Consolidated Financial Statements Together with Report of Independent Certified Public Accountants

The Entertainment Community Fund and Subsidiaries

December 31, 2022 and 2021

Contents

GRANT THORNTON LLP
757 Third Ave., 9th Floor
New York, NY 10017-2013

D +1 212 599 0100
F +1 212 370 4520

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
The Entertainment Community Fund and Subsidiaries

Report on the financial statements

Opinion

We have audited the consolidated financial statements of The Actors' Fund of America and Subsidiaries, d/b/a Entertainment Community Fund (the "Fund"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter

As discussed in Note 2 to the financial statements, as of January 1, 2022, the Fund adopted Accounting Standards Codification 842, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Grant Thornton LLP

New York, New York
May 30, 2023

Entertainment Community Fund and Subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

	2022	2021
ASSETS		
Cash and cash equivalents	$ 29,482,376	$ 34,331,791
Restricted cash	1,580,470	1,437,926
Restricted cash - New Markets Tax Credit	20,685,135	-
Accounts and other receivables, less allowance for doubtful accounts of $250,000 and $245,000, in 2022 and 2021, respectively	2,561,425	3,373,039
Bequests, contributions and pledges receivable, net (Note 2)	6,449,725	4,810,022
Prepaid expenses and other assets	3,670,517	3,429,462
Long-term investments (Note 3)	20,652,110	23,912,599
New Markets Tax Credit Leveraged Loan Receivable (Note 7)	16,921,750	-
Annuity and trust investments (Note 4)	7,343,845	8,078,007
Perpetual trusts (Note 5)	5,219,167	6,678,183
Right of use assets - operating (Note 10)	12,668,382	-
Property and equipment, net (Notes 6 and 10)	64,176,769	64,653,851
Total assets	$ 191,411,671	$ 150,704,880
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 6,137,316	$ 5,235,432
Deferred revenue	966,683	910,059
Annuities and trust payable (Note 4)	6,299,292	6,182,170
Deferred rent (Note10)	-	3,078,579
Operating lease liabilities (Note 10)	15,600,119	-
Other liabilities	1,707,648	1,438,792
New Markets Tax Credit loans payable, net (Note 7)	32,841,144	-
Bonds, notes, and mortgages payable, net (Note 8)	31,936,079	32,667,506
Postretirement benefit obligations, net of plan assets of $13,488,927 and $15,508,865 in 2022 and 2021, respectively (Note 9)	2,371,326	5,443,283
Total liabilities	97,859,607	54,955,821
Commitments and contingencies (Note 10)		
Net assets (Note 11)		
Without donor restrictions	55,550,198	57,493,828
Without donor restrictions - non-controlling interest (Note 2)	1,564,775	2,179,406
With donor restrictions (Notes 2 and 11)	36,437,091	36,075,825
Total net assets	93,552,064	95,749,059
Total liabilities and net assets	$ 191,411,671	$ 150,704,880

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

Entertainment Community Fund and Subsidiaries

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities			
Support and revenues:			
Contributions and private grants	$ 13,304,114	$ 4,459,730	$ 17,763,844
Special events	2,526,835	-	2,526,835
BC/EFA grants (Note 2)	7,703,500	-	7,703,500
Bequests	4,030,561	-	4,030,561
Grant, contract, and fee income	4,119,767	-	4,119,767
Housing rental revenue	3,029,604	-	3,029,604
Patient and resident services revenue (Note 2)	17,106,711	-	17,106,711
Investment return designated for operations (Note 3)	690,457	1,505,543	2,196,000
Net assets released from restrictions (Note 2)	2,180,543	(2,180,543)	-
Total support and revenues	54,692,092	3,784,730	58,476,822
Expenses			
Program services:			
Social services	13,658,106	-	13,658,106
Employment and training	2,889,074	-	2,889,074
Health services	2,845,768	-	2,845,768
Housing	7,120,116	-	7,120,116
Patient and resident services	21,705,935	-	21,705,935
Total program services	48,218,999	-	48,218,999
Supporting services:			
General and administrative	2,148,939	-	2,148,939
Advancement	6,836,943	-	6,836,943
Total supporting services	8,985,882	-	8,985,882
Total expenses	57,204,881	-	57,204,881
Changes in net assets from operating activities	(2,512,789)	3,784,730	1,271,941
Nonoperating activities			
Change in value of split-interest agreements	(57,489)	(1,305,734)	(1,363,223)
Investment loss, net of amounts designated for current operations (Note 3)	(2,114,971)	(4,118,850)	(6,233,821)
Pension benefit related activities, other than net periodic pension cost	1,977,136	-	1,977,136
Grants, contributions and pledges for capital, net of release of restricted funds for capital expenditures	-	2,001,120	2,001,120
Interest expense - non-servicing	(121,513)	-	(121,513)
980 North Palm LP contribution (Note 2)	271,365	-	271,365
Total nonoperating activities	(45,472)	(3,423,464)	(3,468,936)
CHANGES IN NET ASSETS	(2,558,261)	361,266	(2,196,995)
Net assets, beginning of year	59,673,234	36,075,825	95,749,059
Net assets, end of year	$ 57,114,973	$ 36,437,091	$ 93,552,064

The accompanying notes are an integral part of this consolidated financial statement.

