UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2021

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ___________ to ___________

Commission file number: 000-54389

GENIUS BRANDS INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Nevada	**20-4118216**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

190 N. Canon Drive, 4th FL
Beverly Hills, CA 90210
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **310-273-4222**

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Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol(s)	Name of Exchange where registered
Common Stock, par value $0.001 per share	**GNUS**	**The Nasdaq Capital Market**

Securities registered pursuant to Section 12(g) of the Act: **None**.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer	☐
Non-accelerated filer ☒	Smaller reporting company	☒
	Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the registrant's voting and non-voting common stock held by non-affiliates of the registrant (without admitting that any person whose shares are not included in such calculation is an affiliate) computed by reference to $1.84 as of the last business day of the registrant's most recently completed second fiscal quarter was $553,456,056.

As of April 4, 2022, the registrant had 304,368,966 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (including the section regarding Management's Discussion and Analysis and Results of Operation) contains forward-looking statements regarding our business, financial condition, results of operations and prospects. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and similar expressions or variations thereof are intended to identify forward-looking statements, but are not deemed to represent an all-inclusive means of identifying forward-looking statements as denoted in this Annual Report on Form 10-K. Additionally, statements concerning future matters are forward-looking statements. These statements include, among other things, statements regarding:

- our ability to generate revenue or achieve profitability;
- our ability to obtain additional financing on acceptable terms, if at all;
- fluctuations in the results of our operations from period to period;
- general economic and financial conditions; the adverse effects of public health epidemics, including the recent coronavirus outbreak (“COVID-19”), on our business, results of operations and financial condition;
- our ability to anticipate changes in popular culture, media and movies, fashion and technology;
- competitive pressure from other distributors of content and within the retail market;
- our reliance on and relationships with third-party production and animation studios;
- our ability to market and advertise our products;
- our reliance on third parties to promote our products;
- our ability to keep pace with technological advances;
- performance of our information technology and storage systems;
- a disruption or breach of our internal computer systems;
- our ability to retain key personnel;
- our ability to successfully identify appropriate acquisition targets, successfully acquire identified targets and successfully integrate the business of acquired companies;
- the impact of federal, state or local regulations on us or our vendors and licensees;
- our ability to protect and defend against litigation, including intellectual property claims;
- the volatility of our stock price;
- the marketability of our stock;
- our broad discretion to invest or spend the proceeds of our financings in ways with which our stockholders may not agree and may have limited ability to influence; and
- other risks and uncertainties, including those listed in Item 1A, “*Risk Factors*.”

Although forward-looking statements in this Annual Report on Form 10-K reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those specifically addressed under the heading “*Risk Factor*s” in Item 1A. below, as well as those discussed elsewhere in this Annual Report on Form 10-K. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K. We file reports with the Securities and Exchange Commission (“SEC”) and our electronic filings with the SEC (including our Annual Reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and any amendments to these reports) are available free of charge on the SEC’s website at *http://www.sec.gov*.

We undertake no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this Annual Report on Form 10-K, except as required by law. Readers are urged to carefully review and consider the various disclosures made throughout the entirety of this Annual Report on Form 10-K, which are designed to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

PART I

Item 1. Business

Overview

Genius Brands International, Inc. (“we,” “us,” “our,” or the “Company”) is a global content and brand management company that creates and licenses multimedia content. Led by experienced industry personnel, we distribute our content primarily on television and streaming platforms and license our properties for a broad range of consumer products based on our characters. In the children's media sector, our portfolio features “content with a purpose” for toddlers to tweens, which provides enrichment as well as entertainment. New intellectual property titles include *Stan Lee’s Superhero Kindergarten* produced with Stan Lee’s Pow! Entertainment and Oak Productions. Arnold Schwarzenegger lends his voice as the lead and is also an Executive Producer on the series. Another new offering is *KC! Pop Quiz*, a live action game show featuring kids as contestants. The show is hosted by Casey Simpson, a prominent social media influencer and former Nickelodeon star. Both *KC! Pop Quiz* and *Superhero Kindergarten* are being broadcast in the United States on the Company’s wholly-owned advertiser supported video on demand (“AVOD”) distribution outlet, the *Kartoon Channel!*. Other series include the preschool property *Rainbow Rangers*, which debuted in November 2018 on Nickelodeon, and which was renewed for a third season and the preschool property *Llama Llama,* which debuted on Netflix in January 2018 and was renewed by Netflix for a second season. Our content library titles include the award-winning *Baby Genius*, adventure comedy *Thomas Edison’s Secret Lab*® and Warren Buffett’s *Secret Millionaires Club,* created with and starring iconic investor Warren Buffett, which is distributed across our Genius Brands Network on Comcast’s Xfinity on Demand, AppleTV, Roku, Amazon Fire, YouTube, Amazon Prime, Cox, Dish, Sling and Zumo, as well as Connected TV. We are also in production on a new animated series starring Shaquille O’Neal called *Shaq’s Garage*, which we expect to debut during the fourth quarter of 2022.

In addition, we act as licensing agent for Penguin Young Readers, a division of Penguin Random House LLC which owns or controls the underlying rights to *Llama Llama*, leveraging our existing licensing infrastructure to expand this brand into new product categories, new retailers, and new territories.

Recent Investments

Effective as of June 1, 2021, we executed an Operating Agreement with POW!, Inc. (“POW!”) to form a joint venture to exploit certain rights in intellectual property created by Stan Lee, as well as the name and likeness of Stan Lee. The entity is called Stan Lee Universe, LLC (“SLU”) and activity commenced during the fourth quarter of 2021. In exchange for a cash investment of $2.0 million, we obtained 50% ownership in the entity as a variable interest in the Stan Lee trade name. This agreement enables SLU to assume the worldwide rights, in perpetuity, to the name, physical likeness, physical signature, live-action and animated motion picture, television, online, digital, publishing, comic book, merchandising and licensing rights to Stan Lee and over 100 original Stan Lee creations (the “Stan Lee Assets”), from which we plan to develop and license multiple properties each year. SLU is considered a variable interest entity in which we are the primary beneficiary. Accordingly, the transaction was accounted for as an asset acquisition of a trade name intangible in the amount of $4.0 million and the results of SLU are included in our consolidated financial statements, with the portion of non-controlling interest recorded in our stockholders’ equity.

During June 2021, we started investing our excess cash into available-for-sale marketable securities. As of December 31, 2021, we held $112.5 million of securities, with a recorded unrealized loss on fair value of $1.3 million and received $1.2 million in interest income.

On December 1, 2021, we completed a $6.8 million investment in Your Family Entertainment (“YFE”). In exchange for $3.4 million in cash and 2,281,269 shares of our common stock (valued at approximately $3.4 million as of December 1, 2021), we received 3,000,500 shares of YFE’s common stock. As of December 31, 2021, we had a 29% economic ownership interest in YFE.

On January 13, 2022, we acquired Canadian streaming service Ameba TV and gained access to its kid-safe platform technology and 13,000 episodes of content including *Casper the Friendly Ghost*, *Donkey Kong Country, Gummy Bears* and *Rescue Heroes*. We purchased 100% of Ameba's issued and outstanding shares for $3.5 million in cash and paid $0.3 million for the underlying software code that powers the subscription video on demand ("SVOD") deliveries. With the acquisition, we will launch a subscription-based streaming platform, the *Kartoon Channel! KidAverse.* The platform will include all of the popular animated programs of a children's channel, metaverse features and it will be fully curated and child safe. The platform will also offer collectable digital cards based on many of the channel's popular characters, including those from the upcoming Stan Lee Universe and a digital currency for kids called *Kidaverse MetaBuck$*. Additionally, we intend for the *Kartoon Channel! Kidaverse* to introduce child-safe messaging, podcasts, music, and additional content.

Pending Acquisition

On October 26, 2021, 1326919 B.C. LTD., a corporation existing under the laws of the Province of British Columbia and our wholly-owned subsidiary, and Wow Unlimited Media Inc. ("WOW"), a corporation existing under the laws of the Province of British Columbia, entered into an Arrangement Agreement to effect a transaction among the parties by way of a plan of arrangement under the arrangement provisions of Part 9, Division 5 of the *Business Corporations Act*, whereby we will purchase 100% of WOW's issued and outstanding shares for $38.4 million in cash and 11,000,000 shares of our common stock. We believe that the acquisition will allow us to expand our audience demographic into the potentially lucrative teen and young adult marketplaces, provide additional content on the *Kartoon Channel!* and provide additional brands to be licensed for consumer products and our global distribution sales networks.

Strategy

Our over-arching strategic goal is to be a leading global producer and distributor of kids' media. To achieve that goal, we are developing, producing, marketing and licensing new branded children's entertainment properties. The criteria for moving forward on a new project include positive social messaging and fun and unique storytelling. We have invested heavily into our wholly owned worldwide distribution system and our content is available to kids and families on a multitude of platforms and devices. We also have a licensing team to develop and sell consumer products based on the brands we manage.

Our Products

Original Content

We own and produce original content that is meant to entertain and enrich toddlers to tweens as well as families. It is generally a three-year cycle from the inception of an idea, through production of the content and development and distribution of a range of consumer products to retail, creating an inevitable lag time between the creation of the intellectual property to the realization of economic benefit of those assets. Our goal is to maintain a robust and diverse portfolio of brands, appealing to various interests and ages, featuring evergreen topics with global appeal. Our portfolio of intellectual property can be licensed, re-licensed, and potentially exploited for years to come, with revenue derived from multiple sources and territories. Our portfolio of original content includes:

Content in Production

Shaq's Garage: Shaq's Garage, starring and co-produced by NBA legend, Shaquille O'Neal, is a children's animated series about the secret adventures of Shaquille's extraordinary collection of cars, trucks, and other unique vehicles—the Shaq Pack. *Shaq's Garage* is expected to be launched on the *Kartoon Channel!* during the fourth quarter of 2022.

Rainbow Rangers Season 3: From Shane Morris, the writer of *Frozen*, and Rob Minkoff, the director of *The Lion King*, *Rainbow Rangers* is an animated series about the adventures of seven magical girls from Kaleidoscopia, a fantastic land on the other side of the rainbow. The Rangers serve as Earth's guardians and first-responders. Season 3 will be launched on the *Kartoon Channel!* on April 15, 2022. We are also currently negotiating broadcast agreements in several additional territories.

Already Released Content

Superhero Kindergarten: In conjunction with Stan Lee's POW! Entertainment and Arnold Schwarzenegger's Oak Productions, we developed an animated pre-school series with the current title of "*Stan Lee's Superhero Kindergarten*." *Stan Lee's Superhero Kindergarten* tells the story of a classroom, led by a former superhero/teacher voiced by Mr. Schwarzenegger, filled with kids with superpowers and how they learn to use those powers to fight against the forces of evil while still dealing with all of the issues that come from being six years old. *Superhero Kindergarten* premiered on the *Kartoon Channel!* during the second quarter of 2021.

KC! Pop Quiz: KC! Pop Quiz is a quiz show for kids that is distributed by the *Kartoon Channel!*. The show's mission is to entertain, inspire, and educate. It features social media influencers as hosts and real kids who win real prizes. Having a "game show" format, it premiered on the *Kartoon Channel!* during the third quarter of 2021.

Rainbow Rangers Seasons 1 & 2: From Shane Morris, the writer of *Frozen*, and Rob Minkoff, the director of *The Lion King*, *Rainbow Rangers* is an animated series about the adventures of seven magical girls from Kaleidoscopia, a fantastic land on the other side of the rainbow. The Rangers serve as Earth's guardians and first-responders. Viacom's Nick Jr. licensed the series for broadcast in the U.S. Nick Jr. ordered a second season of Rainbow Rangers and we have delivered 26 half hour episodes and the series premiered on Nick Jr. in November 2018. We are also currently negotiating broadcast agreements in several additional territories.

Llama Llama: We completed production of fifteen half-hour animated episodes in 2017, which premiered on Netflix in early 2018. Llama Llama's creators include Oscar-winning director Rob Minkoff, director Saul Blinkoff (*Doc McStuffins*), showrunner Joe Purdy, art director Ruben Aquino (*Frozen*) and Emmy-winning producers Jane Startz and Andy Heyward. Based on the NY Times best-selling children's books of the same name, the animated series centers on young Llama Llama's first steps in growing up and facing childhood milestones. Each episode is structured around a childhood milestone and a life lesson learned by Llama Llama and his friends, told with a sense of humor, vitality, and understanding. In 2019, we completed production of an additional ten half-hour animated episodes which were delivered to Netflix in September 2019.

SpacePop: *SpacePop* is a music and fashion driven animated property that has garnered over 17 million views and over 63,000 subscribers since its launch in May 2016 on YouTube. With 108 three-minute webisodes produced, *SpacePop* had a best-in-class production team which included Steve Banks (head writer and story editor of *Sponge Bob Square Pants*) as content writer; Han Lee (*Pink Fizz, Bobby Jack*) for original character designs; multiple Grammy Award-winning producer and music veteran Ron Fair (Fergie, Mary J. Blige, Black Eyed Peas, Pussycat Dolls, Christina Aguilera and more), singer-songwriter Stefanie Fair (founding member of RCA's girl group Wild Orchid with Fergie) for the original *SpacePop* theme music; and veteran music producer and composer John Loeffler (*Kidz Bop, Pokemon*) for original songs. *SpacePop* products range from apparel and accessories, to beauty, cosmetics, candy, books and music.

Thomas Edison's Secret Lab: *Thomas Edison's Secret Lab* is a STEM-based comedy adventure series by Emmy-nominated writer Steve Banks, multi-Emmy Award-winning writer Jeffrey Scott (*Dragon Tales*), and Emmy Award-winning producer Mark Young (*All Dogs Go To Heaven 2*). The series includes 52 eleven-minute episodes as well as 52 ninety-second original music videos produced by Grammy Award-winning producer Ron Fair and premiered on public television in April 2015. The animated series follows the adventures of Angie, a 12-year-old prodigy who, along with her young science club, discovers Thomas Edison's secret lab.

Warren Buffett's *Secret Millionaire's Club*: With 26 thirty-minute episodes and 26 four-minute webisodes, which premiered on public television in October 2011, this animated series features Warren Buffett who acts as a mentor to a group of entrepreneurial kids who have international adventures that lead them to encounter neighborhood and community problems to solve. Warren Buffett's *Secret Millionaire's Club* empowers kids by helping them learn about the business of life and the importance of developing healthy life habits at an early age.

All of our released content can be streamed on our *Kartoon Channel!* platform.

Licensed Content

In addition to the wholly owned or partially-owned properties listed above, we represent *Llama Llama* in the licensing and merchandising space.

Kartoon Channel! Network

In June 2020, we launched the *Kartoon Channel!*, a digital family entertainment destination that delivers enduring childhood moments of humor, adventure, and discovery and is available across multiple AVOD and over-the-top platforms, including Comcast, Cox, DISH, Sling TV, Amazon Prime, Amazon Fire, Apple TV, Apple iOS, Android TV, Android Mobile, Google Play, Xumo, Roku, Tubi, and streaming via KartoonChannel.com, as well as accessible via Samsung Smart TVs and LG TVs.

The *Kartoon Channel!,* is available in over 170 million U.S. television households and on over 300 million devices, delivering numerous episodes of carefully curated free family-friendly content. The channel features animated classics for little kids, including "*The Wubbulous World of Dr. Seuss," "Babar," "Mello Dees," "Super Simple Songs,"* and *"Baby Genius,"* and content for bigger kids, such as *"Pac-Man," "Angry Birds," "Yu-Gi-Oh,"* and "*Bakugan,*" to original programming like *"Stan Lee's Superhero Kindergarten,*" starring Arnold Schwarzenegger. The *Kartoon Channel!* also offers STEM-based content through its *Kartoon Classroom!,* including "*Baby Einstein," "Lil Doc," "Counting with Earl,"* and more.

Distribution

Content

Today's global marketplace and the manner in which content is consumed has evolved to a point where we believe there is only one viable strategy, ubiquity. Kids today expect to be able to watch what they want whenever they want and wherever they want. As such, content creators now must offer direct access on multiple fronts. This includes not only linear broadcast in key territories around the world but also across a multitude of digital platforms. We have strong relationships with and actively solicit placement for our content with major linear broadcasters, as well as on the digital side with Netflix, Comcast's Xfinity platform, AppleTV, Roku, Samsung TV, Amazon Fire, Amazon Prime, Netflix, YouTube, Cox, Dish, Sling, Zumo and Connected TV. We replicate this model of ubiquity around the world defining content distribution strategies by market that blends the best of linear, video on demand ("VOD"), and digital distribution.

Finally, we expanded our long-term strategic partnership with Sony Pictures Home Entertainment from domestic to global in January 2017. On August 31, 2018, Sony Pictures Home Entertainment assigned all of its rights and interest in our programs to Alliance Entertainment, LLC.

Consumer Products

A source of our revenue is our licensing and merchandising activities from our underlying intellectual property content. We work directly in licensing properties to a variety of manufacturers and occasionally to retailers. We currently have, across all brands, in excess of 50 licensees and hundreds of licensed products either in development, in market or scheduled to enter the market. Products bearing our trademarks can be found in a wide variety of retail distribution outlets reaching consumers in retailers such as Wal-Mart, Target, Barnes & Noble, Kohl's, Amazon.com and many more. License agreements that we enter into often include financial guarantees and commitments from the manufacturers guaranteeing a minimum stream of revenue for us. As licensed merchandise is sold at retail, these advances and/or minimum guarantees can earn out, at which point we could earn additional revenue.

Marketing

Our marketing mission is to generate awareness and consumer interest in the brands of Genius via a 360-degree approach to reach audiences through all touchpoints. Successful marketing campaigns for our brands have not only included traditional marketing tactics but now also include utilizing social media influencers (individuals with a strong, existing social media presence who drive awareness of our brands to their followers), strategic social media marketing, and cross-promotional consumer product campaigns. We also deploy digital and print advertising to support the brands, as well as work with external media relations professionals to promote our efforts to both consumer and industry. We consistently initiate grass roots marketing campaigns and strategic partnerships with brands that align and offer value to us. Our *Kartoon Channel!* platform, which reaches over 170 million U.S. television households, provides reach for cross promotion of content and consumer products.

Competition

We compete against other creators of children's content including Disney, Nickelodeon, PBS Kids, and Sesame Street, as well as other small and large creators. In the saturated children's media space, we compete with these other creators for both content distribution across linear, VOD, and digital platforms, as well as retail shelf space for our licensed products. To compete effectively, we are focused on our strategic positioning of "content with a purpose," which we believe is a point of differentiation embraced by the industry, as well as parents and educators. Additionally, the *Kartoon Channel!* enables us to increase the awareness of our brands through an owned platform.

Customers and Licensees

For the year ended December 31, 2021, one customer accounted for 14.6% of our revenue from the licensing of our products. For the year ended December 31, 2020, two customers accounted for 44% of our revenue from the delivery of *Rainbow Rangers Season 2* to Nick Jr. and MTV Networks Latin America. As of December 31, 2021, we have partnered with over 50 consumer products licensees. As of the same date, we licensed our content to over 60 broadcasters in over 150 countries globally as well as a number of VOD and online platforms that have a global reach. This broad cross-section of customers includes companies such as Comcast, Netflix, Sony, YouTube, Mattel, Target, Penguin Publishing, Manhattan Toys, Roku, Apple TV, Amazon, Google, Bertelsmann Music Group, Discovery International, and others both domestically and internationally.

Government Regulation

The FCC requires broadcast networks to air a required number of hours of educational and informational content (E/I). We are subject to online distribution regulations, namely the FTC's Children's Online Privacy Protection Act (COPPA) which regulates the collection of information of children younger than 13 years old.

We are currently subject to regulations applicable to businesses generally, including numerous federal and state laws that impose disclosure and other requirements upon the origination, servicing, enforcement and advertising of credit accounts, and limitations on the maximum amount of finance charges that may be charged by a credit provider. Although credit to some of our customers is provided by third parties without recourse to us based upon a customer's failure to pay, any restrictive change in the regulation of credit, including the imposition of, or changes in, interest rate ceilings, could adversely affect the cost or availability of credit to our customers and, consequently, our results of operations or financial condition.

Licensed toy products are subject to regulation under the Consumer Product Safety Act and regulations issued thereunder. These laws authorize the Consumer Product Safety Commission (the "CPSC") to protect the public from products which present a substantial risk of injury. The CPSC can require the manufacturer of defective products to repurchase or recall such products. The CPSC may also impose fines or penalties on manufacturers or retailers. Similar laws exist in some states and other countries in which we plan to market our products. Although we do not manufacture and may not directly distribute toy products, a recall of any of the products may adversely affect our business, financial condition, results of operations and prospects.

We also maintain websites which include our corporate website located at www.gnusbrands.com, as well as www.spacepopgirls.com, www.kidgeniustv.com, www.babygenius.com, www.smckids.com, www.slam7.com, www.edisonsecretlab.com and www.rainbowrangers.com. These websites are subject to laws and regulations directly applicable to internet communications and commerce, which is a currently developing area of the law. The United States has enacted internet laws related to children's privacy, copyrights and taxation. However, laws governing the internet remain largely unsettled. The growth of the market for internet commerce may result in more stringent consumer protection laws, both in the United States and abroad, that place additional burdens on companies conducting business over the internet. We cannot predict with certainty what impact such laws will have on our business in the future. In order to comply with new or existing laws regulating internet commerce, we may need to modify the manner in which we conduct our website business, which may result in additional expense.

Because our products are manufactured by third parties and licensees, we are not significantly impacted by federal, state and local environmental laws and do not have significant costs associated with compliance with such laws and regulations.

Intellectual Property

As of December 31, 2021, we own the following properties and related trademarks: *"Rainbow Rangers"*, "*SpacePop*", "*Secret Millionaires Club", "Thomas Edison's Secret Lab"*, "*Baby Genius*", "*Kid Genius*", "*Wee Worship*", and "*Kaflooey*", as well as several other names and trademarks on characters that had been developed for our content and brands. Additionally, we have the United States trademark and various international trademarks applications pending for *Kartoon Channel!, Kartoon Channel! Jr., KC! Pop Quiz, Little Genius and Little Genius Jukebox*.

As of December 31, 2021, we hold 22 registered trademarks in multiple classes in the United States associated with the Genius brand. We also have a number of registered and pending trademarks in Europe, Australia, China, Japan and Mexico and other countries in which our products are sold. We also jointly hold 92 registered trademarks in multiple classes in multiple countries associated with our ownership interest in Stan Lee Universe, in addition to 6 pending trademarks.

As of December 31, 2021, we also hold 146 motion pictures, 13 sound recordings, and two literary work copyrights related to our video, music and written work products.

We have 50/50 ownership agreements with the following partners and their related brands: Martha Stewart's "*Martha & Friends*"; and Gisele Bündchen's "*Gisele & the Green Team*".

In addition to the wholly-owned or partially-owned properties listed above, we represent *Llama Llama* in the licensing and merchandising space.

Environmental, Social and Governance Strategy

We are attempting to shape culture, social attitudes and societal outcomes with our animated content and consumer products that touch the lives of young people and their families. As a global content company that reaches millions of people, we aim to be a positive force in the world.

We are committed to advancing and strengthening our approach to environmental, social and governance ("ESG") topics to help serve our partners, audiences, employees and shareholders — and to enhance our success as a business.

We are committed to responsible, ethical and inclusionary business practices as outlined below:

Human Capital Management

As of December 31, 2021, we employed 67 full-time employees and 16 independent contractors.

We aim to build a culture that attracts and retains the best employees and a workplace where everyone feels welcome, safe and inspired. Our human capital management strategy is intended to address the following areas:

A Culture of Diversity, Equity and Inclusion

We seek to foster a culture of diversity, equity and inclusion through a range of partnerships, collaborations, programs and initiatives, some of which are described below.

We strive to be an inclusionary workplace because we believe that it strengthens our business.

- In 2021, we created the role of Chief Diversity Officer. That role is responsible for both helping meet our hiring goals and reviewing the content we create.
- Our board of directors is diverse: 33.3% female and with representation from people of color and the LGBTQ community.
- Our diverse workforce is approximately 58% female.

Preventing Harassment and Discrimination

We have enacted policies addressing harassment, discrimination and other behaviors that could create a hostile workplace, some of which are described below.

- We make available to our employees, training on preventing sexual harassment, discrimination and retaliation.
- We expect employees to report any violations of Company policies, including sexual harassment, they witness. Among other ways, employees can report incidents of harassment using our anonymous complaint and reporting hotline.

Social Impact and Corporate Social Responsibility

We believe that the content we produce, primarily directed at young people and their families, both reflects and influences how our young viewers perceive and understand important issues. We endeavor to earn our viewers' trust through a variety of practices, and we are focused on using our platforms to create positive social impacts.

By way of just a few examples: in our show *Rainbow Rangers*, a diverse cast of girls works to save animals and protect the environment, while demonstrating the power of teamwork; in our *Llama Llama* series, we teach kindness and inclusion, and feature a differently abled character, which we have been told is appreciated by moms and kids who deal with physical challenges. In the earliest days of the COVID-19 pandemic, we spread public service messages to keep our audiences safe and informed with animated shorts featuring the iconic voices from our series including Warren Buffett from *The Secret Millionaires Club* and Jennifer Garner, the voice of Mama Llama from the *Llama Llama* series.

Our mission statement says it all: "Content with a Purpose." Social justice, caring about the environment and modeling appropriate and inclusionary behavior for kids has been part of our company for many years and we are constantly seeking ways to improve on what we have already been doing.

Website Access to Our SEC Filings and Corporate Governance Documents

On the Investors page on our website *www.gnusbrands.com* we post links to our filings with the SEC, our Corporate Code of Conduct and Whistleblower Policy, which applies to our Board of Directors, executives and all of our employees, our Company Bylaws, our Insider Trading Policy and the charters of the committees of our Board of Directors. Our filings with the SEC are posted as soon as reasonably practical after they are electronically filed with, or furnished to, the SEC. You can also obtain copies of these documents by writing to us at: Genius Brands International, Inc., at 190 N. Canon Drive, 4th Floor, Beverly Hills, California 90210, Attn: Corporate Secretary or by using the "Contact" page of our website *www.gnusbrands.com/contact-us.* All of these documents and filings are available free of charge. Generally, stockholders who have questions or concerns should contact our Investor Relations department at 212-564-4700.

The contents of our website are not incorporated in, or otherwise to be regarded as part of, this Annual Report on Form 10-K.

Item 1A. Risk Factors

Risk Factor Summary

We are providing the following summary of the risk factors contained in this Annual Report on Form 10-K to enhance the readability and accessibility of our risk factor disclosures. We encourage you to carefully review the full risk factors contained in this Annual Report on Form 10-K in their entirety for additional information regarding the material factors that make an investment in our securities speculative or risky. These risks and uncertainties include, but are not limited to, the following:

Risks Relating to our Business

- Our business has been and may continue to be adversely affected by the COVID-19 pandemic.
- We have incurred net losses since inception.
- If we are not able to obtain sufficient capital, we may not be able to continue our growth.
- Our revenues and results of operations may fluctuate from period to period.
- The value of our investments is subject to significant capital markets risk related to changes in interest rates and credit spreads as well as other investment risks, which may adversely affect our results of operations, financial condition or cash flows.
- Changes in the United States, global or regional economic conditions could adversely affect the profitability of our business.
- Inaccurately anticipating changes and trends in popular culture, media and movies, fashion, or technology can negatively affect our sales.
- We face competition from a variety of content creators that sell similar merchandise and have better resources than we do.
- The production of our animated content is accomplished through third-party production and animation studios around the world, and any failure of these third parties could negatively impact our business.
- We cannot assure you that our original programming content will appeal to our distributors and viewers or that any of our original programming content will not be cancelled or removed from our distributors' platforms.
- Failure to successfully market or advertise our products could have an adverse effect on our business, financial condition and results of operations.
- The failure of others to promote our products may adversely affect our business.
- We may not be able to keep pace with technological advances.
- Failure in our information technology and storage systems could significantly disrupt the operation of our business.
- Our internal computer systems, or those of our collaborators or other contractors or consultants, may fail or suffer security breaches, which could result in a material disruption and cause our business and reputation to suffer.
- Loss of key personnel may adversely affect our business.
- Litigation may harm our business or otherwise distract management.
- Our vendors and licensees may be subject to various laws and government regulations, violation of which could subject these parties to sanctions which could lead to increased costs or the interruption of normal business operations that could negatively impact our financial condition and results of operations.
- Protecting and defending against intellectual property claims may have a material adverse effect on our business.
- Any additional future acquisitions or strategic investments may not be available on attractive terms and would subject us to additional risks.
- We are exposed to investment risk with the acquisition of an equity interest in Your Family Entertainment AG.
- We operate internationally, which exposes us to significant risks.
- We are exposed to foreign currency exchange rate risk.
- A decrease in the fair values of our reporting units may result in future goodwill impairments.

Risks Relating to our Common Stock

- Our stock price may be subject to substantial volatility, and stockholders may lose all or a substantial part of their investment.
- Our failure to meet the continued listing requirements of Nasdaq Capital Market could result in a delisting of our common stock.
- If our common stock becomes subject to the penny stock rules, it may be more difficult to sell our common stock.
- If we fail to maintain effective internal controls over financial reporting, the price of our common stock may be adversely affected.
- We are authorized to issue “blank check” preferred stock without stockholder approval, which could adversely impact the rights of holders of our common stock.
- We do not expect to pay dividends in the future and any return on investment may be limited to the value of our common stock.
- Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

Risk Factors

The following discussion of risk factors contains forward-looking statements. These risk factors may be important to understanding any statement in this Form 10-K or elsewhere. The following information should be read in conjunction with Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and related notes beginning on Page F-1 of this Form 10-K.

You should consider carefully the risks and uncertainties described below, in addition to other information contained in this Annual Report on Form 10-K, including our consolidated financial statements and related notes. The risks and uncertainties described below are not the only ones we face. Our business, financial condition and operating results can be affected by a number of factors, whether currently known or unknown, including but not limited to those described below. Any one or more of such factors could directly or indirectly cause our actual results of operations and financial condition to vary materially from past or anticipated future results of operations and financial condition. Any of these factors, in whole or in part, could materially and adversely affect our business, financial condition, results of operations and stock price.

Because of the following factors, as well as other factors affecting our financial condition and operating results, past financial performance should not be considered to be a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods.

RISKS RELATING TO OUR BUSINESS

Our business has been and may continue to be adversely affected by the COVID-19 pandemic.

We face various risks related to health epidemics, pandemics and similar outbreaks, including the COVID-19 pandemic. The COVID-19 pandemic and the mitigation efforts by governments to attempt to control its spread have adversely impacted the global economy, leading to reduced consumer spending and lending activities. Our customers, and therefore our business and revenues, are sensitive to negative changes in general economic conditions. We experienced significant revenue declines in several of our markets as a result of COVID-19, primarily due to the supply chain issues that are affecting the toy industry and which are impacting our ChizComm Beacon Media subsidiary. We expect that the negative impacts of the COVID-19 pandemic on our operating revenue will continue until health and economic conditions improve.

We continue to work with our stakeholders (including customers, employees, consumers, suppliers, business partners and local communities) to responsibly address this global pandemic. We will continue to monitor the situation and assess possible implications to our business and our stakeholders and will take appropriate actions in an effort to mitigate adverse consequences. We cannot assure you that we will be successful in any such mitigation efforts. The extent to which the COVID-19 pandemic will continue to negatively impact our operations will depend on future developments which are highly uncertain and cannot be predicted with confidence, including the duration of the pandemic, the emergence of new virus variants, new information which may emerge concerning the severity of the COVID-19 pandemic, outbreaks occurring at any of our facilities, the actions taken to control the spread of COVID-19 or treat its impact, and changes in worldwide and U.S. economic conditions. Further deteriorations in economic conditions, as a result of the COVID-19 pandemic or otherwise, could lead to a further or prolonged decline in demand for our products and services and negatively impact our business. It may also impact financial markets and corporate credit markets which could adversely impact our access to financing or the terms of any such financing. We cannot at this time predict the extent of the impact of the COVID-19 pandemic and its resulting economic impact, but it could have a material adverse effect on our business, financial position, results of operations and cash flows. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this "Item 1A. Risk Factors" and elsewhere in this Annual Report on Form 10-K, such as our ability to protect our information technology networks and infrastructure from unauthorized access, misuse, malware, phishing and other events that could have a security impact as a result of our remote working environment or otherwise. On March 15, 2022, we began implementing our "Return to Office" plan.

We have incurred net losses since inception.

We have a history of operating losses and incurred net losses in each fiscal quarter since our inception. For the year ended December 31, 2021, we generated net revenues of $7.9 million and incurred a net loss of $126.3 million, while for the previous year, we generated net revenue of $2.5 million and incurred a net loss of $401.7 million. These losses, among other things, have had an adverse effect on our results of operations, financial condition, stockholders' equity, net current assets and working capital.

We will need to generate additional revenue and/or reduce costs to achieve profitability. We are beginning to generate revenues derived from our existing properties, properties in production, and new brands being introduced into the marketplace. However, the ability to sustain these revenues and generate significant additional revenues or achieve profitability will depend upon numerous factors some of which are outside of our control.

If we are not able to obtain sufficient capital, we may not be able to continue our growth.

We expect that as our business continues to evolve and grow, we will need additional working capital. If adequate additional debt and/or equity financing is not available on reasonable terms or at all, we may not be able to continue to expand our business, and we will have to modify our business plans accordingly. These factors could have a material adverse effect on our future operating results and our financial condition.

Our revenues and results of operations may fluctuate from period to period.

Cash flow and projections for any entertainment company producing original content can be expected to fluctuate until the animated content and ancillary consumer products are in the market and could fluctuate thereafter even when the content and products are in the marketplace. There is significant lead time in developing and producing animated content before that content is in the marketplace. Unanticipated delays in entertainment production can delay the release of the content into the marketplace. Structured retail windows that dictate when new products can be introduced at retail are also out of our control. While we believe that we have mitigated this in part by creating a slate of properties at various stages of development or production as well as representing certain established brands which contribute immediately to cash flow, any delays in the production and release of our content and products or any changes in the preferences of our customers could result in lower than anticipated cash flows.

