Consolidated Financial Statements and Report of Independent Certified Public Accountants

The Entertainment Industry Foundation

December 31, 2018

(with summarized financial information as of December 31, 2017)

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, 2018, 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.

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, 2018, 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 2017 summerized information

We have previously auditied the foundation's 2017 financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 31, 2018. In our opinion, the accompanying comparative summarized financial information as of and for the year ended December 31, 2017 is consistent, in all material respects, with the auditied financial statements from which it has been derived.

Grant Thornton LLP

Los Angeles, California
June 7, 2019

The Entertainment Industry Foundation

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2018
(with summarized financial information as of December 31, 2017)

	2018	2017
ASSETS		
Cash and Cash Equivalents	$ 84,211,438	$ 65,628,894
Restricted Cash	90,931	90,780
Permanently Restricted Cash	2,586,621	-
Investments	3,580,578	3,547,316
Accounts Receivable	218,903	213,260
Contributions Receivable (Net)	17,034,475	25,761,857
Prepaid Expenses and Other Assets	700,191	543,830
Property and Equipment (Net)	609,870	680,481
TOTAL ASSETS	$ 109,033,006	$ 96,466,418
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable and Accrued Liabilities	$ 3,185,852	$ 3,512,850
Grants Payable	34,217,889	20,714,423
TOTAL LIABILITIES	37,403,741	24,227,273
NET ASSETS:		
Without Donor Restrictions	1,513,368	915,592
With Donor Restrictions	70,115,897	71,323,553
TOTAL NET ASSETS	71,629,265	72,239,145
TOTAL LIABILITIES AND NET ASSETS	$ 109,033,006	$ 96,466,418

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, 2018
(with summarized financial information as of December 31, 2017)

	2018			
	Without Donor Restrictions	With Donor Restrictions	Total	2017 Total
REVENUE AND OTHER SUPPORT:				
Telethon	$ -	$ 131,327,545	$ 131,327,545	$ -
Less: Costs of Donor Benefits	(10,321,742)	-	(10,321,742)	14,897
Less: Donated Media	(75,616,749)	-	(75,616,749)	-
Less: Other In-Kind Contributions	-	-	-	-
NET TELETHON	(85,938,491)	131,327,545	45,389,054	14,897
Special Events Revenue	-	-	-	48,407,844
Less: Costs of Donor Benefits	-	-	-	(14,570,963)
Less: Donated Media	-	-	-	(24,081,281)
NET SPECIAL EVENTS	-	-	-	9,755,600
NET REVENUE AND OTHER SUPPORT	(85,938,491)	131,327,545	45,389,054	9,770,497
CONTRIBUTIONS:				
Rent Income from Sublease	122,636	723,130	845,766	-
In-Kind Contributions-Donated Media	-	335,301,656	335,301,656	238,051,644
Other In-Kind Contributions	-	2,492,915	2,492,915	770,025
Corporate and Foundation Contributions	100,160	25,772,485	25,872,645	50,910,997
Direct Contributions	96,080	12,435,861	12,531,941	6,688,774
Worksite Campaigns	84,167	-	84,167	98,856
TOTAL CONTRIBUTIONS	403,043	376,726,047	377,129,090	296,520,296
Investment Income (Net)	663,094	4,577	667,671	522,803
Release of Restrictions	1,307,486	(1,307,486)	-	-
Net Assets Released from Restrictions	507,958,349	(507,958,349)	-	-
TOTAL REVENUE AND OTHER SUPPORT	424,393,481	(1,207,666)	423,185,815	306,813,595
EXPENSES:				
Program Services:				
Grant Program	65,738,652	-	65,738,652	50,858,616
Public Awareness and Education	346,401,289	-	346,401,289	237,852,332
	412,139,941	-	412,139,941	288,710,948
TOTAL PROGRAM SERVICES				
Supporting Services:				
Management and General	6,266,530	-	6,266,530	5,957,304
Fundraising	5,389,223	-	5,389,223	14,410,375
TOTAL SUPPORTING SERVICES	11,655,753	-	11,655,753	20,367,679
TOTAL EXPENSES	423,795,694	-	423,795,694	309,078,627
CHANGE IN NET ASSETS	597,787	(1,207,666)	(609,879)	(2,265,031)
NET ASSETS AT BEGINNING OF YEAR	915,581	71,323,563	72,239,144	74,504,177
NET ASSETS AT END OF YEAR	$ 1,513,368	$ 70,115,897	$ 71,629,265	$ 72,239,145