Entertainment Community Fund and Subsidiaries

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities			
Support and revenues:			
Contributions and private grants	$ 15,733,631	$ 769,500	$ 16,503,131
Special events	4,295,803	-	4,295,803
BC/EFA grants (Note 2)	7,262,500	-	7,262,500
Bequests	3,859,849	-	3,859,849
Grant, contract, and fee income	8,308,347	-	8,308,347
Housing rental revenue	2,953,729	-	2,953,729
Patient and resident services revenue (Note 2)	15,865,439	-	15,865,439
Investment return designated for operations (Note 3)	169,000	-	169,000
Net assets released from restrictions (Note 2)	290,000	(290,000)	-
Total support and revenues	58,738,298	479,500	59,217,798
Expenses			
Program services:			
Social services	15,368,919	-	15,368,919
Employment and training	2,626,193	-	2,626,193
Health services	2,562,732	-	2,562,732
Housing	6,395,841	-	6,395,841
Patient and resident services	20,014,600	-	20,014,600
Total program services	46,968,285	-	46,968,285
Supporting services:			
General and administrative	1,398,726	-	1,398,726
Advancement	4,889,871	-	4,889,871
Total supporting services	6,288,597	-	6,288,597
Total expenses	53,256,882	-	53,256,882
Changes in net assets from operating activities	5,481,416	479,500	5,960,916
Nonoperating activities			
Change in value of split-interest agreements	(2,711)	273,985	271,274
Investment gain, net of amounts designated for current operations (Note 3)	1,119,957	2,523,897	3,643,854
Pension benefit related activities, other than net periodic pension cost	1,799,701	-	1,799,701
Grants, contributions and pledges for capital, net of release of restricted funds for capital expenditures	200,004	2,871,902	3,071,906
Interest expense - non-servicing	(165,900)	-	(165,900)
980 North Palm LP contribution (Note 2)	4,627,144	-	4,627,144
Loss on extinguishment of debt	(192,825)	-	(192,825)
Total nonoperating activities	7,385,370	5,669,784	13,055,154
CHANGES IN NET ASSETS	12,866,786	6,149,284	19,016,070
Net assets, beginning of year	46,806,448	29,926,541	76,732,989
Net assets, end of year	$ 59,673,234	$ 36,075,825	$ 95,749,059

The accompanying notes are an integral part of this consolidated financial statement.

Entertainment Community Fund and Subsidiaries

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2022

	Program Services					Supporting Services		
	Social Services	Employment and Training	Health Services	Housing	Patient and Resident Services	General and Administration	Advancement	Total
Program activities and financial assistance	$ 4,160,945	$ 139,561	$ 788,508	$ 930,420	$ 4,078,914	$ -	$ -	$ 10,098,348
Fundraising and events	-	-	-	-	-	-	2,806,951	2,806,951
Payroll and benefits	6,759,754	1,989,084	1,365,858	1,865,085	12,956,709	1,057,869	2,427,901	28,422,260
General office	721,918	182,358	157,996	756,974	1,153,159	193,550	528,972	3,694,927
Professional fees and outside services	656,773	190,741	190,606	902,928	323,690	590,702	457,002	3,312,442
Occupancy and facilities	1,063,106	312,443	285,249	957,717	915,067	217,434	481,523	4,232,539
Interest expense	630	180	123	508,142	522,025	136	224	1,031,460
Depreciation and amortization	294,980	74,707	57,428	1,198,850	1,756,371	89,248	134,370	3,605,954
	$ 13,658,106	$ 2,889,074	$ 2,845,768	$ 7,120,116	$ 21,705,935	$ 2,148,939	$ 6,836,943	$ 57,204,881

The accompanying notes are an integral part of this consolidated financial statement.

Entertainment Community Fund and Subsidiaries

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2021

	Program Services					Supporting Services		
	Social Services	Employment and Training	Health Services	Housing	Patient and Resident Services	General and Administration	Advancement	Total
Program activities and financial assistance	$ 6,876,672	$ 182,558	$ 753,709	$ 931,002	$ 3,243,469	$ -	$ -	$ 11,987,410
Fundraising and events	-	-	-	-	-	-	1,445,046	1,445,046
Payroll and benefits	6,088,089	1,810,500	1,212,881	1,465,965	12,150,224	828,106	2,191,595	25,747,360
General office	587,223	153,440	134,348	676,237	1,184,746	250,123	386,102	3,372,219
Professional fees and outside services	449,800	91,676	99,731	1,064,914	318,285	100,309	202,455	2,327,170
Occupancy and facilities	1,048,885	305,548	302,898	860,913	886,216	171,331	505,312	4,081,103
Interest expense	760	211	163	214,640	535,801	213	448	752,236
Depreciation and amortization	317,490	82,260	59,002	1,182,170	1,695,859	48,644	158,913	3,544,338
	$ 15,368,919	$ 2,626,193	$ 2,562,732	$ 6,395,841	$ 20,014,600	$ 1,398,726	$ 4,889,871	$ 53,256,882

The accompanying notes are an integral part of this consolidated financial statement.

Entertainment Community Fund and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31,