As with our cash flows, our revenues and results of operations depend significantly upon the appeal of our content to our customers, the timing of releases of our products and the commercial success of our products, none of which can be predicted with certainty. Accordingly, our revenues and results of operations may fluctuate from period to period. The results of one period may not be indicative of the results of any future period. Any quarterly fluctuations that we report in the future may not match the expectations of market analysts and investors. This could cause the price of our common stock to fluctuate.

Production cost will be amortized according to the individual film forecasting methodology. If estimated remaining revenue is not sufficient to recover the unamortized production costs, the unamortized production costs will be written down to fair value. In any given quarter, if we lower our previous forecast with respect to total anticipated revenue, we would be required to adjust amortization of related production costs. These adjustments would adversely impact our business, operating results and financial condition.

The value of our investments is subject to significant capital markets risk related to changes in interest rates and credit spreads as well as other investment risks, which may adversely affect our results of operations, financial condition or cash flows.

Our results of operations are affected by the performance of our investment portfolio. Our excess cash is invested by an external investment management service provider, under the direction of the Company's management in accordance with the Company's investment policy. The investment policy defines constraints and guidelines that restrict the asset classes that we may invest in by type, duration, quality and value. Our investments are subject to market-wide risks, and fluctuations, as well as to risks inherent in particular securities. The failure of any of the investment risk strategies that we employ could have a material adverse effect on our financial condition, results of operations and cash flows.

The value of our investments is exposed to capital market risks, and our consolidated results of operations, financial condition or cash flows could be adversely affected by realized losses, impairments and changes in unrealized positions as a result of: significant market volatility, changes in interest rates, changes in credit spreads and defaults, a lack of pricing transparency, a reduction in market liquidity, declines in equity prices, changes in national, state/provincial or local laws and the strengthening or weakening of foreign currencies against the U.S. dollar. Levels of write-down or impairment are impacted by our assessment of the intent to sell securities that have declined in value as well as actual losses as a result of defaults or deterioration in estimates of cash flows. If we reposition or realign portions of the investment portfolio and sell securities in an unrealized loss position, we will incur an other-than-temporary impairment charge or realized losses. Any such charge may have a material adverse effect on our results of operations and business.

For the year ended December 31, 2021, we incurred net realized and unrealized investment gains and losses, as described in Item 8, "Financial Statements and Supplementary Data" included herein.

Changes in the United States, global or regional economic conditions could adversely affect the profitability of our business.

A decrease in economic activity in the United States or in other regions of the world in which we do business could adversely affect demand for our products, thus reducing our revenue and earnings. A decline in economic conditions could reduce demand for and sales of our products. In addition, an increase in price levels generally, or in price levels in a particular sector, could result in a shift in consumer demand away from the animated content and consumer products we offer, which could also decrease our revenues, increase our costs, or both.

We may experience an adverse impact on our results of operations due to the current geopolitical tensions caused by the Russian invasion of Ukraine. The governments of the European Union, the United States, Japan and other jurisdictions have recently announced the imposition of sanctions on certain industry sectors and parties in Russia and the regions of Donetsk and Luhansk, as well as enhanced export controls on certain products and industries. These and any additional sanctions and export controls, as well as any counter responses by the governments of Russia or other jurisdictions, could adversely affect, directly or indirectly, the levels of government spending or the global supply chain, with negative implications on the availability and prices of raw materials, energy prices, and our customers, as well as the global financial markets.

Further, the global economy recovery from the COVID-19 pandemic will depend on many factors, including the recovery of the supply chain affecting the toy industry. Any supply chain disruptions could result in loss of revenue, penalties due to delayed production and currency losses, or other unforeseen costs which would negatively impact margins.

Inaccurately anticipating changes and trends in popular culture, media and movies, fashion, or technology can negatively affect our sales.

While trends in the toddler to tween sector change quickly, we respond to trends and developments by modifying, refreshing, extending, and expanding our product offerings on an on-going basis. However, we operate in extremely competitive industries where the ultimate appeal and popularity of content and products targeted to this sector can be difficult to predict. We believe our focus on "content with a purpose" serves an underrepresented area of the toddler to tween market; however, if the interests of our audience trend away from our current properties toward other offerings based on current media, movies, animated content or characters, and if we fail to accurately anticipate trends in popular culture, movies, media, fashion, or technology, our products may not be accepted by children, parents, or families and our revenues, profitability, and results of operations may be adversely affected.

We face competition from a variety of content creators that sell similar merchandise and have better resources than we do.

The industries in which we operate are competitive, and our results of operations are sensitive to, and may be adversely affected by, competitive pricing, promotional pressures, additional competitor offerings and other factors, many of which are beyond our control. Indirectly through our licensing arrangements, we compete for retailers as well as other outlets for the sale and promotion of our licensed merchandise. Our primary competition comes from competitors such as The Walt Disney Company, Nickelodeon Studios, and the Cartoon Network.

We have sought a competitive advantage by providing "content with a purpose" which are both entertaining and enriching for children and offer differentiated value that parents seek in making purchasing decisions for their children. While we do not believe that this value proposition is specifically offered by our competitors, our competitors have greater financial resources and more developed marketing channels than we do which could impact our ability, through our licensees, to secure shelf space thereby decreasing our revenues or affecting our profitability and results of operations.

The production of our animated content is accomplished through third-party production and animation studios around the world, and any failure of these third parties could negatively impact our business.

As part of our business model to manage cash flows, we have partnered with a number of third-party production and animation studios around the world for the production of our new content in which these partners fund the production of the content in exchange for a portion of revenues generated in certain territories. We are reliant on our partners to produce and deliver the content on a timely basis meeting the predetermined specifications for that product. The delivery of inferior content could result in additional expenditures by us to correct any problems to ensure marketability. Further, delays in the delivery of the finished content to us could result in our failure to deliver the product to broadcasters to which it has been pre-licensed. While we believe we have mitigated this risk by aligning the economic interests of our partners with ours and managing the production process remotely on a daily basis, any failures or delays from our production partners could negatively affect our profitability.

We cannot assure you that our original programming content will appeal to our distributors and viewers or that any of our original programming content will not be cancelled or removed from our distributors' platforms.

Our business depends on the appeal of our content to distributors and viewers, which is difficult to predict. Our business depends in part upon viewer preferences and audience acceptance of our original programming content. These factors are difficult to predict and are subject to influences beyond our control, such as the quality and appeal of competing programming, general economic conditions and the availability of other entertainment activities. We may not be able to anticipate and react effectively to shifts in tastes and interests in markets. A change in viewer preferences could cause our original programming content to decline in popularity, which could jeopardize renewal of agreements with distributors. Low ratings or viewership for programming content produced by us may lead to the cancellation, removal or non-renewal of a program and can negatively affect future license fees for such program. If our original programming content does not gain the level of audience acceptance we expect, or if we are unable to maintain the popularity of our original programming, we may have a diminished negotiating position when dealing with distributors, which could reduce our revenue. We cannot assure you that we will be able to maintain the success of any of our current original programming content or generate sufficient demand and market acceptance for new original programming content in the future. This could materially adversely impact our business, financial condition, operating results, liquidity and prospects.

Failure to successfully market or advertise our products could have an adverse effect on our business, financial condition and results of operations.

Our products are marketed worldwide through a diverse spectrum of advertising and promotional programs. Our ability to sell products is dependent in part upon the success of these programs. If we or our licensees do not successfully market our products or if media or other advertising or promotional costs increase, these factors could have an adverse effect on our business, financial condition, and results of operations.

The failure of others to promote our products may adversely affect our business.

The availability of retailer programs relating to product placement, co-op advertising and market development funds, and our ability and willingness to pay for such programs, are important with respect to promoting our properties. In addition, although we may have agreements for the advertising and promotion of our products through our licensees, we will not be in direct control of those marketing efforts and those efforts may not be done in a manner that will maximize sales of our products and may have a material adverse effect on our business and operations.

We may not be able to keep pace with technological advances.

The entertainment industry in general, and the music and motion picture industries in particular, continue to undergo significant changes, primarily due to technological developments. Because of the rapid growth of technology, shifting consumer tastes and the popularity and availability of other forms of entertainment, it is impossible to predict the overall effect these factors could have on potential revenue from, and profitability of, distributing entertainment programming. As it is also impossible to predict the overall effect these factors could have on our ability to compete effectively in a changing market, if we are not able to keep pace with these technological advances, our revenues, profitability and results from operations may be materially adversely affected.

Failure in our information technology and storage systems could significantly disrupt the operation of our business.

Our ability to execute our business plan and maintain operations depends on the continued and uninterrupted performance of our information technology ("IT") systems. IT systems are vulnerable to risks and damages from a variety of sources, including telecommunications or network failures, malicious human acts and natural disasters. Moreover, despite network security and back-up measures, some of our and our vendors' servers are potentially vulnerable to physical or electronic break-ins, including cyber-attacks, computer viruses and similar disruptive problems. These events could lead to the unauthorized access, disclosure and use of non-public information. The techniques used by criminal elements to attack computer systems are sophisticated, change frequently and may originate from less regulated and remote areas of the world. As a result, we may not be able to address these techniques proactively or implement adequate preventative measures. If our computer systems are compromised, we could be subject to fines, damages, litigation and enforcement actions, and we could lose trade secrets, the occurrence of which could harm our business. Despite precautionary measures to prevent unanticipated problems that could affect our IT systems, sustained or repeated system failures that interrupt our ability to generate and maintain data could adversely affect our ability to operate our business.

Our internal computer systems, or those of our collaborators or other contractors or consultants, may fail or suffer security breaches, which could result in a material disruption and cause our business and reputation to suffer.

In the ordinary course of business, our internal computer systems and those of our current and any future collaborators and other contractors or consultants are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. There may be an increased risk of cybersecurity attacks by state actors due to the current conflict between Russia and Ukraine. Recently, Russian ransomware gangs have threatened to increase hacking activity against critical infrastructure of any nation or organization that retaliates against Moscow for its invasion of Ukraine. While we do not believe that we have experienced any such material system failure, accident or security breach to date, if such an event were to occur and cause interruptions in our operations, it could adversely affect our business operations, whether due to a loss of our trade secrets or other proprietary information or other similar disruptions. Any such access, disclosure or other loss of such information could result in legal claims or proceedings and damage our reputation.

Loss of key personnel may adversely affect our business.

Our success greatly depends on the performance of our executive management team, including Andy Heyward, our Chief Executive Officer. The loss of the services of any member of our core executive management team or other key persons could have a material adverse effect on our business, results of operations and financial condition. We do not have “key man” insurance coverage for any of our employees.

Litigation may harm our business or otherwise distract management.

Substantial, complex or extended litigation could cause us to incur large expenditures and could distract management. For example, lawsuits by licensors, consumers, employees or stockholders could be very costly and disrupt business. We recently had a securities class action and derivative shareholder action filed against us. While disputes from time to time are not uncommon, we may not be able to resolve such disputes on terms favorable to us.

Our vendors and licensees may be subject to various laws and government regulations, violation of which could subject these parties to sanctions which could lead to increased costs or the interruption of normal business operations that could negatively impact our financial condition and results of operations.

Our vendors and licensees may operate in a highly regulated environment in the U.S. and international markets. Federal, state and local governmental entities and foreign governments may regulate aspects of their businesses, including the production or distribution of our content or products. These regulations may include accounting standards, taxation requirements (including changes in applicable income tax rates, new tax laws and revised tax law interpretations), product safety and other safety standards, trade restrictions, regulations regarding financial matters, environmental regulations, advertising directed toward children, product content, and other administrative and regulatory restrictions. While we believe our vendors and licensees take all the steps necessary to comply with these laws and regulations, there can be no assurance that they are compliant or will be in compliance in the future. Failure to comply could result in monetary liabilities and other sanctions which could increase our costs or decrease our revenue resulting in a negative impact on our business, financial condition and results of operations.

Protecting and defending against intellectual property claims may have a material adverse effect on our business.

Our ability to compete in the animated content and entertainment industry depends, in part, upon successful protection of our proprietary and intellectual property. We protect our property rights to our productions through available copyright and trademark laws and licensing and distribution arrangements with reputable companies in specific territories and media for limited durations. Despite these precautions, existing copyright and trademark laws afford only limited, or no, practical protection in some jurisdictions. It may be possible for unauthorized third parties to copy and distribute our productions or portions of our productions. In addition, although we own most of the music and intellectual property included in our products, there are some titles which the music or other elements are in the public domain and for which it is difficult or even impossible to determine whether anyone has obtained ownership or royalty rights. It is an inherent risk in our industry that people may make such claims with respect to any title already included in our products, whether or not such claims can be substantiated. For example, in July 2020, we received a letter from a law firm alleging that rights that we had licensed from POW!, LLC had already been sold to another company, Proxima. This matter was settled by POW! in November 2021, but the settlement negotiations were costly and required diversion of management attention. If litigation is necessary in the future to enforce our intellectual property rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity. Any such litigation could result in substantial costs and the resulting diversion of resources could have an adverse effect on our business, operating results or financial condition.

Any additional future acquisitions or strategic investments may not be available on attractive terms and would subject us to additional risks.

Much of our growth is attributable to acquisitions. In an effort to implement our business strategies, we may from time to time in the future attempt to pursue other acquisition or expansion opportunities, including strategic investments. To the extent we can identify attractive opportunities, these transactions could involve acquisitions of entire businesses or investments in start-up or established companies and could take several forms. These types of transactions may present significant risks and uncertainties, including the difficulty of identifying appropriate companies to acquire or invest in on acceptable terms, potential violations of covenants in our debt instruments, insufficient revenue acquired to offset liabilities assumed, unexpected expenses, inadequate return of capital, regulatory or compliance issues, potential infringements, difficulties integrating the new properties into our operations, and other unidentified issues not discovered in due diligence. In addition, the financing of any future acquisition completed by us could adversely impact our capital structure. Except as required by law or applicable securities exchange listing standards, we do not expect to ask our shareholders to vote on any proposed acquisition.

We are exposed to investment risk with the acquisition of an equity interest in Your Family Entertainment AG.

During the year ended December 31, 2021, we acquired an equity interest in Your Family Entertainment AG ("YFE"). We are exposed to risk of the success of the YFE business. We are also exposed to risk of adverse reactions to the transaction or changes to business relationships; competitive responses; inability to maintain key personnel and changes in general economic conditions in Germany. If YFE fails to perform to our expectations, it could have a material adverse effect on our results of operations or financial condition.

We operate internationally, which exposes us to significant risks.

We have expanded into international operations, including the acquisition of ChizComm, our pending acquisition of WOW and our investment in YFE. As part of our growth strategy, we will continue to evaluate potential opportunities for further international expansion. Operating in international markets requires significant resources and management attention, and subjects us to legal, regulatory, economic and political risks in addition to those we face in the United States. We have limited experience with international operations, and further international expansion efforts may not be successful.

In addition, we face risks in doing business internationally that could adversely affect our business, including:

- Fluctuations in currency exchange rates, which could increase the price of our products outside of the United States, increase the expenses of our international operations and expose us to foreign currency exchange rate risk;
- Currency control regulations, which might restrict or prohibit our conversion of other currencies into U.S. dollars;
- Restrictions on the transfer of funds;
- Difficulties in managing and staffing international operations, including difficulties related to the increased operations, travel, infrastructure, employee attrition and legal compliance costs associated with numerous international locations;
- Our ability to effectively price our products in competitive international markets;
- New and different sources of competition;
- The need to adapt and localize our products for specific countries;
- Challenges in understanding and complying with local laws, regulations and customs in foreign jurisdictions;
- International trade policies, tariffs and other non-tariff barriers, such as quotas;
- The continued threat of terrorism and the impact of military and other action, including military actions involving Russia and Ukraine; and
- Adverse consequences relating to the complexity of operating in multiple international jurisdictions with different laws, regulations and case law which are subject to interpretation by taxpayers, including us.

In addition, due to potential costs from our international expansion efforts outside of the United States, our gross margin for international customers may be lower than our gross margin for domestic customers. As a result, our overall gross margin may fluctuate as we further expand our operations and customer base internationally.

Our failure to manage any of these risks successfully could harm our international operations, and adversely affect our business, results of operations and financial condition.

We are exposed to foreign currency exchange rate risk.

Because we conduct a growing portion of our business outside the United States but report our financial results in U.S. dollars, we face exposure to adverse movements in currency exchange rates. Our foreign operations are exposed to foreign exchange rate fluctuations as the financial results are translated from the local currency into U.S. dollars upon consolidation. If the U.S. dollar weakens against foreign currencies, the translation of these foreign currency denominated transactions will result in increased revenue, operating expenses and net income (or loss). If the U.S. dollar strengthens against foreign currencies, however, the translation of these foreign currency denominated transactions will result in decreased revenue, operating expenses and net income (or loss). As exchange rates vary, sales and other operating results, when translated, may differ materially from expectations. We continue to review potential hedging strategies that may reduce the effect of fluctuating currency rates on our business, but there can be no assurances that we will implement such a hedging strategy or that once implemented, such a strategy would accomplish our objectives or not result in losses.

A decrease in the fair values of our reporting units may result in future goodwill impairments.

When we acquire an entity, the excess of the purchase price over the fair value of the net identifiable assets acquired is allocated to goodwill. We conduct impairment tests on our goodwill at least annually based upon the fair value of the reporting unit to which such goodwill relates, including the determination of expected future cash flows and/or profitability of such reporting units, and we take into account market value multiples and/or cash flows of entities that we deem to be comparable in nature, scope or size to our reporting units. A goodwill impairment is created if the estimated fair value of one or more of our reporting units decreases, causing the carrying value of the net assets assigned to the reporting unit — which includes the value of the assigned goodwill — to exceed the fair value of such net assets. If we determine such an impairment exists, we adjust the carrying value of goodwill allocated to that reporting unit by the amount of fair value in excess of the carrying value. The impairment charge is recorded in our income statement in the period in which the impairment is determined. If we are required in the future to record additional goodwill impairments, our financial condition and results of operations would be negatively affected. In connection with fair value measurements and the accounting for goodwill, the use of generally accepted accounting principles requires management to make certain estimates and assumptions. Significant judgment is required in making these estimates and assumptions, and actual results may ultimately be materially different from such estimates and assumptions.

RISKS RELATING TO OUR COMMON STOCK

Our stock price may be subject to substantial volatility, and stockholders may lose all or a substantial part of their investment.

Our common stock currently trades on the Nasdaq Capital Market. There is limited public float, and trading volume historically has been low and sporadic. As a result, the market price for our common stock may not necessarily be a reliable indicator of our fair market value. The price at which our common stock trades may fluctuate as a result of a number of factors, including the number of shares available for sale in the market, quarterly variations in our operating results, actual or anticipated announcements of new releases by us or competitors, the gain or loss of significant customers, changes in the estimates of our operating performance, market conditions in our industry and the economy as a whole.

Our failure to meet the continued listing requirements of Nasdaq Capital Market could result in a delisting of our common stock.

If we fail to satisfy the continued listing requirements of Nasdaq Capital Market, such as minimum financial and other continued listing requirements and standards, including those regarding minimum stockholders' equity, minimum share price, and certain corporate governance requirements, Nasdaq may take steps to delist our common stock. Such a delisting would likely have a negative effect on the price of our common stock and would impair your ability to sell or purchase our common stock when you wish to do so. In the event of a delisting, we would expect to take actions to restore our compliance with Nasdaq's listing requirements, but we can provide no assurance that any such action taken by us would allow our common stock to become listed again, stabilize the market price or improve the liquidity of our common stock, prevent our common stock from dropping below the Nasdaq minimum bid price requirement, or prevent future non-compliance with Nasdaq's listing requirements.

On March 4, 2022, we received written notice from the Listing Qualifications Department of The Nasdaq Stock Market LLC ("Nasdaq") notifying us that for the preceding 30 consecutive business days, our common stock did not maintain a minimum closing bid price of $1.00 per share ("Minimum Bid Price Requirement") as required by Nasdaq Listing Rule 5550(a)(2). The notice had no immediate effect on the listing or trading of our common stock, and our common stock will continue to trade on The Nasdaq Capital Market under the symbol "GNUS" at this time.

In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we have a grace period of 180 calendar days, or until August 31, 2022, to regain compliance with Nasdaq Listing Rule 5550(a)(2). Compliance will be achieved automatically and without further action when the closing bid price of our common stock is at or above $1.00 for a minimum of 10 consecutive business days at any time during the 180-day compliance period, in which case Nasdaq will notify us of our compliance and the matter will be closed.

If, however, we do not achieve compliance with the Minimum Bid Price Requirement by August 31, 2022, we may be eligible for additional time to comply. In order to be eligible for such additional time, we will be required to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, with the exception of the Minimum Bid Price Requirement, and we must notify Nasdaq in writing of its intention to cure the deficiency during the second compliance period. There can be no guarantee that we will regain compliance with the Minimum Bid Price Requirement, that we will maintain compliance with other Nasdaq Listing Rules, or that we will be eligible for a second compliance period.

If our common stock becomes subject to the penny stock rules, it may be more difficult to sell our common stock.

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than $5.00 (other than securities registered on certain national securities exchanges or authorized for quotation on certain automated quotation systems, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system). The OTC Bulletin Board does not meet such requirements and if the price of our common stock is less than $5.00 and our common stock is no longer listed on a national securities exchange such as Nasdaq, our stock may be deemed a penny stock. The penny stock rules require a broker-dealer, at least two business days prior to a transaction in a penny stock not otherwise exempt from those rules, to deliver to the customer a standardized risk disclosure document containing specified information and to obtain from the customer a signed and date acknowledgment of receipt of that document. In addition, the penny stock rules require that prior to effecting any transaction in a penny stock not otherwise exempt from those rules, a broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive: (i) the purchaser's written acknowledgment of the receipt of a risk disclosure statement; (ii) a written agreement to transactions involving penny stocks; and (iii) a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our common stock, and therefore stockholders may have difficulty selling their shares.

If we fail to maintain effective internal controls over financial reporting, the price of our common stock may be adversely affected.

Our internal control over financial reporting may have weaknesses and conditions that could require correction or remediation, the disclosure of which may have an adverse impact on the price of our common stock. We are required to establish and maintain appropriate internal controls over financial reporting. Failure to establish those controls, or any failure of those controls once established, could adversely affect our public disclosures regarding our business, prospects, financial condition or results of operations.

Rules adopted by the SEC pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 require an annual assessment of internal controls over financial reporting, and for certain issuers an attestation of this assessment by the issuer's independent registered public accounting firm. The standards that must be met for management to assess the internal controls over financial reporting as effective are evolving and complex, and require significant documentation, testing, and possible remediation to meet the detailed standards. We expect to incur significant expenses and to devote resources to Section 404 compliance on an ongoing basis. In addition, we are not subject to auditor attestation of internal controls which may identify weaknesses and conditions that need to be addressed in our internal controls over financial reporting or other matters that may raise concerns for investors. Any actual or perceived weaknesses and conditions that need to be addressed in our internal control over financial reporting or disclosure of management's assessment of our internal controls over financial reporting may have an adverse impact on the price of our common stock.

We are authorized to issue "blank check" preferred stock without stockholder approval, which could adversely impact the rights of holders of our common stock.

Our Articles of Incorporation authorize us to issue up to 10,000,000 shares of blank check preferred stock. Any additional preferred stock that we issue in the future may rank ahead of our common stock in terms of dividend priority or liquidation premiums and may have greater voting rights than our common stock. In addition, such preferred stock may contain provisions allowing those shares to be converted into shares of common stock, which could dilute the value of common stock to current stockholders and could adversely affect the market price, if any, of our common stock. In addition, the preferred stock could be utilized, under certain circumstances, as a method of discouraging, delaying or preventing a change in control of our company. Although we have no present intention to issue any additional shares of authorized preferred stock, there can be no assurance that we will not do so in the future.

We do not expect to pay dividends in the future and any return on investment may be limited to the value of our common stock.

We do not currently anticipate paying cash dividends in the foreseeable future. The payment of dividends on our common stock will depend on earnings, financial condition and other business and economic factors affecting it at such time as our Board of Directors may consider relevant. Our current intention is to apply net earnings, if any, in the foreseeable future to increasing our capital base and development and marketing efforts. There can be no assurance that we will ever have sufficient earnings to declare and pay dividends to the holders of our common stock, and in any event, a decision to declare and pay dividends is at the sole discretion of our Board of Directors. If we do not pay dividends, our common stock may be less valuable because the return on investment will only occur if its stock price appreciates.

Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

If our stockholders sell substantial amounts of our common stock in the public market upon the expiration of any statutory holding period under Rule 144, or shares issued upon the exercise of outstanding options or warrants, it could create a circumstance commonly referred to as an “overhang” and, in anticipation of which, the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, also could make more difficult our ability to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

In general, under Rule 144, a non-affiliated person who has held restricted shares of our common stock for a period of six months may sell into the market all of their shares, subject to us being current in our periodic reports filed with the SEC.

As of December 31, 2021, approximately 285,646,247 shares of common stock of the 303,379,122 shares of common stock issued and outstanding are free trading. As of the same date, there are 5,406,465 shares of common stock underlying outstanding warrants that could be sold pursuant to Rule 144 to the extent permitted by any applicable vesting requirements as well as 40,105,500 shares of common stock underlying registered warrants. Lastly, as of December 31, 2021, there are 10,197,312 shares of common stock underlying outstanding options granted, 17,488,177 shares of common stock underlying outstanding restricted stock units (“RSUs”) and 4,482,178 shares reserved for issuance under our Genius Brands International, Inc. 2020 Incentive Plan.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our principal office is located in Beverly Hills, California, where we lease 5,838 square feet of general office space. We also lease 6,845 square feet of general office space in Toronto, Canada and 4,765 square feet of general office space in Lyndhurst, New Jersey. We believe our existing facilities are adequate to meet our current requirements and that suitable additional or substitute space will be available as needed to accommodate any further physical expansion of operations and for any additional offices. See Note 24 in the Notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for more information about our lease commitments.

Item 3. Legal Proceedings

As of December 31, 2021, there were no material pending legal proceedings to which the Company is a party or as to which any of its property is subject other than described below.

On June 16, 2021, the Company was named as a defendant in a lawsuit filed in the U.S. District Court for the Central District of California styled A Parent Media Co. Inc. v. Genius Brands International, Inc., Case No. 2:21-CV-04897, alleging that the Company has infringed the plaintiff’s federally registered trademarks KIDOODLE.TV, KIDOODLE and KIDOODLETV by sponsoring Google Ads in which the plaintiff’s trademarks appeared. The parties entered into a confidential settlement agreement in November 2021, and the lawsuit was then dismissed with prejudice along with the entry of a permanent injunction by the Court.

As previously disclosed, the Company, its Chief Executive Officer, Andy Heyward, and its Chief Financial Officer, Robert Denton, are named as defendants in a putative class action lawsuit filed in the U.S. District Court for the Central District of California and styled In re Genius Brands International, Inc. Securities Litigation, Master File No. 2:20-cv-07457 DSF (RAOx). Initially, the lead plaintiffs alleged generally that the defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) by making materially false or misleading statements regarding the Company’s business and business prospects, artificially inflating the Company’s stock price during an alleged class period running from March 11, 2020, through July 5, 2020. Plaintiffs sought unspecified damages on behalf of the alleged class of persons who invested in our common stock during the alleged class period. The defendants moved to dismiss lead plaintiffs’ amended complaint; and in a decision issued on August 30, 2021, the Court dismissed the amended complaint but granted lead plaintiffs a further opportunity to plead a claim.

On September 27, 2021, the lead plaintiffs filed a second amended complaint, naming the same defendants. The new complaint alleges that the Company made numerous false or misleading statements about the Company's business and business prospects over an alleged class period running from March 11, 2020, through March 30, 2021, which they say violated Section 10(b) and 20(a) of the Exchange Act. Lead plaintiffs also allege a "scheme to defraud" during 2020 that involved several private placements of Company stock with an allegedly "insider" group of investors that purportedly then issued press releases that inflated the stock price, after which these investors purportedly sold their shares at higher prices. None of these investors (save Mr. Heyward, who is not alleged to have sold his shares) is named as a defendant in the securities action. The lead plaintiffs again seek unspecified damages on behalf of the alleged class—persons who invested in the Company's common stock during the newly alleged class period. In November 2021, defendants filed a motion to dismiss the second amended complaint, and the motion is fully briefed. Argument on the motion was scheduled for March 21, 2022, on March 18, 2022, the judge cancelled the hearing and will rule based on the parties' written submissions. The Company cannot predict the outcome of the motion or the timing of a decision from the Court. Pending resolution of the motion to dismiss, neither discovery nor other substantive proceedings are occurring nor expected.

Related to the securities class action, the Company's directors, Chief Executive Officer and its Chief Financial Officer have been named as defendants in several putative shareholder derivative lawsuits. As previously disclosed, these include a consolidated proceeding pending in the U.S. District Court for the Central District of California and styled In re Genius Brands Stockholder Derivative Litigation, Case No. 2:20-cv-08277 DSF (RAOx); an action filed in the Los Angeles County Superior Court captioned Ly, etc. v. Heyward, et al., Case No. 20STCV44611; and an additional case pending in the U.S. District Court for the District of Nevada, styled Miceli, etc. v. Heyward, et al., Case No. 3:21-cv-00132-MMD-WGC. While the allegations and legal claims vary somewhat among the derivative actions, they all generally allege that the defendants breached fiduciary duties owed to the Company by, among other things, causing the Company to issue the supposedly false and misleading statements that underlie the securities lawsuit, purportedly exposing the Company to liability and damaging the Company in an unspecified amount. By these derivative lawsuits, the plaintiffs seek no recovery from the Company. Instead, as a shareholder derivative action, the Company is named as a nominal defendant. The plaintiffs, all alleged stockholders of the Company, purport to sue on behalf and for the benefit of the Company. Pursuant to agreements among the parties, the courts in all of the derivative lawsuits have stayed proceedings pending the outcome of the motion to dismiss in the securities action.

The Company is also a nominal defendant in an action filed January 11, 2022, in the U.S. District Court for the Southern District of New York and styled Todd Augenbaum v. Anson Investments Master Fund LP, et al., Case No. 1:22-cv-00249 VM. The action, which purports to be brought on behalf and for the benefit of the Company, seeks the recovery under Section 16(b) of the Exchange Act of supposed short-swing profits allegedly realized by roughly a dozen persons and entities that participated as investors in the Company's March 11, 2020 offering of convertible debt securities and warrants. Plaintiff Augenbaum, who purports to be a Company stockholder, filed his lawsuit after issuing a demand to the Company's Board of Directors asking that the Company sue the investor defendants. The Company rejected the demand in late December 2021, and Mr. Augenbaum sued a few weeks later, as Section 16(b) permits him to do. No Company officer or director is among the defendants. The action is currently in its very early stages, with the parties currently negotiating a date for defendants' initial responses to the complaint. The Company cannot predict the outcome of the lawsuit, but again notes that plaintiff seeks no relief against the Company.

On July 7, 2020, the Company received a letter from a law firm alleging that rights that Genius Brands had licensed from POW! LLC, through its joint venture, Stan Lee Universe, LLC, had already been sold to another company, Proxima, represented by that law firm. The law firm alleged that the Company is, inter alia, interfering with Proxima's contractual rights. On or about November 4, 2021, POW! and Proxima entered a binding settlement agreement resolving all the claims made by Proxima.

On January 18, 2022, the Company was named as a defendant in a lawsuit filed in the Supreme Court of the State of New York, County of New York styled Harold Chizick and Jennifer Chizick v. Genius Brands International, Inc., ChizComm Ltd., Index No. 650278/2022, alleging: (1) breach of employment agreement, (2) breach of duty of good faith, (3) constructive dismissal, (4) indemnification, (5) violation of the Employment Standards Act 2000 of Ontario, and (6) defamation. On February 25, 2022, the Company filed a Motion to Dismiss on the ground that venue is improper. In response, Plaintiffs' counsel has advised that they will be amending their complaint to address the arguments in the Company's venue motion. Plaintiffs filed their Amended Complaint on March 17, 2022. The case remains at the pleading stage and no trial date has been set.

In all of the above-mentioned active proceedings, the Company has denied and continues to deny any wrongdoing and intends to defend the claims vigorously.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock began trading on the Nasdaq Capital Market under the symbol "GNUS" on November 21, 2016. Prior to that, our common stock traded on the OTCQB of the OTC Markets Group Inc. under the same symbol.

Stockholders

As of April 4, 2022, there were approximately 309 stockholders of record of our common stock, although there is a significantly larger number of beneficial owners of our common stock.

Dividends

We have never declared or paid any cash dividends on our capital stock, and we do not currently anticipate paying any cash dividends in the foreseeable future.

Equity Compensation Plan Information

Information about our equity compensation plans is incorporated herein by reference to Part III, Item 12 of this Annual Report.

Recent Sales of Unregistered Securities

On October 27, 2021, we issued 176,101 shares of common stock valued at $1.59 per share for production services. The issuance of the shares of common stock was exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended.

On December 1, 2021, we issued 2,281,269 shares of common stock valued at $1.49 as partial consideration for 3,000,000 shares in YFE. The issuance of the shares of common stock was exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended.

Company Purchases of Equity Securities

There were no purchases of our own equity securities during the year ended December 31, 2021.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide readers of our consolidated financial statements with the perspectives of management. This should allow the readers of this report to obtain a comprehensive understanding of our businesses, strategies, current trends, and future prospects. It should be noted that the MD&A contains forward-looking statements that involve risks and uncertainties. Please refer to the section entitled "Forward-Looking Statements" immediately preceding Part I for important information to consider when evaluating such statements.