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, 2018
(with summarized financial information as of December 31, 2017)

	Program Services			Supporting Services			Total Expenses	
	Grants Program	Public Awareness and Education	Total	Management and General	Fundraising	Total	2018	2017
In Kind: Donated Media	$ -	$ 335,301,656	$ 335,301,656	$ -	$ -	$ -	$ 335,301,656	$ 238,051,644
Grants to Charities	63,582,546	-	63,582,546	-	-	-	63,582,546	50,192,229
Professional Services	224,868	2,582,591	2,807,459	1,749,007	3,978,042	5,727,049	8,534,508	7,888,767
Salaries and Payroll Related Expenses	215,644	4,819,651	5,035,294	1,937,390	1,064,614	3,002,004	8,037,299	7,280,682
In Kind: Donated Travel	1,500,000	984,510	2,484,510	8,405	-	8,405	2,492,915	770,025
Occupancy Cost	-	71,138	71,138	1,792,655	10,163	1,802,818	1,873,956	1,492,130
Subscriptions and Permits	24,064	887,907	911,972	157,853	6,633	164,486	1,076,457	757,825
Public Relations and Publicity	24,000	912,324	936,324	23,743	6,255	29,998	966,322	891,205
Travel and Meetings	34,441	501,147	535,587	38,522	56,311	94,833	630,420	534,481
Office Supplies and Printing	108,680	119,551	228,230	122,950	93,402	216,351	444,581	419,667
Insurance	1,912	-	1,912	171,194	-	171,194	173,106	162,990
Advertising	-	137,759	137,759	250	7,850	8,100	145,859	7,018
Depreciation	-	-	-	117,137	-	117,137	117,137	97,054
Equipment Rental	8,276	16,312	24,588	47,669	20,819	68,488	93,076	42,977
Bank and Merchant Fees	25	200	225	2,717	87,367	90,084	90,308	108,384
Electronic Media Production	9,815	37,170	46,985	11,716	5,150	16,866	63,851	154,903
Telephone and Internet	34	3,323	3,357	57,803	525	58,329	61,685	128,948
Miscellaneous	-	-	-	-	40,533	40,533	40,533	58,765
Postage	110	14,596	14,706	10,861	11,560	22,420	37,126	32,940
Event Space Rental	4,238	10,851	15,088	10,841	-	10,841	25,929	(2,310)
Repairs and Maintenance	-	604	604	5,819	-	5,819	6,423	8,303
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%	
TOTAL 2017 FUNCTIONAL EXPENSES	$ 50,858,616	$ 237,852,332	$ 288,710,948	$ 5,957,304	$ 14,410,375	$ 20,367,679		$ 309,078,627
	16%	77%	93%	2%	5%	7%		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, 2018
(with summarized financial information as of December 31, 2017)

		2018		2017
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in Net Assets	$	(609,879)	$	(2,265,031)
Adjustments to Reconcile Change in Net Assets				
to Net Cash Provided by Operating Activities:				
Depreciation		132,665		105,679
Realized and Unrealized Gain in Investments		58,245		(287,460)
Realized and Unrealized Loss in PP&E		-		128,582
(Increase) Decrease in:				
Accounts Receivable		(5,644)		1,080,504
Contributions Receivable (net)		8,727,382		(1,173,459)
Prepaid Expenses and Other Assets		(156,360)		(23,567)
Increase (Decrease) in:				
Accounts Payable and Accrued Liabilities		(326,999)		(71,987)
Grants Payable		13,503,466		7,664,195
NET CASH PROVIDED BY OPERATING ACTIVITIES		21,322,876		5,157,455
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of Investments		-		-
Proceeds from the Sale of Investments		-		3,519,651
Reinvested Interest and Dividends		(91,507)		(123,290)
Purchase of Property and Equipment		(62,053)		(368,209)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		(153,560)		3,028,151
NET INCREASE IN CASH AND CASH EQUIVALENTS		21,169,316		8,185,605
Cash and Cash Equivalents - Beginning of Year		65,719,674		57,534,069
CASH AND CASH EQUIVALENTS - END OF YEAR	$	86,888,990	$	65,719,674

