Grant Thornton

Consolidated Financial Statements and Report of Independent Certified Public Accountants

The Entertainment Industry Foundation

December 31, 2019

(with summarized financial information as of December 31, 2018)

Grant Thornton

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
The Entertainment Industry Foundation

We have audited the accompanying consolidated financial statements of The Entertainment Industry Foundation (the "Foundation"), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year 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 consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Entertainment Industry Foundation as of December 31, 2019, and the consolidated changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Report on 2018 summarized information

We have previously audited the Foundation's 2018 financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 7, 2019. In our opinion, the accompanying comparative summarized financial information as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Grant Thornton LLP

Los Angeles, California
June 4, 2020

The Entertainment Industry Foundation

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2019
(with summarized financial information as of December 31, 2018)

	2019	2018
ASSETS		
Cash and Cash Equivalents	$ 57,638,086	$ 84,211,438
Restricted Cash	91,479	90,931
Permanently Restricted Cash	4,176,817	2,586,621
Investments	3,745,064	3,580,578
Accounts Receivable	134,661	218,903
Contributions Receivable (Net)	15,049,607	17,034,475
Prepaid Expenses and Other Assets	696,648	700,191
Property and Equipment (Net)	538,123	609,870
TOTAL ASSETS	$ 82,070,485	$109,033,006
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable and Accrued Liabilities	$ 3,588,070	$ 3,185,852
Grants Payable	20,509,495	34,217,889
TOTAL LIABILITIES	24,097,565	37,403,741
NET ASSETS:		
Unrestricted Net Assets:		
Without Donor Restrictions	1,522,755	1,513,368
With Donor Restrictions	56,450,165	70,115,897
TOTAL NET ASSETS	57,972,920	71,629,265
TOTAL LIABILITIES AND NET ASSETS	$ 82,070,485	$109,033,006

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

The Entertainment Industry Foundation

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year ended December 31, 2019
(with summarized financial information as of December 31, 2018)

	2019			
	Without Donor Restrictions	With Donor Restrictions	Total	2018 Total
REVENUE AND OTHER SUPPORT:				
Telethon	$ -	$ -	$ -	$ 131,327,545
Less: Costs of Donor Benefits	-	-	-	(10,321,742)
Less: Donated Media	-	-	-	(75,616,749)
Less: Other In-Kind Contributions	-	-	-	-
NET TELETHON	-	-	-	45,389,054
Special Events Revenue	-	-	-	-
Less: Costs of Donor Benefits	-	-	-	-
Less: Donated Media	-	-	-	-
NET SPECIAL EVENTS	-	-	-	-
NET REVENUE AND OTHER SUPPORT	-	-	-	45,389,054
CONTRIBUTIONS:				
In-Kind Contributions-Donated Media	-	367,244,107	367,244,107	335,301,656
Other In-Kind Contributions	-	683,192	683,192	2,492,915
Corporate and Foundation Contributions	11,732	48,084,771	48,096,502	25,872,645
Direct Contributions	46,515	8,954,565	9,001,081	12,531,941
Worksite Campaigns	67,108	-	67,108	84,167
TOTAL CONTRIBUTIONS	125,355	424,966,635	425,091,990	377,129,090
Investment Income (Net)	1,131,806	56,861	1,188,668	667,671
Rent Income from Sublease	986,836	-	986,836	845,766
Release of Restrictions	(31,246)	31,246	-	-
Net Assets Released from Restrictions	438,720,474	(438,720,474)	-	-
TOTAL REVENUE AND OTHER SUPPORT	440,933,225	(13,665,732)	427,267,494	424,031,581
EXPENSES:				
Program Services:				
Grant Program	48,841,805	-	48,841,805	65,738,652
Public Awareness and Education	378,989,124	-	378,989,124	346,401,289
TOTAL PROGRAM SERVICES	427,830,929	-	427,830,929	412,139,941
Supporting Services:				
Management and General	7,789,302	-	7,789,302	6,266,530
Fundraising	5,303,607	-	5,303,607	5,389,223
TOTAL SUPPORTING SERVICES	13,092,909	-	13,092,909	11,655,753
TOTAL EXPENSES	440,923,838	-	440,923,838	423,795,694
CHANGE IN NET ASSETS	9,387	(13,665,732)	(13,656,345)	(609,879)
NET ASSETS AT BEGINNING OF YEAR	1,513,368	70,115,897	71,629,265	72,239,144
NET ASSETS AT END OF YEAR	$ 1,522,755	$ 56,450,165	$ 57,972,920	$ 71,629,265