This section of this Form 10-K generally discusses 2021 and 2020 items and year-to-year comparisons between 2021 and 2020. Discussions of 2019 items and year-to-year comparisons between 2020 and 2019 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Recent Investments

On February 1, 2021, we purchased the outstanding equity interests of ChizComm Ltd., a corporation organized in Canada, and ChizComm USA Corp., a New Jersey corporation (collectively, "ChizComm"). Total consideration paid by us in the transaction at closing consisted of $8.5 million in cash and 1,980,658 shares of our common stock with a value of approximately $3.5 million. Additionally, the Purchase Agreement provides for the issuance of additional shares of common stock with a fair value of $7.2 million that may be issued to the Sellers if certain EBITDA and performance levels are achieved within a four-year period commencing on the date of the Purchase Agreement (Earn-Out). The transaction was accounted for as a business acquisition and the financial results of the wholly-owned subsidiaries are included in our consolidated financial statements.

Effective as of June 1, 2021, we executed an Operating Agreement with POW!, Inc. ("POW!") to form a joint venture to exploit certain rights in intellectual property created by Stan Lee, as well as the name and likeness of Stan Lee. The entity is called Stan Lee Universe, LLC ("SLU") and activity commenced during the fourth quarter of 2021. In exchange for a cash investment of $2.0 million, we obtained 50% ownership in the entity as a variable interest in the Stan Lee trade name. This agreement enables us to assume the worldwide rights, in perpetuity, to the name, physical likeness, physical signature, live-action and animated motion picture, television, online, digital, publishing, comic book, merchandising and licensing rights to Stan Lee and over 100 original Stan Lee creations (the "Stan Lee Assets"), from which we plan to develop and license multiple properties each year. SLU is considered a variable interest entity in which we are the primary beneficiary. Accordingly, the transaction was accounted for as an asset acquisition of a trade name intangible in the amount of $4.0 million and the results of SLU are included in our consolidated financial statements, with the portion of non-controlling interest recorded in our stockholders' equity.

During June 2021, we started investing our excess cash into available-for-sale marketable debt securities. As of December 31, 2021, we held $112.5 million of securities, with a recorded unrealized loss on fair value of $1.3 million and received $1.2 million in interest income.

On December 1, 2021, we completed a $6.8 million investment in Your Family Entertainment ("YFE"). In exchange for $3.4 million in cash and 2,281,269 shares of our common stock valued at approximately $3.4 million, we received 3,000,500 shares of YFE's common stock. As of December 31, 2021, we had a 29% economic ownership interest in YFE.

On January 13, 2022, we acquired Canadian streaming service Ameba TV and gained access to its kid-safe platform technology and 13,000 episodes of content including *Casper the Friendly Ghost*, *Donkey Kong Country, Gummy Bears* and *Rescue Heroes*. We purchased 100% of Ameba's issued and outstanding shares for $3.5 million in cash and paid $0.3 million for the underlying software code that powers the subscription video on demand ("SVOD") deliveries. With the acquisition, we will launch a subscription-based streaming platform, the *Kartoon Channel! KidAverse.* The platform will include all of the popular animated programs of a children's channel, metaverse features and it will be fully curated and child-safe. The platform will also offer collectable digital cards based on many of the channel's popular characters, including those from the upcoming Stan Lee Universe and a digital currency for kids called *Kidaverse MetaBuck$.* Additionally, we intend for the *Kartoon Channel! Kidaverse* to introduce child-safe messaging, podcasts, music, and additional content.

Pending Acquisition

On October 26, 2021, 1326919 B.C. LTD., a corporation existing under the laws of the Province of British Columbia and our wholly-owned subsidiary and Wow Unlimited Media Inc. ("WOW"), a corporation existing under the laws of the Province of British Columbia, entered into an Arrangement Agreement to effect a transaction among the parties by way of a plan of arrangement under the arrangement provisions of Part 9, Division 5 of the *Business Corporations Act*, whereby we will purchase 100% of WOW's issued and outstanding shares for $38.4 million in cash and 11,000,000 shares of our common stock. We believe that the acquisition will allow us to expand our audience demographic into the potentially lucrative teen and young adult marketplaces, provide additional content on the *Kartoon Channel!* and provide additional brands to be licensed for consumer products and our global distribution sales networks. We have not yet completed our initial accounting for the business combination, which will be accounted for using the acquisition method of accounting. The acquisition is expected to be completed during the second quarter of 2022.

Recent Financings

On January 28, 2021, we entered into letter agreements (the "Letter Agreements") with certain existing institutional and accredited investors to exercise certain outstanding warrants (the "Existing Warrants") to purchase up to an aggregate of 39,740,500 shares of our common stock at their original exercise price of $1.55 per share (the "Exercise"). We received approximately $61.6 million in gross proceeds. The Special Equities Group, a division of Bradley Woods & Co. Ltd., acted as warrant solicitation agent and received a cash fee of approximately $4.3 million. In consideration for the exercise of the Existing Warrants for cash, the exercising holders received new unregistered warrants to purchase up to an aggregate of 39,740,500 shares of common stock (the "New Warrants") at an exercise price of $2.37 per share, exercisable immediately, with an exercise period of five years from the initial issuance date. Pursuant to the Letter Agreements, the New Warrants are substantially in the form of the Existing Warrants (except for customary legends and other language typical for an unregistered warrant, including the ability for the holder of the New Warrant to make a cashless exercise if no resale registration statement covering the common stock underlying the New Warrants is effective after six months). We were required to register the resale of the shares of common stock issuable upon exercise of the New Warrants.

During December 2021, we borrowed from our investment margin account the aggregate amount of $6.4 million for our investments in YFE and future closing of our pending acquisition of WOW, in each case pledging certain of our marketable securities as collateral. The interest rate for these investment margin account borrowings fluctuates based on the Federal Funds Rate plus 0.65% with interest only payable monthly. These investment margin account borrowings do not mature but are payable on demand and recorded as a current liability on our consolidated balance sheets.

Results of Operations

Our summary results for the years ended December 31, 2021 and 2020 are below:

Revenues

	Year Ended December 31,			
	2021	**2020**	**Change**	**% Change**
	(in thousands, except percentages)			
Licensing & Royalties	$ 1,605	$ 765	$ 840	110 %
Media Advisory & Advertising Services	5,166	–	5,166	n/a
Television & Home Entertainment	825	1,465	(640)	(44) %
Advertising Sales	277	253	24	9 %
Total Revenue	**$ 7,873**	**$ 2,483**	**$ 5,390**	**217 %**

Licensing & Royalties revenues are generated by the items in which we license the rights to our copyrights and trademarks of our brands and those of the brands for which we act as a licensing agent. Revenue related to our licensing and royalties for the year ended December 31, 2021 increased 110% as compared to the year ended December 31, 2020, primarily due to proceeds received in conjunction with the mutually agreed termination of certain licensing rights, partially offset by the expiration of certain consumer product licenses that were not renewed.

Media Advisory & Advertising Services revenue is a combination of client retainer fee-based services and media commissions generated by our wholly-owned subsidiary, ChizComm, that we acquired during 2021.

Television & Home Entertainment revenue is generated from the distribution of our properties for broadcast on television, video-on-demand ("VOD") or subscription video-on-demand ("SVOD") in domestic and international markets and the sale of DVDs for home entertainment through our partners. Fluctuations in Television & Home Entertainment revenue are based on the achievement of revenue recognition criteria such as the start of a license period and the delivery of the content to the customer. Revenue related to our VOD and SVOD sales for the year ended December 31, 2021, decreased 44% as compared to the year ended December 31, 2020, primarily due to the delivery of *Rainbow Rangers Season 2* on different platforms during the prior year ended December 31, 2020, without comparable deliveries during the current year ended December 31, 2021.

Advertising sales are generated on our digital network, the *Kartoon Channel!* in the form of either flat rate promotions or advertising impressions served. Revenue related to our advertising sales increased by 9% for the year ended December 31, 2021 as compared to the year ended December 31, 2020, primarily due to the addition of new licensed titles and revenue generated by *Stan Lee's Superhero Kindergarten*.

Expenses

	Year Ended December 31,			
	2021	**2020**	**Change**	**% Change**
	(in thousands, except percentages)			
Marketing and Sales	$ 5,442	$ 818	$ 4,624	565 %
Direct Operating Costs	21,987	2,124	19,863	935 %
General and Administrative	35,967	17,423	18,544	106 %
Impairment of Goodwill	4,778	–	4,778	n/a
Impairment of Intangible Assets	3,452	–	3,452	n/a
Interest Expense	20	1,180	(1,160)	(98) %
Total Expenses	**$ 71,646**	**$ 21,545**	**$ 50,101**	**233 %**

Marketing and Sales expenses consist primarily of advertising expenses and certain payments made to our marketing partners. Advertising expenses include promotional activities such as digital and television advertising. Marketing expenses also include payroll and related expenses for personnel that support marketing activities. The increase in marketing and sales expenses for the year ended December 31, 2021 as compared to the year ended December 31, 2020, was primarily due to an increase in marketing and advertising expenses incurred to promote *Stan Lee's Superhero Kindergarten* and the *Kartoon Channel!*.

Amortization, including any impairments of film and television costs makes up the majority of our Direct Operating Costs. Expenses directly associated with the acquisition, licensing and production of content, such as participation expenses related to agreements with various animation studios, post-production studios, writers, directors, musicians or other creative talent with which we are obligated to share net profits of the properties on which they have rendered services and costs of our product sales make up the remainder of Direct Operating Costs. We evaluated our capitalized production costs to determine if the fair value of the capitalized production costs is below the carrying value. Based on management's updated estimate of ultimate revenues during the fourth quarter of 2021, capitalized production costs were determined to be above the fair value of the content properties and therefore an impairment charge of $18.2 million was recorded as additional amortization expense. The remaining increase in direct operating costs for the year ended December 31, 2021, as compared to the year ended December 31, 2020, was primarily due to an increase in participation expense of $1.3 million for *Stan Lee's Superhero Kindergarten* and the amortization of license fees of $0.3 million for the content delivered on the *Kartoon Channel!*.

General and Administrative expenses primarily consist of payroll and related expenses, share-based compensation related to our equity compensation plan, rent, depreciation of our property and equipment and amortization of our intangible assets, as well as professional fees and other general corporate expenses. The $18.5 million increase in general and administrative expenses for the year ended December 31, 2021, as compared to the year ended December 31, 2020, primarily consisted of a $7.6 million increase in share-based compensation expense primarily due to the modification of our Chief Executive Officer's RSUs, a $5.8 million increase due to the current year consolidation of ChizComm expenses as a result of the acquisition on February 1, 2021 and a $3.1 million increase in legal professional fees. The remainder of the increase is related to an increase in salaries and wages and directors' and officers' insurance.

During the fourth quarter ended December 31, 2021, we incurred $4.8 million of goodwill impairment due to our annual impairment test indicating that the carrying value of the Media Advisory & Advertising Services reporting unit exceeded the estimated fair value.

During the fourth quarter ended December 31, 2021, we decided to discontinue the use of the ChizComm trade name acquired as part of the acquisition of ChizComm in February 2021. In connection with the initial accounting for the Acquisition, $3.4 million of the purchase price was allocated to the indefinite-lived trade name within the Media Advisory & Advertising Services segment. As no future cash flows will be attributed to the impacted trade name, the entire book value was written-off, resulting in a non-cash impairment charge of $3.4 million as of December 31, 2021, recorded in our consolidated statements of operations. No impairment existed as of December 31, 2020.

Interest expense for the year ended December 31, 2021, decreased as compared to the year ended December 31, 2020, primarily due to the repayment of the outstanding Production Facility balance under the Loan and Security Agreement on July 14, 2021. The interest expense at December 31, 2021, is related to the interest incurred during the year prior to the repayment of the production loan facility on July 14, 2021.

Other Income (Expense), Net

Components of other income (expense), net, are summarized as follows (in thousands):

	Year Ended December 31,	
	2021	2020
Gain on Contingent Consideration Revaluation	$ 5,846	$ –
Gain (Loss) on Warrant Revaluation	342	(210,895)
Loss on Foreign Exchange	(26)	–
Loss on Marketable Securities Investments	(70)	–
Loss on Equity Investment	(106)	–
Interest Income	559	145
Warrant Incentive Expense	(69,139)	–
Loss on Conversion Option Revaluation	–	(171,836)
Loss on Lease Termination	–	(339)
Sublease Income	–	317
Net Other Expense	**$ (62,594)**	**$ (382,608)**

The gain on contingent consideration revaluation is related to the change in fair value of the liability recorded for the earn-out arrangement with the sellers of the ChizComm entity acquired during 2021. The favorable decrease in the liability is based on our updated assumptions utilized to value the contingency.

The gain (loss) on warrant revaluation is related to the change in fair value of outstanding warrants that were determined to be derivative liabilities attached to previously issued and converted convertible notes.

The foreign exchange gains and losses are due to foreign currency denominated transactions, including our investment in YFE accounted for under the fair value option, in which we also realized a loss due to a decrease in fair value.

We started investing in marketable securities during the year ended December 31, 2021. The net realized loss on marketable securities recognized during the year ended December 31, 2021, reflects the loss in our investments in available-for-sale securities that we will not recover due to prepayments of principals on certain mortgage-backed securities.

Interest Income, net during the year ended December 31, 2021, primarily consists of cash interest received of $1.2 million on our investments in marketable securities, net of $0.6 million for amortization of premiums.

The warrant incentive expense is related to the fair value of new warrants issued in 2021 to certain existing warrant holders in exchange for previously issued outstanding warrants.

As of December 31, 2020, all notes were converted and repaid, therefore a revaluation on conversion options was not performed in 2021. In addition, as of December 31, 2020, we terminated the lease that generated sublease income, resulting in the loss on lease termination that did not occur during the year ended December 31, 2021.

Liquidity and Capital Resources

During the year ended December 31, 2021, our cash and cash equivalents and marketable security positions increased by $14.1 million. During 2021, we started investing our cash in excess of immediate requirements in accordance with our investment policy, primarily with a view for liquidity and capital preservation. Accordingly, available-for-sale securities, consisting principally of corporate and government debt securities, are also available as a source of liquidity. As of December 31, 2021, we held marketable securities with a fair value of $112.5 million that are available-for-sale. A portion of our marketable securities purchased during the year were sold to transfer $8.0 million of cash to an escrow account restricted for use in future commitments of financing related to our investment in YFE.

During December 2021, we borrowed from our investment margin account the aggregate amount of $6.4 million for our investments in YFE and future closing of our pending acquisition of WOW, in each case pledging certain of our marketable securities as collateral. The interest rate for these investment margin account borrowings fluctuates based on the Federal Funds Rate plus 0.65% with interest only payable monthly. These investment margin account borrowings do not mature but are payable on demand and recorded as a current liability on our consolidated balance sheets. As of December 31, 2021, we had the ability to borrow up to 66% of the balance held in marketable securities, with the option to increase our borrowing capacity, if needed.

Working Capital

As of December 31, 2021, we had current assets of $136.2 million, including cash and cash equivalents of $2.1 million and marketable securities of $112.5 million and our current liabilities were $21.1 million. We had working capital of $115.1 million as of December 31, 2021 as compared to working capital of $101.4 million as of December 31, 2020. The increase of $13.7 million in working capital as compared to December 31, 2020 was primarily due to an increase in our cash and cash equivalents and marketable security position, offset by the change in net current assets and liabilities as a result of the acquisition of ChizComm and short-term borrowings from our margin loan account.

During the year ended December 31, 2021, we met our immediate cash requirements through existing cash balances. Additionally, we used equity and equity-linked instruments to pay for services and compensation. We believe that our current cash and cash equivalents balances and our investments in available for sale marketable securities are sufficient to support our operations for at least the next twelve months. To meet our short and long-term liquidity needs, we expect to use existing cash and marketable securities balances.

Comparison of Cash Flows for the Years Ended December 31, 2021, and December 31, 2020

Our total cash, cash equivalents and restricted cash as of December 31, 2021, and December 31, 2020 was $10.1 million and $100.5 million, respectively.

	Year Ended December 31,			
	2021	**2020**	**Change**	**% Change**
	(in thousands, except percentages)			
Cash Used in Operations	$ (23,743)	$ (8,054)	$ (15,689)	195 %
Cash Used in Investing Activities	(127,456)	(1,403)	(126,053)	8,985%
Cash Provided by Financing Activities	60,819	109,608	(48,789)	(44.5) %
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	(16)	–	(16)	n/a
Increase/(Decrease) in Cash, Cash Equivalents and Restricted Cash	**$ (90,396)**	**$ 100,151**	**$ (190,547)**	**(190) %**

Operating Activities

Cash used in operating activities for the year ended December 31, 2021, increased $15.7 million as compared to cash used during the year ended December 31, 2020. The increase was primarily due to an increase of $10.4 million in the total net loss, adjusted for non-cash items and an increase in capitalized film and television costs of $6.7 million and accrued production costs of $1.7 million. The increase in film and television costs is primarily related to costs associated with *Stan Lee's Superhero Kindergarten* and *KC! Pop Quiz.*

Investing Activities

Cash used in investing activities for the year ended December 31, 2021, increased $126.1 million as compared to cash used during the year ended December 31, 2020. The increase in cash used for investing was primarily due to our net investments in marketable securities of $115 million. Our investing activities also include the cash paid for our acquisition of the ChizComm entities of $7.8 million and cash paid to acquire the equity investment in YFE of $3.4 million.

Financing Activities

Cash provided by financing activities for the year ended December 31, 2021, decreased by $48.8 million as compared to cash used during the year ended December 31, 2020. The primary source of cash during the year ended December 31, 2021, was the net proceeds of $57.3 million from the warrant exercise during January 2021 and the borrowings on our margin loan account of $6.4 million. Our cash proceeds were offset by payments of the remaining outstanding balances of both our Facility Loan and Payroll Protection Program loan of $1.5 million and a note receivable to a related party of $1.3 million.

Material Cash Requirements

We have entered into arrangements that contractually obligate us to make payments that will affect our liquidity and cash flows in future periods. Our material cash requirements from known contractual and other obligations primarily relate to our debt and lease obligations and our employment and consulting contracts. The aggregate amount of future minimum purchase obligations under these agreements over the period of next five years is approximately $18.8 million as of December 31, 2021, of which $11.0 million is expected to be paid within one year. Subsequent to December 31, 2021, we have borrowed an additional $51.4 million, net of pay-downs, from our investment margin account, payable on demand. For additional information on our contractual commitments and timing of future payments, see Note 24, to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

In addition to our contractual commitments as of December 31, 2021, the Company has entered into strategic acquisitions and investments to grow our business that have and/or will result in material cash requirements, including our pending acquisition of WOW, our equity investment in YFE and our subsequent acquisition in Ameba TV (see Note 27 in the Notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for more information).

We plan to utilize our liquidity (as described above) to fund our material cash requirements.

As of December 31, 2021, we do not have any material commitments for capital expenditures.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles, or GAAP. This requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures. The following accounting policies involve critical accounting estimates because they are particularly dependent on estimates and assumptions made by management. We also have other significant accounting policies that are relevant to understanding our results. For additional information about these policies, see Note 2 of the Notes to Consolidated Financial Statements in Item 8 of this report. Although we believe that our estimates, assumptions and judgments are reasonable, they are based upon information available at the time. Actual results may differ significantly from these estimates under different assumptions, judgments or conditions.

Business Combinations

We allocate the fair value of the purchase consideration of a business acquisition to the tangible assets, liabilities, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. The valuation of acquired assets and assumed liabilities requires significant judgment and estimates, especially with respect to intangible assets. The valuation of intangible assets requires that we use valuation techniques such as the income approach. The income approach includes the use of a discounted cash flow model, which includes discounted cash flow scenarios and requires significant estimates such as future expected revenue, expenses, capital expenditures and other costs, and discount rates. Estimates associated with the accounting for acquisitions may change as additional information becomes available regarding the assets acquired and liabilities assumed. Acquisition-related expenses and any related restructuring costs are recognized separately from the business combination and are expensed as incurred.

Variable Interest Entities

In evaluating whether we have the power to direct the activities of a VIE that most significantly impact its economic performance, we consider the purpose for which the VIE was created, the importance of each of the activities in which it is engaged and our decision-making role, if any, in those activities that significantly determine the entity's economic performance as compared to other economic interest holders. This evaluation requires consideration of all facts and circumstances relevant to decision-making that affects the entity's future performance and the exercise of professional judgment in deciding which decision-making rights are most important.

Film and Television Costs

We capitalize production costs for episodic series produced in accordance with FASB ASC 926-20, *Entertainment-Films - Other Assets - Film Costs*. Accordingly, production costs are capitalized at actual cost and amortized using the individual-film-forecast method, whereby these costs are amortized, and participations costs are accrued based on the ratio of the current period's revenues to management's estimate of ultimate revenue expected to be recognized from each production.

Due to the inherent uncertainties involved in making such estimates of ultimate revenues and expenses, these estimates have differed in the past from actual results and are likely to differ to some extent in the future from actual results. In addition, in the normal course of our business, some titles are more successful or less successful than anticipated. Management reviews its ultimate revenue and cost estimates on a title-by-title basis, when an event or change in circumstances indicates that the fair value of the production may be less than its unamortized cost. This may result in a change in the rate of amortization of film costs and participations and/or a write-down of all or a portion of the unamortized costs of the film or television production to its estimated fair value. An impairment charge is recorded in the amount by which the unamortized costs exceed the estimated fair value. These write-downs are included in amortization expense within Direct Operating Expenses on our consolidated statements of operations.

We expense all capitalized costs that exceed the initial market firm commitment revenue in the period of delivery of the episodes. Additionally, for episodic series, from time to time, we develop additional content, improved animation and bonus songs/features for our existing content. After the initial release of the episodic series, the costs of significant improvement to existing products are capitalized while routine and periodic alterations to existing products are expensed as incurred.

Goodwill and Intangible Assets

Goodwill represents the excess of purchase price over the estimated fair value of net assets acquired in business combinations accounted for by the acquisition method. In accordance with FASB ASC 350, *Intangibles Goodwill and Other*, goodwill and certain intangible assets are presumed to have indefinite useful lives and are thus not amortized, but subject to an impairment test annually or more frequently if indicators of impairment arise. We complete the annual goodwill and indefinite-lived intangible asset impairment tests at the end of each fiscal year. we may elect to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit, of which we have two, is less than its carrying value. If impairment is indicated in the qualitative assessment, or, if management elects to initially perform a quantitative assessment of goodwill, the impairment test uses a one-step approach. The fair value of a reporting unit is compared with its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, goodwill of the reporting unit is not impaired. If the carrying amount of a reporting unit exceeds its fair value, an impairment charge would be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

Changes in future results, assumptions, and estimates after the measurement date may lead to an outcome where additional impairment charges would be required in future periods. Specifically, actual results may vary from our forecasts and such variations may be material and unfavorable, thereby triggering the need for future impairment tests where the conclusions may differ in reflection of prevailing market conditions. Further, continued adverse market conditions could result in the recognition of additional impairment if we determine that the fair values of our reporting units have fallen below their carrying values.

Other intangible assets have been acquired, either individually or with a group of other assets, and were initially recognized and measured based on fair value. Annual amortization of these intangible assets is computed based on the straight-line method over the remaining economic life of the asset.

Debt and Attached Equity-Linked Instruments

We measure issued debt on an amortized cost basis, net of debt premium/discount and debt issuance costs amortized using the effective interest rate method or the straight-line method when the latter does not lead to materially different results.

We analyze freestanding equity-linked instruments including warrants attached to debt to conclude whether the instrument meets the definition of the derivative and whether it is considered indexed to our own stock. If the instrument is not considered indexed to our stock, it is classified as an asset or liability recorded at fair value. If the instrument is considered indexed to our stock, we analyze additional equity classification requirements per ASC 815-40, *Contract's in Entity's Own Equity*. When the requirements are met, the instrument is recorded as part of our equity, initially measured based on its relative fair value with no subsequent re-measurement. When the equity classification requirements are not met, the instrument is recorded as an asset or liability and is measured at fair value with subsequent changes in fair value recorded in earnings.

When required, we also consider the bifurcation guidance for embedded derivatives per ASC 815-15, *Embedded Derivatives*.

Revenue Recognition

We account for revenue according to standard FASB ASC 606, *Revenue from Contracts with Customers*. We have identified the following seven material and distinct performance obligations:

· License rights to exploit Functional Intellectual Property ("Functional Intellectual Property" or "functional IP" is defined as intellectual property that has significant standalone functionality, such as the ability be played or aired. Functional Intellectual Property derives a substantial portion of its utility from its significant standalone functionality).

· License rights to exploit Symbolic Intellectual Property ("Symbolic Intellectual Property" or "symbolic IP" is intellectual property that is not functional as it does not have significant standalone use and substantially all of the utility of symbolic IP is derived from its association with the entity's past or ongoing activities, including its ordinary business activities, such as our licensing and merchandising programs associated with its animated content).

· Provide media and advertising services to clients.

· Options to renew or extend a contract at fixed terms. (While this performance obligation is not significant for our current contracts, it could become significant in the future).

· Options on future seasons of content at fixed terms. (While this performance obligation is not significant for our current contracts, it could become significant in the future).

· Fixed fee advertising revenue generated from the Genius Brands *Kartoon Channel!*

· Variable fee advertising revenue generated from the Genius Brands *Kartoon Channel!*

We recognize revenue related to licensed rights to exploit functional IP in two ways; for minimum guarantees, we recognize fixed revenue upon delivery of content and the start of the license period and for functional IP contracts with a variable component, we estimate revenue such that it is probable there will not be a material reversal of revenue in future periods. We recognize revenue related to licensed rights to exploit symbolic IP substantially similarly to functional IP. Although it has a different recognition pattern from functional IP, the valuation method is substantially the same, depending on the nature of the license.

We sell advertising on our App and OTT based "*Kartoon Channel!*" in the form of either flat rate promotions or impressions served. For flat rate promotions with a fixed term, we recognize revenue when all five revenue recognition criteria under FASB ASC 606 are met. For impressions served, we deliver a certain minimum number of impressions on the channel to the advertiser for which the advertiser pays a contractual CPM per impression. Impressions served are reported to us on a monthly basis, and revenue is reported in the month the impressions are served.

We provide media and advertising services to clients. Revenue is recognized when the services are performed. When we purchase advertising for clients on linear and across digital and streaming platforms and receives a commission, the commissions are recognized as revenue in the month the advertising is displayed.

We recognize revenue related to product sales when we complete our performance obligation, which is when the goods are transferred to the buyer.

Share-Based Compensation

We issue stock-based awards to employees and non-employees that are generally in the form of stock options or restricted stock units ("RSUs"). Share-based compensation cost is recorded for all options and awards of non-vested stock based on the grant-date fair value of the award.

The fair value of stock options is estimated at the date of grant using the Black-Scholes option pricing model, which requires management to make assumptions with respect to the fair value on the grant date. The assumptions are as follows: (i) the expected term assumption of the award is based on our historical exercise and post-vesting behavior (ii) the expected volatility assumption is based on historical and implied volatilities of our common stock calculated based on a period of time generally commensurate with the expected term of the award; (iii) the risk-free interest rates are based on the implied yield available on U.S. treasury zero-coupon issues with an equivalent expected term; (iv) and the expected dividend yields of our stock are based on history and expectations of future dividends payable. In the case of RSUs the fair value is calculated based on our underlying common stock on the date of grant.

We recognize compensation expense over the requisite service period ratably, using the graded attribution method, which is in-substance, recognizing multiple awards based on the vesting schedule. We have elected to account for forfeitures when they occur. We issue authorized shares available for issuance under our Genius Brands International, Inc. 2015 Incentive Plan and our Genius Brands International, Inc. 2020 Incentive Plan upon employees' exercise of their stock options.

Income Taxes

Deferred income tax assets and liabilities are recognized based on differences between the financial statement and tax basis of assets and liabilities using presently enacted tax rates. At each balance sheet date, we evaluate the available evidence about future taxable income and other possible sources of realization of deferred tax assets and records a valuation allowance that reduces the deferred tax assets to an amount that represents management's best estimate of the amount of such deferred tax assets that more likely than not will be realized.

Fair value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These tiers include:

- Level 1 - Observable inputs such as quoted prices for identical instruments in active markets;
- Level 2 - Inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3 - Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The carrying amounts of cash, restricted cash, receivables, payables, accrued liabilities and the margin loan approximate fair value due to the short-term maturity of the instruments.

The fair values of the available-for-sale securities are generally based on quoted market prices, where available. These fair values are obtained primarily from third-party pricing services, which generally use Level 1 or Level 2 inputs for the determination of fair value to facilitate fair value measurements and disclosures. Level 2 securities primarily include corporate securities, securities from states, municipalities and political subdivisions, mortgage-backed securities, United States Government securities, foreign government securities, and certain other asset-backed securities. For securities not actively traded, the pricing services may use quoted market prices of comparable instruments or a variety of valuation techniques, incorporating inputs that are currently observable in the markets for similar securities.

Recent Accounting Pronouncements

For a description of recent accounting pronouncements and the potential impact of these pronouncements on our consolidated financial statements, see Note 2 to the financial statements in Item 8 of this Annual Report.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

As a "smaller reporting company," as defined by Item 10 of Regulation S-K, we are not required to provide information required by this Item.

Item 8. Financial Statements and Supplementary Data

The financial statements are included herein commencing on page F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, our principal executive officer and principal financial officer and effected by our board of directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of our inherent limitations, our internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2021. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control – Integrated Framework (2013 Framework).*

Based on this assessment, our management, with the participation of our Chief Executive Officer (principal executive officer) and our Chief Financial Officer (principal financial and accounting officer), has concluded that, as of December 31, 2021, our internal control over financial reporting was not effective based on those criteria.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

The ineffectiveness of our internal control over financial reporting was due to the following material weaknesses which are observed in many small companies with a small number of accounting and financial reporting staff:

- Insufficient segregation of duties on certain controls or processes;
- Limited resources to design and implement internal control procedures to support financial reporting objectives;
- Lack of risk assessment procedures on internal controls to detect financial reporting risks on a timely manner; and
- Insufficient documentation related to review type controls and information technology controls.

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the ‘‘Exchange Act’’). Disclosure controls and procedures include, without limitation, controls and procedures that are designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based upon our evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective for the year ended December 31, 2021, in ensuring that information that we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms.

Management’s Plan to Remediate the Material Weaknesses

Management had been implementing and continues to implement measures designed to ensure that control deficiencies contributing to the material weakness are remediated, such that these controls are designed, implemented, and operating effectively. Such measures include the following:

- Continue to hire qualified accounting personnel to prepare and report financial information in accordance with GAAP;
- Continue to develop policies and procedures on internal control over financial reporting and monitor the effectiveness of operations on existing controls and procedures.

Changes in Internal Control over Financial Reporting

During the year ended December 31, 2021, we continued to execute upon our planned remediation actions which are all intended to strengthen our overall control environment. This included hiring additional accounting personnel during the year at our corporate headquarters and other locations. We are committed to maintaining a strong internal control environment and believe that these remediation efforts will represent significant improvements in our control environment. Our management will continue to monitor and evaluate the relevance of our risk-based approach and the effectiveness of our internal controls and procedures over financial reporting on an ongoing basis and is committed to taking further action and implementing additional enhancements or improvements, as necessary and as funds allow.

Inherent Limitations over Internal Controls

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations, including the possibility of human error and circumvention by collusion or overriding of controls. Accordingly, even an effective internal control system may not prevent or detect material misstatements on a timely basis. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Board of Directors, Executive Officers, Promoters and Control Persons

The following table sets forth information about our directors and executive officers as of April 4, 2022:

Name	Age	Position
Andy Heyward	73	Chief Executive Officer and Chairman of the Board of Directors
Robert L. Denton	62	Chief Financial Officer
Michael A. Jaffa	56	Chief Operating Officer and Corporate Secretary
Joseph “Gray” Davis *	79	Director
P. Clark Hallren *	60	Director
Michael Klein *	74	Director
Margaret Loesch	75	Director
Lynne Segall*	69	Director
Anthony Thomopoulos *	84	Director
Dr. Cynthia Turner-Graham*	67	Director

* Denotes directors who are “independent” under applicable SEC and Nasdaq rules.

Our directors hold office until the earlier of their death, resignation or removal or until their successors have been elected and qualified.

Our Board of Directors has reviewed the materiality of any relationship that each of our directors has with the Company, either directly or indirectly. Based upon this review, our Board of Directors has determined that the following members of the Board of Directors are “independent directors” as defined by the Nasdaq Marketplace Rules: Joseph “Gray” Davis, P. Clark Hallren, Michael Klein, Lynne Segall, Anthony Thomopoulos and Dr. Cynthia Turner-Graham.

Andy Heyward, 73, has been the Company’s Chief Executive Officer since November 2013 and the Company’s Chairman of the Board since December 2013. Mr. Heyward co-founded DIC Animation City in 1983 and served as its Chief Executive Officer until its sale in 1993 to Capital Cities/ ABC, Inc. which was eventually bought by The Walt Disney Company in 1995. Mr. Heyward ran the company while it was owned by The Walt Disney Company until 2000 when Mr. Heyward purchased DIC Entertainment L.P. and DIC Productions L.P, corporate successors to the DIC Animation City business, with the assistance of Bain Capital and served as the Chairman and Chief Executive Officer of their acquiring company DIC Entertainment Corporation, until he took the company public on the AIM. He sold the company in 2008. Mr. Heyward co-founded A Squared Entertainment LLC in 2009 and has served as its Co-President since inception. Mr. Heyward earned a Bachelor of Arts degree in Philosophy from UCLA and is a member of the Producers Guild of America, the National Academy of Television Arts and the Paley Center (formerly the Museum of Television and Radio). Mr. Heyward gave the Commencement address in 2011 for the UCLA College of Humanities and was awarded the 2002 UCLA Alumni Association’s Professional Achievement Award. He has received multiple Emmys and other awards for Children’s Entertainment. He serves on the Board of Directors of the Cedars Sinai Medical Center. Mr. Heyward has produced over 5,000 half hour episodes of award-winning entertainment, among them Inspector Gadget; The Real Ghostbusters; Strawberry Shortcake; Care Bears; Alvin and the Chipmunks; Hello Kitty’s Furry Tale Theater; The Super Mario Brothers Super Show; The Adventures of Sonic the Hedgehog; Sabrina The Animated Series; Captain Planet and the Planeteers; Liberty’s Kids, and many others. Mr. Heyward was chosen as a director because of his extensive experience in children’s entertainment and as co-founder of A Squared Entertainment.