	2022	2021
Cash flows from operating activities:		
Changes in net assets	$ (2,196,995)	$ 19,016,070
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,605,954	3,544,338
Amortization of right of use assets - operating	1,729,751	-
Change in allowance and discount on bequests, contributions and pledges receivable	106,668	(29,986)
Change in provision for doubtful accounts	5,000	-
Interest on notes payable	152,466	161,457
Net realized and unrealized losses (gains) on investments	4,806,088	(3,275,130)
Loss on extinguishment of debt	-	192,825
Contributions restricted to annuity agreements, endowments and capital, including donated securities	(3,281,921)	(4,107,553)
Changes in operating assets and liabilities:		
Accounts and other receivables	806,614	179,726
Bequests, contributions and pledges receivable	(1,746,371)	(1,134,003)
Annuity and trust investments	734,162	(771,557)
Prepaid expenses and other assets	(241,055)	(1,889,127)
Accounts payable and accrued expenses	773,262	(1,094,515)
Deferred revenue	56,624	52,345
Annuities and trust payable	117,122	350,967
Deferred rent	-	(96,675)
Operating lease liability	(1,876,593)	-
Other liabilities	186,498	(37,461)
Paycheck Protection Program loan	-	(4,738,132)
Postretirement benefit obligations	(3,071,957)	(1,695,563)
Net cash provided by operating activities	665,317	4,628,026
Cash flows from investing activities:		
Proceeds from maturities and sales of investments	4,556,605	8,238,414
Purchases of investments	(6,102,204)	(7,910,856)
Acquisition of property and equipment	(2,803,232)	(1,548,726)
Issuance of New Markets Tax Credit leveraged loan receivable	(16,921,750)	-
Net cash used in investing activities	(21,270,581)	(1,221,168)
Cash flows from financing activities:		
Contributions restricted to annuity agreements and endowments, and capital, including donated securities	3,281,921	4,107,553
Principal payments on finance lease liabilities	(60,121)	(13,083)
Payoff of construction loan	-	(4,476,000)
Proceeds from new markets tax credit loans and notes	32,962,138	1,000,000
Payment on financing cost	(148,661)	(76,910)
Principal payments on bonds and mortgages payable	(910,765)	(858,489)
Increase in perpetual trusts	1,459,016	(561,064)
Net cash provided by (used in) financing activities	36,583,528	(877,993)
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	15,978,264	2,528,865
Cash, cash equivalents, and restricted cash, beginning of year	35,769,717	33,240,852
Cash, cash equivalents, and restricted cash, end of year	$ 51,747,981	$ 35,769,717
	-	-
Supplemental disclosure of cash flow information:		
Equipment acquired under finance lease liabilities	$ 142,479	$ 28,941
Right of use assets acquired under operating lease liabilities	$ 14,398,133	$ -
Cash paid for interest	$ 1,020,180	$ 574,387
Construction costs included in accounts payable and accrued expenses	$ 128,622	$ 283,066
Capitalized interest included in acquisition of property and equipment	$ 240,483	$ -

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

NOTE 1 - ORGANIZATION

The Actors' Fund of America has rebranded and is doing business as "Entertainment Community Fund."

Entertainment Community Fund (the "Fund"), founded in 1882, is a national human services organization to meet the needs of the entertainment community. The Fund fosters stability and resiliency and provides a safety net for performing arts and entertainment professionals over their lifespan. Through its offices in New York, Los Angeles and Chicago, the Fund provides services including social services and emergency financial assistance, health care and insurance counseling, senior care, affordable housing, and secondary career development.

Actors Fund Housing Development Corporation ("AFHDC"), a subsidiary, was established in 2009 to provide the performing arts and entertainment community with access to affordable housing.

The Fund owns and operates The Actors Fund Home ("The Home"), a 169-bed residence consisting of Short-Stay rehabilitation, Assisted Living & Memory Care, and Skilled Nursing in Englewood, New Jersey.

The Fund is a co-General Partner of The Schermerhorn, a 217-unit affordable housing residence in Brooklyn, New York, in partnership with Breaking Ground Housing Development Fund Corporation.

In 2022, the Fund established the Hollywood Arts Collective QALICB ("QALICB"), a 501(c)3 supporting entity for the purpose of the New Markets Tax Credit transaction for the Hollywood Arts Building project.

AFHDC, through its single member LLC, Friedman Residence, LLC, is sole owner of The Dorothy Ross Friedman Residence ("Friedman Residence") in Manhattan, New York. Friedman Residence is a 30 story, 178-unit affordable housing building that provides supportive housing to special low-income groups including seniors, working professionals and people living with HIV/AIDS. Since its opening in February 1996, the Fund has been providing on-site social services to residents.

AFHDC is the Administrative General Partner of 980 North Palm, L.P. ("Partnership"), a California Limited Partnership, through its single member LLC, Actors Fund 980 North Palm, LLC. The Partnership owns and operates the Palm View Residence ("Palm View Residence") in West Hollywood, California, a 40-unit apartment complex that provides homes to low-income people with disabilities or who are living with HIV/AIDS. AFHDC, as Administrative General Partner, maintains significant influence over the Partnership.

AFHDC is Managing General Partner of The Hollywood Arts Collective L.P. In partnership with Thomas Safran & Associate, 151-unit affordable housing residence being developed in Hollywood, California.

The Fund and AFHDC are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") and are not private foundations within Section 509(a) of the Code.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying consolidated financial statements, which include the consolidated statements of financial position and changes in net assets, functional expenses, and cash flows of the Fund and AFHDC (collectively, the "Fund"), have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All significant intercompany accounts and transactions have been eliminated in preparing the accompanying consolidated financial statements.

Net Assets

The Fund's net assets, support and revenues are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Fund and changes therein are classified as follows:

> *Without donor restrictions* - Net assets that are expendable for any purpose in performing the primary objectives of the Fund. Included in net assets without donor restrictions is the non-controlling interest relating to the Partnership.
>
> *With donor restrictions* - Represent net assets which are subject to donor-imposed restrictions whose use is restricted by time and/or purpose. When a donor restriction expires, that is, when a purpose restriction is fulfilled or a time restriction ends, such net assets are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

At December 31, 2022, net assets with donor restrictions include $8,961,318 of purpose restricted funds and $7,197,424 restricted as to the passage of time. At December 31, 2021, net assets with donor restrictions include $7,007,215 of purpose restricted funds and $7,331,245 restricted as to the passage of time. During the years ended December 31, 2022 and 2021, amounts released from restrictions represent funds spent for the donor-stipulated purpose and/or the passage of time.

Another portion of net assets with donor restrictions stipulates that the corpus of the gifts be maintained in perpetuity but allows for the expenditure of net investment income and gains earned on the corpus for either specified or unspecified purposes. At December 31, 2022, net assets with donor restrictions include $15,059,182 and restricted to investment in endowment funds, and $5,219,167 of perpetual trusts established by several donors. At December 31, 2021, net assets with donor restrictions include $15,059,182 restricted to investment in endowment funds, and $6,678,183 of perpetual trusts established by several donors.

Investment income derived from perpetual trusts is used in support of operations and the changes in fair values of such trusts are reported in the with donor restrictions net asset category in the consolidated statement of activities.