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

The Entertainment Industry Foundation

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year ended December 31, 2019
(with summarized financial information as of December 31, 2018)

	Program Services			Supporting Services			Total Expenses	
	Grants Program	Public Awareness and Education	Total	Management and General	Fundraising	Total	2019	2018
In Kind: Donated Media	$ -	$ 367,244,107	$ 367,244,107	$ -	$ -	$ -	$ 367,244,107	$ 335,301,656
Grants to Charities	44,896,678	-	44,896,678	-	-	-	44,896,678	63,582,546
Professional Services	2,439,677	3,840,828	6,280,505	2,451,522	3,557,097	6,008,619	12,289,124	8,534,508
Salaries and Payroll Related Expenses	1,162,227	4,720,497	5,882,724	2,355,611	1,338,034	3,693,645	9,576,369	8,037,299
Occupancy Cost	1,000	60,321	61,321	1,998,388	-	1,998,388	2,059,709	1,873,956
Public Relations and Publicity	24,000	956,677	980,677	-	15,779	15,779	996,456	966,322
Subscriptions and Permits	21,955	600,735	622,690	275,951	24,329	300,280	922,970	1,076,457
In Kind: Donated Travel	-	678,480	678,480	4,713	-	4,713	683,193	2,492,915
Travel and Meetings	77,085	420,312	497,397	53,080	124,418	177,498	674,895	630,420
Office Supplies and Printing	200,129	113,094	313,223	152,124	91,271	243,395	556,618	444,581
Electronic Media Production	7,849	263,379	271,228	16,810	-	16,810	288,038	63,851
Insurance	-	31,461	31,461	195,492	-	195,492	226,953	173,106
Depreciation	-	-	-	153,854	-	153,854	153,854	117,137
Bank and Merchant Fees	-	100	100	3,837	112,821	116,658	116,758	90,308
Equipment Rental	1,235	12,954	14,189	58,706	25,658	84,364	98,553	93,076
Telephone and Internet	1,154	1,181	2,335	48,818	1,458	50,276	52,611	61,685
Advertising	-	32,700	32,700	5,714	-	5,714	38,414	145,859
Postage	3,986	11,248	15,234	8,554	12,067	20,621	35,855	37,126
Repairs and Maintenance	-	125	125	6,163	-	6,163	6,288	6,423
Event Space Rental	4,830	925	5,755	-	-	-	5,755	25,929
Miscellaneous	-	-	-	(35)	675	640	640	40,533
TOTAL 2019 FUNCTIONAL EXPENSES	$ 48,841,805	$ 378,989,124	$ 427,830,929	$ 7,789,302	$ 5,303,607	$ 13,092,909	$ 440,923,838	
	11%	86%	97%	2%	1%	3%	100%	
TOTAL 2018 FUNCTIONAL EXPENSES	$ 65,738,652	$ 346,401,289	$ 412,139,941	$ 6,266,530	$ 5,389,223	$ 11,655,753		$ 423,795,694
	16%	82%	97%	1%	1%	3%		100%

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

The Entertainment Industry Foundation

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year ended December 31, 2019
(with summarized financial information as of December 31, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ (13,656,345)	$ (609,879)
Adjustments to Reconcile Change in Net Assets		
to Net Cash (Used in) Provided by Operating Activities:		
Depreciation	153,854	132,665
Realized and Unrealized Gain in Investments	(67,288)	58,245
(Increase) Decrease in:		
Accounts Receivable	84,242	(5,644)
Contributions Receivable (net)	1,984,867	8,727,382
Prepaid Expenses and Other Assets	3,542	(156,360)
Increase (Decrease) in:		
Accounts Payable and Accrued Liabilities	402,218	(326,999)
Grants Payable	(13,708,394)	13,503,466
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(24,803,303)	21,322,876
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	-	-
Proceeds from the Sale of Investments	-	-
Reinvested Interest and Dividends	(97,198)	(91,507)
Purchase of Property and Equipment	(82,108)	(62,053)
NET CASH USED IN INVESTING ACTIVITIES	(179,306)	(153,560)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(24,982,609)	21,169,316
Cash and Cash Equivalents - Beginning of Year	86,888,990	65,719,674
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 61,906,382	$ 86,888,990

RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH:

	December 31,	
Consolidated Statement of Financial Position	2019	2018
Cash and Cash equivalents	$ 57,638,086	$ 84,211,438
Restricted cash	91,479	90,931
Permanently restricted cash	4,176,817	2,586,621
Consolidated Statement of Cash Flows		
cash and cash equivalents	$ 61,906,382	$ 86,888,990

NOTE 1 – ORGANIZATION

Created in 1942 by Hollywood legend Samuel Goldwyn with friends Humphrey Bogart, James Cagney, and the Warner brothers, The Entertainment Industry Foundation (formerly Permanent Charities Committee) was established on the belief that the entertainment industry was in a unique position to truly help others. Their vision was to unify Hollywood's generous giving in order to maximize the amount of charitable dollars raised annually, and guarantee that worthy charities receive these contributions.