The Entertainment Industry Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018
(with summarized financial information as of December 31, 2017)

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 (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 (Translational Cancer Research): The Foundation's Stand Up to Cancer initiative raises funds for accelerated, collaborative cancer research, largely through a biennial televised event carried by more than 20 major networks and cable outlets. Stand Up To Cancer funds over 500 scientists at more than 100 major research institutions who collaborate to develop new and promising cancer treatment for patients at a faster pace.
- 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

- Think It Up is a program created in 2015 to bring broad cultural attention to the urgency of improving the learning experience in America. This seeks to reframe the public discussion about education, create a culture of excitement about learning everywhere in America and build a sense of optimism about the potential of education in classrooms across the country. Think It Up invites public middle and high school students to work with their teachers to develop projects that draw on their passions and help pursue their educational goals. The student-powered, teacher-led projects are crowdfunded by citizen donors. The projects entail rigorous skill development that prepares American youth for post-high school life, helping pave the way for career success, regardless of the path.
- Hunger Is Program (Childhood Hunger) - The Entertainment Industry Foundation, along with Academy Award nominated actress Viola Davis and The Albertsons Companies Foundation, created the "Hunger Is" Program, a joint charitable program designed to raise awareness and funds to fight childhood hunger in the United States. Funds raised through the initiative go toward programs focused on eradicating childhood hunger and improving health-related outcomes.

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, 2018.

Basis of Presentation

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

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:

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Accounting - Continued

- 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 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 $64,367,228 of temporarily restricted net assets at December 31, 2018.
- 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 $5,748,668 of permanently restricted net assets at December 31, 2018.

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, 2018 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 unrestricted net assets 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, 2018.

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 1.1% 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, 2018 and 2017, there was $62,128,000 and $94,407,000 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, 2017.

Deferred Rent

The Foundation recognizes escalating rent provisions on a straight-line basis over the term of the lease. Deferred rent totaled $993,478 and $965,648 as of December 31, 2018 and 2017, 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 $241,771 and $0 as of December 31, 2018 and 2017, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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, 2018 are expected to be paid within one year.

The Foundation also has $77,793,270 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.

Income Taxes

The Foundation is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code.

The Foundation follows authoritative guidance which requires the Foundation to evaluate its tax position for any uncertainties based on the technical merits of the position taken. The Foundation recognizes the tax benefit from an uncertain tax position only if it is more than likely than not that the tax position will be upheld upon examination by taxing authorities. As of December 31, 2018, the Foundation does not believe it has any uncertain tax positions. The Foundation has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Foundation has filed Internal Revenue Service Form 990 tax returns as required and all other applicable returns in those jurisdictions where it is required. The Foundation believes it is not subject to U.S. federal, state or local, or non-U.S. income tax examinations by tax authorities for years prior to fiscal year 2014. However, the Foundation is still open to examination by taxing authorities from fiscal year 2014 forward. No interest or penalties have been recorded in the consolidated financial statements related to any uncertain tax positions

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Advertising

The Foundation expenses advertising costs as incurred. For the year ended December 31, 2018, advertising expense totaled $145,859.

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.

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, 2017 from which the summarized information was derived.

