



Consolidated Financial Statements and Report of
Independent Certified Public Accountants

The Entertainment Industry Foundation

December 31, 2022

(with summarized financial information as of December 31, 2021)

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
The Entertainment Industry Foundation

Opinion

We have audited the consolidated financial statements of The Entertainment Industry Foundation (the "Foundation"), which comprise the consolidated statement of financial position as of December 31, 2022, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2022, and the 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.

Basis for opinion

We conducted our audit of the consolidated 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 the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 the Foundation'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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.

Report on 2021 summarized information

We have previously audited the Foundation's 2021 consolidated financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 8, 2022. In our opinion, the accompanying summarized comparative information as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



The Entertainment Industry Foundation

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2022
(with summarized financial information as of December 31, 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and Cash Equivalents	\$ 62,382,886	\$ 96,717,194
Restricted Cash	92,153	92,061
Investments	23,407,447	3,862,541
Accounts Receivable	139,612	138,701
Contributions Receivable (Net)	8,963,834	9,155,926
Prepaid Expenses and Other Assets	464,209	659,904
Property and Equipment (Net)	207,634	368,141
Operating Right-of-Use-Asset	<u>2,126,306</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 97,784,081</u>	<u>\$110,994,468</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable and Accrued Liabilities	\$ 3,448,987	\$ 3,182,053
Grants Payable	3,958,707	15,471,351
Operating Lease Liability	<u>2,378,630</u>	<u>-</u>
TOTAL LIABILITIES	9,786,324	18,653,404
NET ASSETS:		
Without Donor Restrictions	(606,340)	292,414
With Donor Restrictions	<u>88,604,097</u>	<u>92,048,650</u>
TOTAL NET ASSETS	<u>87,997,757</u>	<u>92,341,064</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 97,784,081</u>	<u>\$110,994,468</u>

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, 2022
(with summarized financial information as of December 31, 2021)

	2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND OTHER SUPPORT:				
Special Events Revenue	\$ -	\$ -	\$ -	\$ 111,896,548
Less: Costs of Donor Benefits	-	-	-	(4,702,787)
Less: Donated Media	-	-	-	(81,547,374)
NET SPECIAL EVENTS	-	-	-	25,646,387
NET REVENUE AND OTHER SUPPORT	-	-	-	25,646,387
CONTRIBUTIONS:				
In-Kind Contributions-Donated Media	1,342,967	353,811,176	355,154,143	398,519,392
Other In-Kind Contributions	-	344,071	344,071	158,666
Corporate and Foundation Contributions	134,536	37,047,825	37,182,361	22,260,038
Direct Contributions	56,797	18,769,618	18,826,415	15,842,591
Worksite Campaigns	44,920	-	44,920	54,278
TOTAL CONTRIBUTIONS	1,579,220	409,972,690	411,551,910	436,834,965
Investment Income (Net)	(1,233,982)	(1,260,388)	(2,494,370)	(317,243)
Program Service Revenue	257,437	163,152	420,589	-
Rent Income from Sublease	916,301	-	916,301	916,301
Release of Restrictions	411,358,451	(411,358,451)	-	-
Net Assets Released from Restrictions	961,556	(961,556)	-	-
TOTAL REVENUE AND OTHER SUPPORT	413,838,983	(3,444,553)	410,394,430	463,080,409
EXPENSES:				
Program Services:				
Grant Program	32,867,155	-	32,867,155	41,390,419
Public Awareness and Education	364,980,113	-	364,980,113	410,620,377
TOTAL PROGRAM SERVICES	397,847,268	-	397,847,268	452,010,796
Supporting Services:				
Management and General	7,863,399	-	7,863,399	6,809,738
Fundraising	9,027,070	-	9,027,070	4,532,248
TOTAL SUPPORTING SERVICES	16,890,469	-	16,890,469	11,341,986
TOTAL EXPENSES	414,737,737	-	414,737,737	463,352,782
CHANGE IN NET ASSETS	(898,754)	(3,444,553)	(4,343,307)	(272,373)
NET ASSETS AT BEGINNING OF YEAR	292,414	92,048,650	92,341,064	92,613,437
NET ASSETS AT END OF YEAR	\$ (606,340)	\$ 88,604,097	\$ 87,997,757	\$ 92,341,064