Changes in net assets without donor restrictions and the non-controlling interest in the Partnership during the years ended December 31, 2022 and 2021 is summarized below:

	Total Without Donor Restrictions	Without Donor Restrictions	Non-controlling Interest
Balance, December 31, 2020	$ 46,806,448	$ 48,129,349	$ (1,322,901)
980 North Palm LP contribution	4,627,144	-	4,627,144
Change in net assets	8,239,642	9,364,479	(1,124,837)
Balance, December 31, 2021	59,673,234	57,493,828	2,179,406
980 North Palm LP contribution	271,365	-	271,365
Change in net assets	(2,829,626)	(1,943,630)	(885,996)
Balance, December 31, 2022	$ 57,114,973	$ 55,550,198	$ 1,564,775

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant management estimates and assumptions relate to the determination of allowances for doubtful accounts, discounts for present value on pledges receivable, the determination of postretirement benefit obligations, the allocation of costs amongst program and supporting services activities, the fair values assigned to certain financial instruments, and the useful lives assigned to fixed assets. Actual results could differ from those estimates.

Cash, Cash Equivalents, and Restricted Cash

The Fund considers all highly liquid financial instruments, with original maturities of 90 days or less from the date of purchase, to be cash equivalents, except for certain cash equivalents, which are part of the Fund's long-term investment strategy and are included as part of investments.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported on the accompanying statements of financial positions that total the amounts presented on the accompanying statements of cash flows.

	2022	2021
Cash and cash equivalents	$ 29,482,376	$ 33,331,791
Restricted cash	1,580,470	1,437,926
Restricted cash – New Markets Tax Credit	20,685,135	-
Total cash, cash equivalents and restricted cash shown on the statements of cash flows	$ 51,747,981	$ 35,769,717

Resident and tenants' security deposits relative to The Home, the Friedman Residence, and the Palm View Residence are recorded as an asset when received and are also included as part of other liabilities on the consolidated statement of financial position.

In addition, escrow and reserve accounts for the Freidman and Palm View Residences are classified as restricted cash, as well as New Markets Tax Credit funds for the Hollywood Arts Building project.

Bequests, Contributions and Pledges Receivable, Net

The Fund has been notified of certain intentions to give under various wills and trust agreements, the realizable amounts of which are not presently determinable. The Fund's share of such bequests is recorded when the Fund has an irrevocable right to the bequest and the proceeds are measurable. Contributions, which include unconditional promises to give, are recognized as revenue in the period received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Contributions to be received after one year are discounted using an appropriate discount rate commensurate with the risks involved (credit adjusted) which articulates with the collection period of the respective pledge. Discount rates once assigned to a respective pledge are not subsequently adjusted. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-stipulated restrictions, if any.

Bequests, contributions and pledges receivable, net, consist of the following unconditional promises to give at December 31, 2022 and 2021:

	2022	2021
Amounts due in:		
Less than one year	$ 3,969,490	$ 3,259,500
One to three years	2,624,649	1,588,268
	6,594,139	4,847,768
Less: allowance for doubtful accounts and unamortized discount (at discount rates ranging from 1.36% to 5.41%)	(144,414)	(37,746)
	$ 6,449,725	$ 4,810,022

Investments

Investments in marketable securities are carried at fair value. Donated investments are recorded at fair value at date of donation. Interest and dividends are recognized when earned.

Property and Equipment

Property and equipment are recorded at cost if purchased or fair value at the date of donation. The Fund capitalizes property and equipment costing more than $10,000 and with useful lives of five years or more. Property and equipment, with the exception of land, are depreciated by the straight-line method, using the half-year convention, with the exception of the Palm View Residence, which uses the full-year convention, over the estimated useful lives of the respective assets, as follows:

Leasehold improvements	Lesser of lease term or economic life of betterment
Buildings and improvements	10 to 40 years
Furniture, fixtures and equipment	5 to 10 years

Revenue Recognition

The Fund recognizes revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* In accordance with ASU 2018-08, the Fund evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer is determined to be an exchange transaction, the Fund applies guidance under FASB Accounting Standards Codification ("ASC") 606. If the transfer of assets is determined to be a contribution, the Fund evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Fund is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

980 North Palm, L.P. contribution

In accordance with the Partnership agreement, the limited partner is required to provide contributions totaling $5,182,623, which was determined, in part, upon the amount of low-income housing tax credits allocated to the limited partner, and was increased by an upward adjustor of $115,886 in 2022. The limited partner contributed $271,365 and $4,627,144 during the years ended December 31, 2022 and 2021, respectively, and in total, has contributed $5,298,509 as of December 31, 2022.

Contributed Services

The Fund benefits from contributed services associated with special theatrical performances which occur on its behalf. The Fund does not recognize the value of these special performances in its consolidated financial statements since the Fund has historically had these performances contributed and has never paid for such performances. As such, the criteria for recognition under U.S. GAAP has not been met.

Special Events

Revenues and expenses relative to special events are recognized upon occurrence of the respective event. Expenses associated with such events are included as part of advancement expenses on the consolidated statements of activities and functional expenses.

Grants, Contract, and Fee Income

The Fund receives grant and contract funding from various governmental agencies and private sources. The Fund recognizes revenue under these arrangements as related allowable program costs are incurred or services are provided during the respective grant or contract period.

The Fund receives fees relating to affordable housing development.

Housing Rental Revenue

Housing rental revenue includes Friedman Residence and the Palm View Residence operations and is recognized as rents become due. Rental payments received in advance are deferred until earned.

Patient and Resident Services Revenue

Patient and resident services revenue is recognized as performance obligations under the contracts with patients are satisfied. Service revenue is reported at the rate set forth by the Fund, Center for Medicare and Medicaid Services, State of NJ and other third-party payors in exchange for providing patient and residential care. The Fund determines the transaction price based on the standard charges for services provided, reduced by contractual adjustment provided to third-party payors. During fiscal years 2022 and 2021, the revenue from Medicare and Medicaid constituted 59% and 60% of total patient and resident services revenue, respectively.

Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported as part of operations.

Measure of Operations

The accompanying consolidated statement of activities distinguish between operating and nonoperating activities. Operating activities principally include all revenues and expenses that are an integral part of the Fund's programs, supporting services, special events, and investment return designated for operations. Nonoperating activities principally include investment return in excess of, or less than, the amount distributed under the Fund's Board-approved spending policy (see Note 3), pension related benefit activities, other than net periodic pension cost, change in value of split-interest agreements, grants, contributions, and pledges for capital and related releases, and endowment and other activities considered to be more of an unusual or nonrecurring nature.

Functional Allocation of Expenses

The costs of providing the Fund's programs and supporting services have been summarized on a functional basis on the accompanying consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated amongst the program and supporting services benefited based principally on headcounts dedicated to the respective functional area and other bases determined by management to be appropriate.

Concentration of Credit Risk

Cash, cash equivalents, and investments are exposed to various risks, such as interest rate, market, and credit. To minimize such risks, the Fund maintains a diversified investment portfolio managed by independent investment managers in a variety of asset classes. The Fund regularly evaluates its investments including performance thereof. Due to inherent risks and potential volatility in investment valuations, the amounts reported on the accompanying consolidated financial statements can vary substantially from year to year. The Fund maintains its cash and cash equivalents in various bank deposit accounts which, at times, may exceed federally insured limits. The Fund's cash accounts have been placed with high credit quality financial institutions and, accordingly, the Fund does not expect nonperformance.

The Fund received $11.7 million and $10.2 million, representing 46% and 43% of its total contributions, private grants and Broadway Cares/Equity Fights AIDS contribution revenues, from the Board of Trustees and their related organizations during the years ended December 31, 2022 and 2021, respectively.

Fair Value of Financial Instruments

The Fund follows guidance for fair value measurements that defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. As required by U.S. GAAP, for fair value measurements, the Fund uses a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the respective asset or liability based on market data obtained from independent sources as of the measurement date. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the measurement date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Pricing inputs other than quoted prices in active market, which are either directly or indirectly observable as of the measurement date. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

Level 3 - Securities that have little to no pricing observability as of the measurement date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by an entity. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Fund's perceived risk of that instrument.

The carrying amounts of cash and cash equivalents, accounts receivable and other receivables, bequests, contributions and pledges receivables, prepaid expenses and other assets, and accounts payable and accrued expenses and other liabilities approximate fair value due to the short maturity of these financial instruments.

The values assigned to long-term investments and annuity fund investments are based on the quoted fair values of the underlying securities as of the measurement date.

The Fund estimates that the carrying value of its bonds and mortgages payable approximate fair value.

Recently Adopted Accounting Pronouncements

The Fund adopted Accounting Standards Update ("ASU") No. 2016-02, *Leases* (Topic 842), on January 1, 2022. This standard requires organizations that enter into lease agreements as a lessee, to record on their statement of financial position the rights and obligations of the lease agreement, as a Right-of-Use ("ROU") lease asset and liability, respectively. In order to adopt this ASU, the Fund elected certain practical expedients permitted under the standard's transition guidance. The practical expedients eliminate the need to reassess the lease classification of expired or existing leases, the need to assesses whether any expired or existing contracts are or contain leases, the need to separately assess lease and non-lease components, and the need to reassess initial direct costs for any existing leases. The Fund also elected the short-term lease practical expedient, and accordingly, does not record ROU lease assets or lease liabilities with terms less than 12 months or total lease payments that do not exceed the property and equipment capitalized amount threshold. In addition, the Fund utilized the portfolio approach to group leases with similar characteristics.

The Fund determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Fund determines these assets are leased because the Fund has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because the Fund determines it does not have the right to control and direct the use of the identified asset.

The Fund analyzes each lease agreement to determine whether it should be classified as a finance lease or an operating lease. ROU assets and lease liabilities are recognized at the commencement date of the lease based on the estimated present value of lease payments over the lease term. Present value of lease payments are discounted based on the interest rate implicit in the lease, if available, or at the incremental borrowing rate. ROU assets and lease liabilities for operating and finance leases are included in the statements of financial position and presented separately based on the classification of the underlying lease arrangement.

The Fund's adoption of this standard on January 1, 2022 resulted in the recording of an initial ROU operating lease asset and liability each totaling $14,398,133 and $17,476,712, respectively. The ROU asset was offset by the deferred rent payable balance of $3,078,579 as of the date of adoption. The Fund's accounting for existing capital leases (now referred to as finance leases) remained substantially unchanged upon adoption of this standard.

The portion of payments on operating lease liabilities related to interest, along with the amortization of the related ROU, is recognized as rent expense. This rent expense is recognized on a straight-line basis over the term of the lease. The portion of payments on finance lease liabilities related to interest is recognized as interest expense. The amortization of the ROU assets under finance leases is recognized as part of depreciation expense.

Impact of the COVID-19 Pandemic

In March 2020, the World Health Organization declared COVID-19, the disease caused by the novel coronavirus, a pandemic, which started to and continues to spread throughout the United States. As a result of the COVID-19 pandemic, Broadway, and film and television, theater, concerts, dance, music and many other areas of entertainment were shutdown. The Fund has partnered with other entertainment industry organizations to provide emergency financial assistance grants to those in immediate financial need. Additionally, in response to the pandemic, the Fund incurred additional costs for testing, personal protective equipment, and other operating costs associated with ensuring employee and resident safety while operating during the pandemic.

The Fund received grant payments, which are considered nonexchange transactions, from the federal government distributed under the Coronavirus Aid, Recovery and Economic Security ("CARES") Act. For the years ended December 31, 2022 and 2021, the Fund received total grant funds of $38,086 and $165,072, respectively. The Fund believes it has met the conditions to retain these payments, which are included in grant, contracts and fee income within the consolidated statement of activities. The CARES Act payments are subject to audit and compliance with federal regulations and future grant payments are uncertain at this time.