Throughout its history, The Entertainment Industry Foundation has focused on some of the most pressing needs of our time: from the first grants directed to wartime agencies like the United States Organizations and American Red Cross, to providing funding and creating awareness to help eradicate childhood polio. Today, the Foundation is a multifaceted organization that occupies a unique place in the world of philanthropy. Through mobilizing and leveraging the powerful voice and creative talents of the entertainment industry, as well as cultivating the support of organizations (public and private) and philanthropists committed to social responsibility, the Foundation seeks to build awareness, raise funds, and to develop and enhance programs on the local, national and global level that will have a positive impact and generate social change.

The Foundation focuses on four critical areas: health, education, the environment, and poverty/hunger. The Foundation creates high-profile programs and events that address these major social issues by informing, inspiring and raising significant funds for sustainable initiatives that can stimulate innovations and transform lives. The Foundation also responds to urgent needs resulting from natural or manmade disasters.

The Foundation's initiatives include:

- Stand Up to Cancer (Translational Cancer Research): The Foundation's Stand Up to Cancer mission is to raise funds to accelerate the pace of groundbreaking translational research that can get new therapies to patients quickly and save lives now. SU2C brings together the best and the brightest researchers and mandates collaboration among the cancer community. By galvanizing the entertainment industry, SU2C has set out to generate awareness, educate the public on cancer prevention, and help more people diagnosed with cancer become long-term survivors.

- National Colorectal Cancer Research Alliance (Colon Cancer): Following the launch of a high-profile public awareness effort spearheaded by journalist Kathie Couric, experts noted an increase in colonoscopy screenings, which they dubbed "The Couric Effect." This campaign was part of the work of the Foundation's National Colorectal Cancer Research Alliance ("NCCRA"). Started in 2000, the NCCRA seeks the eradication of colon cancer by raising funds to support cutting-edge science and promoting the life-saving value of screening. For eight years, the Foundation's NCCRA and the Center for Disease Control ("CDC") have jointly conducted a campaign to educate Americans about colorectal cancer screening. The CDC cites the campaign as the most successful it has ever undertaken – for any disease – to educate the public about screening. Experts view both of these above-mentioned programs as significant contributors to a reduction in the colon cancer death rate.

NOTE 1 – ORGANIZATION – Continued

- Music for Relief: The Foundation's crisis relief program brings together the entertainment community to support disaster response. Music for Relief is dedicated to providing aid to survivors and communities affected by natural and humanitarian disasters to help them recover and rebuild. By mobilizing industry partners and the public, and working with key partners on the ground, Music for Relief delivers funding and vital resources for immediate relief and long-term recovery in affected areas throughout the world.

- Delivering Jobs: In partnership with Autism Speaks, Best Buddies and Special Olympics, the Foundation announced the Delivering Jobs campaign to create pathways to one million employment and leadership opportunities for people with autism, intellectual and/or developmental differences by 2025. 81 percent of adults with developmental differences in the U.S. do not have a paid job (National Core Indicators). Delivering Jobs is challenging all businesses to identify ways they can incorporate this untapped workforce into their diversity and inclusion plans; ensure that they have access to a minimum of 1 percent of employment and leadership opportunities; and empower HR personnel to invest in the long-term success of all employees.

- Fiscal Sponsorship Services: The Foundation serves as a trusted resource for artists, athletes and influencers seeking to expand their philanthropic footprint and leverage their platforms for social good. These services allow for artist-led charitable service funds to thrive within the Foundation's reputable 501(c)(3) public charity status. The Foundation offers financial and administrative support that allow our partners to focus on their mission, identifies established beneficiaries and manages grants to increase partner impact, and provides access to a team of experts to help guide strategy and leverage industry partnerships.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of The Entertainment Industry Foundation and its wholly-owned subsidiary, Stand Up to Cancer Music, LLC (collectively, the "Foundation"). There were no intercompany transactions during the year ended December 31, 2019.