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, 2022
(with summarized financial information as of December 31, 2021)

	Program Services			Supporting Services			Total Expenses	
	Grants Program	Public Awareness and Education	Total	Management and General	Fundraising	Total	2022	2021
In Kind: Donated Media	\$ -	\$ 350,876,992	\$ 350,876,992	\$ -	\$ 4,277,151	\$ 4,277,151	\$ 355,154,143	\$ 398,519,392
Grants to Charities	28,799,750	-	28,799,750	-	-	-	28,799,750	38,229,653
Salaries and Payroll Related Expenses	1,095,129	6,572,299	7,667,428	3,478,782	1,639,797	5,118,579	12,786,007	10,563,859
Professional Services	2,666,936	4,424,428	7,091,364	1,233,494	2,708,341	3,941,835	11,033,199	9,969,260
Occupancy Cost	-	62,172	62,172	2,020,261	-	2,020,261	2,082,433	1,677,750
Subscriptions and Permits	157,485	613,048	770,533	389,642	9,137	398,779	1,169,312	1,028,797
Travel and Meetings	88,021	797,877	885,898	33,487	36,785	70,272	956,170	463,786
Public Relations and Publicity	29,801	729,571	759,372	-	-	-	759,372	963,068
Office Supplies and Printing	24,689	286,278	310,967	123,540	16,050	139,590	450,557	276,531
In Kind: Other	-	344,071	344,071	-	-	-	344,071	158,666
Bank and Merchant Fees	-	25	25	16,139	310,345	326,484	326,509	222,682
Insurance	-	-	-	286,719	-	286,719	286,719	226,623
Depreciation	-	-	-	176,773	-	176,773	176,773	170,437
Equipment Rental	-	90,446	90,446	60,132	329	60,461	150,907	80,353
Advertising	-	79,289	79,289	724	-	724	80,013	5,950
Electronic Media Production	-	73,731	73,731	-	-	-	73,731	57,073
Telephone and Internet	957	180	1,137	40,247	30	40,277	41,414	36,394
Postage	4,387	16,970	21,357	2,519	4,105	6,624	27,981	22,127
Miscellaneous	-	-	-	-	25,000	25,000	25,000	678,294
Event Space Rental	-	12,736	12,736	-	-	-	12,736	-
Repairs and Maintenance	-	-	-	940	-	940	940	2,088
TOTAL 2022								
FUNCTIONAL EXPENSES	<u>\$ 32,867,155</u>	<u>\$ 364,980,113</u>	<u>\$ 397,847,268</u>	<u>\$ 7,863,399</u>	<u>\$ 9,027,070</u>	<u>\$ 16,890,469</u>	<u>\$ 414,737,737</u>	
	8%	89%	96%	2%	2%	4%	100%	
TOTAL 2021								
FUNCTIONAL EXPENSES	<u>\$ 41,390,419</u>	<u>\$ 410,620,377</u>	<u>\$ 452,010,796</u>	<u>\$ 6,809,738</u>	<u>\$ 4,532,248</u>	<u>\$ 11,341,986</u>		<u>\$ 463,352,782</u>
	9%	89%	98%	1%	1%	2%		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, 2022
(with summarized financial information as of December 31, 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (4,343,307)	\$ (272,373)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used In) Provided by Operating Activities:		
Depreciation and Amortization	218,243	180,246
Realized and Unrealized (Gain) Loss in Investments	615,123	121,703
(Increase) Decrease in:		
Accounts Receivable	(911)	(31,525)
Contributions Receivable (net)	192,092	7,063,676
Prepaid Expenses and Other Assets	195,695	35,103
Operating Right-of-Use-Asset	(1,631,727)	-
Increase (Decrease) in:		
Accounts Payable and Accrued Liabilities	266,933	256,816
Grants Payable	(11,512,644)	401,827
Operating Lease Liability	1,842,580	-
	<u>(14,157,923)</u>	<u>7,755,473</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
	(14,157,923)	7,755,473
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(20,000,071)	-
Reinvested Interest and Dividends	(159,957)	(68,388)
Purchase of Property and Equipment	(16,266)	(13,518)
	<u>(20,176,294)</u>	<u>(81,906)</u>
NET CASH (USED IN) INVESTING ACTIVITIES		
	(20,176,294)	(81,906)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(34,334,216)	7,673,567
Cash and Cash Equivalents - Beginning of Year	<u>96,809,255</u>	<u>89,135,688</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 62,475,039</u>	<u>\$ 96,809,255</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH:		
	<u>December 31,</u>	
Consolidated Statement of Financial Position	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 62,382,886	\$ 96,717,194
Restricted Cash	92,153	92,061
Consolidated Statement of Cash Flows		
Cash and Cash Equivalents	<u>\$ 62,475,039</u>	<u>\$ 96,809,255</u>