Additionally, the Internal Revenue Service ("IRS") allowed the Fund to defer remittance of payroll taxes of $727,205 through the year ended December 31, 2020. Fifty percent of the deferred payroll taxes was paid in 2021, with the remaining paid in 2022.

Subsequent Events

The Fund has evaluated events occurring subsequent to December 31, 2022 through May 30, 2023, which represents the date the consolidated financial statements were available to be issued.

NOTE 3 - LONG-TERM INVESTMENTS

Investments at December 31, 2022 and 2021 consist of the following:

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	$ 563,642	$ 563,642	$ 894,233	$ 894,233
Common stocks	10,906,441	7,353,978	12,275,039	6,375,554
Mutual funds	3,641,355	4,403,709	6,376,402	6,796,670
Corporate bonds	3,077,156	3,266,702	2,839,518	2,805,650
Government bonds	2,463,516	2,641,530	1,527,407	1,530,513
	$ 20,652,110	$ 18,229,561	$ 23,912,599	$ 18,402,620

The Fund's investments are classified under Level 1 within the fair value hierarchy as of December 31, 2022 and 2021.

Investments are allocated amongst the net asset categories as follows:

	2022	2021
Without donor restrictions	$ 4,305,117	$ 3,997,784
With donor restrictions - passage of time	1,287,811	4,855,633
With donor restrictions - endowment funds	15,059,182	15,059,182
	$ 20,652,110	$ 23,912,599

Donor-restricted endowment funds, excluding perpetual trusts and pledges, at December 31, 2022 and 2021 consist of the following:

	2022	2021
Dorothy Ross Friedman	$ 4,500,000	$ 4,500,000
Percy Williams	3,254,762	3,254,762
Honey Waldman	1,860,408	1,860,408
Wayne F. Maxwell and David Samples	1,793,474	1,793,474
Lillian Booth	1,000,000	1,000,000
Edwin Forrest	772,250	772,250
Noel Murphy	566,691	566,691
Endowments under $500,000 (12)	1,311,597	1,311,597
	$ 15,059,182	$ 15,059,182

The Board of Trustees of the Fund has adopted an investment spending policy which permits the use of 5% to 7% annually of the trailing twenty quarter average investment portfolio's fair value measured as of each year-end. In 2021, endowment investment return designated for operations of $752,085 was deferred to 2022.

The following schedule summarizes investment (losses) gains and their classification on the accompanying consolidated statements of activities. For the years ended December 31, 2022 and 2021, realized and unrealized (losses) gains pertaining to annuity and trust investments, totaled $(1,094,487) and $769,432, respectively, and are included in the following chart:

	2022	2021
Dividends and interest (net of expenses of $155,638 and $171,216 in 2022 and 2021, respectively)	$ 768,267	$ 537,725
Net realized gains (losses)	(524,836)	1,197,472
Net unrealized gains (losses)	(4,281,252)	2,077,657
Total investment return	(4,037,821)	3,812,854
Investment return designated for operations	(2,196,000)	(169,000)
Investment return (deficit), net of amounts designated for operations	$ (6,233,821)	$ 3,643,854

NOTE 4 - ANNUITY FUND AND TRUST INVESTMENTS

The Fund has established an annuity fund which is invested in equity securities, mutual funds and bonds. The income beneficiaries of the annuity fund receive annual distributions during their lives. The Fund receives the remaining principal, if any, upon death of the stated life beneficiaries. The gift annuity fund and pooled income liabilities are based on discount rates of 3.75% at December 31, 2022 and 2021, consistent with mortality tables provided by the Internal Revenue Service.

The Fund administers the “Unclaimed Coogan Trust” funds entrusted to the Fund collected from the entertainment employers for un-emancipated minors rendering artistic or creative services pursuant to California state law.

The Fund is the trustee of charitable remainder unitrust and is responsible for making annuity payments to specified life tenant beneficiaries.

Annuity fund and trusts assets at December 31, 2022 and 2021 consist of the following:

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	$ 1,187,764	$ 1,187,764	$ 502,276	$ 502,276
Common stocks	2,809,371	1,908,163	3,635,482	1,964,444
Mutual funds	1,244,969	1,352,467	1,726,212	1,650,708
Corporate bonds	1,206,116	1,285,535	1,264,268	1,245,103
Government bonds	895,625	943,757	949,769	951,880
Total	$ 7,343,845	$ 6,677,686	$ 8,078,007	$ 6,314,411

All annuity fund and trusts assets have been classified as Level 1 investments.

	2022		2021	
	Asset	Liability	Asset	Liability
Annuity Fund	$ 698,356	$ 522,964	$ 874,170	$ 590,673
Pooled Income Fund	271,828	32,853	322,965	40,449
Unclaimed Coogan Trust	4,498,212	4,788,846	4,434,774	4,250,065
Charitable Remainder Unitrusts	1,875,449	954,629	2,446,098	1,300,983
	$ 7,343,845	$ 6,299,292	$ 8,078,007	$ 6,182,170

NOTE 5 - PERPETUAL TRUSTS

Certain perpetual trusts, which the Fund is the beneficiary of but not the trustee, have been classified as Level 3 within the fair value hierarchy and consist of the following at December 31, 2022 and 2021:

	2022	2021
Beginning of year	$ 6,678,183	$ 6,117,119
Unrealized gains (losses)	(1,459,016)	561,064
End of year	$ 5,219,167	$ 6,678,183

NOTE 6 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net, at December 31, 2022 and 2021 consists of the following:

	2022	2021
Buildings and leasehold improvements	$ 80,393,392	$ 80,240,458
Furniture, fixtures and equipment	10,077,977	9,817,258
Less: accumulated depreciation and amortization	(34,532,484)	(31,141,842)
	55,938,885	58,915,874
Land	5,377,335	5,377,335
Construction-in-progress	2,860,549	360,642
Property and equipment, net	$ 64,176,769	$ 64,653,851

Depreciation and amortization expense for the years ended December 31, 2022 and 2021 totaled $3,515,705 and $3,516,699, respectively. The Fund disposed of certain fully depreciated assets totaling $101,503 and $223,058 during the years ended December 31, 2022 and 2021, respectively. Construction in progress at December 31, 2022 consists principally of the Hollywood Arts building.