Robert Denton, 62, has been the Company's Chief Financial Officer since March 2022 and previously served as the Company's Executive Vice President of Finance and Accounting from December 14, 2021 through March 2022 and as Chief Financial Officer from April 2018 through December 13, 2021. He served as the Chief Financial Officer of Atlys, Inc. a next-gen media technology company from 2011 to 2018. He has over 30 years of experience as a financial executive, specifically in the entertainment industry. He began his career in 1982 with Ernst & Young handling filings with the SEC, including initial public offerings. He left Ernst & Young in 1990 to work as Vice President and Chief Accounting Officer for LIVE Entertainment, Inc. In 1996, LIVE was acquired by Artisan Entertainment, Inc., and, in December 2000, Mr. Denton was promoted to Executive Vice President of Finance and CAO. Mr. Denton also served as the COO of Artisan Home Entertainment, where he directed all financial reporting, budgeting and forecasting, manufacturing and distribution of the Home Entertainment Division. Mr. Denton left Artisan at the end of 2003 and joined DIC Entertainment Corporation to serve as their Chief Financial Officer. At DIC, he directed the three-year financial audit, due diligence and preparation of the company's Admission Documents, and he was responsible for all monthly financial reporting to the Board of Directors as well as the semi-annual reporting to the AIM Exchange of the London Stock Exchange. Mr. Denton left DIC in February 2009 after completing the acquisition and transition of DIC to the Cookie Jar Company. Mr. Denton served as the Chief Financial Officer of Gold Circle Films from 2009 to 2011. From 2009 to 2014, Mr. Denton also owned and operated three Assisted Living Facilities for the Elderly, to help better care for his mother. Mr. Denton is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Michael Jaffa, *56*, was promoted to Chief Operating Officer and General Counsel on December 7, 2020. Previously he served as the General Counsel and Corporate Secretary of the Company since April 2018. From January 2017 through April 2018, Mike served as Thoughtful Media Group's (TMG) General Counsel and Global Head of Business Affairs. TMG is a multichannel network focused on Asian markets. At TMG, Mr. Jaffa oversaw all of TMG's legal matters, established the framework for TMG's continued growth in international markets, including a franchise plan, the formation of a regional headquarters in Southeast Asia and assisted with M&A transactions. From September 2013 through December 2016, Mr. Jaffa worked as the Head of Business Affairs for DreamWorks Animation Television, and before that served in a similar role at Hasbro Studios from December 2009 through September 2013. Mr. Jaffa has over 20 years of experience handling licensing, production, merchandising, complex international transactions and employment issues for large and small entertainment companies and technology startups.

Joseph "Gray" Davis, 78, has been a Director of the Company since December 2013. Mr. Davis served as the 37th governor of California from 1998 until 2003. Mr. Davis currently serves as "Of Counsel" in the Los Angeles, California office of Loeb & Loeb LLP. Mr. Davis has served on the Board of Directors of DIC Entertainment and is a member of the bipartisan Think Long Committee, a Senior Fellow at the UCLA School of Public Affairs and Co-Chair of the Southern California Leadership Counsel. Mr. Davis received his undergraduate degree from Stanford University and received his Juris Doctorate from Columbia Law School. Mr. Davis served as lieutenant governor of California from 1995-1998, California State Controller from 1987-1995 and California State Assemblyman from 1982-1986. Mr. Davis was chosen as a director of the Company based on his knowledge of corporate governance.

P. Clark Hallren, 59, has been a Director of the Company since May 2014. Since August 2013, Mr. Hallren has been a realtor with HK Lane/Christie's International Real Estate and since August 2012, Mr. Hallren has served as an outside consultant to individuals and entities investing or operating in the entertainment industry. From August 2012 to August 2014, Mr. Hallren was a realtor with Keller Williams Realty and from August 2009 to August 2012, Mr. Hallren founded and served as managing partner of Clear Scope Partners, an entertainment advisory company. From 1986 to August 2009, Mr. Hallren was employed by JP Morgan Securities Inc. in various capacities, including as Managing Director of the Entertainment Industries Group. In his roles with JP Morgan Securities, Mr. Hallren was responsible for marketing certain products to his clients, including but not limited to, syndicated senior debt, public and private subordinated debt, public and private equity, securitized and credit enhanced debt, interest rate derivatives, foreign currency and treasury products. Mr. Hallren holds Finance, Accounting and Economics degrees from Oklahoma State University. He also currently holds Series 7, 24 and 63 securities licenses. Mr. Hallren was chosen as a director of the Company based on his knowledge and experience in the entertainment industry as well as in banking and finance.

Michael Klein, *73*, has been a Director of the Company since March 2019. Mr. Klein is an accomplished executive, entrepreneur, and financier with substantial experience in media and entertainment, investment banking, professional sports, venture capital funding, and real estate. Prior to starting Camden Capital Management, LLC (CCM), Mr. Klein, since 1996, has led Klein Investment Group after assuming 100% ownership of (and renaming) Iacocca Capital Partners, L.P., where he was Managing Partner from 1994 to 1996. From 1984 to 1993, Mr. Klein was a managing director at Bear Stearns & Company, where he founded and co-directed the Media-Entertainment Group, and Gruntal & Company, where he was Senior Managing Director and a member of the Executive Committee. From 1974 to 1982, Mr. Klein supplied prime time and mini-series content to the major television networks through his company, Michael Klein Productions. Also, during that time, he was an owner and a senior executive officer of the San Diego Chargers, an NFL Football franchise. Mr. Klein has significant experience in the area of corporate financings. He has executed and participated in financing deals, both public and private, ranging from $5 million to over $2 billion. His real estate ventures in Southern California include a 600-acre development in North San Diego, which he sold in various stages. He also has led several real estate ventures in Southern California including the Water Gardens phase two in Santa Monica. Mr. Klein was chosen as a director of the Company based on his knowledge and experience in the entertainment industry as well as in banking and finance.

Margaret Loesch, 75, has been the Executive Chairman of the Kartoon Channel! since June 2020, a Director of the Company since March 2015 and the Executive Chairman of the Genius Brands Network since December 2016. Beginning in 2009 through 2014, Ms. Loesch, served as Chief Executive Officer and President of The Hub Network, a cable channel for children and families, including animated features. The Company has, in the past, provided The Hub Network with certain children's programming. From 2003 through 2009 Ms. Loesch served as Co-Chief Executive Officer of The Hatchery, a family entertainment and consumer product company. From 1998 through 2001 Ms. Loesch served as Chief Executive Officer of the Hallmark Channel, a family related cable channel. From 1990 through 1997 Ms. Loesch served as the Chief Executive Officer of Fox Kids Network, a children's programming block and from 1984 through 1990 served as the Chief Executive Officer of Marvel Productions, a television and film studio subsidiary of Marvel Entertainment Group. Ms. Loesch obtained her Bachelor of Science from the University of Southern Mississippi. Ms. Loesch was chosen to be a director based on her 40 years of experience at the helm of major children and family programming and consumer product channels.

Lynne Segall, 68, has been a Director of the Company since December 2013. Ms. Segall has served as the Senior Vice President and Publisher of The Hollywood Reporter since June 2011. From 2010 to 2011, Ms. Segall was the Senior Vice President of Deadline Hollywood. From June 2006 to May 2010, Ms. Segall served as the Vice President of Entertainment, Fashion & Luxury advertising at the Los Angeles Times. In 2005, Ms. Segall received the Women of Achievement Award from The Hollywood Chamber of Commerce and the Women in Excellence Award from the Century City Chamber of Commerce. In 2006, Ms. Segall was recognized by the National Association of Women with its Excellence in Media Award. Ms. Segall was chosen to be a director based on her expertise in the entertainment industry.

Anthony Thomopoulos, 83, has been a Director of the Company since February 2014. Mr. Thomopoulos served as the Chairman of United Artist Pictures from 1986 to 1989 and formed Thomopoulos Pictures, an independent production company of both motion pictures and television programs in 1989 and has served as its Chief Executive Officer since 1989. From 1991 to 1995, Mr. Thomopoulos was the President of Amblin Television, a division of Amblin Entertainment. Mr. Thomopoulos served as the President of International Family Entertainment, Inc. from 1995 to 1997. From June 2001 to January 2004, Mr. Thomopoulos served as the Chairman and Chief Executive Officer of Media Arts Group, a NYSE listed company. Mr. Thomopoulos served as a state commissioner of the California Service Corps. under Governor Schwarzenegger from 2005 to 2008. Mr. Thomopoulos is also a founding partner of Morning Light Productions. Since he founded it in 2008, Mr. Thomopoulos has operated Thomopoulos Productions and has served as a consultant to BKSems, USA, a digital signage company. Mr. Thomopoulos is an advisor and a member of the National Hellenic Society and holds a degree in Foreign Service from Georgetown University and sat on its Board of Directors from 1978 to 1988. Mr. Thomopoulos was chosen as a director of the Company based on his entertainment industry experience.

Dr. Cynthia Turner-Graham, 67, has been a Director of the Company since June 15, 2021. Dr. Turner-Graham is a board-certified psychiatrist and Distinguished Life Fellow of the American Psychiatric Association, who brings over 40 years of experience in the healthcare industry as a practicing psychiatrist, healthcare administrator and community leader. Since 1988, Dr. Turner-Graham has been a practicing psychiatrist at an outpatient psychiatry practice. Since 2004, Dr. Turner-Graham has served as President and Chief Executive Officer of ForSoundMind Enterprises, Inc., a provider of outpatient psychiatric services and developer of educational workshop experiences focused on promotion of emotional and mental health. From February 2014 until November 2019, she served as Medical Director for Inner City Family Services in Washington, DC. Among her accomplishments, Dr. Turner-Graham is the immediate past president of the Suburban Maryland Psychiatric Society, served as a Director of the Washington Psychiatric Society and will take the helm of Black Psychiatrists of America as President in 2022. She has previously served as Clinical Assistant Professor of Psychiatry at both Vanderbilt University and Howard University Schools of Medicine. Dr. Turner-Graham was chosen as a director of the Company based on her career as a distinguished psychiatrist and her expertise with children.

On March 17, 2022, Karen McTier notified the Company of her intention to resign from the Board of Directors effective as of March 31, 2022.

Family Relationships

There are no family relationships between any of our directors and our executive officers.

General

We believe that good corporate governance is important to ensure that the Company is managed for the long-term benefit of our stockholders. This section describes key corporate governance practices that we have adopted.

Board Leadership Structure and Role in Risk Oversight

The Board of Directors has responsibility for establishing broad corporate policies and reviewing our overall performance rather than day-to-day operations. The primary responsibility of our Board of Directors is to oversee the management of our company and, in doing so, serve the best interests of the company and our stockholders. The Board of Directors selects, evaluates and provides for the succession of executive officers and, subject to stockholder election, directors. It reviews and approves corporate objectives and strategies and evaluates significant policies and proposed major commitments of corporate resources. Our Board of Directors also participates in decisions that have a potential major economic impact on our company. Management keeps the directors informed of company activity through regular communication, including written reports and presentations at Board of Directors and committee meetings.

Although we have not adopted a formal policy on whether the Chairman and Chief Executive Officer positions should be separate or combined, we have traditionally determined that it is in the best interest of the Company and its shareholders to partially combine these roles. Due to the small size of the Company, we believe it is currently most effective to have the Chairman and Chief Executive Officers positions combined.

The Company currently has nine directors, including Mr. Heyward, its Chairman, who also serves as the Company's Chief Executive Officer. The Chairman and the Board are actively involved in the oversight of the Company's day to day activities.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires our officers, directors and any persons who own more than 10% of common stock, to file reports of ownership of, and transactions in, our common stock with the SEC and furnish copies of such reports to us. Based solely on our reviews of the copies of such forms and amendments thereto furnished to us and on written representations from officers, directors, and any other person whom we understand owns more than 10% or our common stock, we found that during 2021, all Section 16(a) filings were made with the SEC on a timely basis except that one report covering one transaction was filed late by Joseph “Gray” Davis, one report covering one transaction was filed late by P. Clark Hallren, one report covering one transaction was filed late by Michael Klein, one report covering one transaction was filed late by Lynne Segall, one report covering one transaction was filed late by Karen McTier, one report covering one transaction was filed late by Anthony Thomopoulos, one report covering one transaction was filed late by Dr. Cynthia Turner-Graham, one report covering one transaction relating to RSU vesting was filed late by Andy Heyward, one report covering one transaction relating to RSU vesting was filed late by Michael Jaffa, one report covering one transaction relating to RSU vesting was filed late by Robert Denton, one Form 3 was filed late by Harold Chizick, and a Form 3 and one report covering one transaction was filed late by Zrinka Dekic.

Code of Conduct and Ethics

We have adopted a Corporate Code of Conduct and Ethics and Whistleblower Policy that applies to all of our officers, directors and employees. A copy of the Code of Conduct and Ethics and Whistleblower Policy can be obtained, free of charge by submitting a written request to the Company or on our website at *www.gnusbrands.com.* Disclosure regarding any amendments to, or waivers from, provisions of the code of conduct and ethics that apply to our directors, principal executive and financial officers will be posted on the “Investor Relations-Corporate Governance” section of our website at *www.gnusbrands.com* or included in a Current Report on Form 8-K within four business days following the date of the amendment or waiver.

Board Committees

During 2021, our Board of Directors held 4 meetings.

The following table sets forth the three standing committees of our Board and the members of each committee and the number of meetings held by our Board of Directors and the committees during 2021:

Director	Board	Audit Committee	Compensation Committee	Nominating Committee	Investment Committee
Andy Heyward	Chair				
Joseph “Gray” Davis	X			X	X
P. Clark Hallren	X	Chair	X		X
Margaret Loesch	X				
Lynne Segall	X			Chair	
Anthony Thomopoulos	X	X	Chair		
Michael Klein	X	X		X	X
Dr. Cynthia Turner-Graham (1)	X				
Meetings in 2021:	4	4	2	1	1

(1) Effective June 15, 2021, Dr. Turner-Graham was elected as a member of our Board of Directors.

The Board of Directors has adopted a policy under which each member of the Board of Directors makes every effort, but is not required, to attend each annual meeting of our stockholders.

To assist it in carrying out its duties, the Board of Directors has delegated certain authority to an Audit Committee, a Compensation Committee, a Nominating Committee and an Investment Committee as the functions of each are described below.

Audit Committee

Messrs. Hallren, Klein, and Thomopoulos serve on our Audit Committee. Our Audit Committee's main function is to oversee our accounting and financial reporting processes, internal systems of control, independent auditor relationships and the audits of our financial statements. The Audit Committee's responsibilities include:

- selecting, hiring, and compensating our independent auditors;
- evaluating the qualifications, independence and performance of our independent auditors;
- overseeing and monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to financial statements or accounting matters;
- approving the audit and non-audit services to be performed by our independent auditor;
- reviewing with the independent auditor the design, implementation, adequacy and effectiveness of our internal controls and our critical accounting policies; and
- preparing the report that the SEC requires in our annual proxy statement.

The Board of Directors has adopted an Audit Committee Charter and the Audit Committee reviews and reassesses the adequacy of the Charter on an annual basis. The Audit Committee members meet Nasdaq's financial literacy requirements and are independent under applicable SEC and Nasdaq rules, and the board has further determined that Mr. Hallren (i) is an "audit committee financial expert" as such term is defined in Item 407(d) of Regulation S-K promulgated by the SEC and (ii) also meets Nasdaq's financial sophistication requirements.

A copy of the Audit Committee's written charter is publicly available on our website at *www.gnusbrands.com*.

Compensation Committee

Messrs. Thomopoulos and Hallren serve on the Compensation Committee and are independent under the applicable SEC and Nasdaq rules. Our Compensation Committee's main functions are assisting our Board of Directors in discharging its responsibilities relating to the compensation of outside directors, the Chief Executive Officer and other executive officers, as well as administering any stock incentive plans, we may adopt. The Compensation Committee's responsibilities include the following:

- reviewing and recommending to our board of directors the compensation of our Chief Executive Officer and other executive officers, and the outside directors;
- conducting a performance review of our Chief Executive Officer;
- reviewing our compensation policies; and
- if required, preparing the report of the Compensation Committee for inclusion in our annual proxy statement.

The Board of Directors has adopted a Compensation Committee Charter and the Compensation Committee reviews and reassesses the adequacy of the Charter on an annual basis.

The Compensation Committee's policy is to offer our executive officers competitive compensation packages that will permit us to attract and retain highly qualified individuals and to motivate and reward these individuals in an appropriate fashion aligned with the long-term interests of our Company and our stockholders.

Compensation Committee Risk Assessment

We have assessed our compensation programs and concluded that our compensation practices do not create risks that are reasonably likely to have a material adverse effect on us.

A copy of the Compensation Committee's written charter is publicly available on our website at *www.gnusbrands.com*.

Nominating Committee

Ms. Segall and Messrs. Davis and Klein serve on our Nominating Committee. The Nominating Committee's responsibilities include:

- identifying qualified individuals to serve as members of our Board of Directors;
- review the qualifications and performance of incumbent directors;
- review and consider candidates who may be suggested by any director or executive officer or by a stockholder of the Company; and
- review considerations relating to board composition, including size of the board, term and age limits, and the criteria for membership of the board.

The Board of Directors has adopted a nominating committee charter and the Nominating Committee reviews and reassesses the adequacy of the Charter on an annual basis. For all potential candidates, the Nominating Committee may consider all factors it deems relevant, such as a candidate's personal integrity and sound judgment, business and professional skills and experience, independence, knowledge of the industry in which we operate, possible conflicts of interest, diversity, the extent to which the candidate would fill a present need on the Board of Directors, and concern for the long-term interests of our stockholders.

The Nominating Committee considers issues of diversity among its members in identifying and considering nominees for director, and strives, where appropriate, to achieve a diverse balance of backgrounds, perspectives and experience on the board and its committees.

A copy of the Nominating Committee's written charter is publicly available on our website at *www.gnusbrands.com*.

Investment Committee

Messrs. Davis, Hallren and Klein serve on our Investment Committee. The primary purpose of the Investment Committee is to assist the Board in reviewing our Investment Policy and strategies and in overseeing our capital and financial resources. A material investment on behalf of the Company may not be made without the Committee's approval or the approval of a delegate of the Committee pursuant to an appropriate delegation of the Committee's authority. In order to carry out its mission and function, and subject to the terms of the Company's Certificate of Incorporation, the Committee has the authority to:

- review the investment policy, strategies, transactions and programs of the Company and its subsidiaries to ensure they are consistent with the goals and objectives of the Company;
- evaluate and approve or disapprove each proposed material investment on behalf of the Company;
- determine whether the investment policy is consistently followed and that procedures are in place to ensure that the Company's investment portfolio is managed in compliance with its policies;
- review the performance of the investment portfolios of the Company and its subsidiaries; and
- approve and revise as appropriate, the Company's investment policies and guidelines.

Stockholder Communications to the Board

Generally, stockholders who have questions or concerns should contact our Investor Relations department at 212-564-4700. However, any stockholders who wish to address questions regarding our business directly with the Board of Directors, or any individual director, should direct his or her questions in writing to Genius Brands International, Inc., at 190 N. Canon Drive, 4th Floor, Beverly Hills, California 90210, Attn: Corporate Secretary or by using the "Contact" page of our website www.gnusbrands.com/contact-us. Communications will be distributed to the Board, or to any individual director or directors as appropriate, depending on the facts and circumstances outlined in the communications. Items that are unrelated to the duties and responsibilities of the Board may be excluded, such as:

- junk mail and mass mailings;
- resumes and other forms of job inquiries;
- surveys; and
- solicitations or advertisements.

In addition, any material that is unduly hostile, threatening, or illegal in nature may be excluded, provided that any communication that is filtered out will be made available to any outside director upon request.

ITEM 11. EXECUTIVE OFFICER AND DIRECTOR COMPENSATION

This section describes the material elements of compensation awarded to, earned by or paid to each of our named executive officers. Our compensation committee will review and approve the compensation of our executive officers and oversee our executive compensation programs and initiatives.

Summary Compensation Table

The following table provides information regarding the total compensation for services rendered in all capacities that was earned during the fiscal year indicated by our named officers for fiscal year 2021 and 2020.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($) (1)	Option Awards ($) (1)	All Other Compensation ($)	Total ($)
Andy Heyward (2)	2021	440,000	212,987	–	–	543,750	1,196,737
Chief Executive Officer	2020	311,717	73,528	10,425,500	5,750,000	880,959	17,441,204
Robert L. Denton (3)	2021	300,663	25,000	–	–	–	325,663
Chief Financial Officer	2020	261,158	150,000	660,250	1,092,500	–	2,163,908
Michael A. Jaffa (4)	2021	326,326	25,000	–	–	–	351,326
Chief Operating Officer, General Counsel and Corporate Secretary	2020	261,880	150,000	695,000	1,150,000	–	2,256,880

(1) The aggregate fair value of the stock awards and stock option awards on the date of grant was computed in accordance with FASB ASC Topic 718.

(2) Mr. Heyward entered into a five-year employment agreement on November 16, 2018. Under such employment agreement, Mr. Heyward was entitled to an annual salary of $300,000. Mr. Heyward entered into a new five-year employment agreement on December 7, 2020. Under his new employment agreement, Mr. Heyward is entitled to an annual salary of $440,000.

During 2021, Mr. Heyward was paid $543,750 in producer fees.

(3) Effective April 18, 2018, the Company entered into an employment agreement with Mr. Denton, whereby Mr. Denton agreed to serve as the Company's Chief Financial Officer ("CFO") for a period of two years, with a mutual option for an additional one-year period, in consideration for an annual salary of $225,000. On December 7, 2020, Mr. Denton entered into a new one-year employment agreement, with a mutual option for two additional one-year periods. Under his new employment agreement, Mr. Denton is entitled to an annual salary of $300,000 the first year, $325,000 the second year and $350,000 the third year and an annual signing bonus of $50,000 each year.

On March 7, 2022, Mr. Denton entered into an amendment to his employment agreement which extends the term until December 20, 2023 and increased his annual salary to $350,000 for year two and $375,000 for year three.

On December 7, 2020, the Company granted 950,000 stock options to Mr. Denton with a strike price of $1.39 and a term of 10 years. 380,000 of the options vested on the grant date with the remaining options vesting 190,000 each of the next three years. On December 7, 2020, the Company also granted 475,000 RSUs to Mr. Denton. The RSUs vest 155,000 on the first anniversary, 158,000 on the second anniversary and 162,000 on the third anniversary.

(4) Effective April 16, 2018, the Company entered into an employment agreement with Mr. Jaffa, whereby Mr. Jaffa agreed to serve as the Company's General Counsel and Senior Vice President of Business Affairs for a period of year in consideration for an annual salary of $225,000. On June 7, 2018, Mr. Jaffa was elected as the Company's Corporate Secretary. Mr. Jaffa entered into a new three-year employment agreement on December 7, 2020. Under his new employment agreement, Mr. Jaffa is entitled to an annual salary of $325,000 the first year, $350,000 the second year and $375,000 the third year and an annual signing bonus of $50,000 each year.

On December 7, 2020, the Company granted 1,000,000 stock options to Mr. Jaffa with a strike price of $1.39 and a term of 10 years. 400,000 of the options vested on the grant date with the remaining options vesting 200,000 each of the next three years. On December 7, 2020, the Company also granted 500,000 RSUs to Mr. Jaffa. The RSUs vest 166,666 on the first anniversary, 166,666 on the second anniversary and 166,668 on the third anniversary.

Narrative Disclosure to Summary Compensation

Base Salary. In 2021, the Company paid $440,000 to Andy Heyward, $300,663 to Robert L. Denton and $326,326 to Michael A. Jaffa. In 2020, the Company paid $311,717 to Mr. Heyward, $261,158 to Mr. Denton and $261,880 to Mr. Jaffa. Base salaries are used to recognize experience, skills, knowledge and responsibilities required of all of our employees, including our executive officers.

All Other Compensation. Pursuant to his employment agreement dated December 7, 2020, Mr. Heyward is entitled to an Executive Producer fee of $12,500 per one-half hour episode for each episode for which he provides services as an executive producer. During 2021, Mr. Heyward was paid $543,750 in producer fees.

Bonus Compensation. Our named executive officers are expected to be eligible to receive an annual bonus award in accordance with their employment agreements and/or management incentive program then in effect with respect to such executive officer and based on an annualized target of base salary, as specified in their respective employment agreements, if applicable. In fiscal 2020 Mr. Heyward was paid a bonus of $73,528 and Mr. Denton and Mr. Jaffa were each paid two bonuses totaling $150,000. In fiscal 2021 Mr. Heyward was paid a bonus of $212,978 and Mr. Denton and Mr. Jaffa were each paid a bonus of $25,000.

Equity Based Incentive Awards. We believe that equity grants provide our executives with a strong link to our long-term performance, create an ownership culture and help to align the interests of our executives and our stockholders. In addition, we believe that equity grants with a time-based vesting feature promote executive retention because this feature incentivizes our named executive officers to remain in our employment during the vesting period. Accordingly, our compensation committee and Board periodically review the equity incentive compensation of our named executive officers and from time to time may grant additional equity incentive awards to them in the form of stock options or other awards. As of December 31, 2020, no options granted to our named executive officers have been modified or repriced.

On December 7, 2020, Mr. Heyward received 5,000,000 options with a value of $5,750,000 and 7,500,000 RSUs with a value of $10,425,000. Mr. Heyward also received 7,500,000 performance-based RSUs, however, the performance conditions, therefore a grant date were not yet established on December 7, 2020. The 7,500,000 performance-based RSUs were not yet earned as of December 31, 2021.

On December 7, 2020, Mr. Denton received 950,000 options with a value of $1,092,500 and 475,000 RSUs with a value of $660,250.

On December 7, 2020, Mr. Jaffa received 1,000,000 options with a value of $1,150,000 and 500,000 RSUs with a value of $695,000.

Employment Agreements

CEO Employment Agreement

On November 16, 2020, the Company entered into an amended and restated employment agreement with Andy Heyward (the “CEO Employment Agreement”), whereby Mr. Heyward agreed to serve as the Company’s Chief Executive Officer for a period of five years, subject to renewal, in consideration for an annual salary of $440,000, and an award of 5,000,000 stock options and 15,000,000 RSUs. Mr. Heyward is also eligible to be paid a producing fee equal to $12,500 per one-half hour episode for each series produced, controlled and distributed by the Company, and for which he provides material production services provided as the executive producer for up to 52 one-half hour episodes. Additionally, under the terms of the CEO Employment Agreement, Mr. Heyward shall be eligible for a quarterly discretionary bonus of $55,000 per fiscal quarter if the Company meets certain criteria, as established by the Board of Directors. Mr. Heyward shall be entitled to reimbursement of reasonable expenses incurred in connection with his employment and the Company may take out and maintain during the term of his tenure a life insurance policy in the amount of $1,000,000. During the term of his employment and under the terms of the CEO Employment Agreement, Mr. Heyward shall be entitled to be designated as composer on all music contained in the programming produced by the Company and to receive composer’s royalties from applicable performing rights societies. The Options granted to Mr. Heyward were fully vested on the date of grant. One-half of the RSUs granted to Mr. Heyward vest over time subject to Mr. Heyward’s continued employment, and one-half vest in equal installments on the first, second, third and fourth anniversaries of the date of grant, subject to the achievement of certain performance criteria, to be determined by the Compensation Committee, and subject to Mr. Heyward’s continued employment. In the event of Mr. Heyward’s death or resignation, all compensation then currently due would be payable to his estate.

The CEO Employment Agreement also entitles Mr. Heyward to separation payments in certain circumstances. In the event Mr. Heyward's employment terminates due to his death or retirement, in addition to accrued amounts, he is entitled to receive (i) any unpaid quarterly bonus for the fiscal quarter preceding the fiscal quarter in which such termination occurs and (ii) if earned, a pro-rated quarterly bonus for the fiscal quarter in which such termination occurs. In the event Mr. Heyward's employment terminates due to his permanent disability, in addition to accrued amounts, he is entitled to receive (i) any unpaid quarterly bonus for the fiscal quarter preceding the fiscal quarter in which such termination occurs, (ii) if earned, a pro-rated quarterly bonus for the fiscal quarter in which such termination occurs and (iii) six monthly payments equal to the amount, if any, of his monthly base salary in excess of any disability benefits being received by Mr. Heyward.

On June 23, 2021, the Compensation Committee of the Board of Directors amended such RSU awards so that 3,750,000 of such RSUs shall continue to vest in four equal installments on the first, second, third and fourth anniversaries of December 7, 2020, subject to his continued employment and the remaining 11,250,000 RSUs shall vest as follows: (i) 3,750,000 RSUs vest when the Company's common stock closing sale price equals or exceeds $3.00 per share or the Company's market capitalization equals or exceeds $903,000,000 for 20 consecutive trading days; (ii) 3,750,000 RSUs vest when the Company's common stock closing sale price equals or exceeds $3.50 per share or the Company's market capitalization equals or exceeds $1,053,500,000 for 20 consecutive trading days, and (iii) 3,750,000 RSUs vest when the Company's common stock closing sale price equals or exceeds $3.75 per share or the Company's market capitalization equals or exceeds $1,128,750,000 for 20 consecutive trading days. In addition to the stock price and market capitalization vesting conditions set forth above, such 11,250,000 RSUs may also vest in four equal installments on the first, second, third and fourth anniversaries of December 7, 2020, based on achievement of certain operating performance-based vesting conditions established by the Compensation Committee and subject to his continued employment and also subject to pro rata adjustment for vesting pursuant to the stock price or market capitalization vesting conditions.

CFO Employment Agreement

On December 7, 2020, the Company entered into an amended and restated agreement with Robert L. Denton (as amended, the "CFO Employment Agreement"), whereby Mr. Denton agreed to serve as the Company's Chief Financial Officer, effective as of December 7, 2020, for a period of one year with a mutual option for two additional one-year periods. Under the terms of the CFO Employment Agreement, Mr. Denton shall be entitled to an annual discretionary bonus based on his performance. The CFO Employment Agreement may be terminated either (i) upon the end of the term, (ii) at any time by the Company for "Cause" (as defined in the CFO Employment Agreement) or (iii) upon an event of retirement, death or disability. Upon the termination or expiration of Mr. Denton's employment with the Company and for a period of three years thereafter, certain amounts paid to Mr. Denton, including any discretionary bonus and stock-based compensation, but excluding his base salary and reimbursement of certain expenses, will be subject to the Company's claw back right upon the occurrence of certain events which are adverse to the Company, including a restatement of financial statements. In the event of Mr. Denton's death or resignation, all compensation then currently due would be payable to his estate.

The CFO Employment Agreement provides Mr. Denton with, during the three-year term of the CFO Employment Agreement (i) an annualized base salary of $300,000 for the first year of the term, $350,000 for the second year of the term, and $375,000 for the third year of the term; (ii) discretionary annual bonuses determined in the sole discretion of the Compensation Committee; and (iii) eligibility to receive renewal bonuses of $50,000 beginning within 60 days following the effective date of the Amended Employment Agreement and continuing on each anniversary thereafter during the term, subject to Mr. Denton's continued employment. The agreement granted Mr. Denton 975,000 stock options and 475,000 RSUs. The Options granted to Mr. Denton were partially vested on the date of grant, and vest with respect to the unvested amounts in substantially equal installments on the first three anniversaries of the grant date, subject to continued employment. The RSUs granted to Mr. Denton vest in three equal installments on the first three anniversaries of the date of grant, subject to continued employment. Only unvested Options or RSUs that would have otherwise vested during the then current term of the CFO Employment Agreement will vest upon Mr. Denton's termination of employment without Cause or resignation for Good Reason, each as defined in the Form Option Grant and Form RSU Grant.

The CFO Employment Agreement also entitles Mr. Denton to separation payments in certain circumstances. In the event Mr. Denton's employment terminates due to his death or retirement, in addition to accrued amounts, he is entitled to receive any unpaid annual bonus for the fiscal year preceding the fiscal year in which such termination occurs. In the event Mr. Denton's employment terminates due to his permanent disability, in addition to accrued amounts, he is entitled to receive (i) any unpaid annual bonus for the fiscal year preceding the fiscal year in which such termination occurs, and (ii) two monthly payments equal to the amount, if any, of his monthly base salary in excess of any disability benefits being received by Mr. Denton.

On March 7, 2022, Mr. Denton entered into an amendment to his employment agreement which extends the term until December 20, 2023 and increased his annual salary to $350,000 for year two and $375,000 for year three.

COO and General Counsel Employment Agreement

On December 7, 2020, the Company entered into an amended and restated agreement (the "COO and General Counsel Employment Agreement") with Michael A. Jaffa in which Mr. Jaffa would assume the role of Chief Operating Officer and General Counsel commencing on December 7, 2020. The term of the agreement is three years. In addition, Mr. Jaffa will be entitled to an annual discretionary bonus based on his performance. In the event of Mr. Jaffa's death or resignation, all compensation then currently due would be payable to his estate.