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

The Entertainment Industry Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022

(with summarized financial information as of December 31, 2021)

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, the “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 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 (SU2C) (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.

The Entertainment Industry Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022

(with summarized totals at December 31, 2021)

NOTE 1 – ORGANIZATION – Continued

- **Defy Disaster:** The Foundation’s crisis relief program brings together the entertainment community to support disaster response. Defy Disaster 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, Defy Disaster 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. 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. There were no intercompany transactions during the years ended December 31, 2022 and 2021.

Basis of Presentation

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

The Entertainment Industry Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022
(with summarized totals at December 31, 2021)

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. The Foundation has net assets without donor restrictions at December 31, 2022 and 2021, of (\$606,340) and \$292,414, respectively.
- 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 net assets with donor restrictions at December 31, 2022 and 2021, of \$88,604,097 and \$92,048,650, respectively.
- 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 no net assets with donor restrictions (subject to restriction in perpetuity) at December 31, 2022 and 2021.

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, 2022 and 2021 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.

The Entertainment Industry Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022

(with summarized totals at December 31, 2021)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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, 2022 and 2021.

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 0.13% and 3.01%.

The Entertainment Industry Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022

(with summarized totals at December 31, 2021)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Contributions Receivable – Continued

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, 2022 and 2021, there was \$58,058,372 and \$75,127,138 in conditional promises to give, respectively.

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, 2022 and 2021.

Deferred Rent

The Foundation recognizes escalating rent provisions on a straight-line basis over the term of the lease. Deferred rent as of December 31, 2022 and 2021, was \$252,325 and \$599,337 respectively.

The Entertainment Industry Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022
(with summarized totals at December 31, 2021)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 revenue as of December 31, 2022 and 2021, was \$226,526 and \$184,807 respectively.

Revenue Recognition

Revenues from exchange transactions are recognized when the transfer of risks and rewards of ownership and control pass to the customer. The Foundation recognizes revenue at the agreed-upon amount stated in the contract for the aforementioned revenue transactions. Payments from customers are typically due upon receipt. For contracts that span over a period of time, revenue is recognized ratably over the term of the agreement or as the Foundation achieves specified milestones.

Grants to Charities

Unconditional grants are recorded against operations when authorized by the Foundation's Board of Directors and notification to the grantee. Conditional grants are recorded against operations when the conditions of the award are met. 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, 2022 are expected to be paid within one year.

The Foundation also has \$46,521,363 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.

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.

The Entertainment Industry Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022
(with summarized totals at December 31, 2021)

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. Advertising expense for the years ended December 31, 2022 and 2021, was \$80,013 and \$5,950, respectively.

