

Financial Statements Together with
Report of Independent Certified Public
Accountants

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

December 31, 2021 and 2020

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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**Opinion**

We have audited the 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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CR US as of December 31, 2021 and 2020, 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.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CR US and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CR US's ability to continue as a going concern for one year after the date the financial statements are issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CR US's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Grant Thornton LLP

New York, New York
May 6, 2022

Comic Relief US

STATEMENTS OF FINANCIAL POSITION

As of December 31,

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 26,092,044	\$ 19,510,477
Investments	2,078,276	280,139
Contributions receivable	697,201	2,567,169
Prepaid expenses	74,278	89,995
	<u>28,941,799</u>	<u>22,447,780</u>
Total assets	<u>\$ 28,941,799</u>	<u>\$ 22,447,780</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 321,383	\$ 356,571
Grants payable, net	19,891,489	9,613,323
Loan payable	586,807	554,612
	<u>20,799,679</u>	<u>10,524,506</u>
Total liabilities	<u>20,799,679</u>	<u>10,524,506</u>
Net assets		
Without donor restrictions	8,115,015	11,066,117
With donor restrictions	27,105	857,157
	<u>8,142,120</u>	<u>11,923,274</u>
Total net assets	<u>8,142,120</u>	<u>11,923,274</u>
Total liabilities and net assets	<u>\$ 28,941,799</u>	<u>\$ 22,447,780</u>

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

Comic Relief US

STATEMENT OF ACTIVITIES

For the year ended December 31, 2021
with comparative totals for the year ended December 31, 2020

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue				
Contributions and grants	\$ 35,245,164	\$ -	\$ 35,245,164	\$ 42,359,335
Government grants	554,612	-	554,612	-
Contributed services and rent	114,999	-	114,999	156,240
Interest and other income	22,423	-	22,423	17,430
Net assets released from restrictions	830,052	(830,052)	-	-
Total support and revenue	36,767,250	(830,052)	35,937,198	42,533,005
Expenses				
Program services	33,352,981	-	33,352,981	32,819,953
Supporting services				
Fundraising	4,479,440	-	4,479,440	4,906,021
General and administrative	1,885,931	-	1,885,931	1,747,432
Total expenses	39,718,352	-	39,718,352	39,473,406
CHANGE IN NET ASSETS	(2,951,102)	(830,052)	(3,781,154)	3,059,599
Net assets at the beginning of the year	11,066,117	857,157	11,923,274	8,863,675
Net assets at the end of the year	<u>\$ 8,115,015</u>	<u>\$ 27,105</u>	<u>\$ 8,142,120</u>	<u>\$ 11,923,274</u>

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

Comic Relief US

STATEMENT OF ACTIVITIES

For the year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions and grants	\$ 42,359,335	\$ -	\$ 42,359,335
Contributed services and rent	156,240	-	156,240
Interest and other income	17,430	-	17,430
Net assets released from restrictions	1,390,262	(1,390,262)	-
	43,923,267	(1,390,262)	42,533,005
Total support and revenue			
Expenses			
Program services	32,819,953	-	32,819,953
Supporting services			
Fundraising	4,906,021	-	4,906,021
General and administrative	1,747,432	-	1,747,432
	39,473,406	-	39,473,406
Total expenses			
	4,449,861	(1,390,262)	3,059,599
CHANGE IN NET ASSETS			
Net assets at the beginning of the year	6,616,256	2,247,419	8,863,675
Net assets at the end of the year	\$ 11,066,117	\$ 857,157	\$ 11,923,274

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

Comic Relief US

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2021
with comparative totals for the year ended December 31, 2020

