

Financial Statements Together with
Report of Independent Certified Public
Accountants

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

December 31, 2019 and 2018

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

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, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 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, 2019 and 2018, 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 15, 2020

Comic Relief US

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 16,114,183	\$ 17,313,850
Contributions receivable	2,977,647	331,037
Due from related party	-	450,000
Prepaid expenses	58,594	392,053
	<u> </u>	<u> </u>
Total assets	<u>\$ 19,150,424</u>	<u>\$ 18,486,940</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 381,499	\$ 529,221
Grants payable	9,905,250	13,722,500
	<u> </u>	<u> </u>
Total liabilities	<u>10,286,749</u>	<u>14,251,721</u>
Net assets		
Without donor restrictions	6,616,256	3,813,891
With donor restrictions	2,247,419	421,328
	<u> </u>	<u> </u>
Total net assets	<u>8,863,675</u>	<u>4,235,219</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 19,150,424</u>	<u>\$ 18,486,940</u>

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

Comic Relief US

STATEMENT OF ACTIVITIES

For the year ended December 31, 2019

	2019		Total
	Without Donor Restrictions	With Donor Restrictions	
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	1,664,935	(1,664,935)	-
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	2,461,801	-	2,461,801
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 ACTIVITIES

For the year ended December 31, 2018

	2018		Total
	Without Donor Restrictions	With Donor Restrictions	
Support and revenue			
Contributions and grants	\$ 48,272,114	\$ 157,947	\$ 48,430,061
Contributed services and rent	128,284	-	128,284
Interest and other income	76,715	38,008	114,723
Net assets released from restrictions	2,929,062	(2,929,062)	-
Total support and revenue	<u>51,406,175</u>	<u>(2,733,107)</u>	<u>48,673,068</u>
Expenses			
Program services	46,131,328	-	46,131,328
Supporting services			
Fundraising	4,161,608	-	4,161,608
General and administrative	1,646,442	-	1,646,442
Total expenses	<u>51,939,378</u>	<u>-</u>	<u>51,939,378</u>
Change in net assets	(533,203)	(2,733,107)	(3,266,310)
Net assets at the beginning of the year	<u>4,347,094</u>	<u>3,154,435</u>	<u>7,501,529</u>
Net assets at the end of the year	<u>\$ 3,813,891</u>	<u>\$ 421,328</u>	<u>\$ 4,235,219</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, 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

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2018

	<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	\$ 39,950,000	\$ 2,500,000	\$ 30,000	\$ 42,480,000	\$ -	\$ -	\$ 42,480,000
Salaries and benefits	817,630	311,581	-	1,129,211	1,791,785	829,560	3,750,556
Legal fees	71,399	-	-	71,399	71,399	71,399	214,197
Personnel services and expenses	831,344	2,223	3,523	837,090	1,954,571	259,109	3,050,770
Events	7,177	-	-	7,177	70,201	14,154	91,532
Audit, tax and accounting	-	85	-	85	-	99,180	99,265
Travel and associated costs	71,042	18,207	-	89,249	81,590	64,802	235,641
Operations and office costs	128,178	2,392	-	130,570	102,610	308,238	541,418
Website	-	-	-	-	89,452	-	89,452
Project assessors	160,251	52,487	-	212,738	-	-	212,738
Donation processing	1,171,722	2,087	-	1,173,809	-	-	1,173,809
	<u>\$ 43,208,743</u>	<u>\$ 2,889,062</u>	<u>\$ 33,523</u>	<u>\$ 46,131,328</u>	<u>\$ 4,161,608</u>	<u>\$ 1,646,442</u>	<u>\$ 51,939,378</u>
Total expenses							

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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets to cash	\$ 4,628,455	\$ (3,266,310)
Adjustments to reconcile increase in net assets to cash used in operating activities		
Increase in contribution receivable	(2,646,611)	(50,449)
Decrease (increase) in prepaid expenses	333,458	(27,783)
(Decrease) increase in accounts payable and accrued expenses	(147,719)	104,160
Change in due to/due from related party	450,000	(480,182)
(Decrease) increase in grants payable	<u>(3,817,250)</u>	<u>1,004,500</u>
Net cash used in operating activities	<u>(1,199,667)</u>	<u>(2,716,064)</u>
 Change in cash and cash equivalents	 <u>(1,199,667)</u>	 <u>(2,716,064)</u>
 Cash and cash equivalents at beginning of the year	 <u>17,313,850</u>	 <u>20,029,914</u>
 Cash and cash equivalents at end of the year	 <u>\$ 16,114,183</u>	 <u>\$ 17,313,850</u>

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

Comic Relief US

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

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.

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 US entered into a license agreement with Comic Relief UK for the use of the trademarks and the provision of knowhow whereby CR US 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 US and CR US is responsible for the disbursement of the funds including grants to charitable organizations. Given the success of the telethon in recent years, the license was extended once again for 2020, with the telethon to be held on May 21, 2020.