The COO and General Counsel Employment Agreement provides Mr. Jaffa with, during the three year term of the General Counsel Employment Agreement (i) an annualized base salary of $325,000 for the first year of the term, $350,000 for the second year of the term and $375,000 for the third year of the term, (ii) discretionary annual bonuses determined in the sole discretion of the Compensation Committee of the Board of Directors of the Company (the "Compensation Committee"), and (iii) eligibility to receive renewal bonuses of $50,000 beginning within 60 days following the effective date of the COO and General Counsel Employment Agreement and each anniversary thereafter during the term, subject to Mr. Jaffa's continued employment. The agreement granted Mr. Jaffa 1,000,000 stock option and 500,000 RSUs. The Options granted to Mr. Jaffa were partially vested on the date of grant, and vest with respect to the unvested amounts in substantially equal installments on the first three anniversaries of the grant date, subject to continued employment. The RSUs granted to Mr. Jaffa vest in three equal installments on the first three anniversaries of the date of grant, subject to continued employment. Any unvested Options or RSUs held by Mr. Jaffa will vest upon his termination of employment without Cause or resignation for Good Reason, each as defined in the Option Grant and RSU Grant agreement.

The COO and General Counsel Employment Agreement also entitles Mr. Jaffa to separation payments in certain circumstances. In the event Mr. Jaffa's employment terminates due to his death or retirement, in addition to accrued amounts, he is entitled to receive any unpaid annual bonus for the fiscal year preceding the fiscal year in which such termination occurs. In the event Mr. Jaffa's employment terminates due to his permanent disability, in addition to accrued amounts, he is entitled to receive (i) any unpaid annual bonus for the fiscal year preceding the fiscal year in which such termination occurs, and (iii) two monthly payments equal to the amount, if any, of his monthly base salary in excess of any disability benefits being received by Mr. Jaffa.

Additionally, the COO and General Counsel Employment Agreement contains certain restrictive covenants regarding confidential information, intellectual property, non-competition and non-solicitation. This summary of the COO and General Counsel Employment Agreement is qualified in its entirety by reference to the full text of the General Counsel Employment Agreement, which is attached hereto as Exhibit 10.2 and incorporated herein by reference.

Retirement Benefits

As of December 31, 2021, the Company did not provide any retirement plans to its executive officers or employees.

Potential Payments upon Termination or Change-in-Control

As of December 31, 2021, the Company did not provide for any potential payments upon termination or change of control.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth outstanding equity awards as of December 31, 2021 to each of the named executive officers.

	Option Awards				Stock Units Awards	
Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Option exercise price ($)	Option expiration date	Equity incentive plan awards: Number of securities underlying unearned Restricted Stock Units (#)	Market Value of Shares
Andy Heyward	5,000,000 (1)	–	1.39	12/07/30	14,062,500 (2)	$ 14,765,625
Robert L. Denton	85,088 (3)	–	2.09	04/18/23		
	15,000 (3)	–	1.99	03/07/24		
	570,000 (4)	380,000 (4)	1.39	12/07/30	320,000 (5)	$ 336,000
Michael A. Jaffa	85,088 (3)	–	2.09	04/16/23		
	15,000 (3)	–	1.99	03/07/24		
	600,000 (6)	400,000 (6)	1.39	12/07/30	333,334 (7)	$ 350,000

(1) Mr. Heyward's options vested upon the grant date.

(2) 937,500 of Mr. Heyward's RSUs vested on the first anniversary date of December 20, 2021. On June 23, 2021, the Compensation Committee amended service-based awards granted to the Mr. Heyward, such that 3,750,000 of such RSUs shall continue to vest in four equal installments on the first, second, third and fourth anniversaries of December 7, 2020, subject to his continued employment and the remaining 3,750,000 RSUs shall be modified to vest based on performance or market conditions. The previously issued 7,500,000 performance-based awards, along with the 3,750,000 modified service-based awards, shall vest as follows: (i) 3,750,000 RSUs vest when the closing sale price of the common stock equals or exceeds $3.00 per share or the Company's market capitalization equals or exceeds $903,000,000 for 20 consecutive trading days; (ii) 3,750,000 RSUs vest when the closing sale price of the common stock equals or exceeds $3.50 per share or the Company's market capitalization equals or exceeds $1,053,500,000 for 20 consecutive trading days, and (iii) 3,750,000 RSUs vest when the closing sale price of the common stock equals or exceeds $3.75 per share or the Company's market capitalization equals or exceeds $1,128,750,000 for 20 consecutive trading days (the "market conditions"). In addition to the stock price and market capitalization vesting conditions set forth above, such 11,250,000 RSUs may also vest in four equal installments on the first, second, third and fourth anniversaries of December 7, 2020, based on achievement of certain operating performance-based vesting conditions established by the Compensation Committee on June 23, 2021 and subject to his continued employment, adjusted pro-ratably for vesting pursuant to the market conditions.

(3) Mr. Denton's and Mr. Jaffa's options vested as of December 31, 2021.

(4) Mr. Denton's options vested 380,000 upon grant and 190,000 vested on the first anniversary date of December 7, 2021. 190,000 options will vest annually on each anniversary date for the next 2 years.

(5) 155,000 of Mr. Denton's RSUs vested on the first anniversary date of December 7, 2021. 158,000 will vest on the second anniversary date and 162,000 will vest on the third anniversary date.

(6) Mr. Jaffa's options vested 400,000 upon grant and 200,000 vested on the first anniversary date of December 7, 2021. 200,000 options will vest annually on each anniversary date for the next 2 years.

(7) 166,666 of Mr. Jaffa's RSUs vested on the first anniversary date of December 7, 2021. 166,666 will vest on the second anniversary date and 166,668 will vest on the third anniversary date.

Director Compensation

The following table sets forth with respect to each of our non-employee directors, compensation information inclusive of equity awards and payments earned for the year ended December 31, 2021.

Name	Year	Fees Earned or Paid in Cash ($) (1)	Option Awards ($) (2)	All Other Compensation ($)	Total ($)
Joseph “Gray” Davis (3)	2021	55,000	54,600	–	109,600
P. Clark Hallren (4)	2021	75,000	54,600	–	129,600
Margaret Loesch (5)	2021	45,000	54,600	90,000	189,600
Lynne Segall (6)	2021	55,000	54,600	–	109,600
Anthony Thomopoulos (7)	2021	65,000	54,600	–	119,600
Michael Klein (8)	2021	45,000	54,600	–	99,600
Dr. Cynthia Turner-Graham (9)	2021	30,000	29,600	–	59,600

(1) Directors, other than Mr. Heyward, earn $10,000 for each quarterly meeting attended. Directors, other than Mr. Heyward, also earn $10,000 as appointed Chairmen and $5,000 as members of the Company’s Compensation, Audit, Investment and Nominating Committees.

(2) Represents the grant date fair value in accordance with FASB ASC Topic 718. The assumptions applied in determining the fair value of the awards are discussed in the Notes to our audited consolidated financial statements for the year ended December 31, 2021, in the Form 10-K.

(3) Mr. Davis was paid $40,000 for services on the Board for 2021 and $5,000 in arrears for services on the Board for 2020, $5,000 as a member the Company’s Nominating Committee and $5,000 as a member of the Company’s Investment Committee.

(4) Mr. Hallren was paid $40,000 for services on the Board for 2021, $5,000 in arrears for services on the Board for 2020. Mr. Hallren was also paid $10,000 as Chair of the Company’s Audit Committee, $5,000 as a member of the Company’s Compensation Committee, $10,000 as Chair of the Company’s Investment Committee and $5,000 for other consulting services.

(5) Ms. Loesch was paid $40,000 for services on the Board for 2021, $5,000 in arrears for services on the Board in 2020 and $90,000 for services as Executive Chairperson of the Kartoon Channel!

(6) Ms. Segall was paid $40,000 for services on the Board for 2021, $5,000 in arrears for services on the Board in 2020 and $10,000 as the Chair of the Company’s Nominating Committee.

(7) Mr. Thomopoulos was paid $40,000 for services on the Board for 2021, $5,000 in arrears for services on the Board in 2020, $10,000 as Chair of the Company’s Compensation Committee $5,000 as a member of the Company’s Audit Committee and $5,000 for other consulting services.

(8) Mr. Klein was paid $30,000 for services on the Board, $5,000 as a member of the Company’s Audit Committee, $5,000 as a member the Company’s Nominating Committee and $5,000 as a member of the Company’s Investment Committee.

(9) Effective June 15, 2021, Dr. Turner-Graham was elected as a member of our Board of Directors. Dr. Turner-Graham was paid $30,000 for services on the Board for 2021.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table shows the beneficial ownership of shares of our common stock as of April 4, 2022, known by us through transfer agent and other records held by: (i) each person who beneficially owns 5% or more of the shares of common stock then outstanding; (ii) each of our directors; (iii) each of our named executive officers; and (iv) all of our current directors and executive officers as a group.

The information in this table reflects “beneficial ownership” as defined in Rule 13d-3 of the Exchange Act. To our knowledge and unless otherwise indicated, each stockholder has sole voting power and investment power over the shares listed as beneficially owned by such stockholder, subject to community property laws where applicable. Percentage ownership is based on 304,368,966 shares of common stock outstanding as of April 4, 2022. Unless otherwise indicated in the footnotes to the following table, each person named in the table has sole voting and investment power and that person’s address is c/o 190 N. Canon Drive, Floor 4, Beverly Hills, CA 90210.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)		Percent of Class (1)
Directors and Named Executive Officers			
Andy Heyward	19,924,994	(2)	6.44%
Michael Jaffa	783,422	(3)	*
Robert L. Denton	747,588	(4)	*
Michael Klein	239,600	(5)	*
Anthony Thomopoulos	20,115	(6)	*
Joseph (Gray) Davis	20,000	(7)	*
P. Clark Hallren	20,000	(7)	*
Margaret Loesch	20,000	(7)	*
Lynne Segall	20,000	(7)	*
Karen McTier	20,000	(7)	*
Dr. Cynthia Turner-Graham	20,000	(7)	*
All current executive officers and directors as a group (consisting of 11 persons)	21,835,719		7.02%
5% Stockholders			
BlackRock, Inc.	19,645,121		6.45%

* Indicates ownership less than 1%

(1) Applicable percentage ownership is based on 304,368,966 shares of common stock outstanding as of April 4, 2022, together with securities exercisable or convertible into shares of common stock within 60 days of April 4, 2022. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Shares of common stock that a person has the right to acquire beneficial ownership of upon the exercise or conversion of options, convertible stock, warrants or other securities that are currently exercisable or convertible or that will become exercisable or convertible within 60 days of April 4, 2022 are deemed to be beneficially owned by the person holding such securities for the purpose of computing the number of shares beneficially owned and percentage of ownership of such person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

(2) Consists of (i) 990,728 shares of common stock held by A Squared Holdings LLC over which Andy Heyward holds sole voting and dispositive power; (ii) 13,933,032 shares of common stock held by Andy Heyward or issuable upon vested RSUs; (iii) 1,234 shares held by Heyward Living Trust; (iv) 5,000,000 options to acquire shares of common stock issuable upon the exercise of stock options.

(3) Consists of 83,334 shares of common stock held and 700,088 shares of common stock issuable upon exercise of stock options granted to Mr. Jaffa.

(4) Consists of 77,500 shares of common stock held and 670,088 shares of common stock issuable upon exercise of stock options granted to Mr. Denton.

(5) Consists of 99,600 shares of common stock, 20,000 shares of common stock issuable upon exercise of stock options granted and 120,000 shares of common stock issuable upon the exercise of warrants granted to Mr. Klein that will become exercisable within 60 days of December 31, 2021.

(6) Consists of 115 shares of common stock held and 20,000 shares of common stock issuable upon exercise of stock options granted to Mr. Thomopoulos that will become exercisable within 60 days of December 31, 2021.

(7) Consists of 20,000 shares of common stock issuable upon exercise of stock options granted to each Board Member that will become exercisable within 60 days of December 31, 2021. Ms. McTier resigned from the Board effective as of March 31, 2022.

(8) This information is based solely on a Schedule 13G filed with the SEC on February 4, 2022.

Equity Compensation Plan Information

On September 18, 2015, the Company adopted the Genius Brands International, Inc. 2015 Incentive Plan (the "2015 Plan"). The 2015 Plan was approved by our stockholders in September 2015. The 2015 Plan as approved by the stockholders authorized the issuance up to an aggregate of 150,000 shares of common stock. On December 14, 2015, the Board of Directors voted to amend the 2015 Plan to increase the total number of shares that can be issued under the 2015 Plan by 1,293,334 from 150,000 shares to 1,443,334 shares. The increase in shares available for issuance under the 2015 Plan was approved by stockholders on February 3, 2016. On May 18, 2017, the Board of Directors voted to amend the 2015 Plan to increase the total number of shares that can be issued under the 2015 Plan by 223,333 shares from 1,443,334 shares to an aggregate of 1,667,667 shares. The increase in shares available for issuance under the 2015 Plan was approved by the stockholders on July 25, 2017.

On September 6, 2018, the Board of Directors voted to amend the 2015 Plan to increase the total number of shares that can be issued under the 2015 Plan by 500,000 shares from 1,667,667 shares to an aggregate of 2,167,667 shares. The increase in shares available for issuance under the 2015 Plan was approved by the Company's stockholders on October 2, 2018.

On August 4, 2020, the Board of Directors voted to adopt the Genius Brands International, Inc 2020 Incentive Plan (the "2020 Plan"). The shares available for issuance under the 2020 Plan was approved by stockholders on August 27, 2020. The 2020 Plan as approved by the stockholders increased the maximum number of shares available for issuance up to an aggregate of 32,167,667 shares of common stock.

The following table reflects, as of December 31, 2021, compensation plans pursuant to which we are authorized to issue options, warrants, restricted stock units, or other rights to purchase shares of its common stock, including the number of shares issuable under outstanding options, warrants and rights issued under the plans and the number of shares remaining available for issuance under the plans.

	(a)	(b)	(c)
Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by shareholders	27,685,489	$ 1.80	4,482,178
Equity compensation plans not approved by shareholders	–	–	–
Total	27,685,489	$ 1.80	4,482,178

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Certain Relationships and Related Transactions

SEC regulations define the related person transactions that require disclosure to include any transaction, arrangement or relationship in which the amount involved exceeds the lesser of $120,000 or 1% of the average of our total assets at year-end for the last two completed fiscal years in which we were or are to be a participant and in which a related person had or will have a direct or indirect material interest. A related person is: (i) an executive officer, director or director nominee of the Company, (ii) a beneficial owner of more than 5% of our common stock, (iii) an immediate family member of an executive officer, director or director nominee or beneficial owner of more than 5% of our common stock, or (iv) any entity that is owned or controlled by any of the foregoing persons or in which any of the foregoing persons has a substantial ownership interest or control. Described below are certain transactions or relationships between us and certain related persons.

Pursuant to his employment agreements dated December 7, 2020, Mr. Heyward is entitled to an Executive Producer fee of $12,500 per one-half hour episode for each episode he provides services as an executive producer. During the year ended December 31, 2021, Mr. Heyward was paid $543,750 in producer fees.

On July 21, 2020, the Company entered into a merchandising and licensing agreement with Andy Heyward Animation Art ("AHAA"), whose principal is Andy Heyward, the Company's Chief Executive Officer. The Company entered into a customary merchandise license agreement with AHAA for the use of characters and logos related to Warren Buffett's *Secret Millionaires Club* and *Stan Lee's Mighty 7* in connection with certain products to be sold by AHAA. The terms and conditions of such license are customary within the industry, and the Company earns an arm-length industry standard royalty on all sales made by AHAA utilizing the licensed content. During the year ended December 31, 2021, the Company earned $0 in royalties from this agreement.

On March 11, 2020, Mr. Heyward purchased $1,000,000 of the 2020 Convertible Notes with an original discount of $250,000.

On June 19, 2020, Mr. Heyward received 5,658,474 shares of common stock upon the cashless exercise of 6,119,048 warrants.

On June 23, 2020, Mr. Heyward received 5,952,381 shares of common stock upon conversion of $1,250,000 of 2020 Convertible Notes.

Review, Approval or Ratification of Transactions with Related Persons

Pursuant to the written charter of our Audit Committee, the Audit Committee is responsible for reviewing and approving all transactions both in which (i) we are a participant and (ii) any parties related to us, including our executive officers, our directors, beneficial owners of more than 5% of our securities, immediate family members of the foregoing persons and any other persons whom our Board of Directors determines may be considered related parties under Item 404 of Regulation S-K, has or will have a direct or indirect material interest. All the transactions described in this section occurred prior to the adoption of the Audit Committee's charter.

Corporate Governance

General

We believe that good corporate governance is important to ensure that the Company is managed for the long-term benefit of our stockholders. This section describes key corporate governance practices that we have adopted.

Independence of the Board of Directors

Our determination of the independence of our directors is made using the definition of "independent" contained in the listing standards of the Nasdaq Capital Market. On the basis of information solicited from each director, the board has determined that each of Messrs. Davis, Hallren, Klein, and Thomopoulos as well as each of Mss. Segall and Turner-Graham are independent directors within the meaning of such rules.

Item 14. Principal Accounting Fees and Services

Principal Accountant Fees and Services

The following table sets forth fees billed to us by our independent registered public accounting firm for the years ended December 31, 2021 and 2020 for (i) services rendered for the audit of our annual financial statements and the review of our quarterly financial statements, (ii) services rendered that are reasonably related to the performance of the audit or review of our financial statements that are not reported as Audit Fees, and (iii) services rendered in connection with tax preparation, compliance, advice and assistance.

	2021	2020
Audit Fees	$ 255,700	$ 123,000
Audit-Related Fees	9,650	38,000
Tax Fees	64,645	8,490
Other Fees	–	–
Total Fees	**$ 329,995**	**$ 169,490**

Our policy is to pre-approve all audit and permissible non-audit services performed by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services, as follows:

· ***Audit*** services include audit work performed in the preparation of financial statements, as well as work that generally only the independent auditor can reasonably be expected to provide, including comfort letters, statutory audits, and attest services and consultation regarding financial accounting and/or reporting standards.

· ***Audit-Related*** services are for assurance and related services that are traditionally performed by the independent auditor, including due diligence related to mergers and acquisitions, employee benefit plan audits, and special procedures required to meet certain regulatory requirements.

· ***Tax*** services include all services performed by the independent auditor’s tax personnel except those services specifically related to the audit of the financial statements, and includes fees in the areas of tax compliance, tax planning, and tax advice.

· ***Other Fees*** are those associated with services not captured in the other categories. The Company generally does not request such services from the independent auditor.

Under our policy, pre-approval is generally provided for particular services or categories of services, including planned services, project-based services and routine consultations. In addition, the Board of Directors may also pre-approve particular services on a case-by-case basis. Our Board of Directors approved all services that our independent registered public accounting firm provided to us in the past three fiscal years.

PART IV

Item 15. Exhibits, Financial Statement Schedules

Financial Statements

See Index to Consolidated Financial Statements at Item 8 herein.

Financial Statement Schedules have been omitted as they are either not required, not applicable, or the information is otherwise included.

EXHIBIT INDEX

2.1	Arrangement Agreement dated as of October 26, 2021 among the Company,1326919 B.C. LTD. and Wow Unlimited Media Inc. (Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on November 1, 2021)
3.1	Articles of Incorporation of Genius Brands International Inc., as amended
3.2	Bylaws of Genius Brands International, Inc., as amended (Incorporated by reference to the Company's Quarterly Report on Form 10-Q, filed with the SEC on August 19, 2019)
3.3	Amended and Restated Certificate of Designations, Preferences and Rights of the 0% Series A Convertible Preferred Stock, filed with the Secretary of State of Nevada on November 21, 2019 (Incorporated by reference to the Company's Current Report on Form 8-K, filed with the SEC on November 21, 2019)
4.1	Form of Investor Warrant (Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on October 3, 2017)
4.2	Form of Investor Warrant (Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on January 8, 2018)
4.3	Form of Common Stock Purchase Warrant (Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on August 17, 2018)
4.4	Form of Waiver Warrant (Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on February 15, 2019)
4.5	Description of Capital Stock (Incorporated by reference to the Company's Annual Report on Form 10-K, filed with the SEC on March 30, 2020)
4.6	Form of Waiver Warrant (Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on July 22, 2019)
4.7	Form of Investor Warrant (Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on October 28, 2019)
4.8	Form of Reload Warrant (Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on December 16, 2019)
4.9	Form of New Warrant (Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on January 28, 2021)
10.1†	2008 Stock Option Plan (Incorporated by reference from Registration Statement on Form 10 filed with the SEC on May 4, 2011)
10.2†	First Amendment to 2008 Stock Option Plan (Incorporated by reference from Registration Statement on Form 10 filed with the SEC on May 4, 2011)
10.3†	Second Amendment to 2008 Stock Option Plan (Incorporated by reference from Registration Statement on Form 10 filed with the SEC on May 4, 2011)
10.4†	Form of Stock Option Grant Notice (Incorporated by reference from Registration Statement on Form 10 filed with the SEC on May 4, 2011)
10.6†	Employment Agreement dated November 15, 2013 between Genius Brands International, Inc. and Andrew Heyward (Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on November 20, 2013)
10.10†	Genius Brands International, Inc. 2015 Incentive Plan, as amended (Incorporated by reference to the Company's Quarterly Report on Form 10-Q filed on November 14, 2017)
10.13	Loan and Security Agreement dated August 5, 2016 between Genius Brands International, Inc. and Llama Productions LLC (Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on August 12, 2016)
10.14	Subscription Agreement dated January 17, 2017 between Genius Brands International, Inc. and Sony DADC USA, Inc. (Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on January 17, 2017)
10.17	Securities Purchase Agreement dated January 8, 2018 (Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on January 8, 2018)
10.18†	Employment Agreement dated April 18, 2018 between Genius Brands International, Inc. and Robert Denton (Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on April 5, 2018)

10.19	Securities Purchase Agreement dated August 17, 2018 (Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on August 17, 2018)
10.20	Registration Rights Agreement dated August 17, 2018 (Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on August 17, 2018)
10.21	Loan and Security Agreement dated September 28, 2018, by and between Llama Productions LLC and Bank Leumi USA (Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on October 4, 2018)
10.22	Amendment No. 2 to Loan and Security Agreement, effective as of August 27, 2018, by and between Llama Productions LLC and Bank Leumi USA (Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on October 4, 2018)
10.23	Amended and Restated Employment Agreement dated November 16, 2018 between Genius Brands International, Inc. and Andrew Heyward (Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on November 19, 2018)
10.24†	Employment Agreement dated April 16, 2018 between Genius Brands International, Inc. and Michael Jaffa (incorporated by reference to the Company's Annual Report on Form 10-K filed with the SEC on April 1, 2019)
10.25	Form of Letter Agreement (Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on January 28, 2021)
10.26	Purchase and Sale Agreement, dated February 1, 2021, by and among Genius Brands International, Inc., GBI Acquisition LLC, 2811210 Ontario Inc. and Harold Aaron Chizick, Jennifer Mara Chizick, Wishing Thumbelina Inc., and Harold Aaron Chizick and Jennifer Mara Chizick, trustees of The Chizick (2019) Family Trust for and on behalf of Harold Aaron Chizick, Jennifer Mara Chizick and Jay Mark Sonshine, the trustees of The Chizick (2019) Family Trust (Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on February 2, 2021)
10.27	Share Purchase Agreement, dated of December 1, 2021, by and among Genius Brands International, Inc. and F&M Film-und Medien Beteiligungs GmbH (Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on December 6, 2021)
10.28	Shareholder Agreement, dated as of December 1, 2021 among Genius Brands International, Inc. and F&M Film-und Medien Beteiligungs GmbH (Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on December 6, 2021)
10.29†	Employment Agreement, dated as of December 13, 2021, by and between Genius Brands International, Inc. and Zrinka Dekic (Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on December 14, 2021)
10.30†	Stock Option Grant Notice and Stock Option Grant Agreement between Genius Brands International, Inc. and Zrinka Dekic dated December 9, 2021 (Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on December 14, 2021)
10.31†	Genius Brands International, Inc. 2020 Incentive Plan (Incorporated by reference to the Company's Form S-8 filed with the SEC on November 16, 2020)
21.1*	List of Subsidiaries
23.1*	Consent of Baker Tilly US LLP
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002
32.1*	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted in inline XBRL, and included in exhibit 101).

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* Filed herewith.

† Management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Genius Brands International, Inc.

April 5, 2022	By: /s/ Andy Heyward Andy Heyward Chief Executive Officer (Principal Executive Officer)
April 5, 2022	/s/ Robert L. Denton Robert L. Denton Chief Financial Officer (Principal Financial and Accounting Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Andy Heyward and Michael Jaffa, jointly and severally, attorney-in-fact, with the power of substitution in any and all capacities, to sign any amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorney-in-fact, or substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Andy Heyward Andy Heyward Chief Executive Officer (Principal Executive Officer)	April 5, 2022
/s/ Robert L. Denton Robert L. Denton Chief Financial Officer (Principal Financial and Accounting Officer)	April 5, 2022
/s/ Michael Klein Michael Klein Director	April 5, 2022
/s/ Joseph “Gray” Davis Joseph “Gray” Davis Director	April 5, 2022
/s/ P. Clark Hallren P. Clark Hallren Director	April 5, 2022
/s/ Lynne Segall Lynne Segall Director	April 5, 2022
/s/ Anthony Thomopoulos Anthony Thomopoulos Director	April 5, 2022
/s/ Margaret Loesch Margaret Loesch Director	April 5, 2022
/s/ Dr. Cynthia Turner-Graham Director	April 5, 2022

GENIUS BRANDS INTERNATIONAL, INC.

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Genius Brands International, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Genius Brands International, Inc. and its subsidiaries (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and 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 of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Film and Television Costs, net

Critical Audit Matter Description

As disclosed in Note 2 to the consolidated financial statements, the Company capitalizes production costs for episodic series produced in accordance with Financial Accounting Standards Board Accounting Standards Codification 926-20, Entertainment-Films-Other Assets-Film Costs. Accordingly, production costs are capitalized and amortized based on the attributable revenue for each contract to the estimated total remaining attributable revenue for each contract. The Company expenses the capitalized costs that exceed the estimated attributable revenue in the period of delivery of the episodes. The Company evaluates its capitalized production costs annually.

Auditing the amortization of the Company's film production costs is complex and subjective due to the judgmental nature of amortization, including estimates of future attributable revenues based on historical experience and signed commitments. If actual revenue differs from these estimates, the pattern and/or period of amortization would be changed and could materially affect the timing and the amount of production costs amortization recognized.

How We Addressed the Matter in Our Audit:

The primary procedures we performed to address this critical audit matter included:

- § Testing a selection of film and television costs to ensure appropriate capitalization
- § Evaluating the significant assumptions used by the Company to develop the estimated attributable revenues for each contract including management's forecasts of estimated future revenues and future commitments
- § Performing a look-back analysis of management's historical estimates compared to actual results.
- § Testing the completeness and accuracy of the underlying data used in the analysis
- § Obtaining a memorandum from management understanding the nature and timing of accelerated amortization compared to prior periods
- § Performing a sensitivity analysis of the estimate future revenues to evaluate the change in amortization of the Company's costs related from changes in the assumption
- § Recalculating the amortization expense and performed analytical procedures

Valuation of Intangible Assets and Contingent Earnout for the Chizcomm Acquisition

Critical Audit Matter Description

As described in Note 3 to the consolidated financial statements, on February 1, 2021, the Company acquired ChizComm Ltd. and ChizComm USA Corp., which constitutes as a business combination in accordance with ASC 805, Business Combinations. The transactions were accounted for as business combinations and the assets acquired and liabilities assumed have been recorded based on estimates of fair value as of December 31, 2021.

Auditing the valuation of intangible assets and contingent earnout involved complex and subjective judgments and estimation due to the use of a discounted cash flow model, which includes discounted cash flow scenarios and requires significant estimation such as expectations of future revenue, expenses, capital expenditures and other costs as well as the discount rate.

How We Addressed the Matter in Our Audit:

The primary procedures we performed to address this critical audit matter included:

- § Obtained an understanding and evaluated the design and implementation of the Company's controls over its estimation process supporting the recognition and measurement of the customer relationships intangible assets and trade name intangible assets, including controls over management's evaluation of the methodology and underlying assumptions used in determining the fair value.
- § Involved auditor-engaged valuation specialist to assist with our evaluation of the methodologies used by the Company and significant assumptions included in the fair value estimates.
- § Performed analyses to evaluate the sensitivity of changes in assumptions to the fair value of the customer relationships intangible asset and compared the significant assumptions to current industry and market and economic trends.

- § Evaluated the Company's selection of the valuation methodology and significant assumptions used by the Company in the valuation of the intangible assets and the contingent earnout, and the reasonableness of significant assumptions and estimates.
- § Tested the clerical accuracy of the models.

Goodwill Impairment Assessment

Critical Audit Matter Description

As discussed in Note 2 of the consolidated financial statements, goodwill is tested for impairment at least annually on the reporting unit level, and more frequently if the Company believes indicators of impairment exist. The Company determined that the "Media Advisory & Advertising Services" reporting unit's goodwill was impaired, and the Company recorded a goodwill impairment loss of approximately $4.8M for the year ended December 31, 2021. The determination of the fair value of the reporting unit requires significant estimates and assumptions. Changes in these assumptions could have a significant impact on the fair value of the reporting unit.

Auditing management's judgments regarding forecasts of future revenue and operating margin, and the discount rate to be applied involved a high degree of subjectivity which were used in the goodwill impairment assessment.

How We Addressed the Matter in Our Audit:

The primary procedures we performed to address this critical audit matter included:

- Obtained an understanding and evaluated the design and implementation of the Company's controls over the goodwill impairment assessment process
- Obtained and reviewed management's goodwill impairment analysis memorandum including the fair value of reporting unit and intangible balances
- Tested and evaluated whether the assumptions used were reasonable by considering the past performance of the reporting units and third-party market data
- Compared the actual results to those historically forecasted by the Company
- Involved auditor-engaged specialist to evaluate the valuation methodologies used by the Company for the goodwill impairment assessment by comparing the methodologies to those utilized by other companies holding similar assets, and to compare management's assumption inputs to information from external sources and available economic forecasts and data
- Tested the clerical accuracy of the goodwill impairment model

/s/ Baker Tilly US, LLP

We have served as the Company's auditor since 2016.