	<u>Program Services</u>	<u>Fundraising</u>	<u>General and Administration</u>	<u>Total</u>	<u>2020 Total</u>
Grants	\$ 31,688,431	\$ -	\$ -	\$ 31,688,431	\$ 29,612,540
Salaries and benefits	716,840	2,209,725	986,203	3,912,768	3,793,280
Legal fees	2,379	13,944	13,713	30,036	98,577
Professional fees	543,228	1,727,432	479,017	2,749,677	3,477,923
Events	4,507	-	-	4,507	-
Audit, tax and accounting	-	-	140,436	140,436	130,600
Travel and associated costs	1,006	11,051	13,603	25,660	25,790
Operations and office costs	83,414	447,519	229,086	760,019	510,468
Project assessors	199,082	-	-	199,082	151,369
Donation processing	92,737	-	-	92,737	1,516,619
In-kind contribution	21,357	69,769	23,873	114,999	156,240
	<u>\$ 33,352,981</u>	<u>\$ 4,479,440</u>	<u>\$ 1,885,931</u>	<u>\$ 39,718,352</u>	<u>\$ 39,473,406</u>
Total expenses					

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

	<u>Program Services</u>	<u>Fundraising</u>	<u>General and Administration</u>	<u>Total</u>
Grants	\$ 29,612,540	\$ -	\$ -	\$ 29,612,540
Salaries and benefits	743,839	2,150,036	899,405	3,793,280
Legal fees	33,097	62,137	3,343	98,577
Professional fees	643,851	2,365,790	468,282	3,477,923
Events	-	-	-	-
Audit, tax and accounting	-	-	130,600	130,600
Travel and associated costs	7,947	7,631	10,212	25,790
Operations and office costs	77,754	225,954	206,760	510,468
Project assessors	151,369	-	-	151,369
Donation processing	1,516,619	-	-	1,516,619
In-kind contribution	32,937	94,473	28,830	156,240
	<u>\$ 32,819,953</u>	<u>\$ 4,906,021</u>	<u>\$ 1,747,432</u>	<u>\$ 39,473,406</u>
Total expenses				

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

Comic Relief US

STATEMENTS OF CASH FLOWS

For the years ended December 31,

	2021	2020
Cash flows from operating activities		
Change in net assets to cash	\$ (3,781,154)	\$ 3,059,599
Adjustments to reconcile change in net assets to cash provided by operating activities		
Decrease in contribution receivable	1,869,968	410,478
Unrealized loss (gains) on investments	10,962	(139)
Decrease (increase) in prepaid expenses	15,717	(31,401)
Decrease in accounts payable and accrued expenses	(35,188)	(24,928)
Increase (decrease) in grants payable	10,278,166	(291,927)
Forgiveness from loan payable	(554,612)	-
Net cash provided by operating activities	<u>7,803,859</u>	<u>3,121,682</u>
Cash flows from investing activities		
Purchases of investments	(2,089,099)	(960,000)
Proceeds from sales of investments	280,000	680,000
Net cash used in investing activities	<u>(1,809,099)</u>	<u>(280,000)</u>
Cash flows from financing activities		
Proceeds from loan payable	586,807	554,612
Net cash provided by financing activities	<u>586,807</u>	<u>554,612</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>6,581,567</u>	<u>3,396,294</u>
Cash and cash equivalents at beginning of the year	<u>19,510,477</u>	<u>16,114,183</u>
Cash and cash equivalents at end of the year	<u>\$ 26,092,044</u>	<u>\$ 19,510,477</u>

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

Comic Relief US

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

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, 2021 and 2020.

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.

Comic Relief US

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

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.

Investments

Investments in equity securities with readily determinable fair values are reported at fair value based on quoted market prices. Investments in debt securities are measured using quoted market prices where available. If quoted market prices for debt securities are not available, the fair value is determined using an income approach valuation technique that considers, among other things, rates currently observed in publicly traded markets for debt of similar terms to companies with comparable credit risk, the issuer’s credit spread, and illiquidity by sector and maturity.

Comic Relief US

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

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.

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, 2021 and 2020.

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, 2021 and 2020, CR US had no conditional grants outstanding.

Government grants have been deemed to be conditional contributions. Accordingly, revenue is recognized when conditions have been met, that is, generally as related costs are incurred under the grant.

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.

Comic Relief US

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

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.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Management has reviewed its outstanding contributions receivable at year end, and deems all amounts as collectible within one year from the date of the statement of financial position.