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, 2019 and 2018.

Comic Relief US

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

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

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 Accounting Standards Codification ("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. Both ASU 2018-08 and ASC 606 were effective for the year ended December 31, 2019 and both permitted modified retrospective application. Both standards did not have a material impact on the statements of financial position, statements of activities, cash flows, business processes, controls or systems of CR US.

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 promise to give received by CR US during the years ended December 31, 2019 and 2018.

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, 2019, 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.

Comic Relief US

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

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.

New Accounting Pronouncements

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which requires organizations to determine whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets. If the agreement (or a referenced document) includes both, the recipient is not entitled to the transferred assets (or a future transfer of assets) until it has overcome the barriers in the agreement. The effective date for resource recipients was periods beginning after December 15, 2018. Accordingly, CR US adopted the provisions for resource recipients during the year ended December 31, 2019. Resource providers are required to adopt the standard for periods beginning after December 15, 2019. Accordingly, CR US is currently evaluating the new guidance and has not determined the impact this standard may have on expense recognition within the financial statements nor decided upon the method of adoption.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

At December 31, 2019 and 2018, contributions receivable, are due to be collected as follows:

	2019	2018
Less than one year	\$ 2,152,595	\$ 331,037
One to five years	825,052	-
Total	<u>\$ 2,977,647</u>	<u>\$ 331,037</u>

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

Comic Relief US

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

NOTE 4 - GRANT PAYABLE

Grants payable at December 31, 2019 and 2018, consisted of the follows:

	2019	2018
Less than one year	\$ 6,080,000	\$ 10,567,500
One to five years	3,825,000	3,155,000
Total	<u>\$ 9,905,250</u>	<u>\$ 13,722,500</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, 2019, approximately 68% of contribution revenue was received from two donors. For the year ended December 31, 2018, approximately 64% 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, 2019 and 2018, the total expenses incurred were \$209,411 and \$214,197, respectively.

CR US received operation support from Comic Relief UK in the form of payment and process of expenses throughout the year. As of December 31, 2019 and 2018, the total amounts were due from Comic Relief UK were \$0 and \$450,000, respectively. For the years ended December 31, 2019 and 2018, Comic Relief UK charged CR US \$0 and \$16,983, respectively, for reimbursement of invoices processed on CR US's behalf.

NOTE 7 - CONTRIBUTED SERVICES

For the years ended December 31, 2019 and 2018, CR US received donated legal fees from a related party with a fair value of \$69,802 and \$0, respectively.

For the years ended December 31, 2019 and 2018, CR US recognized donated office space and support in New York City in the amounts of \$128,275 and \$128,284, respectively.

For the years ended December 31, 2019 and 2018, CR US recognized donated creative services in the amounts of \$86,300 and \$0, respectively.

For the years ended December 31, 2019 and 2018, CR US recognized donated marketing and promotional materials in the amounts of \$40,496 and \$0, respectively.

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 2019 and Red Nose Day 2018. The amount contributed could not be readily determined and valued.

Comic Relief US

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

For the years ended December 31, 2019 and 2018, 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, 2017	\$ 38,376	\$ 10,000	\$ -	\$ 3,106,059	\$ 3,154,435
Contributions, interest and other income	8,730	-	120,000	67,225	195,955
Releases from restriction	<u>(5,000)</u>	<u>(10,000)</u>	<u>(25,000)</u>	<u>(2,889,062)</u>	<u>(2,929,062)</u>
Net assets with donor restrictions - December 31, 2018	<u>42,106</u>	<u>-</u>	<u>95,000</u>	<u>284,222</u>	<u>421,328</u>
Contributions, interest and other income	-	3,470,169	-	20,857	3,491,026
Releases from restriction	<u>(5,000)</u>	<u>(1,259,856)</u>	<u>(95,000)</u>	<u>(305,079)</u>	<u>(1,664,935)</u>
Net assets with donor restrictions December 31, 2019	<u>\$ 37,106</u>	<u>\$ 2,210,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,247,419</u>

NOTE 9 - 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>2019</u>
Cash	\$ 16,114,183
Contributions receivable	<u>2,977,647</u>
Total financial assets	<u>19,091,830</u>
Contractual or donor-imposed restrictions:	
Purpose or time restricted gifts	<u>(2,247,419)</u>
Financial assets available to meet cash needs for general expenditures within one year	<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.

Comic Relief US

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

NOTE 10 - SUBSEQUENT EVENTS

CR US 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 21, 2020.

The spread of COVID-19, a strain of coronavirus and a world-wide pandemic, appears to be altering the behavior of businesses and people in a manner that is having negative effects on global and local economies. We are closely monitoring the impact of COVID-19 on our operations. Our financial statements do not include adjustments relating to this pandemic.

CR US has evaluated its December 31, 2019 financial statements for subsequent events through April 15, 2020, 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.