Basis of Presentation

The consolidated financial statements of the Foundation have been prepared utilizing the accrual basis of accounting.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Accounting

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Foundation are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset categories that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset categories as follows:

- Net Assets Without Donor Restrictions. These generally result from revenues from providing services, producing and delivering goods, receiving unrestricted contributions, and receiving dividends or interest from investing in income-producing assets, less expenses incurred in providing services, producing and delivering goods, raising contributions, and performing administrative functions.
- Net Assets With Donor Restrictions (subject to expenditure for specific purpose and/or the passage of time). The Foundation reports gifts of cash and other assets as temporarily restricted if they are received with donor stipulations that limit their use (either purpose or time restricted). When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net asset are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. The Foundation has $47,598,409 of temporarily restricted net assets at December 31, 2019.
- Net Assets With Donor Restrictions (subject to restriction in perpetuity). These net assets are received from donors who stipulate that resources are to be maintained permanently, but permit the Foundation to expend all of the income (or other economic benefits) derived from the donated assets. The Foundation has $8,851,756 of permanently restricted net assets at December 31, 2019.

Cash and Cash Equivalents

Cash and cash equivalents are short-term, highly liquid investments with maturities of three months or less at the time of purchase. The carrying value of cash and cash equivalents at December 31, 2019 approximates its fair value.

The Foundation maintains its cash and cash equivalents in bank deposit accounts and other investment accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

Investments in equity and debt securities with readily determinable market values are reported at fair value. The fair value of investments is valued at the closing price on the last business day of the fiscal year. Securities are generally held in custodial investment accounts administered by financial institutions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Investments - Continued

Investment purchases and sales are accounted for on a trade-date basis. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned. Gains or losses (including investments bought, sold, and held during the year), and interest and dividend income are reflected in the consolidated statement of activities as increases or decreases in net assets without donor restrictions unless their use is temporarily restricted by donor stipulations or by law.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

Accounts Receivable

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, if any, represents the estimated net realizable value. The allowance for doubtful accounts is estimated based on historical collection trends, types of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivables balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due. All accounts receivable are considered fully collectable within one year; therefore, no allowance for doubtful accounts has been provided for at December 31, 2019.

Contributions Receivable

Contributions, including unconditional promises to give, are recognized as support when received at fair value.

Unconditional promises to give which are expected to be collected or paid in future years are discounted at the appropriate rate commensurate with the risks involved. Unconditional promises to give are recorded at present value using a discount rate determined by the three year Treasury rate as of December 31 of the year in which the promise was made. Amortization of the discount on contributions received is recorded as additional contribution revenue. The discount rate ranges between 1.93% and 3.01%.

Conditional promises to give that are contingent upon future events or future matching are not recorded until the conditions have been satisfied. If funds are received from such gifts, they are recorded as refundable advances until the condition is satisfied. When the condition has been satisfied, the gift is recognized as either revenue without donor restrictions or revenue with donor restrictions depending on the intent of the donor. At December 31, 2019 and 2018, there was $94,884,932 and $62,128,000 in conditional promises to give.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Contributions Receivable - Continued

Special event contributions are generally reported as increases in net assets without donor restrictions. However, if the circumstances surrounding the receipt of such contributions make clear the respective donor's implicit restriction on use, such amounts are classified as increases in net assets with donor restrictions.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to $5,000 and the useful life is greater than one year. The estimated useful lives are as follows:

Office furniture and equipment	3 - 5 years
Leasehold improvements	5 - 10 years

Long-lived Assets

The Foundation evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the assets, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No such impairment losses have been recognized during the year ended December 31, 2019.

Deferred Rent

The Foundation recognizes escalating rent provisions on a straight-line basis over the term of the lease. Deferred rent totaled $938,984 and $993,478 as of December 31, 2019 and 2018, respectively.

Deferred Revenue

Fees and sponsorship revenues for events, which are paid in advance, are deferred and recognized as income in the period in which the related events are held. Deferred rent revenue totaled $127,257 and $241,771 as of December 31, 2019 and 2018, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue Recognition

In 2019, the Foundation adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606) ("ASC 606").* ASU 2014-09 outlines a five-step model for entities to use in accounting for revenue arising from contracts with customers. The standard applies to all contracts with customers except for leases, insurance contracts, financial instruments, certain nonmonetary exchanges, contributions, and certain guarantees. The standard also requires expanded disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgements and changes in judgements.