NOTE 4 - GRANTS PAYABLE, NET

Grants payable, net at December 31, 2021 and 2020, consisted of the following:

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 15,166,339	\$ 8,007,418
One to five years	<u>4,784,083</u>	<u>1,605,905</u>
	19,950,422	9,613,323
Less: discount to present value (with rates ranging from 0.73% to 0.97%)	<u>(58,933)</u>	<u>-</u>
Grants payable, net	<u>\$ 19,891,489</u>	<u>\$ 9,613,323</u>

NOTE 5 - CONCENTRATION OF CREDIT RISK

CR US maintains its cash and cash equivalents 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.

Comic Relief US

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

CR US's contribution revenue is primarily generated from donors. For the year ended December 31, 2021, approximately 68% of contribution revenue was received from two donors. For the year ended December 31, 2020, approximately 45% 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, 2021 and 2020, the total expenses incurred were \$26,248 and \$83,916, respectively.

NOTE 7 - CONTRIBUTED SERVICES

For the years ended December 31, 2021 and 2020, CR US received contributed services, as follows:

	<u>2021</u>	<u>2020</u>
Legal fees	\$ 8,749	\$ 27,965
Office space	106,250	128,275
Total contributed services	<u>\$ 114,999</u>	<u>\$ 156,240</u>

CR US received contributed services from NBC Universal to carry out a national fundraising and awareness raising campaign including television and digital integrations, features and promotions related to Red Nose Day 2021 and Red Nose Day 2020. The amount contributed could not be readily determined and valued.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

For the years ended December 31, 2021 and 2020, net assets with donor restrictions consisted of the following:

	<u>Flying Start</u>	<u>Red Nose Day</u>	<u>Total</u>
Net assets with donor restrictions December 31, 2019	\$ 37,106	\$ 2,210,313	\$ 2,247,419
Releases from restriction	<u>(5,000)</u>	<u>(1,385,262)</u>	<u>(1,390,262)</u>
Net assets with donor restrictions December 31, 2020	32,106	825,051	857,157
Releases from restriction	<u>(5,001)</u>	<u>(825,051)</u>	<u>(830,052)</u>
Net assets with donor restrictions December 31, 2021	<u>\$ 27,105</u>	<u>\$ -</u>	<u>\$ 27,105</u>

Comic Relief US

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

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 PPP Loan and accrued interest were forgiven in full on July 22, 2021 and recognized as government grants revenue within the accompanying statement of activities.

On March 22, 2021 CR US received loan proceeds in the amount of \$586,807 under the Paycheck Protection Program ("Second Draw PPP Loan"). The Second Draw PPP Loan, established as part of the amended 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. On April 19, 2022, the Second Draw PPP Loan and accrued interest were forgiven in full.

NOTE 10 - INVESTMENTS

The fair value as of December 31, 2021 and 2020 is \$2,078,276 and \$280,139, including \$10,824 unrealized losses and \$139 in unrealized gains, respectively. At December 31, 2021, investments consist mutual funds and were classified as level 1 in the fair value hierarchy. At December 31, 2020, investments consist of certificates of deposit and were carried at amortized cost.

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>2021</u>	<u>2020</u>
Cash	\$ 26,092,044	\$ 19,510,477
Investments	2,078,276	280,139
Contributions receivable	<u>697,201</u>	<u>2,567,169</u>
Total financial assets	<u>28,867,521</u>	<u>22,357,785</u>
Contractual or donor-imposed restrictions:		
Purpose or time restricted gifts	<u>(27,105)</u>	<u>(857,157)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 28,840,416</u>	<u>\$ 21,500,628</u>

Comic Relief US

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

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 utilized these funds to identify and disburse grant awards to qualifying grantees in fiscal 2021.

NOTE 12 - SUBSEQUENT EVENTS

CR US has evaluated its December 31, 2021 financial statements for subsequent events through May 6, 2022 the date the financial statements were available to be issued. Other than the item noted in Note 9, CR US is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.