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.

The Entertainment Industry Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022
(with summarized totals at December 31, 2021)

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, 2021 from which the summarized information was derived.

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 were effective for fiscal year's beginning after December 15, 2021 and the Foundation adopted the provisions of this standard beginning January 1, 2022. The impact of adoption is described in Footnote 10.

The Entertainment Industry Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022
(with summarized totals at December 31, 2021)

Subsequent Events

The Foundation has evaluated events and transactions occurring subsequent to the consolidated statement of financial position date of December 31, 2022 for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through June 21, 2023 the date these consolidated financial statements were available to be issued. The following events occurred subsequent to December 31, 2022,

- The Foundation entered into a multi-year \$1,500,000 donor agreement in January, 2023 the funds of which are restricted to Stand Up To Cancer research.
- The Foundation entered into a multi-year \$3,000,000 donor collaboration agreement in January, 2023 the funds of which are restricted to Stand Up To Cancer research.
- The Foundation secured a \$5,000,000 Line of Credit (LOC) with City National Bank in January, 2023.
- The Foundation entered into a multi-year \$1,500,000 donor agreement in April, 2023 the funds of which are restricted to Stand Up To Cancer research.

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

The Entertainment Industry Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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(with summarized totals at December 31, 2021)

NOTE 3 – INVESTMENTS

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, 2022 and 2021, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

The Entertainment Industry Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022
(with summarized totals at December 31, 2021)

NOTE 3 – INVESTMENTS – Continued

	December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Cash Equivalents	\$ 74,456	\$ 74,456	\$ -	\$ -
Corporate Bonds	6,634,684	6,634,684	-	-
Fixed Income-U.S. Agencies	218,284	218,284	-	-
Foreign Bonds	516,679	516,679	-	-
Government Bonds	15,963,344	15,963,344	-	-
Total Investments	<u>\$ 23,407,447</u>	<u>\$ 23,407,447</u>	<u>\$ -</u>	<u>\$ -</u>
	December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Cash Equivalents	\$ 22,977	\$ 22,977	\$ -	\$ -
Corporate Bonds	960,565	960,565	-	-
Mortgage Backed Government Issues	35,201	35,201	-	-
Fixed Income-U.S. Agencies	294,946	294,946	-	-
Foreign Bonds	89,967	89,967	-	-
Government Bonds	2,458,885	2,458,885	-	-
Total Investments	<u>\$ 3,862,541</u>	<u>\$ 3,862,541</u>	<u>\$ -</u>	<u>\$ -</u>

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.

There were no transfers between Level 1, 2 and 3 investments for the year ended December 31, 2022.

The Entertainment Industry Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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(with summarized totals at December 31, 2021)

NOTE 3 – INVESTMENTS – Continued

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

	<u>2022</u>	<u>2021</u>
Interests and dividends	\$ 198,684	\$ 87,866
Realized and unrealized gain (loss)	(615,123)	(121,703)
Investment fees	<u>(38,727)</u>	<u>(19,478)</u>
Investment income	<u>\$ (455,166)</u>	<u>\$ (53,315)</u>

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

	<u>2022</u>	<u>2021</u>
Interests and dividends	\$ 194,309	\$ 13,754
Realized and unrealized (loss)	(2,233,654)	(277,682)
Investment fees	<u>(141)</u>	<u>-</u>
Investment income	<u>\$ (2,039,345)</u>	<u>\$ (263,928)</u>

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

	<u>2022</u>	<u>2021</u>
Interests and dividends	\$ 392,993	\$ 101,620
Realized and unrealized (loss) gain	(2,848,777)	(399,385)
Investment fees	<u>(38,586)</u>	<u>(19,478)</u>
Investment income	<u>\$ (2,494,370)</u>	<u>\$ (317,243)</u>

The Entertainment Industry Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022
(with summarized totals at December 31, 2021)