The Foundation adopted ASU 2014-09 on a modified retrospective basis. Due to insignificant change in the revenue recognition pattern for applicable revenue streams as a result of the updated guidance, there was no cumulative effect recorded. The Foundation performed an impact assessment by analyzing certain existing material revenue transactions and arrangements that are representative of the Foundation's business segments and revenue streams. The adoption of the standard did not have a material effect on the consolidated statements of financial position, activities, or cash flows.

Grants to Charities

Unconditional grants are recorded against operations when authorized by the Foundation's Board of Directors and notification to the grantee. The actual payment of the grant may not necessarily occur in the year of authorization. Cancellations of grants occur when the grantees do not meet the terms under which the grants were awarded. In those instances, the cancellation is recorded as an increase against operations. All grants to charities at December 31, 2019 are expected to be paid within one year.

The Foundation also has $57,989,818 in research-related contractual grant commitments outstanding. Over 98% of this amount is contingent upon a detail review done twice a year of research team performance, outcomes, and financial spends. The remaining contingent grant amounts involve other assessment and evaluation processes.

Concentration of Credit Risk

The Foundation places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. The Foundation has not incurred losses related to these investments.

Contributed Goods and Services

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Income Taxes

The Foundation 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.

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Foundation is also exempt from California franchise taxes under Revenue and Taxation Code Section 23701d on its income other than unrelated business income. The Foundation 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. The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Advertising

The Foundation expenses advertising costs as incurred. For the year ended December 31, 2019, advertising expense totaled $38,414.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been presented in the consolidated statement of functional expenses. During the year, such costs are accumulated into operational groupings. All costs are allocated among program and support services by a method that best measures the relative degree of benefit.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Comparative Totals

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's consolidated financial statements for the year ended December 31, 2018 from which the summarized information was derived.

Accounting Pronouncements Adopted in the Current Year

In 2019, the Foundation adopted ASU 2016-15, *Statement of Cash Flows - Classification of Certain Receipts and Payments (Topic 230).* The provisions of this ASU provide additional clarity on the classification of specific events on the statement of cash flows, including debt prepayment and extinguishment costs, settlement of zero-coupon debt instruments, contingent consideration payments made after a business combination, proceeds from settlement of insurance claims, distributions received from equity method investees and beneficial interests in securitization transactions. The adoption of this ASU did not have a material impact on the Foundation.

In 2019, the Foundation adopted ASU 2016-18, *Statement of Cash Flows – Restricted Cash,* which requires the statement of cash flows to include restricted cash with its cash and cash equivalents balance and a reconciliation between all cash items on the balance sheet and the balance per the statement of cash flows. In addition, changes in restricted cash related to transfers between cash and cash equivalents and restricted cash will not be presented as cash flow activities in the statement of cash flows. The effect of the adoption of this is the inclusion of restricted cash in the beginning and end of period balances of cash presented on the Foundation's consolidated statement of cash flows.

In 2019, the Foundation adopted ASU 2018-08, *Not-For-Profits Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The amendments in this ASU were made to assist entities in evaluating whether transactions should be accounted for as contributions or as exchange transactions and to help determine whether a contribution is conditional. The adoption of this ASU had no impact on the Foundation's consolidated financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB or other accounting standard setting bodies, which the Foundation may adopt as of the specified date required by each standard. While the Foundation believes the impact of recently issued standards that are not yet effective will not have a material impact on its consolidated financial statements upon adoption, certain ASU's have not been fully evaluated.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The core principal of this ASU is that a lessee should recognize an asset and a liability for all leases, in most instances. Lessees should recognize a liability to make lease payments (the lease liability) and a right-of-use asset representing their right to use the underlying asset for the lease term. Lessors should recognize a liability to provide a right-of-use of the leased assets and an asset representing the amount owed by the lessee. The amendments in this update are effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Foundation is in the process of evaluating the impact of this ASU on its operations.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820) - Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement,* which modifies the disclosures on fair value measurements by removing the requirement to disclose the policy for the timing of transfers between levels of the fair value hierarchy. ASU 2018-13 expands the disclosure requirements for Level 3 fair value measurements. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019. The Foundation is in the process of evaluating the impact of this ASU.

