out a national fundraising and awareness-raising campaign in 2021.

Management has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon CR US's ability to continue as a going concern. The impact of COVID-19 on future performance and therefore on the measurement of net assets might be significant and might therefore require disclosure in the financial statements, but management has determined that they do not create a material uncertainty that casts significant doubt upon CR US's ability to continue as a going concern.

Comic Relief US

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

CR US has evaluated its December 31, 2020 financial statements for subsequent events through April 16, 2021 the date the financial statements were available to be issued. Except as noted above, CR US is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.