The Fund owns approximately 2,400 burial plots, which have existed since 1930 and that are substantially occupied, in New York and Pennsylvania for which no value has been assigned within the accompanying consolidated financial statements. The value of these burial plots, which would have been recognized at fair value on the date of gift, is not material to the Fund's consolidated financial statements.

NOTE 7 - NEW MARKETS TAX CREDIT (NMTC) LOANS AND LEVERAGED LOAN RECEIVABLE

In 2022, the Fund entered into transactions with two Community Development Entities (**"**CDEs**"**) under the NMTC program for rehabilitation of the Hollywood Arts Collective – Arts Building located in Hollywood, CA. The Fund formed the Hollywood Arts Building QALICB (the **"**QALICB**"**) to facilitate the transaction.

TD Bank Term Loan

The Fund entered into a five-year term loan totaling $9,404,138 with TD Bank to fund a portion of its loans into the NMTC structure. The loan bears interest at a fixed rate of 3.78% and includes an 18-month interest only period with a maturity date of January 2027.

The Fund incurred financing costs of $148,661 which are being amortized over the life of the loan. Unamortized deferred financing costs of $120,994 as of December 31, 2022 are netted against New Markets Tax Credit loans payable, net, on the accompanying consolidated statement of financial position. Deferred financing cost amortization of $27,668 for the year ended December 31, 2022 was included in depreciation and amortization.

Interest expense associated with the loan for the year ended December 31, 2022 totaled $334,740, which was included in operating expenses and allocated amongst the financial categories benefited.

Leveraged Loan Receivable

Using the proceeds from the TD Bank Term Loan, as well as cash on hand, the Fund made a NMTC leveraged loan totaling $16,921,750 ("NMTC leveraged loan") to the Chase NMTC Hollywood Arts Investment Fund, LLC.

The NMTC leveraged loan matures on December 31, 2056, and principal is payable annually commencing January 1, 2030. Interest is payable annually at 1.117% commencing December 5, 2022.

QLICI Loan

The CDEs loaned funds totaling $23,558,000 to the QALICB for use in the project, which is included in New Markets Tax Credit loans payable, net on the accompanying consolidated statement of financial position at December 31, 2022. The loan bears interest at 1%, which is paid annually and totaled $240,484 in 2022, and was capitalized as construction in progress under property and equipment, net.

The project entered into a ground lease with the City of Los Angeles for 99 years for one dollar a year.

NOTE 8 - BONDS, NOTES, AND MORTGAGES PAYABLE, NET

Bonds Payable

In August 2016, the Fund issued, through the New Jersey Economic Development Authority ("NJEDA"), $25,000,000 of Economic Development Bonds (The Actors' Fund of America Project) (the "Bonds") to provide funding for the reconstruction and expansion of The Home, as well as refunding of the 2007 NJEDA Bonds. Pursuant to the Bond Agreement dated August 4, 2016, among the Fund, the NJEDA, and TD Bank, N.A. ("TD"), TD purchased the Bonds from the NJEDA and the proceeds of the sale were loaned to the Fund (the "Loan").

The term of the Loan is 10 years inclusive of a 30-month interest only period followed by principal and interest payments based upon a 25-year amortization period. Interest accrues on the unpaid principal balance of the Loan at a rate of 2.31% per annum. The Fund's obligation to repay the Loan is secured by: (i) a Mortgage and Security Agreement covering the real property, commonly known by the street address 155-175 West Hudson Avenue, Englewood, New Jersey (the "Englewood Property") and certain fixtures and other personal property located thereon; (ii) an Assignment of Contracts, Licenses and Permits covering the Englewood Property; (iii) a Collateral Assignment of Resident Admission Agreements; (iv) a Security Agreement and related UCC financing statements covering all accounts and gross receipts of the Fund; and (v) a Continuing Covenants Agreement between the Fund and TD.

The outstanding principal balance as of December 31, 2022 and 2021 was $22,037,630 and $22,835,862, respectively.

In connection with the bond issuance discussed above, the Fund incurred financing costs of $353,251 which are being amortized over the maturity period of the bonds, 25 years. Unamortized deferred financing costs of $234,525 and $252,870 as of December 31, 2022 and 2021, respectively, are netted against bonds, notes and mortgages payable, net, on the accompanying consolidated statements of financial position. Deferred financing cost amortization of $18,345 and $18,727 for the years ended December 31, 2022 and 2021, respectively, was included in depreciation and amortization.

Interest expense associated with the Bonds for the years ended December 31, 2022 and 2021 totaled $517,556 and $535,801, respectively, which was included in operating expenses and allocated amongst the financial categories benefited for years ended 2022 and 2021, respectively.

Under the Bond agreement, the Fund is required to meet certain covenants. The Fund met these covenants as of December 31, 2022.

Notes and Mortgages Payable

<u>Palm View Residence - 980 North Palm L.P.</u>:

JP Morgan Chase 2019 Series F1 and F2 Bonds were issued by Los Angeles County Development Authority ("LACDA") in the total amount of $8,000,000. On July 16, 2021, the Series F1 in the amount of $3,524,000 was converted into first mortgage and the Series F2 in the amount of $4,476,000 was paid off. Approximately $193,000 of unamortized debt issuance costs related to the Series F2 bond was written off as a loss on extinguishment of debt for the year ended December 31, 2021. The loan is secured by the first deed of trust on the real property and bears interest of 3.75% per annum, maturing November 15, 2039. As of December 31, 2022 and 2021, the outstanding principal payable was $3,459,992 and $3,508,394, respectively, and outstanding interest payable was $11,173 and $11,329, respectively.