New Accounting Standards

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculae Net Asset Value per Share (or Its Equivalent)*. Under the new guidance, invesments measured at net asset value ("NAV"), as a practical expedient for fair value, are excluded from the fair value hierarchy. Removing investments measured using the practical expedient from the fair value hierarchy is intended to eliminate the diversity in practice that currently exists with respect to the categorization of these investments. The only criterion for categorizing investments in fair value hierarchy will be the observability of the inputs.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-profit Entities*, which intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment retur, and cash flows. The guidance also requires presentation of expenses by both their natural and functional classification in a single location in the financial statements. Early adoption is permitted.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

New Accounting Standards – Continued

During 2018, the Foundation adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is place in service; recognition of underwater endowment funds as a reduction in net assets with donor restrictions; and reporting investment income net of external and direct internal investment expenses. The guidance also enhances disclosures for board designated amounts, compositions of net assets with donor restrictions and how the restrictions affect the use of resources, qualitative and quantitative information about the liquidity and availability of financial assets to meet general expenditures within one year of the balance sheet date, and expenses by both their natural and functional classification, including methods used to allocate costs among program and support functions and underwater endowments.

Net assets have been reclassified for 2017 due to the adoption of ASU 2016-14 as follows:

	ASU 2016-14 Classifications		
Net Asset Classification 12/31/2017	Without Donor Restriction Undesignated/ Board Designated	With Donor Restriction Special Projects/ Endowment	Total Net Assets
Unrestricted	$915,592	$ -	$ 915,592
Temporarily Restricted	-	71,323,553	71,323,553
Permanently Restricted	-	-	-
As previously presented	$915,592	$71,323,553	$72,239,145

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Subsequent Events

The Foundation has evaluated events and transactions occurring subsequent to the consolidated statement of financial position date of December 31, 2018 for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through June 7, 2019 the date these consolidated financial statements were available to be issued. The following new major donor agreements were executed subsequent to December 31, 2018,

- On March 1, 2019, Entertainment Industry Foundation signed a surrender lease termination agreement releasing its responsibility for its old New York office space.
- On April 2, 2019, a $10.0 million conditional grant agreement extension was executed to fund a Stand Up To Cancer.
- On May 28, 2019, a $12.0 million donor agreement extension in cash and gifts in kind from a major airline was executed to fund Stand Up To Cancer.

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.

NOTE 3 – INVESTMENTS – Continued

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, 2018 and December 31, 2017, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	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	$ -	$ -
Domestic Common and Foreign Stock	-	-	-	-
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	-	-
Government REMICS/CMOS	-	-	-	-
Floating and Adj. Rate Notes	-	-	-	-
Asset-Backed Corporate Issues	-	-	-	-
Partnership Interests	-	-	-	-
Total Investments	$ 3,580,578	$ 3,580,578	$ -	$ -

NOTE 3 – INVESTMENTS – Continued

	December 31, 2017	Quoted Prices in Active Markets fo Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Cash Equivalents	$ 8,338	$ 8,338	$ -	$ -
Domestic Common and Foreign Stock	-	-	-	-
Corporate Bonds	1,320,663	1,320,663	-	-
Corporate CMOS	452,339	452,339	-	-
Mortgage Backed Governement Issues	87,557	87,557		
Fixed Income-U.S. Agencies	397,135	397,135	-	-
Foreign Bonds	413,040	413,040	-	-
Municipal Bonds	65,768	65,768	-	-
Government Bonds	802,476	802,476	-	-
Government REMICS/CMOS	-	-	-	-
Floating and Adj. Rate Notes	-	-	-	-
Asset-Backed Corporate Issues	-	-	-	-
Partnership Interests	-	-	-	-
Total Investments	$ 3,547,316	$ 3,547,316	$ -	$ -

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, 2018.

Net investment income for the year ended December 31, 2018 consist of the following:

	2018	2017
Interests and dividends	$ 91,507	$ 123,290
Realized and unrealized gain	(40,652)	322,132
Investment fees	(17,593)	(34,672)
Investment income	$ 33,262	$ 410,750

NOTE 4 – CONTRIBUTIONS RECEIVABLE

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

	2018	2017
Less than one year	$ 15,057,351	$ 26,004,915
One to five years	2,100,000	-
Five to ten years	600,000	-
Gross contributions receivable	17,757,351	26,004,915
Less: Present value discount	(722,876)	(243,058)
Contributions receivable (Net)	$ 17,034,475	$ 25,761,857