Subsequent Events

The Foundation has evaluated events and transactions occurring subsequent to the consolidated statement of financial position date of December 31, 2019 for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through June, 7, 2020 the date these consolidated financial statements were available to be issued. The following events occurred subsequent to December 31, 2019,

- The extent of the impact of COVID-19 on Foundation's operational and financial performance will depend on further developments, including the duration and spread of the outbreak, all of which cannot be predicted at this time.
- The bi-annual Stand Up To Cancer Telecast was delayed to 2021 in order to avoid any COVID-19 related issues.
- The Foundation received a loan on April 23, 2020 through the Paycheck Protection Program (PPP). Management will apply to convert this loan into a grant as provided by the CARES Act.
- The Foundation entered into six new donor agreements from various corporations, foundations and individuals that represent $14,250,000 in donation revenues for 2020. These donations cover three Foundation programs and three fiscally sponsored funds in the areas of education, disaster response and inclusion.

No such material events or transactions were noted to have occurred, except as noted above.

NOTE 3 – INVESTMENTS

The Foundation implemented the accounting standard that defines fair value for those assets (and liabilities) that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards.

FASB authoritative guidance on fair value measurements establishes a framework for measuring fair value and expands disclosure about fair value measurements. The guidance enables the reader of financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair value. Under this guidance, assets and liabilities carried at fair value must be classified and disclosed on one of the following three categories:

Level 1 – Observable inputs such as quoted market prices in active markets. Classification currently include cash and investments in funds that are priced daily and trade over an active exchange, such as the New York Stock Exchange.

Level 2 – Inputs other than quoted prices in active markets, which are observable either directly or indirectly.

Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions. Classifications currently include commingled funds that do not have daily pricing on an active exchange but where a substantial portion of a fund's fair value could be determined based on quoted market process of underlying investments held by the fund and the estimated fair value of certain investments of the underlying investment partnership, which may include private placements and other securities for which prices are not readily available, and are determined by the general partner or sponsor of the respective other investment partnership and may not reflect amounts that could be relegalized upon immediate sale, nor amounts that ultimately may be realized.

Investments valued using the net asset value ("NAV") per share (or its equivalent) are considered "alternative investments" and, unlike more traditional investments, generally do not have readily obtainable market values and often take the form of limited partnerships.

The following tables present information about the Foundation's assets that are measured at fair value on a recurring basis at December 31, 2019 and December 31, 2018, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

NOTE 3 – INVESTMENTS – Continued

	December 31, 2019	Quoted Prices in Active Markets fo Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Cash Equivalents	$ 11,056	$ 11,056	$ -	$ -
Corporate Bonds	1,235,594	1,235,594	-	-
Corporate CMOS	90,014	90,014	-	-
Mortgage Backed Government Issues	62,979	62,979		
Fixed Income-U.S. Agencies	968,023	968,023	-	-
Foreign Bonds	351,996	351,996	-	-
Municipal Bonds	65,796	65,796	-	-
Government Bonds	959,606	959,606	-	-
Total Investments	$ 3,745,064	$ 3,745,064	$ -	$ -

	December 31, 2018	Quoted Prices in Active Markets fo Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Cash Equivalents	$ 181,705	$ 181,705	$ -	$ -
Corporate Bonds	1,192,695	1,192,695	-	-
Corporate CMOS	346,880	346,880	-	-
Mortgage Backed Government Issues	76,421	76,421		
Fixed Income-U.S. Agencies	812,342	812,342	-	-
Foreign Bonds	516,608	516,608	-	-
Municipal Bonds	65,090	65,090	-	-
Government Bonds	388,837	388,837	-	-
Total Investments	$ 3,580,578	$ 3,580,578	$ -	$ -

The fair values of marketable securities within Level 1 inputs were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

The fair values of asset-backed corporate issues within Level 2 inputs were based on pricing models whose inputs were derived principally from observable market data through correlation or other means of substantially the full term of the asset or liability.

There were no transfers between Level 1, 2 and 3 investments for the year ended December 31, 2019.