Los Angeles, California

Auditor Firm ID: 23

April 5, 2022

Genius Brands International, Inc.
Consolidated Balance Sheets
(in thousands, except share and per share data)

	As of December 31,	
ASSETS	**2021**	**2020**
Current Assets:		
Cash and Cash Equivalents	$ 2,058	$ 100,456
Restricted Cash	8,002	–
Investments in Marketable Securities (amortized cost of $113,778)	112,523	–
Accounts Receivable, net	7,632	1,731
Note Receivable from Related Party	1,276	–
Other Receivable	969	–
Prepaid Expenses and Other Assets	3,725	6,379
Total Current Assets	136,185	108,566
Property and Equipment, net	449	96
Right Of Use Assets, net	2,785	1,972
Film and Television Costs, net	2,940	11,828
Lease Deposits	69	43
Investment in ChizComm Entities	–	301
Investment in Stan Lee Universe, LLC	–	1,000
Investment in Your Family Entertainment AG	6,695	–
Intangible Assets, net	9,733	29
Goodwill	15,227	10,366
Total Assets	**$ 174,083**	**$ 134,201**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	$ 7,192	$ 786
Accrued Production Costs	1,733	–
Accrued Expenses	535	408
Participations Payable	2,438	3,160
Deferred Revenue	432	684
Margin Loan	6,392	–
Notes Payable	28	–
Payroll Protection Program	–	366
Warrant Liability	855	1,197
Lease Liability	664	146
Due To Related Party	63	2
Accrued Salaries and Wages	799	429
Total Current Liabilities	21,131	7,178
Long Term Liabilities:		
Deferred Revenue	3,492	3,748
Lease Liability	2,460	2,053
Production Facility, net	–	1,100
Contingent Earn Out	1,340	–
Notes Payable	82	–
Disputed Trade Payable	925	925
Total Liabilities	**29,430**	**15,004**
Commitments and Contingencies (Note 24)		
Stockholders' Equity		
Preferred Stock, $0.001 Par Value, 10,000,000 Shares Authorized, 0 Shares Issued and Outstanding as of December 31, 2021 and December 31, 2020	–	–
Common Stock, $0.001 Par Value, 400,000,000 Shares Authorized 303,379,122 and 258,438,514 Shares Issued and Outstanding as of December 31, 2021, and 2020, respectively	303	258
Additional Paid in Capital	739,495	588,501
Accumulated Deficit	(595,848)	(469,557)
Accumulated Other Comprehensive Loss	(1,221)	(5)
Total Genius Brands International, Inc. Stockholders' Equity	142,729	119,197
Non-Controlling Interests in Consolidated Subsidiaries	1,924	–
Total Stockholders' Equity	**144,653**	**119,197**
Total Liabilities and Stockholders' Equity	**$ 174,083**	**$ 134,201**

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

Genius Brands International, Inc.
Consolidated Statements of Operations
(in thousands, except share and per share data)

	Year Ended December 31,	
	2021	**2020**
Revenues:		
Licensing & Royalties	$ 1,605	$ 765
Media Advisory & Advertising Services	5,166	–
Television & Home Entertainment	825	1,465
Advertising & Subscription Sales	277	253
Total Revenues	7,873	2,483
Operating Expenses:		
Marketing and Sales	5,442	818
Direct Operating Costs	21,987	2,124
General and Administrative	35,967	17,423
Impairment of Goodwill	4,778	–
Impairment of Intangible Assets	3,452	–
Total Operating Expenses	71,626	20,365
Loss from Operations	(63,753)	(17,882)
Other Income (Expense):		
Interest Expense	(20)	(1,180)
Other Income (Expense), Net	(62,594)	(382,608)
Loss Before Income Taxes	(126,367)	(401,670)
Provision for Income Taxes	–	–
Net Loss	(126,367)	(401,670)
Net Loss Attributable to Non-Controlling Interests	76	–
Net Loss Attributable to Genius Brands International, Inc.	**$ (126,291)**	**$ (401,670)**
Net Loss per Share (Basic and Diluted)	**$ (0.42)**	**$ (2.82)**
Weighted Average Common Shares Outstanding (Basic and Diluted)	297,513,373	142,452,393

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

Genius Brands International, Inc.
Consolidated Statements of Comprehensive Loss
(in thousands)

	Year Ended December 31,	
	2021	**2020**
Net Loss	$ (126,367)	$ (401,670)
Other Comprehensive Income (Loss):		
Change in Unrealized Losses on Marketable Securities	(1,325)	–
Realized Losses on Marketable Securities Reclassified from AOCI into Earnings	70	–
Foreign Currency Translation Adjustments	34	–
Total Other Comprehensive Loss	(1,221)	–
Total Comprehensive Net Loss	**$ (127,588)**	**$ (401,670)**
Less: Comprehensive Loss Attributable to Non-Controlling Interests	76	–
Total Comprehensive Net Loss Attributable to Genius Brands International, Inc.	**$ (127,512)**	**$ (401,670)**

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

Genius Brands International, Inc.
Consolidated Statements of Stockholders' Equity
(in thousands, except share data)

	Common Stock		Preferred Stock		Additional Paid-In	Accumulated	Accumulated Other Comprehensive	Non-Controlling	
	Shares	Amount	Shares	Amount	Capital	Deficit	Loss	Interest	Total
Balance, December 31, 2019	**21,877,724**	**$ 22**	**1,097**	**$ –**	**$ 75,117**	**$ (66,047)**	**$ (5)**	**$ –**	**$ 9,087**
Issuance of Common Stock for Services	1,249,747	1	–	–	1,739	–	–	–	1,740
Value of Preferred Stock Conversion	5,219,048	5	(1,097)	–	(5)	–	–	–	–
Proceeds from Securities Purchase Agreement, Net	88,900,000	89	–	–	98,495	–	–	–	98,584
Warrant Exercise	75,715,805	76	–	–	9,033	(1,840)	–	–	7,269
Note Conversion	65,476,190	65	–	–	(121)	–	–	–	(56)
Loss on Conversion Option Revaluation	–	–	–	–	171,836	–	–	–	171,836
Warrant Revaluation: Exercised	–	–	–	–	219,035	–	–	–	219,035
Warrants Issued	–	–	–	–	4,443	–	–	–	4,443
Share Based Compensation	–	–	–	–	8,929	–	–	–	8,929
Net Loss	–	–	–	–	–	(401,670)	–	–	(401,670)
Balance, December 31, 2020	**258,438,514**	**$ 258**	**–**	**$ –**	**$ 588,501**	**$ (469,557)**	**$ (5)**	**$ –**	**$ 119,197**
Issuance of Common Stock for Services	807,764	1	–	–	1,248	–	–	–	1,249
Issuance of Common Stock for Vested Restricted Stock Units	130,417	–	–	–	–	–	–	–	–
Issuance of Common Stock for ChizComm Acquisition	1,980,658	2	–	–	3,525	–	–	–	3,527
Exchange of Common Stock for Investment in YFE	2,281,269	2	–	–	3,406	–	–	–	3,408
Warrant Exercise	39,740,500	40	–	–	57,225	–	–	–	57,265
Warrant Incentive	–	–	–	–	69,139	–	–	–	69,139
Share Based Compensation	–	–	–	–	16,451	–	–	–	16,451
Other Comprehensive Loss	–	–	–	–	–	–	(1,216)	–	(1,216)
Contributions from Non-Controlling Interest	–	–	–	–	–	–	–	2,000	2,000
Net Loss	–	–	–	–	–	(126,291)	–	(76)	(126,367)
Balance, December 31, 2021	**303,379,122**	**$ 303**	**–**	**$ –**	**$ 739,495**	**$ (595,848)**	**$ (1,221)**	**$ 1,924**	**$ 144,653**

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

Genius Brands International, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Cash Flows from Operating Activities:		
Net Loss	$ (126,291)	$ (401,670)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Amortization of Film and Television Costs	19,538	980
Depreciation and Amortization of Property, Equipment & Intangible Assets	599	94
Share Based Compensation Expense	16,451	8,929
Amortization of Right of Use Asset	298	285
Amortization of Premium on Marketable Securities	659	–
Loss on Fair Value of Equity Investment	106	–
Gain on Contingent Consideration Revaluation	(5,870)	–
(Gain) Loss on Warrant Revaluation	(342)	210,895
Realized Loss on Marketable Securities	70	–
Impairment of Goodwill	4,778	–
Impairment Loss on Intangible Assets	3,452	–
Warrant Incentive Expense	69,139	–
Stock Issued for Services	41	339
Loss On Lease Termination	–	339
Loss on Conversion Option Revaluation	–	171,836
Debt Discount in Excess of the Principal	–	1,032
Other Non-Cash Items	19	37
Decrease (Increase) in Operating Assets:		
Accounts Receivable, net	228	2,329
Other Receivable	(504)	–
Film and Television Costs, net	(9,642)	(2,901)
Inventory, net	–	9
Lease Deposits	(14)	325
Prepaid Expenses and Other Assets	2,910	(357)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(169)	(389)
Accrued Production Costs	1,733	–
Accrued Salaries & Wages	370	197
Participations Payable	(721)	888
Deferred Revenue	(509)	(677)
Lease Liability	(186)	(209)
Due To Related Party	60	(582)
Accrued Expenses	54	217
Net Cash Used in Operating Activities	(23,743)	(8,054)
Cash Flows from Investing Activities:		
Investment in Stan Lee Universe, LLC	–	(1,000)
Cash Payment for ChizComm, net of Cash Acquired	(7,789)	(301)
Cash Payment for Equity Investment in Your Family Entertainment	(3,386)	–
Investment in Marketable Securities	(305,387)	–
Proceeds from Principal Collections on Marketable Securities	4,251	–
Proceeds from Sales of Marketable Securities	186,165	–
Investment in Intangible Assets, net	(1,008)	(26)
Investment in Property & Equipment	(302)	(76)
Net Cash Used in Investing Activities	(127,456)	(1,403)
Cash Flows from Financing Activities:		
Proceeds from Margin Loan	6,392	–
Note Receivable from Related Party	(1,276)	–
Proceeds From Warrant Exchange	57,265	5,874
Repayment of Production Facility, net	(1,100)	(1,992)
Proceeds from/(Payment) of Payroll Protection Program, net	(366)	366
Payment of Notes Payable	(20)	–
Consolidation of VIE (VIE Asset/Liability Additions)	(76)	–
Proceeds from Sale of Securities Purchase Agreement, net	–	98,584
Proceeds from Senior Secured Convertible Notes, net	–	6,098
Collection Of Investor Notes	–	3,600
Payment of Secured Convertible Notes	–	(2,867)
Note Conversion Costs	–	(55)
Net Cash Provided by Financing Activities	60,819	109,608
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	(16)	–

Net Increase/(Decrease) in Cash, Cash Equivalents and Restricted Cash		(90,396)		100,151
Beginning Cash, Cash Equivalents and Restricted Cash		100,456		305
Ending Cash, Cash Equivalents and Restricted Cash	**$**	**10,060**	**$**	**100,456**
Supplemental Disclosures of Cash Flow Information:				
Cash Paid for Interest	$	19	$	470
Schedule of Non-Cash Financing and Investing Activities				
Senior Convertible notes were converted into 65,476,190 shares of Common Stock 58,522,601 warrants were exercised on a cashless basis resulting in the issuance of 52,551,716 shares of Common Stock		–		13,750
Shares issued for ChizComm acquisition		3,527		–
Shares issued for YFE Investment		3,409		–
Non-cash Investment in Intangible Asset		2,000		–
Non-cash Contributions from non-controlling Interests		(2,000)		–
Issuance of Common Stock for production services		1,008		–
Warrant Derivative Liability		–		10,230
Contingent Earn Out Liability		7,210		–

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

Genius Brands International, Inc. And Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2021

Note 1: Organization and Business

Organization and Nature of Business

Genius Brands International, Inc. ("we," "us," "our," or the "Company") is a global content and brand management company that creates and licenses multimedia content. Led by experienced industry personnel, the Company distributes its content primarily on television and streaming platforms and license its properties for a broad range of consumer products based on the Company's characters. In the children's media sector, the Company's portfolio features "content with a purpose" for toddlers to tweens, which provides enrichment as well as entertainment. New intellectual property titles include *Stan Lee's Superhero Kindergarten* produced with Stan Lee's Pow! Entertainment and Oak Productions. Arnold Schwarzenegger lends his voice as the lead and is also an Executive Producer on the series. Another new offering is *KC! Pop Quiz*, a live action game show featuring kids as contestants. The show is hosted by Casey Simpson, a prominent social media influencer and former Nickelodeon star. Both *KC! Pop Quiz* and *Superhero Kindergarten* are being broadcast in the United States on the Company's wholly-owned advertisement supported video on demand ("AVOD") distribution outlet, the *Kartoon Channel!*. Other newer series include, the preschool property *Rainbow Rangers*, which debuted in November 2018 on Nickelodeon, and which was renewed for a third season and preschool property *Llama Llama,* which debuted on Netflix in January 2018 and was renewed by Netflix for a second season. The Company's library titles include the award-winning *Baby Genius*, adventure comedy *Thomas Edison's Secret Lab*® and Warren Buffett's *Secret Millionaires Club,* created with and starring iconic investor Warren Buffett, which is distributed across the Company's Genius Brands Network on Comcast's Xfinity on Demand, AppleTV, Roku, Amazon Fire, YouTube, Amazon Prime, Cox, Dish, Sling and Zumo, as well as Connected TV. The Company is in production on a new animated series starring Shaquille O'Neal called *Shaq's Garage* which the Company expects to debut during the fourth quarter of 2022.

In addition, the Company acts as licensing agent for Penguin Young Readers, a division of Penguin Random House LLC which owns or controls the underlying rights to *Llama Llama*, leveraging the Company's existing licensing infrastructure to expand this brand into new product categories, new retailers, and new territories.

The Company commenced operations in 2006, assuming all the rights and obligations of its then Chief Executive Officer, under an Asset Purchase Agreement between the Company and Genius Products, Inc., in which the Company obtained all rights, copyrights, and trademarks to the brands *"Baby Genius," "Kid Genius," "123 Favorite Music"* and "*Wee Worship,"* and all then existing productions under those titles. In 2011, the Company reincorporated in Nevada and changed its name to Genius Brands International, Inc. (the "Reincorporation"). In connection with the Reincorporation, the Company changed its trading symbol to "GNUS."

In 2013, the Company entered into an Agreement and Plan of Reorganization (the "Merger Agreement") with A Squared Entertainment LLC, a Delaware limited liability company ("A Squared"), A Squared Holdings LLC, a California limited liability company and sole member of A Squared (the "Parent Member"), and A2E Acquisition LLC, its newly formed, wholly-owned Delaware subsidiary ("Acquisition Sub"). Upon closing of the transactions, A Squared, as the surviving entity, became a wholly-owned subsidiary of the Company.

On February 1, 2021, the Company, through GBI Acquisition LLC, a New Jersey limited liability company, and 2811210 Ontario Inc., a company organized under the laws of the Province of Ontario, two wholly-owned subsidiaries of the Company, purchased the outstanding equity interests of ChizComm Ltd., a corporation organized in Canada, and ChizComm USA Corp., a New Jersey corporation (collectively "ChizComm").

Liquidity

During the year ended December 31, 2021, the Company's cash and cash equivalents and marketable security positions increased by $14.1 million. Cash in excess of immediate requirements is invested in accordance with the Company's investment policy, primarily with a view for liquidity and capital preservation. Accordingly, available-for-sale securities, consisting principally of corporate and government debt securities, are also available as a source of liquidity. As of December 31, 2021, the Company held marketable securities with a fair value of $112.5 million as available-for-sale.

Historically, the Company has incurred net losses. For the years ended December 31, 2021, and December 31, 2020, the Company reported net losses of $126.3 million and $401.7 million, respectively. The Company reported net cash used in operating activities of $23.7 million and $8.1 million for the years ended December 31, 2021, and December 31, 2020, respectively. As of December 31, 2021, the Company had an accumulated deficit of $595.8 million and total stockholders' equity of $144.7 million. As of December 31, 2021, the Company had current assets of $136.2 million, including cash and cash equivalents of $2.1 million and marketable securities of $112.5 million, and current liabilities of $21.1 million. The Company had working capital of $115.1 million as of December 31, 2021, compared to working capital of $101.4 million as of December 31, 2020.

On January 28, 2021, the Company entered into letter agreements (the "Letter Agreements") with certain existing institutional and accredited investors to exercise certain outstanding warrants (the "Existing Warrants") to purchase up to an aggregate of 39,740,500 shares of the Company's common stock at their original exercise price of $1.55 per share (the "Exercise"). The Company received approximately $61.6 million in gross proceeds. The Special Equities Group, a division of Bradley Woods & Co. Ltd., acted as warrant solicitation agent and received a cash fee of approximately $4.3 million. In consideration for the exercise of the Existing Warrants for cash, the exercising holders received new unregistered warrants to purchase up to an aggregate of 39,740,500 shares of common stock (the "New Warrants") at an exercise price of $2.37 per share, exercisable immediately, with an exercise period of five years from the initial issuance date. Pursuant to the Letter Agreements, the New Warrants are substantially in the form of the Existing Warrants (except for customary legends and other language typical for an unregistered warrant, including the ability for the holder of the New Warrant to make a cashless exercise if no resale registration statement covering the common stock underlying the New Warrants is effective after six months). The Company was required to register the resale of the shares of common stock issuable upon exercise of the New Warrants.

During December 2021, the Company borrowed from its investment margin account the aggregate amount of $6.4 million for its investments in YFE and future closing of its pending acquisition of WOW, in each case pledging certain of its marketable securities as collateral. The interest rate for these investment margin account borrowings fluctuates based on the Federal Funds Rate plus 0.65% with interest only payable monthly. The weighted average interest rate during the year ended December 31, 2021, was 0.72% and the average balance of the borrowings was $5.9 million as of December 31, 2021. These investment margin account borrowings do not mature but are payable on demand and recorded as a current liability on the Company's consolidated balance sheets. As of December 31, 2021, the Company had the ability to borrow up to 66% of the balance held in marketable securities, with the option to increase its borrowing capacity, if needed.

Recent Investments

Effective as of June 1, 2021, the Company executed an Operating Agreement with POW!, Inc. ("POW!") to form a joint venture to exploit certain rights in intellectual property created by Stan Lee, as well as the name and likeness of Stan Lee. The entity is called Stan Lee Universe, LLC ("SLU") and activity commenced during the fourth quarter of 2021. In exchange for a cash investment of $2.0 million, the Company obtained 50% ownership in the entity as a variable interest in the Stan Lee trade name. This agreement enables the Company to assume the worldwide rights, in perpetuity, to the name, physical likeness, physical signature, live-action and animated motion picture, television, online, digital, publishing, comic book, merchandising and licensing rights to Stan Lee and over 100 original Stan Lee creations (the "Stan Lee Assets"), from which Genius Brands plans to develop and license multiple properties each year. SLU is considered a variable interest entity in which the Company is the primary beneficiary. Accordingly, the transaction was accounted for as an asset acquisition of the Stan Lee Assets in the amount of $4.0 million and the results of SLU are included in the Company's consolidated financial statements, with the portion of non-controlling interest recorded in stockholders' equity.

On December 1, 2021, the Company completed a $6.8 million investment in Your Family Entertainment ("YFE"). In exchange for $3.4 million in cash and 2,281,269 shares of the Company's common stock (valued at approximately $3.4 million), the Company received 3,000,500 shares of YFE's common stock. As of December 31, 2021, the Company has a 29% economic ownership interest in YFE.

On January 13, 2022, the Company acquired Canadian streaming service Ameba TV and gained access to its kid-safe platform technology and 13,000 episodes of content including *Casper the Friendly Ghost*, *Donkey Kong Country, Gummy Bears* and *Rescue Heroes*. The Company purchased 100% of Ameba's issued and outstanding shares for $3.5 million in cash and paid $0.3 million for the underlying software code that powers the subscription video on demand ("SVOD") deliveries.

Pending Acquisition

On October 26, 2021, 1326919 B.C. LTD., a corporation existing under the laws of the Province of British Columbia and a wholly-owned subsidiary of the Company and Wow Unlimited Media Inc. ("WOW"), a corporation existing under the laws of the Province of British Columbia, entered into an Arrangement Agreement to effect a transaction among the parties by way of a plan of arrangement under the arrangement provisions of Part 9, Division 5 of the *Business Corporations Act*, whereby the Company will purchase 100% of WOW's issued and outstanding shares for $38.4 million in cash and 11,000,000 shares of the Company's common stock. The Company has not completed its initial accounting for the business combination which will be accounted for using the acquisition method of accounting. The fair value of the assets and liabilities are still to be determined. The acquisition is expected to be completed during the second quarter of 2022.

Note 2: Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles ("GAAP").

The accompanying consolidated financial statements include, in the opinion of management, all adjustments (consisting of normal recurring adjustments and reclassifications) necessary to state fairly the Consolidated Balance Sheets, Statements of Operations, Statements of Comprehensive Loss, Statements of Stockholders' Equity, and Statements of Cash Flows for all periods presented.

Certain prior period amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

Segments

The Company determined its operating segments on the same basis that it assesses performance and makes operating decisions. The Company principally operates in two distinct business segments: the Content Production & Distribution Segment which produces and distributes children's content, and the Media Advisory & Advertising Services Segment which provides media and advertising services. These segments are reflective of how the Company's Chief Operating Decision Maker ("CODM") reviews operating results for the purposes of allocating resources and assessing performance. The Company has identified its Chief Executive Officer as the CODM. The segments are organized around the products and services provided to customers and represent the Company's reportable segments. Prior to the acquisition of ChizComm, the Company's operations were comprised of a single segment.

The accounting policies for each segment are the same as for the Company as a whole. Refer to Note 26 for additional information.

Principles of Consolidation and Basis of Presentation

The Company's consolidated financial statements include the accounts of Genius Brands International, Inc., and its wholly-owned subsidiaries. The Company consolidates all majority-owned subsidiaries, investments in entities in which it has controlling influence and variable interest entities where the Company has been determined to be the primary beneficiary. Minority interests are recorded as noncontrolling interests. Non-consolidated investments are accounted for using the equity method or the fair value option when the Company has the ability to significantly influence the operating decisions of the investee. When the Company does not have the ability to significantly influence the operating decisions of an investee, these equity securities are classified as either marketable investment securities or other investments and recorded at fair value with changes recognized within other Income (expense) on the consolidated statements of operations and comprehensive income (loss). All significant intercompany accounts and transactions have been eliminated in consolidation.

Business Combinations

The Company allocates the fair value of the purchase consideration of a business acquisition to the tangible assets, liabilities, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. The valuation of acquired assets and assumed liabilities requires significant judgment and estimates, especially with respect to intangible assets. The valuation of intangible assets requires that the Company use valuation techniques such as the income approach. The income approach includes the use of a discounted cash flow model, which includes discounted cash flow scenarios and requires significant estimates such as future expected revenue, expenses, capital expenditures and other costs, and discount rates. The Company estimates the fair value based upon assumptions management believes to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. Estimates associated with the accounting for acquisitions may change as additional information becomes available regarding the assets acquired and liabilities assumed. Acquisition-related expenses and any related restructuring costs are recognized separately from the business combination and are expensed as incurred.

Variable Interest Entities

The Company holds an interest in Stan Lee University ("SLU"), an entity that is considered a variable interest entity ("VIE"). The variable interest relates to 50% ownership in the entity that is comprised of the Stan Lee Assets and that requires additional financial support from the Company to continue operations. The Company's total cash investment in SLU was $2.0 million as of December 31, 2021. The Company is considered the primary beneficiary and is required to consolidate the VIE.

In evaluating whether the Company has the power to direct the activities of a VIE that most significantly impact its economic performance, the Company considers the purpose for which the VIE was created, the importance of each of the activities in which it is engaged and the Company's decision-making role, if any, in those activities that significantly determine the entity's economic performance as compared to other economic interest holders. This evaluation requires consideration of all facts and circumstances relevant to decision-making that affects the entity's future performance and the exercise of professional judgment in deciding which decision-making rights are most important.

In determining whether the Company has the right to receive benefits or the obligation to absorb losses that could potentially be significant to the VIE, the Company evaluates all of its economic interests in the entity, regardless of form (debt, equity, management and servicing fees, and other contractual arrangements). This evaluation considers all relevant factors of the entity's design, including: the entity's capital structure, contractual rights to earnings (losses), subordination of our interests relative to those of other investors, contingent payments, as well as other contractual arrangements that have the potential to be economically significant. The evaluation of each of these factors in reaching a conclusion about the potential significance of our economic interests is a matter that requires the exercise of professional judgment. The Company continuously assesses whether it is the primary beneficiary of a variable interest entity as changes to existing relationships or future transactions may result in the Company consolidating its collaborators or partners.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

Foreign Currency

The Company considers the U.S. dollar to be its functional currency for its United States based operations. The Company considers the Canadian dollar to be its functional currency for its Canada based operation. Accordingly, the financial information is translated from the Canadian dollar to the U.S. dollar for inclusion in the Company's consolidated financial statements. Revenue and expenses are translated at average exchange rates prevailing during the period, and assets and liabilities are translated at exchange rates in effect at the balance sheet date. Resulting translation adjustments are included as a component of accumulated other comprehensive income (loss), net in stockholders' equity.

Foreign exchange transaction gains and losses are included in other income (expense), net in the condensed consolidated statements of operations.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments with initial maturities of three months or less to be cash equivalents. As of December 31, 2021, and December 31, 2020, the Company had cash and cash equivalents of $2.1 million and $100.5 million, respectively.

Restricted Cash

The Company holds restricted cash of $8.0 million in an escrow account for the future commitment of financing related to our investment in YFE.

Marketable Debt Securities

The Company purchases high quality, investment grade securities from diverse issuers. Management determines the appropriate classification of securities at the time of purchase and reevaluates such designation as of each balance sheet date. Currently, the Company classifies its investments in marketable securities as "available-for-sale" and records these investments at fair value. The securities are available to support current operations and, accordingly, the Company classifies the investments as current assets without regard to their contractual maturity.

Unrealized gains or losses on available-for-sale securities for which the Company expects to fully recover the amortized cost basis are recognized in accumulated other comprehensive (loss) income, a component of stockholders' equity. If the Company intends to sell a debt security, or it is more likely than not that it would be required to sell a debt security before the recovery of its amortized cost basis, the entire difference between the security's amortized cost basis and its fair value at the balance sheet date would be recognized as a loss in the consolidated statements of operations.

The Company reports accrued interest receivable separately from the available-for-sale securities and has elected not to measure an allowance for credit losses for accrued interest receivables. Uncollectible accrued interest is written off when the Company determines that no additional interest payments will be received. Approximately $0.4 million in interest income was receivable as of December 31, 2021, classified within Other Receivables on the consolidated balance sheets.

Interest earned on investment securities is reported in interest income, net of applicable adjustments for accretion of discounts and amortization of premiums accounted for by the level yield method with no pre-payment anticipated.

Equity-Method Investments

When the Company does not have a controlling financial interest in an entity but can exert significant influence over the entity's operating and financial policies, the investment is accounted for either (i) under the equity method of accounting or (ii) at fair value by electing the fair value option available under U.S. GAAP. Significant influence generally exists when the firm owns 20% to 50% of the entity's common stock or in-substance common stock.

In general, the Company accounts for investments acquired at fair value. See Note 5 for further information about the Company's investment in YFE's equity securities accounted for under the fair value option.

Allowance for Doubtful Accounts

Accounts receivable are presented on the balance sheets net of estimated uncollectible amounts. The Company assesses its accounts receivable balances on a quarterly basis to determine collectability and records an allowance for estimated uncollectible accounts in an amount approximating anticipated losses based on historical experience and future expectations. Individual uncollectible accounts are written off against the allowance when collection of the individual accounts appears doubtful.

Property and Equipment

Property and equipment are recorded at cost. Depreciation on property and equipment is computed using the straight-line method over the estimated useful lives of the assets, which range from two to seven years. Maintenance, repairs, and renewals, which neither materially add to the value of the assets nor appreciably prolong their lives, are charged to expense as incurred. Gains and losses from any dispositions of property and equipment are reflected in the consolidated statement of operations.

Right of Use Leased Assets

Effective January 1, 2019, the Company adopted ASC 842, *Leases*, using the modified retrospective transition method applied at the effective date of the standard.

The Company determines at contract inception whether the arrangement is a lease based on its ability to control a physically distinct asset and determines the classification of the lease as either operating or finance. For all leases, the Company combines all components of the lease including related nonlease components as a single component. Operating leases are reflected as operating right of use ("ROU") assets and operating lease liabilities in the consolidated balance sheets. The Company does not have any finance leases.

Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The Company estimates the incremental borrowing rate to reflect the profile of collateralized borrowing over the expected term of the leases based on the information available at the later of the initial date of adoption, or the lease commencement date.

The operating lease ROU asset also includes any lease payments made prior to lease commencement date and excludes lease incentives. Lease terms may include options to extend or terminate the lease when the Company is reasonably certain that it will exercise the option. Lease expense is recognized on a straight-line basis over the lease term in the consolidated statement of operations. Lease incentives are recognized as a reduction to the lease expense on a straight-line basis over the underlying lease term.

Film and Television Costs

The Company capitalizes production costs for episodic series produced in accordance with FASB ASC 926-20, *Entertainment-Films - Other Assets - Film Costs*. Accordingly, production costs are capitalized at actual cost and amortized using the individual-film-forecast method, whereby these costs are amortized, and participations costs are accrued based on the ratio of the current period's revenues to management's estimate of ultimate revenue expected to be recognized from each production.

Due to the inherent uncertainties involved in making such estimates of ultimate revenues and expenses, these estimates have differed in the past from actual results and are likely to differ to some extent in the future from actual results. In addition, in the normal course of the Company's business, some titles are more successful or less successful than anticipated. Management reviews its ultimate revenue and cost estimates on a title-by-title basis, when an event or change in circumstances indicates that the fair value of the production may be less than its unamortized cost. This may result in a change in the rate of amortization of film costs and participations and/or a write-down of all or a portion of the unamortized costs of the film or television production to its estimated fair value. An impairment charge is recorded in the amount by which the unamortized costs exceed the estimated fair value. These write-downs are included in amortization expense within Direct Operating Expenses on the Company's consolidated statements of operations. See further discussion in Note 9 for impairment charges recorded during the year ended December 31, 2021.

The Company expenses all capitalized costs that exceed the initial market firm commitment revenue in the period of delivery of the episodes. Additionally, for episodic series, from time to time, the Company develops additional content, improved animation and bonus songs/features for its existing content. After the initial release of the episodic series, the costs of significant improvement to existing products are capitalized while routine and periodic alterations to existing products are expensed as incurred.

Goodwill and Intangible Assets

Goodwill represents the excess of purchase price over the estimated fair value of net assets acquired in business combinations accounted for by the acquisition method. In accordance with FASB ASC 350, *Intangibles Goodwill and Other*, goodwill and certain intangible assets are presumed to have indefinite useful lives and are thus not amortized, but subject to an impairment test annually or more frequently if indicators of impairment arise. The Company completes the annual goodwill and indefinite-lived intangible asset impairment tests at the end of each fiscal year. To test for goodwill impairment, the Company may elect to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit, of which the Company has two, is less than its carrying value. If impairment is indicated in the qualitative assessment, or, if management elects to initially perform a quantitative assessment of goodwill, the impairment test uses a one-step approach. The fair value of a reporting unit is compared with its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, goodwill of the reporting unit is not impaired. If the carrying amount of a reporting unit exceeds its fair value, an impairment charge would be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

Changes in future results, assumptions, and estimates after the measurement date may lead to an outcome where additional impairment charges would be required in future periods. Specifically, actual results may vary from the Company’s forecasts and such variations may be material and unfavorable, thereby triggering the need for future impairment tests where the conclusions may differ in reflection of prevailing market conditions. Further, continued adverse market conditions could result in the recognition of additional impairment if the Company determines that the fair values of its reporting units have fallen below their carrying values.

The Company has performed its annual impairment test on its goodwill and indefinite-lived intangible asset during the fourth quarter of the year ended December 31, 2021. Refer to Note 10 for details.

Other intangible assets have been acquired, either individually or with a group of other assets, and were initially recognized and measured based on fair value. Annual amortization of these intangible assets is computed based on the straight-line method over the remaining economic life of the asset.

Debt and Attached Equity-Linked Instruments

The Company measures issued debt on an amortized cost basis, net of debt premium/discount and debt issuance costs amortized using the effective interest rate method or the straight-line method when the latter does not lead to materially different results.

The Company analyzes freestanding equity-linked instruments including warrants attached to debt to conclude whether the instrument meets the definition of the derivative and whether it is considered indexed to the Company’s own stock. If the instrument is not considered indexed to the Company’s stock, it is classified as an asset or liability recorded at fair value. If the instrument is considered indexed to the Company’s stock, the Company analyzes additional equity classification requirements per ASC 815-40, *Contract’s in Entity’s Own Equity*. When the requirements are met, the instrument is recorded as part of the Company’s equity, initially measured based on its relative fair value with no subsequent re-measurement. When the equity classification requirements are not met, the instrument is recorded as an asset or liability and is measured at fair value with subsequent changes in fair value recorded in earnings.

When required, the Company also considers the bifurcation guidance for embedded derivatives per ASC 815-15, *Embedded Derivatives*.

Revenue Recognition

The Company accounts for revenue according to standard FASB ASC 606, *Revenue from Contracts with Customers*. The Company has identified the following seven material and distinct performance obligations:

- License rights to exploit Functional Intellectual Property (“Functional Intellectual Property” or “functional IP” is defined as intellectual property that has significant standalone functionality, such as the ability be played or aired. Functional Intellectual Property derives a substantial portion of its utility from its significant standalone functionality).

- License rights to exploit Symbolic Intellectual Property ("Symbolic Intellectual Property" or "symbolic IP" is intellectual property that is not functional as it does not have significant standalone use and substantially all of the utility of symbolic IP is derived from its association with the entity's past or ongoing activities, including its ordinary business activities, such as the Company's licensing and merchandising programs associated with its animated content).

- Provide media and advertising services to clients.

- Options to renew or extend a contract at fixed terms. (While this performance obligation is not significant for the Company's current contracts, it could become significant in the future).

- Options on future seasons of content at fixed terms. (While this performance obligation is not significant for the Company's current contracts, it could become significant in the future).

- Fixed fee advertising revenue generated from the Genius Brands *Kartoon Channel!*

- Variable fee advertising revenue generated from the Genius Brands *Kartoon Channel!*

The Company recognizes revenue related to licensed rights to exploit functional IP in two ways; for minimum guarantees, the Company recognizes fixed revenue upon delivery of content and the start of the license period and for functional IP contracts with a variable component, the Company estimates revenue such that it is probable there will not be a material reversal of revenue in future periods. The Company recognizes revenue related to licensed rights to exploit symbolic IP substantially similarly to functional IP. Although it has a different recognition pattern from functional IP, the valuation method is substantially the same, depending on the nature of the license.

The Company sells advertising on its App and OTT based *"Kartoon Channel!"* in the form of either flat rate promotions or impressions served. For flat rate promotions with a fixed term, the Company recognizes revenue when all five revenue recognition criteria under FASB ASC 606 are met. For impressions served, the Company delivers a certain minimum number of impressions on the channel to the advertiser for which the advertiser pays a contractual CPM per impression. Impressions served are reported to the Company on a monthly basis, and revenue is reported in the month the impressions are served.

The Company provides media and advertising services to clients. Revenue is recognized when the services are performed. When the Company purchases advertising for clients on linear and across digital and streaming platforms and receives a commission, the commissions are recognized as revenue in the month the advertising is displayed.

The Company recognizes revenue related to product sales when the Company completes its performance obligation, which is when the goods are transferred to the buyer.

Direct Operating Costs

Direct operating costs include costs of the Company's product sales, non-capitalizable film costs, film and television cost amortization expense, impairment expenses related to film and television costs, and participation expense related to agreements with various animation studios, post-production studios, writers, directors, musicians or other creative talent with which the Company is obligated to share net profits of the properties on which they have rendered services.

Share-Based Compensation

The Company issues stock-based awards to employees and non-employees that are generally in the form of stock options or restricted stock units ("RSUs"). Share-based compensation cost is recorded for all options and awards of non-vested stock based on the grant-date fair value of the award.

The fair value of stock options is estimated at the date of grant using the Black-Scholes option pricing model, which requires management to make assumptions with respect to the fair value on the grant date. The assumptions are as follows: (i) the expected term assumption of the award is based on the Company's historical exercise and post-vesting behavior (ii) the expected volatility assumption is based on historical and implied volatilities of the Company's common stock calculated based on a period of time generally commensurate with the expected term of the award; (iii) the risk-free interest rates are based on the implied yield available on U.S. treasury zero-coupon issues with an equivalent expected term; (iv) and the expected dividend yields of the Company's stock are based on history and expectations of future dividends payable. In the case of RSUs the fair value is calculated based on the Company's underlying common stock on the date of grant.

The Company recognizes compensation expense over the requisite service period ratably, using the graded attribution method, which is in-substance, recognizing multiple awards based on the vesting schedule. The Company has elected to account for forfeitures when they occur. The Company issues authorized shares available for issuance under the Company's 2015 Incentive Plan and the Company's 2020 Incentive Plan upon employees' exercise of their stock options.

Earnings Per Share

Basic earnings (loss) per common share ("EPS") is calculated by dividing net income (loss) applicable to common shareholders by the weighted average number of shares of common stock outstanding for the period. Diluted EPS is calculated by dividing net income (loss) applicable to common shareholders by the weighted average number of shares of common stock outstanding, plus the assumed exercise of all dilutive securities using the treasury stock or "as converted" method, as appropriate. During periods of net loss, all common stock equivalents are excluded from the diluted EPS calculation because they are antidilutive.

Income Taxes

Deferred income tax assets and liabilities are recognized based on differences between the financial statement and tax basis of assets and liabilities using presently enacted tax rates. At each balance sheet date, the Company evaluates the available evidence about future taxable income and other possible sources of realization of deferred tax assets and records a valuation allowance that reduces the deferred tax assets to an amount that represents management's best estimate of the amount of such deferred tax assets that more likely than not will be realized.