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 of December 31, 2018, 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, 2018:	
Cash and Cash Equivalents - unrestricted	$ 84,711,437
Contributions and Accounts Receivable	15,057,351
Investments	3,580,578
Financial assets, at December 31, 2018:	$ 103,349,366
Less those unavailable for general expenditure within one year, due to:	
Financial Assets held for others (Fiscal Sponsorships)	(8,529,564)
Cash and Cash Equivalents Board Designated Stand Up To Cancer	(5,118,156)
Contributions Receivable on behalf of Endowment	(3,162,046)
Financial assets available to meet cash needs for general expenditures within one year:	$ 86,539,600

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,:

	2018	2017
Office furniture and equipment	$ 996,588	$ 905,952
Leasehold improvements	483,151	511,734
Total	1,479,739	1,417,686
Less: Accumulated depreciation	(869,870)	(737,205)
Property and equipment (Net)	$ 609,870	$ 680,481

Depreciation expense for the years ended December 31, 2018 and 2017 was $132,665 and $105,679 respectively.

NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	2018	2017
Accounts payable	$ 1,267,085	$ 1,804,935
Accrued payroll and other payroll withholdings	232,699	230,855
Accrued vacation	450,819	342,997
Lease Security Deposit	241,771	168,415
Deferred rent	993,478	965,648
Total accounts payable and accrued liabilities	$ 3,185,852	$ 3,512,850

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, 2018 (To be paid in 2019)	$ 34,217,889
Grants Payable Balance as of December 31, 2017 (Paid in 2018)	$ 20,714,423

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:

	2018	2017
Broadcast Airtime	$ 367,069,951	$ 226,925,585
Print Ad Publications	32,851,872	26,219,963
Out-of-Home	9,241,815	7,496,804
Digital	1,754,767	1,490,573
Total Public Awareness and Education	$ 410,918,405	$ 262,132,925

For the years ended December 31, 2018 and 2017, the Foundation also received $1,500,000 and $0 in cancer research credit allowances, respectively.

For the years ended December 31, 2018 and 2017, the Foundation also received $984,510 and $770,025 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:

Years ending December 31,	
2019	$ 872,468
2020	898,504
2021	924,548
2022	953,196
2023	981,844
Thereafter	249,906
Total	$ 4,880,466

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, 2018 and 2017 was $1,895,957 and $1,446,250, respectively.

Operating Leases (continued)

Lease commitments are as follows:

Years ending December 31,	
2019	$ 1,869,500
2020	1,930,662
2021	1,770,744
2022	1,814,828
2023	1,702,895
Thereafter	498,877
Total	$ 9,587,506

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:

	2018	2017
Undesignated	$ (3,604,788)	$ (4,565,064)
Board Designated for Stand Up to Cancer^	5,118,156	5,480,656
	$ 1,513,368	$ 915,592

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 unrestricted net assets at December 31, 2018 and 2017 with a balance of $5,118,156 and $5,480,656, respectively.

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

	2018	2017
Subject to Expenditures for Specified Purposes:		
Stand Up to Cancer	$ 54,000,030	$ 61,538,377
Other donor purpose restrictions	8,373,467	5,877,780
National Colorectal Cancer Research Alliance	156,097	231,611
Childhood Hunger	20,905	2,433,247
Education Initiatives (TIU & XQ)	1,816,730	1,242,538
	64,367,229	71,323,553
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	5,748,668	-
Total Net Assets With Donor Restrictions:	$ 70,115,897	$ 71,323,553

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, 2018 were as follows:

	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

No endowment funds were held in 2017.

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, 2018 and 2017 was $335,301,656 and $238,051,644 respectively.

The joint costs were allocated as follows:

	2018	2017
Public awareness and education	$ 335,301,656	$ 228,363,678
Fundraising	-	9,687,966
Management and general	-	-
Total joint costs	$ 335,301,656	$ 238,051,644

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, 2018 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	At December 31, 2018, the plan was certified as not in endagered, or critical & declining status.
Contributions to plan	$325,107
Plan's contributions >5% of total contributions	No
Financial improvement or rehabilitation plan pending or implemented	No
Surcharged imposed?	No

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, 2018.

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.