NOTE 3 – INVESTMENTS – Continued

Long-term net investment income for the years ended December 31, consist of the following:

	2019	2018
Interests and dividends	$ 97,198	$ 91,507
Realized and unrealized gain (loss)	85,565	(40,652)
Investment fees	(18,277)	(17,593)
Investment income	$ 164,486	$ 33,262

Short-term net investment income for the years ended December 31, consist of the following:

	2019	2018
Interests and dividends	$ 1,042,156	$ 516,425
Realized and unrealized gain (loss)	(17,974)	117,984
Investment fees	-	-
Investment income	$ 1,024,182	$ 634,409

Combined long-term and short-term net investment income for the years ended December 31, consist of the following:

	2019	2018
Interests and dividends	$ 1,139,354	$ 607,932
Realized and unrealized gain	67,591	77,332
Investment fees	(18,277)	(17,593)
Investment income	$ 1,188,668	$ 667,671

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31, are expected to be collected as follows:

	2019	2018
Less than one year	$ 11,240,497	$ 15,057,351
One to five years	3,408,100	2,100,000
Five to ten years	1,400,000	600,000
Gross contributions receivable	16,048,597	17,757,351
Less: Present value discount	(998,990)	(722,876)
Contributions receivable (Net)	$ 15,049,607	$ 17,034,475

NOTE 5 – LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Foundations financial assets available to meet cash needs for general expenditures within one year of December 31, 2019, reduced by amounts unavailable for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, assets held for others, endowments and accumulated earnings net of appropriations within one year and board designated funds. These board designations could be drawn upon if the board approves that action.

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2019:	
Cash and Cash Equivalents - unrestricted	$ 57,638,086
Contributions and Accounts Receivable	11,375,158
Investments	3,745,064
Financial assets, at December 31, 2019:	$ 72,758,308
Less those unavailable for general expenditure within one year, due to:	
Financial Assets held for others (Fiscal Sponsorships)	(8,041,093)
Cash and Cash Equivalents Board Designated Stand Up To Cancer	(5,029,981)
Contributions Receivable on behalf of Endowment	(2,000,000)
Financial assets available to meet cash needs for general expenditures within one year:	$ 57,687,234

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31,:

	2019	2018
Office furniture and equipment	$ 1,078,698	$ 996,588
Leasehold improvements	483,151	483,151
Total	1,561,849	1,479,739
Less: Accumulated depreciation	(1,023,725)	(869,870)
Property and equipment (Net)	$ 538,123	$ 609,870

Depreciation expense for the years ended December 31, 2019 and 2018 was $153,854 and $132,665 respectively.

NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following at December 31,:

	2019	2018
Accounts payable	$ 1,852,550	$ 1,267,085
Accrued payroll and other payroll withholdings	150,887	232,699
Accrued vacation	507,392	450,819
Lease Security Deposit	138,257	241,771
Deferred rent	938,984	993,478
Total accounts payable and accrued liabilities	$ 3,588,070	$ 3,185,852

NOTE 8 – GRANTS PAYABLE

Grants authorized but unpaid at year end are measured at fair value and reported as liabilities. The following is summary of grants authorized and payable at December 31,:

Grants Payable Balance as of December 31, 2019 (To be paid in 2020)	$ 20,434,495
Grants Payable Balance as of December 31, 2018 (Paid in 2019)	$ 34,217,889

NOTE 9 – CONTRIBUTED GOODS AND SERVICES

The Foundation conducts Public Awareness and Education campaigns that provide information and education regarding the various initiatives adopted by the Foundation. Information and education are primarily provided by public service announcements ("PSAs"). The PSAs are disseminated in the form of broadcast, print, online and out-of-home advertisements. These products are donated by major television networks and magazine publications.

The public service announcements were comprised of the following:

	2019	2018
Broadcast Airtime	$ 326,488,593	$ 367,069,951
Print Ad Publications	25,000,921	32,851,872
Out-of-Home	15,211,030	9,241,815
Digital	543,563	1,754,767
Total In Kind Public Awareness and Education	$ 367,244,107	$ 410,918,405

For the years ended December 31, 2019 and 2018, the Foundation also received $0 and $1,500,000 in cancer research credit allowances, respectively.

For the years ended December 31, 2019 and 2018, the Foundation also received $678,480 and $984,510 in donated airline travel, respectively.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Operating Lease Revenue

The Foundation subleased one of its office facilities in February 2017 expiring in March 2024. Rent payments to begin in January 2018 according to the following schedule:

Operating Lease Revenue (continued)

Years ending December 31,		
2020	$	898,504
2021		924,548
2022		953,196
2023		981,844
2024		249,906
Total	$	4,007,998

Operating Lease Expense

The Foundation leases office facilities under several operating leases, with various terms expiring through April 2024. Total rental expense charged to operations under these leases during the years ended December 31, 2019 and 2018 was $1,869,500 and $1,895,957, respectively.