Concentration of Risk

The Company maintains its cash in bank deposit accounts which, at times, may exceed the Federal Deposit Insurance Corporation's ("FDIC") or the Canadian Deposit Insurance Corporation's ("CDIC") insured amounts. Balances on interest bearing deposits at banks in the United States are insured by the FDIC up to $250,000 per account and deposits in banks in Canada are insured by the CDIC up to $100,000 CAD. As of December 31, 2021, the Company had four accounts with an uninsured balance in bank deposit accounts of $1.1 million.

The Company has a managed account and a brokerage account with a financial institution. The managed account maintains our investments in marketable securities of $112.5 million as of December 31, 2021. The brokerage account does not have a balance as of December 31, 2021. Assets in the managed account and brokerage account are protected by the Securities Investor Protection Corporation ("SIPC") up to $500,000 (with a limit of $250,000 for cash). In addition, the financial institution provides additional "excess of SIPC" coverage which insures up to $1 billion. As of December 31, 2021, the Company has not had account balances held at this financial institution that exceed the insured balances.

The Company's investment portfolio consists of investment-grade securities diversified among security types, industries and issuers. The Company's policy limits the amount of credit exposure to any one security issue or issuer and the Company believes no significant concentration of credit risk exists with respect to these investments.

For fiscal year 2021, the Company had one customer, as reported in the Content Production & Distribution operating segment, whose total revenue exceeded 10% of total consolidated revenue. This customer accounted for 14.6% of total revenue. The Company had two customers whose total accounts receivable exceeded 10% of total accounts receivable. These customers accounted for 29.9% of the total accounts receivable as of December 31, 2021. For fiscal year 2020, the Company had two customers whose total revenue exceeded 10% of the total consolidated revenue. These customers accounted for 44% of total revenue and represented 22% of accounts receivable.

There is significant financial risk associated with a dependence upon a small number of customers. The Company periodically assesses the financial strength of these customers and establishes allowances for any anticipated bad debt. At December 31, 2021 and 2020, the Company recorded an allowance for bad debt of $22,080 and $43,676, respectively.

Fair value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These tiers include:

- Level 1 - Observable inputs such as quoted prices for identical instruments in active markets;
- Level 2 - Inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3 - Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The carrying amounts of cash, restricted cash, receivables, payables, accrued liabilities and the margin loan approximate fair value due to the short-term maturity of the instruments.

The fair values of the available-for-sale securities are generally based on quoted market prices, where available. These fair values are obtained primarily from third-party pricing services, which generally use Level 1 or Level 2 inputs for the determination of fair value to facilitate fair value measurements and disclosures. Level 2 securities primarily include corporate securities, securities from states, municipalities and political subdivisions, mortgage-backed securities, United States Government securities, foreign government securities, and certain other asset-backed securities. For securities not actively traded, the pricing services may use quoted market prices of comparable instruments or a variety of valuation techniques, incorporating inputs that are currently observable in the markets for similar securities.

The following table summarizes the marketable securities measured at fair value by level within the fair value hierarchy as of December 31, 2021 (in thousands):

	Level 1	Level 2	Total Fair Value
Marketable investments:			
Corporate Bonds	$ 31,099	$ 16,236	$ 47,335
U.S. Treasury	24,153	–	24,153
Mortgage-Backed	–	7,361	7,361
U.S. agency and government sponsored securities	–	14,588	14,588
U.S. states and municipalities	–	11,682	11,682
Asset-Backed	–	6,406	6,406
Commercial paper	–	998	998
Total	**$ 55,252**	**$ 57,271**	**$ 112,523**

Fair values were determined for each individual security in the investment portfolio. The Company's marketable securities are considered to be available-for-sale investments as defined under ASC 320, *Investments – Debt and Equity Securities*. There were no impairment charges recorded for the marketable securities. Refer to Note 6 for additional details. The fair values of the derivative warrants attached to the 2020 Convertible Notes were determined using the Black-Scholes-Merton model (Level 2) with standard valuation inputs. Refer to Note 22 for additional details. The investment in YFE is valued based on the trading price of YFE (Level 1). Refer to Note 5 for additional details.

Financial and nonfinancial assets and liabilities measured on a non-recurring basis are those that are adjusted to fair value when a significant event occurs. The Company's financial and nonfinancial assets and liabilities measured at fair value on a non-recurring basis as of December 31, 2021 include the contingent earn-out liability (refer to Note 3), the indefinite-lived intangible asset and goodwill related to the ChizComm acquisition (refer to Note 10) and the Film and Television Costs (refer to Note 9).

Recent Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-13, *Measurement of Credit Losses on Financial Instruments (Topic 326)*. ASU 2016-13 replaces the "incurred loss" credit losses framework with a new accounting standard that requires management's measurement of the allowance for credit losses to be based on a broader range of reasonable and supportable information for lifetime credit loss estimates. The new model, referred to as the current expected credit loss ("CECL") model, will apply to: (1) financial assets subject to credit losses and measured at amortized cost, and (2) certain off-balance sheet credit exposures. This includes, but is not limited to, loans, leases, held-to-maturity securities, loan commitments, and financial guarantees. The CECL model does not apply to available-for-sale ("AFS") debt securities. For AFS debt securities with unrealized losses, entities will measure credit losses in a manner similar to what they do today, except that the losses will be recognized as allowances rather than reductions in the amortized cost of the securities. The ASU also simplifies the accounting model for purchased credit-impaired debt securities and loans. ASU No. 2016-13 also expands the disclosure requirements regarding an entity's assumptions, models, and methods for estimating the allowance for loan and lease losses. On November 16, 2019, the FASB issued ASU No. 2019-10, *Financial Instruments-Credit Losses, Effective Dates* approving a proposal to change the effective date of ASU No. 2016-13 for smaller reporting companies, such as the Company, delaying the effective date to fiscal years beginning after December 31, 2022, including interim periods within those fiscal periods. Early adoption is permitted for interim and annual reporting periods. The Company is currently evaluating the effect that the ASU will have on its consolidated financial statements and related disclosures.

In August 2020, the FASB issued ASU No. 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. The update simplifies the accounting for convertible instruments by removing certain separation models in Subtopic 470-20, *Debt—Debt with Conversion and Other Options*, for convertible instruments. As part of the amendment, the embedded conversion features are no longer separated from the host contract for convertible instruments with conversion features that are not required to be accounted for as derivatives under Topic 815, Derivatives and Hedging, or that do not result in substantial premiums accounted for as paid-in capital. The FASB has eliminated the cash conversion and beneficial conversion feature models. The FASB has also modified accounting rules relating to application of the scope exception from derivative accounting. The amendments revise the guidance in ASC 815-40-25-10, to remove three out of seven conditions from the settlement guidance, referred to as additional equity classification requirements. Following the above amendments, more convertible debt instruments will be accounted for as a single liability measured at its amortized cost and more convertible preferred stock will be accounted for as a single equity instrument measured at its historical cost, as long as no features require bifurcation and recognition as derivatives. The amendments are effective for public business entities, excluding smaller reporting companies, for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. For all other entities, including smaller reporting companies the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company has early adopted ASU No. 2020-06 starting January 1, 2021 on a modified retrospective basis. The impact to the Company's consolidated financial position, results of operations and cash flows was not material as the Company does not have any convertible instruments outstanding as of the beginning of the fiscal year.

In May 2021, the FASB issued ASU No. 2021-04, *Modification of Equity-Classified Written Call Options*. The update requires the issuer to treat a modification of an equity-classified warrant that does not cause the warrant to become liability-classified as an exchange of the original warrant for a new warrant. This guidance applies whether the modification is structured as an amendment to the terms and conditions of the warrant or as termination of the original warrant and issuance of a new warrant. Under the amendments, an issuer should measure the effect of a modification as the difference between the fair value of the modified warrant and the fair value of that warrant immediately before modification. The recognition of the modification depends on the nature of the transaction in which a warrant is modified, i.e., in connection with equity issuance, debt origination, debt modification, or other. For example, if a warrant is modified in connection with an equity issuance, the issuer should recognize the increase (and disregard any decrease) in the warrant's fair value as an equity issuance cost, which should be charged against the gross proceeds of the offering. The amendments are effective for public business entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted, including interim periods within those fiscal years. The amendment would be applied prospectively to modifications that occur after the date of initial application. The Company will apply the amendment during the interim periods of fiscal year 2022 to any prospective modifications.

In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. ASU 2021-08 requires the recognition and measurement of contract assets and contract liabilities acquired in a business combination in accordance with ASC 606, *Revenue from Contracts with Customers*. Considerations to determine the amount of contract assets and contract liabilities to record at the acquisition date include the terms of the acquired contract, such as timing of payment, identification of each performance obligation in the contract and allocation of the contract transaction price to each identified performance obligation on a relative standalone selling price basis as of contract inception. The amendments are effective for public business entities for fiscal years beginning after December 15, 2022. ASU 2021-08 should be applied prospectively for acquisitions occurring on or after the effective date of the amendments. Early adoption of the proposed amendments would be permitted, including adoption in an interim period. The Company is currently evaluating the effect that the ASU will have on its consolidated financial statements and related disclosures.

Various other accounting pronouncements have been recently issued, most of which represented technical corrections to the accounting literature or were applicable to specific industries and are not expected to have a material effect on the Company's financial position, results of operations, or cash flows.

Note 3: Acquisition of ChizComm Entities

On February 1, 2021, the Company through GBI Acquisition LLC, a New Jersey limited liability company, and 2811210 Ontario Inc., a company organized under the laws of the Province of Ontario, two wholly-owned subsidiaries of the Company, closed its previously announced acquisition of the issued and outstanding equity interests of ChizComm Ltd., a corporation organized in Canada ("ChizComm Canada"), and ChizComm USA Corp., a New Jersey corporation ("ChizComm USA" and, together with ChizComm Canada, "ChizComm") (the "ChizComm Acquisition").

The following table summarizes the fair value of the purchase price consideration paid to acquire ChizComm (in thousands):

		Amount
Cash consideration at closing	$	8,500
Equity consideration at closing		3,527
Fair value of Earn-Out shares		7,210
Total	**$**	**19,237**

Total consideration paid by the Company in the transaction at closing consisted of $8.5 million in cash and 1,980,658 shares (the "Closing Shares") of the Company's common stock with a value of approximately $3.5 million, both as subject to certain purchase price adjustments. Of the Closing Shares, 674,157 shares of common stock, with a value of approximately $1.2 million, were deposited into an escrow account to cover potential post-closing indemnification obligations of Sellers under the Purchase Agreement. Additionally, the Purchase Agreement also provides for the issuance of additional shares of common stock with an aggregate value of up to $8.0 million that may be issued to the Sellers if certain EBITDA and performance levels are achieved within a four-year period commencing on the date of the Purchase Agreement (Earn-Out).

The ChizComm Acquisition was approved by the board of directors of each company. Transaction costs incurred relating to this acquisition including legal and accounting totaled $0.5 million, which is included in general and administrative expenses on the statement of operations. The ChizComm Acquisition expands the Company's revenue streams into media and advertising services.

The Company has determined that the ChizComm Acquisition constitutes a business acquisition as defined by ASC 805, *Business Combinations*. Accordingly, the assets acquired and the liabilities assumed in the transaction were recorded at their estimated acquisition fair values, while transaction costs associated with the acquisition were expensed as incurred pursuant to the purchase method of accounting in accordance with ASC 805. The Company's purchase price allocation was based on an evaluation of the appropriate fair values and represent managements best estimate based on available data. Fair values are determined based on the requirements of ASC 820, *Fair Measurements and Disclosures*.

The Earn-Out arrangement meets the liability classification criteria outlined in ASC 815-40, *Derivatives and Hedging: Contracts in Entity's Own Equity.* Liability classified contingent consideration is measured initially at the fair value on the acquisition date and is remeasured at each reporting period. Subsequent differences between the estimated fair value of the Earn-Out recorded at the acquisition date and the remeasurement date will be reflected as a charge or credit, as applicable, in the statement of operations. As of December 31, 2021, due to an update in the assumptions used to value the contingent consideration during the fourth quarter of 2021, a credit was recorded as other income in the Company's statement of operations, in the amount of $5.9 million.

The Company completed and finalized the purchase price allocation during the year ended December 31, 2021. The Company recorded assets acquired and liabilities assumed at their respective fair values. The following table summarizes the final fair value of assets acquired and liabilities assumed (in thousands):

Cash	$	711
Accounts Receivable		6,151
Prepaid Expenses		56
Lease Deposits		12
Fixed Assets		148
Trade Name		3,430
Customer Relationships		6,140
Non-Compete Agreements		60
Goodwill		9,607
Accounts Payable and Accrued Expenses		(7,006)
Payroll Tax Liability		(72)
Total Consideration	**$**	**19,237**

The identifiable intangible assets acquired of $9.6 million was composed of $3.4 million for ChizComm's trade name with an indefinite economical life, $6.1 million for ChizComm's customer base with a useful life of approximately 12 years, and $60,000 for ChizComm's non-compete agreements with an economic life of 3 years. The goodwill arising from the acquisition consists largely of the synergies expected from combining the operations of ChizComm and the Company and was recorded to the Media Advisory & Advertising Services reporting unit.

Valuation Methodology

Customer relationships for ChizComm were valued by performing a discounted cash flow analysis using the multiperiod excess earnings method. This method includes discounting the projected cash flows associated with existing customers based primarily upon customer turnover data over its expected life and considers the operating expenses and contributory asset charges associated with servicing such existing customers. Projected cash flows attributable to the customer relationships were discounted to their present value at a rate commensurate with the perceived risk. The useful lives of customer relationships are estimated based primarily upon the present value of cash flows attributable to the customer relationships.

Trademarks and trade names for ChizComm were valued using the relief-from-royalty method. This method is an income approach that estimates the portion of a company's earnings attributable to an asset based on the royalty rate the company would have paid for the use of the asset if it did not own it. Royalty payments are estimated by applying a royalty rate to the prospective revenue attributable to the intangible asset. The resulting annual royalty payments are tax-affected and then discounted to present value.

Non-compete agreements were valued using a with and without method. Under this method, estimated prospective financial information ("PFI") is calculated with the existence and ownership of an intangible asset and compared to the PFI in the absence of the ownership of the intangible asset. The after-tax differential PFI attributable to the intangible asset is then discounted to its present value.

Assumptions used in forecasting cash flows for each of the identified intangible assets included consideration of the following:

- Historical performance including sales and profitability.
- Business prospects and industry expectations.
- Estimated economic life of asset.
- Acquisition of new customers.
- Attrition of existing customers.

The acquisition was treated for tax purposes as a nontaxable transaction and as such, the historical tax basis of the acquired assets, net operating loss, and other tax attributes of ChizComm will carryover. As a result, no new goodwill for tax purposes was created in connection with the acquisition as there is no step-up to the fair value of the underlying tax bases of the acquired net assets.

The following supplemental pro forma information summarize the Company's results of operations for the current reporting period, as if the Company completed the acquisition as of the beginning of the annual reporting period.

Supplemental pro forma information is as follows (in thousands):

	Year Ended December 31,	
	2021	2020
Total Revenues	$ 9,225	$ 9,464
Net Loss	(126,918)	(400,477)
Net Loss per Common Share (Basic and Diluted)	$ (0.43)	$ (2.81)
Weighted Average Shares Outstanding (Basic and Diluted)	297,513,373	142,452,393

Note 4: Variable Interest Entity

In July 2020, the Company entered into a binding term sheet with POW, Inc. ("POW!") in which we agreed to form an entity with POW! to exploit certain rights in intellectual property created by Stan Lee, as well as the name and likeness of Stan Lee. The entity is called "Stan Lee Universe, LLC." POW! and the Company executed an Operating Agreement for the joint venture, effective as of June 1, 2021. The purpose of the acquisition was to enable the Company to assume the worldwide rights, in perpetuity, to the name, physical likeness, physical signature, live-action and animated motion picture, television, online, digital, publishing, comic book, merchandising and licensing rights to Stan Lee and over 100 original Stan Lee creations (the "Stan Lee Assets"), from which Genius Brands plans to develop and license multiple properties each year.

The Company contributed $2.0 million to obtain 50% of SLU's voting equity and POW, for the remaining 50%, contributed the specified intangible assets associated with the Stan Lee Assets. POW will retain certain rights in the transferred intangible assets, namely existing the rights/obligations arising from current licensing agreements. Under ASC 805, the Company determined that the value of SLU was wholly attributable to the Stan Lee Assets and would be accounted for as an asset acquisition. The acquisition cost of $2.0 million was equivalent to the value of the Stan Lee Assets contributed by POW. Therefore, the fair value of the consideration paid by the entity of $2.0 million and the fair value of the 50% noncontrolling interest approximated a total of $4.0 million.

Pursuant to the guidance under ASC 810, the Company concluded that SLU qualifies as a variable interest entity ("VIE"). The Company consolidates the results of SLU as it was determined that the Company is the primary beneficiary due to having the power through the collaboration to direct the activities that most significantly impact the entity's economic performance and the Company is required to fund over half of the economic support of the entity. Accordingly, the Company recorded the total fair value of the Stan Lee Assets in SLU of $4.0 million, as an intangible asset to be amortized over the duration of 70 years, the life of the publicity rights related to Stan Lee's name, likeness, voice, physical characteristics, etc.

On an ongoing basis, the Company will re-evaluate the VIE assessment based on changes in facts and circumstances.

Note 5: Investment in Equity Interest

On December 1, 2021, the Company completed a $6.8 million investment in Your Family Entertainment AG ("YFE"). In exchange for $3.4 million in cash and 2,281,269 shares of the Company's common stock (valued at approximately $3.4 million), the Company received 3,000,500 shares of YFE's common stock. As of December 31, 2021, the Company has a 29% economic ownership interest in YFE. The Company has elected to apply the fair value option for its investment in YFE (Level 1) as it is believed that investors value this investment based on the trading price of YFE. The Company recognizes changes in the fair value of its investment in YFE as unrealized gains (losses), net in the accompanying consolidated statements of operations with other income (loss), net.

The Company revalued the investment in YFE's securities on December 31, 2021 and recorded a loss of $105,654 within other income (loss), net on the Company's consolidated statement of operations.

Following the acquisition of YFE's shares, the Company participated in a mandatory tender offer for the remaining publicly traded shares held by shareholders. In addition, the Company committed to providing YFE between EURO 4.0 million to EURO 7.0 million by way of additional equity or by providing shareholder loans that have terms comparable to those of the converted bonds.

Note 6: Marketable Securities

The Company classifies and accounts for its marketable debt securities as available-for-sale and the securities are stated at fair value.

The investments in marketable securities had an adjusted cost basis of $113.8 million and a market value of $112.5 million as of December 31, 2021 are as follows (in thousands):

	Adjusted Cost	Unrealized Gain/(Loss)	Fair Value
Corporate Bonds	$ 47,864	$ (529)	$ 47,335
U.S. Treasury	24,410	(257)	24,153
Mortgage-Backed	7,504	(143)	7,361
U.S. agency and government sponsored securities	14,675	(87)	14,588
U.S. states and municipalities	11,871	(189)	11,682
Asset-Backed	6,456	(50)	6,406
Commercial paper	998	–	998
Total	**$ 113,778**	**$ (1,255)**	**$ 112,523**

The Company reported the net unrealized losses in accumulated other comprehensive (loss) income, a component of stockholders' equity. The decline in fair value is largely due to changes in interest rates and other market conditions and is expected to recover as the securities approach maturity. The Company has evaluated these securities and determined that no allowance is necessary based on the credit quality and the low risk of loss due to the security type. The Company has not yet held marketable securities in an unrealized loss position for greater than twelve months. A net realized loss of $70,260 related to the prepayment of principals for certain mortgage-backed securities was recorded in earnings during the year ended December 31, 2021.

The contractual maturities of the Company's marketable investments as of December 31, 2021 were as follows (in thousands):

	Fair Value
Due after 1 year through 5 years	$ 95,881
Due after 5 years through 10 years	6,443
Due after 10 years	10,199
Total	**$ 112,523**

The Company may sell certain of its marketable debt securities prior to their stated maturities for reasons including, but not limited to, managing liquidity, credit risk, duration and asset allocation.

The Company did not sell any securities during the year ended December 31, 2021, that resulted in material gains or losses.

Note 7: Property and Equipment, Net

The Company has property and equipment as follows (in thousands):

	As of December 31,	
	2021	2020
Furniture and Equipment	$ 181	$ 20
Computer Equipment	173	168
Leasehold Improvements	44	14
Software	177	68
Production Equipment	23	–
Property and Equipment, Gross	598	270
Less Accumulated Depreciation	(149)	(174)
Property and Equipment, Net	**$ 449**	**$ 96**

During the years ended December 31, 2021 and December 31, 2020, the Company recorded depreciation expense of $93,983 and $44,942. During the year ended December 31, 2021, the Company disposed of computer equipment that was replaced in the normal course of business, resulting in the removal of $118,502 from accumulated depreciation and $117,005 from gross property and equipment.

Note 8: Right of Use Leased Asset

Right of use asset consisted of the following (in thousands):

	As of December 31, 2021	As of December 31, 2020
Office Lease Asset	$ 3,351	$ 2,245
Printer Lease Asset	13	12
Right Of Use Asset, Gross	3,364	2,257
Accumulated Amortization	(579)	(285)
Right Of Use Asset, Net	**$ 2,785**	**$ 1,972**

During the years ended December 31, 2021 and December 31, 2020, the Company recorded ROU asset amortization of $298,258 million and $285,103, respectively.

Note 9: Film and Television Costs, Net

As of December 31, 2021, the Company had net Film and Television Costs of $2.9 million, compared to $11.8 million as of December 31, 2020. The decrease in Film and Television Costs was primarily due to production cost impairments of $18.2 million as described below, amortization of *Rainbow Rangers Seasons 1 & 2* and *Llama Llama Seasons 1 & 2,* offset by an increase primarily related to the production costs associated with *Stan Lee's Superhero Kindergarten* and *KC! Pop Quiz*.

During the years ended December 31, 2021 and December 31, 2020, the Company recorded Film and Television Cost amortization expense of $19.5 million and $0.98 million, respectively. As of December 31, 2021, the amortization includes an impairment expense of $18.2 million. The production cost impairments were due to management's periodic assessment of the ultimate revenues expected to be recognized on each episodic series, in conjunction with historical performance and current market conditions and determined the estimated future cash flows were not sufficient to recover the entire unamortized asset.

The following table highlights the activity in Film and Television Costs as of December 31, 2021 and 2020 (in thousands):

Film and Television Costs, Net as of December 31, 2019	$ 9,907
Additions to Film and Television Costs	2,901
Film Amortization Expense	(980)
Film and Television Costs, Net as of December 31, 2020	**11,828**
Additions to Film and Television Costs	10,650
Film Amortization Expense	(19,538)
Film and Television Costs, Net as of December 31, 2021	**$ 2,940**

Note 10: Goodwill and Intangible Assets, Net

Goodwill

In 2013, the Company recognized $10.4 million in goodwill, representing the excess of the fair value of the consideration for the merger with A Squared over net identifiable assets acquired. As a result of the ChizComm acquisition, the consideration exceeded the fair value of the assets acquired by $9.6 million. Accordingly, this amount was recorded as goodwill at the time of the acquisition. As ChizComm Ltd. is a Canadian company with CAD being its functional currency, goodwill will change each period due to currency exchange differences.

The Company has performed its annual review of goodwill and its indefinite lived intangible asset during the fourth quarter of 2021. Goodwill on the Company's consolidated financial statements relates to both the Content Production & Distribution reporting unit and the Media Advisory & Advertising Services reporting unit. The Company performed a qualitative assessment of the Content Production & Distribution reporting unit and determined that an impairment was not indicated. Due to a decrease in projected cash flows, the Company elected to initially perform a quantitative assessment on its Media Advisory & Advertising Services segment.

The fair value of the Media Advisory & Advertising Services reporting unit in accordance with the goodwill impairment test was determined using the income and market approaches. The income approach employs the discounted cash flow method reflecting projected cash flows expected to be generated by market participants and then adjusted for time value of money factors and requires management to make significant estimates and assumptions related to forecasts of future revenues, operating margins, and discount rates. The market approach utilizes an analysis of comparable publicly traded companies and requires management to make significant estimates and assumptions related to the forecasts of future revenues, earnings before interest, taxes, depreciation, and amortization (EBITDA) and multiples that are applied to management's forecasted revenues and EBITDA estimates.

The carrying value of the Media Advisory & Advertising Services reporting unit, which is comprised of the ChizComm operations, exceeded its fair value, resulting in an impairment of goodwill of $4.8 million.

The following table summarizes the changes in the carrying amount of goodwill by reportable segment (in thousands):

	Content Production & Distribution	Media Advisory & Advertising Services	Total
Goodwill as of December 31, 2020	$ 10,366	$ –	$ 10,366
Acquisition of ChizComm Entities	–	9,607	9,607
Goodwill Impairment		(4,778)	(4,778)
Foreign Currency Translation Adjustment	–	32	32
Goodwill as of December 31, 2021	**$ 10,366**	**$ 4,861**	**$ 15,227**

Intangible Assets, Net

The Company had the following intangible assets (in thousands):

Intangible Assets, Net

	As of December 31, 2021	As of December 31, 2020
Trademarks (a)	$ 130	$ 130
Customer Relationships (b)	6,132	–
Non-Compete (c)	48	–
Trade names (d)	4,000	–
Other Intangible Assets (a)	303	299
Intangible Assets, Gross	10,613	429
Foreign Currency Translation Adjustment	24	–
Less Accumulated Amortization	(904)	(400)
Intangible Assets, Net	**$ 9,733**	**$ 29**

(a) During the years ended December 31, 2021 and December 31, 2020, the Company recognized, $16,277 and $49,388, respectively, in amortization expense related to the Trademarks, Product Masters, and Other Intangible Assets.

(b) Amount represents the fair value of the ChizComm and ChizComm Beacon Media Customer Relationships with a useful life of 12 years. Amortization expense for the year ended December 31, 2021 was $0.5 million.

(c) Amount represents the fair value of the Non-Compete agreements as part of the ChizComm acquisition. The Non-Compete agreements have a useful life of 3 years. Amortization expense for the year ended December 31, 2021 was $18,345.

(d) Amount represents the fair value of the Stan Lee Assets acquired through the consolidation of the Stan Lee Universe variable interest entity. The assets have been determined to have a useful life of 70 years. The amortization expense was deemed immaterial during the fourth quarter of 2021.

Pursuant to ASC 350-30, *General Intangibles Other than Goodwill*, the Company reviews these intangible assets periodically to determine if the value should be retired or impaired due to recent events.

During the fourth quarter ended December 31 2021, the Company decided to discontinue the use of the ChizComm trade name acquired as part of the acquisition of ChizComm in February 2021. In connection with the initial accounting for the Acquisition, $3.4 million of the purchase price was allocated to the indefinite-lived trade name. As no future cash flows will be attributed to the impacted trade name, the entire book value was written-off, resulting in a non-cash impairment charge of $3.4 million as of December 31, 2021 recorded in the Company's consolidated statements of operations. No impairment existed as of December 31, 2021 or December 31, 2020 with respect to the company's other identifiable intangible assets.

Expected future intangible asset amortization as of December 31, 2021 is as follows (in thousands):

Fiscal Year:		
2022	$	542
2023		538
2024		532
2025		532
2026		532
Thereafter		7,057
Total	**$**	**9,733**

Note 11: Deferred Revenue

As of December 31, 2021, and 2020, the Company had total short term and long term deferred revenue of $3.9 million and $4.4 million, respectively. Deferred revenue includes both (i) variable fee contracts with licensees and customers in which the Company had collected advances and minimum guarantees against future royalties and (ii) fixed fee contracts. The Company recognizes revenue related to these contracts when all revenue recognition criteria have been met. Included in the deferred revenue balance as of December 31, 2021 is $3.4 million which is the remaining balance from the total $3.5 million advance against future royalty that Sony paid to the Company for both the foreign and domestic distribution rights.

Note 12: Supplemental Financial Statement Information

Accrued Expenses

The Company had the following current accrued liabilities (in thousands):

	As of December 31,			
	2021		2020	
Accrued Production Costs (a)	$	1,733	$	–
Other Accrued Expenses (b)		535		408
Accrued Salaries and Wages (c)		799		429
Total Accrued Liabilities – Current	**$**	**3,067**	**$**	**837**

(a) Represents production costs accrued for *Rainbow Rangers Season 3* and *KC! Pop Quiz*.
(b) Primarily represents external consulting services and legal fees.
(c) Represents accrued salaries and wages and accrued vacation payable to employees.

Other Income (Expense), Net

Components of other income (expense), net, are summarized as follows (in thousands):

	Year Ended December 31,	
	2021	2020
Gain on Contingent Consideration Revaluation	$ 5,846	$ –
Gain (Loss) on Warrant Revaluation	342	(210,895)
Loss on Foreign Exchange	(26)	–
Loss on Marketable Securities Investments	(70)	–
Loss on Equity Investment	(106)	–
Interest Income	559	145
Warrant Incentive Expense	(69,139)	–
Loss on Conversion Option Revaluation	–	(171,836)
Loss on Lease Termination	–	(339)
Sublease Income	–	317
Net Other Expense	**$ (62,594)**	**$ (382,608)**

The gain on contingent consideration revaluation is related to the change in fair value of the liability recorded for the earn-out arrangement with the sellers of the ChizComm entity acquired during 2021. The favorable decrease in the liability is based on the Company's updated assumptions utilized to value the contingency.

The gain (loss) on warrant revaluation is related to the change in fair value of outstanding warrants that were determined to be derivative liabilities attached to previously issued and converted convertible notes.

The foreign exchange gains and losses are due to foreign currency denominated transactions, including the investment in YFE's equity securities accounted for under the fair value option, in which the Company also realized a loss due to a decrease in fair value.

The Company started investing in marketable securities during the year ended December 31, 2021. The net realized loss on marketable securities recognized during the year ended December 31, 2021, reflects the loss in the investments in available-for-sale securities that will not be recovered due to prepayments of principals on certain mortgage-backed securities.

Interest Income, net during the year ended December 31, 2021, primarily consists of cash interest received of $1.2 million on the investments in marketable securities, net of $0.6 million for amortization of premiums.

The Warrant Incentive Expense is related to the fair value of new warrants issued in 2021 to certain existing warrant holders in exchange for previously issued outstanding warrants.

As of December 31, 2020 all notes were converted and repaid, therefore a revaluation on conversion options was not performed in 2021. In addition, as of December 31, 2020 the Company terminated the lease that generated sublease income, resulting in a loss on lease termination that did not occur during the year ended December 31, 2021.

Note 13: Secured Convertible Notes

On March 11, 2020, the Company entered into a Securities Purchase Agreement (the "SPA") with certain accredited investors (each an "Investor" and collectively, the "Investors") pursuant to which the Company agreed to sell and issue (1) Senior Secured Convertible Notes to the Investors in the aggregate principal amount of $13.75 million (each, a "Note" and collectively, the "2020 Convertible Notes") and $11.0 million funding amount (reflecting an original issue discount of $2.75 million) and (2) warrants to purchase 65,476,190 shares of the Company's common stock exercisable for a period of five years at an initial exercise price of $0.26 per share (each a "Warrant" and collectively, the "Warrants"), for consideration consisting of (i) a cash payment of $7.0 million, and (ii) full recourse cash secured promissory notes payable by the Investors to the Company (each, an "Investor Note" and collectively, the "Investor Notes") in the principal amount of $4.0 million (the "Investor Notes Principal") (collectively, the "Financing"). Andy Heyward, the Company's Chairman and Chief Executive Officer, participated as an Investor and invested $1.0 million in connection with the Financing, all of which was paid at the closing and not pursuant to an Investor Note. The Special Equities Group, LLC, a division of Bradley Woods & Co. LTD, acted as placement agent and received warrants to purchase 6,547,619 shares at an exercise price of $0.26 per share (the "Placement Agent Warrants").

The closing of the sale and issuance of the 2020 Convertible Notes, the Warrants and the Placement Agent Warrants occurred on March 17, 2020 (the "Closing Date"). The maturity date of the 2020 Convertible Notes was September 30, 2021 and the maturity date of the Investor Notes was March 11, 2060.

The Company held a stockholder meeting to approve the issuance of shares of common stock issuable under the 2020 Convertible Notes and pursuant to the terms of the SPA for the purposes of compliance with the stockholder approval rules of The Nasdaq Stock Market ("Stockholder Approval").

In addition, pursuant to the terms of the SPA, the 2020 Convertible Notes and the Warrants, the Company agreed that the following will apply or become effective only following Stockholder Approval: (1) the conversion price of the 2020 Convertible Notes shall be reduced to $0.21 per share and may be further reduced to any amount and for any period of time deemed appropriate by the board of directors of the Company (the "Board of Directors"), (2) the exercise price of the Warrants shall be immediately reduced to $0.21 per share and may be further reduced to any amount and for any period of time deemed appropriate by the Board of Directors, (3) the 2020 Convertible Notes and Warrants shall each have full ratchet anti-dilution protection for subsequent financings (subject to certain exceptions), (4) existing warrant holders that are participating in the Financing (representing warrants to purchase an aggregate of 8,715,229 shares of Company common stock) will have their existing warrants' exercise prices reduced to $0.21 and (5) the investors shall have a most favored nations right which provides that if the Company enters into a subsequent financing, then the Investors (together with their affiliates) at their sole discretion shall have the ability to exchange their 2020 Convertible Notes on a $1 for $1 basis into securities issued in the new transaction. Additionally, in the event that any warrants or options (or any similar security or right) issued in a subsequent financing include any terms more favorable to the holders thereof (less favorable to the Company) than the terms of the Warrants, the Warrants shall be automatically amended to include such more favorable terms. On March 16, 2020, the holders of the August 2018 Secured Convertible Notes were repaid in full including any outstanding interest.