NOTE 4 – CONTRIBUTIONS RECEIVABLE

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

	2022	2021
Less than one year	\$ 7,711,489	\$ 8,024,163
One to five years	1,885,950	1,685,950
Five to ten years	-	200,000
Gross contributions receivable	<u>9,597,439</u>	<u>9,910,113</u>
Less: Present value discount	<u>(633,605)</u>	<u>(754,187)</u>
Contributions receivable (Net)	<u>\$ 8,963,834</u>	<u>\$ 9,155,926</u>

NOTE 5 – LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Foundation’s financial assets available to meet cash needs for programmatic and support expenditures within one year as of December 31, 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 within one year as of December 31,:	2022	2021
Cash and Cash Equivalents - unrestricted	\$ 62,382,886	\$ 96,717,194
Contributions and Accounts Receivable	7,851,101	8,162,864
Investments	23,407,447	3,862,541
Financial assets, at December 31,:	<u>\$ 93,641,434</u>	<u>\$108,742,599</u>
Less those unavailable for general expenditure within one year, due to:		
Cash and Cash Equivalents Board Designated Stand Up To Cancer	(1,409,624)	(1,409,624)
Financial assets available to meet cash needs for programmatic and support expenditures within one year:	<u>\$ 92,231,810</u>	<u>\$107,332,975</u>

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

The Entertainment Industry Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022
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NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Office furniture and equipment	\$ 1,183,878	\$ 1,178,881
Leasehold improvements	<u>571,003</u>	<u>559,734</u>
Total	1,754,881	1,738,615
Less: Accumulated depreciation	<u>(1,547,247)</u>	<u>(1,370,474)</u>
Property and equipment (Net)	<u>\$ 207,634</u>	<u>\$ 368,141</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$176,773 and \$180,246 respectively.

NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	<u>2022</u>	<u>2021</u>
Accounts payable	\$ 1,867,211	\$ 1,390,830
Accrued payroll and other payroll withholdings	300,019	231,787
Accrued vacation	802,906	775,292
Deferred revenue and lease security deposit	226,526	184,807
Deferred rent	<u>252,325</u>	<u>599,337</u>
Total accounts payable and accrued liabilities	<u>\$ 3,448,987</u>	<u>\$ 3,182,053</u>

The Entertainment Industry Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022
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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:

Grants Payable Balance as of December 31, 2022 (To be paid in 2023)	\$ 3,958,707
Grants Payable Balance as of December 31, 2021 (Paid in 2022)	\$ 15,471,351

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:

	<u>2022</u>	<u>2021</u>
Broadcast Airtime	\$ 341,664,998	\$ 454,054,811
Print Ad Publications	3,328,583	14,760,459
Out-of-Home	8,921,750	9,213,327
Digital	<u>1,238,812</u>	<u>2,038,169</u>
Total In Kind Public Awareness and Education	<u>\$ 355,154,143</u>	<u>\$ 480,066,766</u>

For the years ended December 31, 2022 and 2021, the Foundation also received donated airtime in connection with its bi-annual telecast \$0 and \$ 81,547,374, respectively.

For the years ended December 31, 2022 and 2021, the Foundation also received \$111,286 and \$69,800 in other donated items including Tuition Assistance, Hotel Lodging and PPE equipment, respectively.

For the years ended December 31, 2022 and 2021, the Foundation also received \$232,785 and \$88,866 in donated airline travel, respectively.

The Entertainment Industry Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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NOTE 10 – COMMITMENTS AND CONTINGENCIES

Leases

Effective with the implementation of ASU 2016-02, Leases (Topic 842) and subsequent amendments to the initial guidance (collectively, Topic 842) on January 1, 2022, operating leases are recorded in right-of-use-assets and lease liabilities in the consolidated statements of financial position. Leases with a term of twelve months or less are considered short term leases and are accounted for as an expense in the consolidated statement of activities as rental payments are incurred. Furthermore, the Foundation has elected to use the current period method adjustment per ASU 2016-02, Leases (Topic 842) and thus did not restate financials prior to January 1, 2021.