Operating Leases (continued)

Lease commitments are as follows:

Years ending December 31,		
2020	$	2,103,591
2021		1,975,295
2022		2,026,538
2023		1,922,014
2024		555,574
Total	$	8,583,012

NOTE 10 – COMMITMENTS AND CONTINGENCIES – Continued

Litigation

In the ordinary course of doing business, the Foundation becomes involved in various lawsuits. Some of these proceedings may result in judgments being assessed against the Foundation which, from time to time, may have an impact on net income or financial position. The Foundation does not believe that these proceedings, individually or in the aggregate, are material to its operations or financial condition.

NOTE 11 - NET ASSETS

Net Assets Without Donor Restrictions at December 31:

	2019	2018
Undesignated	$ (3,507,226)	$ (3,604,788)
Board Designated for Stand Up to Cancer^	5,029,981	5,118,156
	$ 1,522,755	$ 1,513,368

^ Net Assets Without Donor Restrictions (Previously Board Designated Net Assets). These are comprised of resources that the Foundation has established as being designated for the Stand Up to Cancer initiative. For purposes of complying with net asset accounting, this fund is included in net assets without donor restrictions at December 31, 2019 and 2018 with a balance of $5,029,981 and $5,118,156, respectively.

Net Assets With Donor Restrictions at December 31, are available for the following purposes:

	2019	2018
Subject to Expenditures for Specified Purposes:		
Stand Up to Cancer	$ 38,839,688	$ 54,000,030
Other donor purpose restrictions	8,041,093	8,373,467
Disaster Relief	624,444	-
Education & Inclusion Initiatives	93,184	1,816,730
National Colorectal Cancer Research Alliance	-	156,097
Childhood Hunger	-	20,905
	47,598,409	64,367,229
Subject to Entertainment Industry Foundation Spending Policy and Appropriations:		
Investment in perpetuity, which, once appropriated, is expendable to support:		
SU2C Legacy Circle Fund in support of Stand Up To Cancer	8,851,756	5,748,668
Total Net Assets With Donor Restrictions:	$ 56,450,165	$ 70,115,897

NOTE 12 – ENDOWMENT DISCLOSURES

California enacted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") effective January 1, 2009. The Foundation is required to provide information about net assets which are defined as endowment. Classifications include endowment which is restricted in perpetuity by donors (with donor restricted net assets) and endowment which has been board designated. The changes in endowment net assets for the years ended December 31, were as follows:

	December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted Endowment:			
Original Gift Amount	$ -	$ 8,780,952	$ 8,780,952
Accumulated Earnings	-	70,804	70,804
Board Designated Endowment	-	-	-
Total as of December 31, 2019:	$ -	$ 8,851,756	$ 8,851,756

	December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted Endowment:			
Original Gift Amount	$ -	$ 5,734,725	$ 5,734,725
Accumulated Earnings	-	13,943	13,943
Board Designated Endowment	-	-	-
Total as of December 31, 2018:	$ -	$ 5,748,668	$ 5,748,668

NOTE 13 – ALLOCATION OF JOINT COSTS

The Foundation conducted public service announcements that included requests for contributions as well as program components. The costs of conducting these activities as of December 31, 2019 and 2018 was $367,244,107 and $335,301,656 respectively and were classified as Public Awareness and Education.

NOTE 14 – EMPLOYEE BENEFIT PLANS

Multiemployer Pension Plan

The Foundation contributes to the Motion Picture Industry Pension Plan, a multiemployer defined benefit pension plan, under the terms of its non-affiliated agreement covering Foundation employees. Contributions to this plan are based on employee hours worked and are paid by the Foundation. The risks of participating in multiemployer plans are different from single-employer plans in the following respects:

- Assets contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the employer choses to stop participating in its multiemployer plan, it may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Foundation's participation in this plan for the year ended December 31, 2019 is outlined below. The information included in this table is as follows:

EIN	95-1810805
Plan number:	01
Pension Protection Act of 2006 zone status	Green
Contributions to plan	$352,062
Plan's contributions >5% of total contributions	No
Financial improvement or rehabilitation plan pending or implemented	No
Surcharged imposed?	No
Expiration of collective bargining agreements	N/A

NOTE 14 – EMPLOYEE BENEFIT PLANS - Continued

Pension Plan

The Foundation sponsors a 403(b) Plan for its employees. Benefits under the plan are provided through a group annuity contract. Employees elect to contribute to the plan and employer contributions are discretionary. There were no employer contributions for the year ended December 31, 2019.

The Foundation sponsors a 457(b) Plan. The Plan is available to senior executive management employees to make additional contributions up to IRS designated annual limits. The Foundation does not make employer contributions to this plan.