On May 15, 2020, the Company received the necessary Stockholder Approval in connection with the Nasdaq proposals described above. As a result, the Conversion Price of the 2020 Convertible Notes and the exercise price of the Warrants were each reduced to $0.21. In addition, existing warrant holders that participated in the Financing (representing warrants to purchase an aggregate of 9,172,463 shares of common stock) also had their existing warrants' exercise prices reduced to $0.21.

On June 23, 2020, the Company received $3.6 million, net of expenses, from the payment of the Investor Notes Principal.

Between June 19 and June 23, 2020, the Convertible Notes were converted and repaid through the issuance of 65,476,190 shares of common stock. As of December 31, 2020 and 2021, there were no outstanding convertible notes.

Note 14: Production Loan Facility

On August 8, 2016, Llama Productions LLC ("Llama") closed a $5,275,000 multiple draw-down, secured, non-recourse, non-revolving credit facility (the "Facility") with Bank Leumi USA (the "Lender") to produce its animated series *Llama Llama*, (the "Series") which is configured as fifteen half-hour episodes comprised of thirty 11-minute programs that were delivered to Netflix in fall 2017. As a condition of the loan agreement with Bank Leumi, the Company deposited $1.0 million into a cash account to be used solely to produce the Series.

On September 28, 2018, Llama entered into a Loan and Security Agreement (the "Loan and Security Agreement") with the Lender, pursuant to which the Lender agreed to make a secured loan in an aggregate amount not to exceed $4.2 million to Llama (the "Loan"). The proceeds of the Loan were used to pay the majority of the expenses of producing, completing and delivering two 22-minute episodes and nineteen 11- minute episodes of the second season of the animated series *Llama Llama* to be initially exhibited on Netflix. To secure payment of the Loan, Llama has granted to the Lender a continuing security interest in and against, generally, all of its tangible and intangible assets, which includes all seasons of the *Llama Llama* animated series.

Under the Loan and Security Agreement, Llama could request revolving loan advances under (a) the Prime Rate Loan facility and (b) the LIBOR Loan facility, each as further described in the Loan and Security Agreement. The Maturity Date of the Prime Rate Loan facility and LIBOR Loan facility was June 30, 2021.

In addition, on September 28, 2018, Llama and the Lender entered into Amendment No. 2 to the Loan and Security Agreement, effective as of August 27, 2018, by and between Llama and the Lender (the "Amendment"). Pursuant to the Amendment, the original Loan and Security Agreement, dated as of August 8, 2016 and amended as of November 7, 2017 (the "Original Loan and Security Agreement"), was amended to (i) reduce the loan commitment thereunder to $1.8 million, and (ii) include the *Llama Llama* season two obligations under the Loan and Security Agreement as obligations under the Original Loan and Security Agreement.

As of December 31, 2020, the Company had gross outstanding borrowings under the facility of $1.1 million. The outstanding borrowings were repaid on July 14, 2021.

Note 15: Disputed Trade Payable

As part of the merger in 2013, the Company assumed certain liabilities from a previous member of A Squared which has claimed certain liabilities totaling $925,000. The Company disputes the basis for this liability. As of December 31, 2021, the Company believes that the statute of limitations applicable to the assertion of any legal claim relating to the collection of these liabilities has expired, and therefore believes this liability is not owed.

Note 16: Payroll Protection Program Loan

On April 30, 2020, the Company received loan proceeds in the amount of $366,267 under the Paycheck Protection Program which was established as part of the Coronavirus Aid, Relief and Economic Security Act and is administered through the Small Business Administration. The Company repaid the outstanding balance, including interest of $3,452 on April 28, 2021.

Note 17: Note Payable

On February 1, 2021, as part of the ChizComm Acquisition, the Company assumed a $200,000 business loan that was entered into on October 15, 2019. The loan matures on September 15, 2026, with payments of $2,999, plus interest at a rate of Prime plus 2.85% per annum, due monthly. As of December 31, 2021, the Company has an outstanding balance of $110,000, classified as a note payable within current and noncurrent liabilities on its consolidated balance sheets.

Note 18: Margin Loan

During December 2021, the Company borrowed an aggregate amount of $6.4 million from its investment margin account with the custodian of the Company's marketable debt security investment account. The borrowed amounts were used to finance the Company's investments in YFE and the future closing of its pending acquisition of WOW, in each case pledging certain of its marketable securities as collateral. The interest rate for these investment margin account borrowings fluctuates based on the Federal Funds Rate plus 0.65% with interest only payable monthly. The weighted average interest rate was 0.72% and the average balance of the borrowings was $5.9 million as of December 31, 2021. The interest incurred as of December 31, 2021 was immaterial. The investment margin account borrowings do not mature but are payable on demand as the custodian can issue a margin call at any time, therefore the margin loan is recorded as a current liability on the Company's consolidated balance sheets. As of December 31, 2021, the Company had the ability to borrow up to 66% of the balance held in marketable securities, with the option to increase its borrowing capacity, if needed.

Note 19: Stockholders' Equity

Common Stock

As of December 31, 2021, the total number of authorized shares of common stock was 400,000,000.

On March 22, 2020, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain long-standing investors (the "Investors"), pursuant to which the Company agreed to issue and sell, in a registered direct offering by the Company directly to the Investors (the "Registered Offering"), an aggregate of 4,000,000 shares of common stock at an offering price of $0.2568 per share for gross proceeds of approximately $1.0 million before deducting offering expenses. The Registered Offering closed on March 25, 2020.

As of December 31, 2021 and December 31, 2020, there were 303,379,122 and 258,438,514 shares of common stock outstanding, respectively.

On January 6, 2021, the Company issued 25,000 shares of the Company's common stock valued at $1.40 per share for marketing services.

On January 21, 2021, the Company issued 136,986 shares of the Company's common stock valued at $1.46 per share for marketing services.

On February 1, 2021, the Company issued 1,932,163 shares of the Company's common stock valued at $1.78 per share as partial consideration for the ChizComm acquisition.

On February 4, 2021, the Company issued 48,495 shares of the Company's common stock valued at $1.81 per share as partial consideration for the ChizComm acquisition.

On May 14, 2021, the Company issued 469,677 shares of the Company's common stock valued at $1.55 per share for production services.

On October 27, 2021, we issued 176,101 shares of common stock valued at $1.59 per share for production services.

On December 1, 2021, we issued 2,281,269 shares of common stock valued at $1.49 per share in partial consideration for 3,000,000 shares of YFE.

Preferred Stock

The Company has 10,000,000 shares of preferred stock authorized with a par value of $0.001 per share. The Board of Directors is authorized, subject to any limitations prescribed by law, without further vote or action by our stockholders, to issue from time-to-time shares of preferred stock in one or more series. Each series of preferred stock will have such number of shares, designations, preferences, voting powers, qualifications and special or relative rights or privileges as shall be determined by our Board of Directors, which may include, among others, dividend rights, voting rights, liquidation preferences, conversion rights and preemptive rights.

There were no shares of preferred stock outstanding as of December 31, 2021 and December 31, 2020.

Note 20: Stock Options

On September 18, 2015, the Company adopted the Genius Brands International, Inc. 2015 Incentive Plan (the "2015 Plan"). The total number of shares that can be issued under the 2015 Plan is 2,167,667 shares.

On September 1, 2020, the Company adopted the Genius Brands International, Inc. 2020 Incentive Plan (the "2020 Plan"). On August 4, 2020, the Board of Directors voted to adopt the 2020 Plan. The shares available for issuance under the 2020 Plan was approved by stockholders on August 27, 2020. The 2020 Plan as approved by the stockholders increased the maximum number of shares available for issuance up to an aggregate of 32,167,667 shares of common stock.

During the three months ended March 31, 2021, the Company granted options to purchase 520,000 shares of common stock to employees and granted to each of the members of the Board of Directors 20,000 options to purchase shares of the Company's common stock with an option price of $3.06 per share. The options vest on January 27, 2022 and have a five-year term.

During the three months ended June 30, 2021, the Company granted options to purchase 253,636 shares of common stock to employees that fully vest on January 24, 2024 and have a five-year term. The Company also granted 20,000 options to purchase shares of common stock to a new member of the Board of Directors that vest on June 24, 2022 and have a five-year term. The shares have an option price of $1.98 per share.

During the three months ended December 31, 2021, the Company granted options to purchase 312,500 shares of common stock to employees that fully vest on December 9, 2026 and have a five-year term. The shares have an option price of $1.20 per share.

The fair value of the options granted was calculated using a Black-Scholes option-pricing model with the following assumptions:

	Year Ended December 31,	
	2021	2020
Exercise Price	$1.20 - $3.06	$1.39 - $10.00
Dividend Yield	0%	0%
Volatility	99% - 143%	121% - 122%
Risk-free interest rate	0.41% - 1.26%	0.31% - 0.39%
Expected life of options	5.0 years	5.0 years

The following table summarizes the stock option activity during the years ended December 31, 2021 and December 31, 2020:

	Number of Shares	Weighted- Average Remaining Contractual Life	Weighted- Average Exercise Price	
Outstanding at December 31, 2019	1,289,866	6.49	$	7.18
Granted	8,880,000	9.91	$	1.66
Exercised	–	–	$	–
Forfeited/Cancelled	(2,000)	3.18	$	1.99
Expired	(1,051,690)	–	$	2.71
Outstanding at December 31, 2020	9,116,176	9.84	$	1.69
Granted	1,246,136	4.38	$	2.36
Exercised	–	–	$	–
Forfeited/Cancelled	(165,000)	3.73	$	2.79
Expired	–	–	$	–
Outstanding at December 31, 2021	**10,197,312**	**7.96**	**$**	**1.75**
Unvested at December 31, 2021	2,877,804	6.48	$	2.41
Vested and exercisable December 31, 2021	7,319,508	8.54	$	1.49

During the years ended December 31, 2021 and December 31, 2020, the Company recognized $3.7 million and $8.4 million, respectively in share-based compensation expense related to stock options. The unrecognized share-based compensation expense as of December 31, 2021 was $1.6 million and will be recognized over a weighted average remaining contractual life of 6.4 years. The outstanding shares as of December 31, 2021 have an aggregated intrinsic value of $0. The weighted average fair values per option granted for the year ended December 31, 2021 was determined to be $1.36.

Note 21: Restricted Stock Units

On December 7, 2020, the Company granted 9,075,000 shares of Restricted Stock Units (RSUs) with a fair market value of $12.6 million to certain employees and officers. Of such RSUs, 7,500,000 were issued to Andy Heyward, the Company's Chief Executive Officer ("CEO") and were to vest in four equal installments on the first, second, third and fourth anniversaries of December 7, 2020, subject to his continued employment (the "service-based awards"). The CEO also received an additional 7,500,000 RSUs that vested in four equal installments on the first, second, third and fourth anniversaries of December 7, 2020, based on achievement of certain performance goals (the "performance-based awards"), which have not been established at the time the CEO and the Company entered into the arrangement, and subject to his continued employment. As the performance conditions have not been established for the performance-based awards, a grant date was not yet established.

On February 1, 2021, the Company issued 53,763 RSUs with a fair market value of $74,193.

On June 23, 2021, the Compensation Committee of the Board of Directors amended the service-based awards granted to the CEO, such that 3,750,000 of such RSUs shall continue to vest in four equal installments on the first, second, third and fourth anniversaries of December 7, 2020, subject to his continued employment and the remaining 3,750,000 RSUs shall be modified to vest based on performance or market conditions. The previously issued 7,500,000 performance-based awards, along with the 3,750,000 modified service-based awards, shall vest as follows: (i) 3,750,000 RSUs vest when the Company's common stock closing sale price equals or exceeds $3.00 per share or the Company's market capitalization equals or exceeds $903,000,000 for 20 consecutive trading days; (ii) 3,750,000 RSUs vest when the Company's common stock closing sale price equals or exceeds $3.50 per share or the Company's market capitalization equals or exceeds $1,053,500,000 for 20 consecutive trading days, and (iii) 3,750,000 RSUs vest when the Company's common stock closing sale price equals or exceeds $3.75 per share or the Company's market capitalization equals or exceeds $1,128,750,000 for 20 consecutive trading days (the "market conditions"). In addition to the stock price and market capitalization vesting conditions set forth above, such 11,250,000 RSUs may also vest in four equal installments on the first, second, third and fourth anniversaries of December 7, 2020, based on achievement of certain operating performance-based vesting conditions established by the Compensation Committee on June 23, 2021 and subject to his continued employment, adjusted pro-ratably for vesting pursuant to the market conditions. As a result of these modifications, the RSUs subject to the market conditions were valued at $15.6 million with a derived service period of 12 months, using a Monte-Carlo simulation model.

On June 24, 2021, the Company issued 213,636 shares of RSUs with a fair market value of $0.4 million.

The following table summarizes the Company's RSU activity during the years ended December 31, 2021 and December 31, 2020:

	Restricted Stock Unites	Weighted-Average Remaining Contractual Life	Weighted-Average Grant Date Fair Value per Share
Unvested at December 31, 2019	–	–	$ –
Granted	9,075,000	4.94	$ 1.39
Vested	–	–	$ –
Forfeited/Cancelled	–	–	$ –
Unvested at December 31, 2020	**9,075,000**	**4.94**	**$ 1.39**
Granted	8,413,177	4.47	$ 1.42
Vested	2,104,943	4.09	$ 1.44
Forfeited/Cancelled	–	–	$ –
Unvested at December 31, 2021	**15,383,234**	**4.34**	**$ 1.40**

During the years ended December 31, 2021 and December 31, 2020, the Company recognized $12.75 million and $0.6 million, respectively in share-based compensation expense related to RSU awards. The unvested share-based compensation as of December 31, 2021 is $10.2 million which will be recognized through the fourth quarter of 2024 assuming the underlying grants are not cancelled or forfeited. The total fair value of shares vested during the year ended December 31, 2021 was $3.0 million.

Note 22: Warrants

The Company has warrants outstanding to purchase up to 45,511,965 shares as of December 31, 2021 and 2020.

On January 22, 2020, the Company entered into a private transaction (the “Private Transaction”) pursuant to a Warrant Exercise Agreement (the “Agreement”) with the holder of the Company’s existing warrants (the “Original Warrants”). The Original Warrants were issued on October 3, 2017, to purchase an aggregate of 500,000 shares of common stock, at an exercise price of $3.90 per share and were to expire in October 2022.

Pursuant to the Agreement, the holder of the Original Warrants and the Company agreed that such Original Warrant holder would exercise its Original Warrants in full and the Company would amend the Original Warrants to reduce the exercise price thereof to $0.34 (the average closing price of the common stock (as reflected on Nasdaq.com) for the five trading days immediately preceding the signing of the Agreement) (the “Amended Exercise Price”). The Company received approximately $170,000 from the exercise of the Original Warrants.

The placement agent received warrants to purchase 50,000 shares at an exercise price of $0.34 per share.

Pursuant to the SPA described in Note 13, the Company issued to the note holders warrants to purchase 65,476,191 shares of common stock, exercisable for a period of five years at an initial exercise price of $0.26 per share.

The placement agent received warrants to purchase 6,547,619 shares at an exercise price of $0.26 per share. The fair values of derivative warrants attached to the 2020 Convertible Notes and Notes conversion option were determined using the Black-Scholes-Merton option pricing model with standard valuation inputs. The valuation inputs as of March 17, 2020 included expected volatility of 89%, and annual interest rate of 0.66%. The warrants were determined to be liability classified and adjusted to fair value as of each reporting period. As of December 31, 2021, warrants to purchase 892,857 shares were outstanding and re-valued at $0.85 million, resulting in a net decrease in liability of $0.3 million, as compared to December 31, 2020. The change in value is recorded within Net Other Income (Expense) on the consolidated statement of operations. The valuation inputs as of December 31, 2021 included expected volatility of 106%, and annual interest rate of 1.02%.

On January 28, 2021, the Company entered into letter agreements (the “Letter Agreements”) with certain existing institutional and accredited investors to exercise certain outstanding warrants (the “Existing Warrants”) to purchase up to an aggregate of 39,740,500 shares of the Company’s common stock at their original exercise price of $1.55 per share (the “Exercise”). The Company received approximately $61.6 million in gross proceeds. The Special Equities Group, a division of Bradley Woods & Co. Ltd., acted as warrant solicitation agent and received a cash fee of $4.3 million. In consideration for the exercise of the Existing Warrants for cash, the exercising holders received new unregistered warrants to purchase up to an aggregate of 39,740,500 shares of common stock (the “New Warrants”) at an exercise price of $2.37 per share, exercisable immediately, with an exercise period of five years from the initial issuance date. Pursuant to the Letter Agreements, the New Warrants are substantially in the form of the Existing Warrants (except for customary legends and other language typical for an unregistered warrant, including the ability for the holder of the New Warrant to make a cashless exercise if no resale registration statement covering the common stock underlying the New Warrants is effective after six months). The Company registered the resale of the shares of common stock issuable upon exercise of the New Warrants. The fair value of these warrants was determined to be $69.1 million using the Black-Scholes option pricing model and was recorded within Net Other Income (Expense) on the consolidated statement of operations, based on the following assumptions:

Exercise Price	$	2.37
Dividend Yield		0%
Volatility		144%
Risk-free interest rate		0.42%
Expected life of options		5.0 years

The following table summarizes the changes in the Company's outstanding warrants during the years ended December 31, 2021 and December 31, 2020:

	Warrants Outstanding Number of Shares		Exercise Prices Per Share	Weighted Average Remaining Contractual Life		Weighted Average Exercise Price Per Share
Balance at December 31, 2019	11,124,405	$	0.21 - 5.30	4.37	$	0.84
Granted	115,375,982	$	0.21 – 1.55	4.61	$	0.71
Exercised	(80,820,087)	$	0.21 - 5.30	4.62	$	0.25
Expired	(168,335)	$	3.30 – 3.60	–	$	3.50
Balance at December 31, 2020	**45,511,965**	**$**	**0.21 - 5.30**	**5.19**	**$**	**1.55**
Granted	39,740,500	$	2.37	4.58	$	2.37
Exercised	(39,740,500)	$	1.55	4.76	$	1.55
Expired	–		–	–	$	–
Balance at December 31, 2021	**45,511,965**	**$**	**0.21 - 5.30**	**4.91**	**$**	**2.27**
Exercisable December 31, 2020	7,176,620	$	0.76 - 6.00	3.77	$	2.52
Exercisable December 31, 2021	44,511,965	$	0.21 - 5.30	4.77	$	2.29

Note 23: Income Taxes

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Net deferred tax assets consist of the following components (in thousands):

	As of December 31,			
		2021		2020
Deferred tax assets:				
NOL Carryover	$	22,452	$	11,946
Lease Liability		869		615
Stock Compensation		2,058		722
Warrants		239		335
Marketable Securities		351		–
Deferred Revenue		–		457
Other		291		82
Subtotal		26,260		14,157
Valuation Allowance		(23,931)		(13,603)
Deferred tax liabilities:				
Right of Use Assets		(788)		(552)
Intangible Assets		(1,541)		–
Other		–		(2)
Net Deferred Tax Asset	$	–	$	–

The income tax provision differs from the amount of income tax determined by applying the U.S. federal tax rate to pretax income from continuing operations due to the following (in thousands):

	Year Ended December 31, 2021	Year Ended December 31, 2020
Income Tax Expense Computed at the Statutory Federal Rate	$ (26,521)	$ (84,351)
State Income Taxes, Net of Federal Tax Effect	(3,057)	(872)
Stock Compensation	2,421	1,333
Conversion Option Revaluation	–	36,086
Contingent Earn Out	(1,228)	–
Goodwill Impairment	1,003	–
Secured Convertible Notes	–	217
Warrants	14,519	44,037
Other	305	16
Non-U.S. operations	(106)	–
Valuation Allowance	12,664	3,534
Income Tax Expenses	$ –	$ –

At December 31, 2021, the Company had Federal, state, and foreign net operating loss carry forwards of approximately $80,508, $78,827, and $151, respectively, that may be offset against future taxable income and will begin to expire in 2028, if not utilized. No tax benefit has been reported in the December 31, 2021 financial statements since the potential tax benefit is offset by a valuation allowance of the same amount.

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry forwards for Federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carry forwards may be limited as to use in future years.

The Company accounts for income taxes in accordance with ASC 740, *Income Taxes*, which requires the recognition of deferred tax liabilities and assets at currently enacted tax rates for the expected future tax consequences of events that have been included in the financial statements or tax returns. A valuation allowance is recognized to reduce the net deferred tax asset to an amount that is more likely than not to be realized.

ASC 740 provides guidance on the accounting for uncertainty in income taxes recognized in a company's financial statements. ASC 740 requires a company to determine whether it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position. If the more-likely-than-not threshold is met, a company must measure the tax position to determine the amount to recognize in the financial statements.

The Company includes interest and penalties arising from the underpayment of income taxes in the statements of operation in the provision for income taxes. As of December 31, 2021, the Company had no accrued interest or penalties related to uncertain tax positions.

The Company files income tax returns in the U.S. federal jurisdiction and in the states of California, Massachusetts, and New Jersey. The Company is currently subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities since inception of the Company.

Genius Brands International, Inc. is subject to U.S. income taxes on a stand-alone basis. Genius Brands International, Inc. and ChizComm Canada file separate stand-alone tax returns in each jurisdiction in which they operate. ChizComm Canada is a corporation operating in Canada and is subject to Canadian income taxes on its stand-alone taxable income.

Note 24: Commitments and Contingencies

The following is a schedule of future minimum contractual obligations as of December 31, 2021 (in thousands):

	2022	2023	2024	2025	2026	Thereafter	Total
Operating Leases	$ 655	$ 640	$ 665	$ 686	$ 703	$ 582	$ 3,931
Employment Contracts	3,213	2,656	1,232	427	–	–	7,528
Consulting Contracts	722	138	–	–	–	–	860
Debt	6,420	22	22	22	16	–	6,502
	$ 11,010	$ 3,456	$ 1,919	$ 1,135	$ 719	$ 582	$ 18,821

The Company has not included any amounts that may be required related to its pending acquisition of WOW or its subsequent acquisition of Ameba TV as described in Note 27.

Leases

Commencing February 4, 2019, the Company entered into an 83-month sublease for the 6,969 square feet of general office space leased by the Company at 131 South Rodeo Drive, Suite 250, Beverly Hills, CA 90212. The subtenant paid the Company rent of $0.4 million annually, subject to annual escalations of 3.5%. On September 11, 2020, the Company entered into a Surrender Agreement with the landlord which terminated the lease agreement. As a result, the Company recorded a decrease in the right-of-use asset, accumulated amortization, and the lease liability of $2.1 million, $0.5 million and $1.8 million respectively. The termination of the lease resulted in a loss of $0.3 million. Simultaneously, as part of the Surrender Agreement the Sublease was terminated.

On January 30, 2019, the Company entered into an operating lease for 5,838 square feet of general office space at 190 N. Canon Drive, Suite 400, Beverly Hills, CA 90210 pursuant to a 96-month lease that commenced on August 1, 2019. The Company pays rent of $0.4 million annually, subject to annual escalations of 3.5%.

On February 1, 2021, as part of the ChizComm Acquisition, the Company assumed an operating lease that was entered into on May 19, 2019 for 6,845 square feet of general office space located at 245 Fairview Mall Drive, Suites 202 and 301, Toronto, Ontario M2J 4T1 pursuant to an 84-month lease which commenced on October 1, 2019. The Company pays rent of $95,830 annually, subject to annual escalations 5% to 7%. Also, as part of the ChizComm Acquisition, the Company assumed an operating lease that was entered into on April 30, 2019 for 3,379 square feet of general office space located at One International Boulevard, 11th Floor, Mahawh, New Jersey pursuant to a 24-month lease which ended on May 1, 2021. The Company paid rent of $74,338 annually.

On March 2, 2021, the Company entered into an operating lease for 4,765 square feet of general office space located at 1050 Wall Street West, Suite 665, Lyndhurst NJ, 07071 pursuant to an 89-month lease which commenced on October 1, 2021. The Company will pay $0.1 million annually subject to annual escalations of 2.5%.

As of December 31, 2021, the weighted-average lease term for operating leases was 70 months. The weighted-average discount rate on the leases was 24.9%.

Rental expenses incurred for operating leases during the years ended December 31, 2021 and December 31, 2020 were $0.5 million and $0.7 million, respectively. During the years ended December 31, 2021 and December 31, 2020, the Company received sub-lease income of $0 and $0.3 million, respectively.

Other Funding Commitments

The Company enters into various agreements associated with its individual properties. Some of these agreements call for the potential future payment of royalties or "profit" participations for either (i) the use of third party intellectual property, in which the Company is obligated to share net profits with the underlying rights holders on a certain basis as defined in the respective agreements or (ii) services rendered by animation studios, post-production studios, writers, directors, musicians or other creative talent for which the Company is obligated to share with these service providers a portion of the net profits of the properties on which they have rendered services, as defined in each respective agreement.

Following the equity investment in YFE, the Company participated in a mandatory tender offer for the remaining publicly traded shares held by shareholders. Upon the expiration of the offer on February 14, 2022, the Company purchased 2,637,717 additional shares of YFE, increasing the Company's ownership of YFE to 53.9%. However, on March 9, 2022, including 304,631 additional shares acquired by the Company, bonds convertible into YFE's common stock were converted into 2,574,000 shares, increasing the number of outstanding shares and resulting in a dilution of the Company's ownership in YFE to 45.6%.

On October 26, 2021, 1326919 B.C. LTD., a corporation existing under the laws of the Province of British Columbia and a wholly-owned subsidiary of the Company and Wow Unlimited Media Inc. ("WOW"), a corporation existing under the laws of the Province of British Columbia, entered into an Arrangement Agreement to effect a transaction among the parties by way of a plan of arrangement under the arrangement provisions of Part 9, Division 5 of the *Business Corporations Act*, whereby the Company will purchase 100% of WOW's issued and outstanding shares for $38.4 million in cash and 11,000,000 shares of the Company's common stock. The transaction is expected to be completed during the second quarter of 2022.

Note 25: Related Party Transactions

Pursuant to his employment agreements dated December 7, 2020, Andy Heyward, the Company's CEO, is entitled to an Executive Producer fee of $12,500 per one-half hour episode for each episode he provides services as an executive producer. During the year ended December 31, 2021, Mr. Heyward earned $543,750 in producer fees and is owed $63,000 as of December 31, 2021, which is included in Due to Related Party on the Company's consolidated balance sheets.

On July 21, 2020, the Company entered into a merchandising and licensing agreement with Andy Heyward Animation Art ("AHAA"), whose principal is Andy Heyward. The Company entered into a customary merchandise license agreement with AHAA for the use of characters and logos related to Warren Buffett's *Secret Millionaires Club* and *Stan Lee's Mighty 7* in connection with certain products to be sold by AHAA. The terms and conditions of such license are customary within the industry, and the Company earns an arm-length industry standard royalty on all sales made by AHAA utilizing the licensed content. During the year ended December 31, 2021, the Company earned $0 in royalties from this agreement.

On September 30, 2021, the Company entered into a Loan Agreement and Promissory Note with POW! in the amount of $1,250,000, accruing simple interest at the annualized rate of 9%. The entire principal sum was required to be remitted to POW!'s client trust account of POW!'s legal counsel within 5 days of the effective date. The principal, plus interest must be repaid by no later than November 1, 2022. Within the Loan Agreement, it is stated that the proceeds of $1,000,000 are required to be used by POW! to settle the arbitration against Stan Lee Studios (aka Proxima Studios) and $250,000 shall be used to solely pay for the payment of legal costs and fees. The principal amount was transferred to POW! on October 12, 2021 and on or about November 4, 2021, POW and Proxima entered into a binding settlement agreement resolving all the claims made by Proxima. The loan has accrued interest of $26,221 as of December 31, 2021 and is recorded as a Note Receivable from Related Party on the Company's consolidated balance sheet.

During the year ended December 31, 2021, the Company issued 160,000 stock options to its Board Members for services with a grant date fair value of $411,800.

Note 26: Segment Reporting

The Company's CODM uses revenue and net earnings to evaluate the profitability and performance of each operating segment. All other financial information is reviewed by the CODM on a consolidated basis. The CODM does not evaluate the operating segments using asset information and it is therefore not disclosed. All expenses directly attributable to each reportable segment is included in operating results for each segment. However, the CODM does not evaluate the expenses by operating segment and, therefore, it is not separately presented.

Prior to the acquisition of ChizComm during the year ended December 31, 2021, the Company only operated in one reportable segment. The following table presents the revenue and net earnings within the two operating segments at the year ended December 31, 2021 (in thousands):

Total Revenues:		
Content Production & Distribution	$	2,707
Media Advisory & Advertising Services		5,166
Total Revenue	**$**	**7,873**
Net Loss:		
Content Production & Distribution	$	(122,944)
Media Advisory & Advertising Services		(3,347)
Total Operating Loss	**$**	**(126,291)**

Geographic Information

The following table provides information about disaggregated revenue by geographic area at year ended December 31, 2021 (in thousands):

United States	$	5,567
Canada		2,306
Total Revenue	**$**	**7,873**

Note 27: Subsequent Events

On January 13, 2022, the Company acquired Canadian streaming service Ameba TV and gained access to its kid-safe platform technology and 13,000 episodes of content including *Casper the Friendly Ghost*, *Donkey Kong Country, Gummy Bears* and *Rescue Heroes*. The Company purchased 100% of Ameba's issued and outstanding shares for $3.5 million in cash and paid $0.3 million for the underlying software code that powers the SVOD deliveries.

During the first quarter of 2022, the Company has borrowed an additional $51.4 million, net of pay-downs from its investment margin account.

On February 24, 2022, the Company issued 36,196 shares of the Company's common stock valued at $65,515 which were held in escrow as part of the ChizComm acquisition.

On March 2, 2022, the Company issued 350,000 shares of the Company's common stock valued at $0.3 million to a consultant for advisory services.

During the first quarter of 2022, the Company issued 603,648 shares of the Company's common stock valued at $0.6 million which represented delivery of vested RSUs.

Following the equity investment in YFE, the Company participated in a mandatory tender offer for the remaining publicly traded shares held by shareholders. Upon the expiration of the offer on February 14, 2022, the Company purchased 2,637,717 additional shares of YFE, increasing the Company's ownership of YFE to 53.9%. However, on March 9, 2022, including 304,631 additional shares acquired by the Company, bonds convertible into YFE's common stock were converted into 2,574,000 shares, increasing the number of outstanding shares and resulting in a dilution of the Company's ownership in YFE to 45.6%.

On March 24, 2022, the Board of Directors of Genius Brands International, Inc. accepted the resignation of Ms. Zrinka Dekic who has served as Chief Financial Officer and Head of Strategy and Mergers and Acquisitions since December 13, 2021. Ms. Dekic voluntarily resigned for personal reasons. The Board re-appointed Robert Denton as the Company's Chief Financial Officer, to serve as the Company's principal financial officer and principal accounting officer.

Mr. Denton previously served as Chief Financial Officer and principal financial officer and principal accounting officer of the Company from April 2018 to December 2021. Since December 2021, Mr. Denton has served as Executive Vice President of Finance and Accounting for the Company. Additional information required by Items 401(b), (d), and (e) and Item 404(a) of Regulation S-K regarding Mr. Denton was previously reported in the Company's Definitive Proxy Statement for its 2021 Annual Meeting of Shareholders on Schedule 14A filed with the Securities and Exchange Commission ("SEC") on August 24, 2021, and which information is incorporated by reference herein. On March 8, 2022, the Company and Mr. Denton entered into an amendment to his Amended and Restated Employment Agreement, dated as of December 7, 2020, which increased the term of his employment to three years from March 7, 2022 (the "Effective Date") unless earlier terminated and provided for a base salary at the rate of (a) \$300,000 concluding on the first anniversary of the Effective Date, (b) \$350,000 beginning on the first anniversary of the Effective Date and concluding on the second anniversary thereof, and (c) \$375,000 beginning on the second anniversary of the Effective Date and concluding on the third anniversary thereof.

The foregoing summary of the material terms of the amendment to the Amended and Restated Employment Agreement with Mr. Denton described above does not purport to be complete and is qualified in its entirety by reference to the full text of his employment agreement, which will be filed with the Company's Quarterly Report on Form 10-Q for the fiscal quarter ending March 31, 2022.

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements on Form S-3 (No. 333-252670, No. 333-214805, No. 333-235962, No. 333-227349, No. 333-238928, No. 333-239495, and No. 333-248623), Form S-3MEF (No. 333-249694), Form S-1 (No. 333-221683, No. 333-230856, No. 333-232762, No. 333-235709, and No. 333-235709), and Form S-8 (No. 333-227482, No. 333-228655, and No. 333-250097), of Genius Brands International, Inc. of our report dated April 5, 2022, relating to our audit of the consolidated financial statements of Genius Brands International, Inc., which appears in this Annual Report on Form 10-K for the years ended December 31, 2021 and 2020.

/s/ BAKER TILLY US, LLP

Los Angeles, California
April 5, 2022

EXHIBIT 31.1

Certification of Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Andy Heyward, certify that:

1. I have reviewed this Annual Report on Form 10-K of Genius Brands International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 5, 2022

By: */s/ Andy Heyward*
Andy Heyward
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

Certification of Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Robert L. Denton, certify that:

1. I have reviewed this Annual Report on Form 10-K of Genius Brands International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 5, 2022

By: */s/ Robert L. Denton*
Robert L. Denton
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Genius Brands International, Inc., a Nevada corporation (the "Company"), on Form 10-K for the fiscal year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Andy Heyward, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and Results of operations of the Company.

Date: April 5, 2022

By: */s/ Andy Heyward*
Andy Heyward
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Genius Brands International, Inc., a Nevada corporation (the "Company"), on Form 10-K for the fiscal year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert L. Denton, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 5, 2022

By: */s/ Robert L. Denton*
Robert L. Denton
Chief Financial Officer
(Principal Accounting Officer)