Operating lease assets represent the Foundation's right to use an underlying assets for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Foundation uses the implicit rate when readily available. When the lease does not provide an implicit rate, the Foundation uses the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases.

The Foundation's lease terms may include options to extend of the option is considered reasonable to be exercised. Operating lease expense for lease payments are recognized on a straight-line basis over the lease term. Prior to January 1, 2022 and the implementation of ASU 2016-02, Leases (Topic 842), operating leases were accounted for as an expense in the consolidated statement of activities when the rental payment occurred. No asset or liability was recorded for operating leases.

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, 2022 and 2021 was \$1,700,814 and \$1,669,638, respectively.

Right-of-Use Assets

At December 31, 2022 and 2021, the right-of-use assets obtained in exchange for operating lease liabilities was \$2,126,306 and \$3,758,033, respectively.

Weighted-Average Term and Discount Rate

At December 31, 2022 the weighted-average remaining lease term in years was 1.3 and the weighted-average discount rate was 2.39%.

The Entertainment Industry Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022
(with summarized totals at December 31, 2021)

NOTE 10 – COMMITMENTS AND CONTINGENCIES - Continued

Future Minimum Lease Payments

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31, 2022:

Years Ending December 31,	Operating
2023	\$ 1,924,653
2024	489,133
	\$ 2,413,786
Total Lease Payments	\$ 2,413,786
Less interest	(35,156)
	\$ 2,378,630

Operating Lease Revenue

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

Years Ending December 31,	Operating
2023	\$ 981,844
2024	249,906
	\$ 1,231,750
Total	\$ 1,231,750

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.

The Entertainment Industry Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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NOTE 11 - NET ASSETS

Net Assets Without Donor Restrictions at December 31:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ (2,293,367)	\$ (1,417,972)
Board Designated for Stand Up to Cancer [^]	1,409,624	1,409,624
Board Designated for Defy Disaster*	<u>277,403</u>	<u>300,762</u>
	<u>\$ (606,340)</u>	<u>\$ 292,414</u>

[^] 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 both December 31, 2022 and 2021 with a balance of \$1,409,624 for each year.

* 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 Defy Disaster initiative. For purposes of complying with net asset accounting, this fund is included in net assets without donor restrictions at both December 31, 2022 and 2021 with a balance of \$277,403 and \$300,762, respectively.

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

	<u>2022</u>	<u>2021</u>
Subject to Expenditures for Specified Purposes:		
Stand Up to Cancer	\$ 54,512,358	\$ 58,357,006
Other donor purpose restrictions	33,874,002	33,691,644
Education & Inclusion Initiatives	<u>217,737</u>	<u>-</u>
Total Net Assets With Donor Restrictions:	<u>\$ 88,604,097</u>	<u>\$ 92,048,650</u>

The Entertainment Industry Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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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. Please note that during 2020 the Foundation received written permission from all endowment donors to convert their donations from endowment gifts to gifts restricted to cancer research. There were no changes in endowment net assets for the years ending December 31, 2022. Prior December 31 activity is as follows:

	With Donor Restriction		Total
	Temporarily Restricted	Permanently Restricted	
<u>2021</u>			
Endowment net assets, December 31, 2020	\$ 9,310,912	\$ -	\$ -
Release of restrictions	(9,310,912)	-	-
Endowment net assets, December 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Entertainment Industry Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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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, 2022 and 2021 was \$350,876,992 and \$398,519,392 respectively and were classified as Public Awareness and Education and \$4,277,151 and \$0 respectively were classified as Fundraising.

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 chooses 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, 2022 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	\$514,858
Plan's contributions >5% of total contributions	No
Financial improvement or rehabilitation plan pending or implemented	No
Surcharged imposed?	No
Expiration of collective bargaining agreements	N/A

The Entertainment Industry Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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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, 2022.

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.