Debt issuance costs, net of accumulated amortization, totaled $145,209 as of December 31, 2022, and are related to the first mortgage. Debt issuance costs on the note are being amortized using an imputed interest rate of 4.33%. Amortization of debt issuance costs is $8,527 and $5,606 for the years ended December 31, 2022 and 2021, respectively, and is included in depreciation and amortization.

The Palm View Residence's other notes consist of the City of West Hollywood for $1,783,552, the County of Los Angeles for $1,640,850 and County of Los Angeles for $1,000,000. These loans are subordinated to the JP Morgan Chase loan. These notes are secured by a deed of trust on real property and bear simple interest of 1.788% to 2.99% per annum, payable in annual installments of principal and interest based on net cash flows. The liability is limited to the value of the underlying real property and an assignment of rents with maturity period of 55 years.

The outstanding principal for the City of West Hollywood note was $1,783,552 at both December 31, 2022 and 2021 and the accrued interest was $238,195 and $179,500 at December 31, 2022 and 2021, respectively.

As of December 31, 2022 and 2021, the outstanding principal payable for the County of Los Angeles was $2,640,850, and accrued interest was $183,488 and $120,671, respectively.

Friedman Residence:

On July 22, 2013, Friedman Residence, LLC entered into a 30-year loan agreement with the New York State Housing Finance Agency ("HFA") with an available amount of $2,246,000. The note bears interest at 2% per annum and is payable monthly, beginning July 1, 2014. As of December 31, 2022 and 2021, $1,665,970 and $1,730,100, respectively, was outstanding under the loan agreement.

On March 23, 2011, AFHDC assumed two 30-year loan agreements with the City of New York, Department of Housing Preservation and Development ("HPD"), one dated June 30, 1995, in the amount of $63,000, inclusive of $13,000 of interest, and another dated May 30, 2005, in the amount of $200,853. The notes bear interest at 1% per annum and non-interest bearing, respectively, and are due June 30, 2025.

These loans are nonrecourse and are secured by mortgages in the same amount encumbering real property and investments thereon (The Dorothy Ross Friedman Residence) and an assignment of rents, income and other benefits.

Maturities of the New Markets Tax Credit loans payable and bonds, notes, and mortgages payable at December 31, 2022 are as follows:

2023	$ 1,032,576
2024	1,127,932
2025	1,422,284
2026	19,842,344
2027	8,923,374
Thereafter	32,929,440
	65,277,950
Less: debt issuance costs	(500,727)
Total, net	$ 64,777,223

Paycheck Protection Program Loan

In 2020, the Fund and AFHDC (the "Borrowers") were granted loans from TD Bank of $4,592,157 and $145,975, respectively, pursuant to the Small Business Administration Paycheck Protection Program (the "SBA PPP") under Division A, Title I of the CARES Act, which bear interest at a rate of 1% per annum. The Borrowers used the entire loan amount for qualifying expenses, meeting the forgiveness clause under the terms. During the year ended December 31, 2021, the loans were forgiven in full and recognized as grant, contract, and fee income on the consolidated statement of activities.

Line of Credit

The Fund has a $6,000,000 revolving line of credit with a financial institution. Amounts borrowed under the line of credit bear interest equal to the greater of 2.5% or prime rate minus 2% and is secured by collateral held in an account with the same financial institution. The line of credit was not utilized in 2021 or 2022. The line of credit expired on December 19, 2022 but has been renewed through April 18, 2023.

NOTE 9- RETIREMENT BENEFITS

Defined Benefit Pension Plan

The Fund provided a noncontributory defined benefit pension plan for eligible employees, which has been frozen since April 15, 2012. As of April 15, 2012, the plan ceased further benefit accruals for all active participants and is closed to new participants. The accrued benefits for active participants are based solely on credited service accumulated through April 15, 2012 and compensation received through April 15, 2012.

The Fund uses a December 31 measurement date for purposes of calculating its pension obligations.

The following summarizes the funded status of the plan and associated costs as of and for the years ended December 31, 2022 and 2021:

	2022	2021
Reconciliation of benefit obligation:		
Benefit obligation at January 1	$ 19,559,513	$ 20,403,778
Interest cost	539,725	485,233
Actuarial (gain)/loss	(4,628,284)	(489,165)
Benefits paid	(918,515)	(840,333)
	$ 14,552,439	$ 19,559,513
Reconciliation of fair value of plan assets:		
Fair value of plan assets at January 1	$ 15,508,865	$ 14,206,595
Actual return on plan assets	(2,111,423)	1,914,523
Employer contributions	1,010,000	228,080
Benefits paid	(918,515)	(840,333)
Fair value of plan assets at December 31	$ 13,488,927	$ 15,508,865
Benefit obligation	$ (14,552,439)	$ (19,559,513)
Fair value of plan assets	13,488,927	15,508,865
Funded status	$ (1,063,512)	$ (4,050,648)
Amounts recognized on the consolidated statements of financial position consist of:		
Postretirement benefit obligations	$ (1,063,512)	$ (4,050,648)
Interest cost	$ 539,725	$ 485,233
Expected return on plan assets	(911,252)	(837,400)
Amortization of net loss	114,631	176,135
Net periodic pension income	$ (256,896)	$ (176,032)

Amounts recognized in net assets without donor restrictions as of December 31, 2022 and 2021 consist of an actuarial loss of $2,882,483 and $4,602,723, respectively.

The weighted-average assumptions used to determine benefit obligations at December 31, 2022 and 2021 are as follows:

	2022	2021
Discount rate	5.20%	2.80%
Rate of compensation increase	N/A	N/A

The weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Discount rate	5.20%	2.80%
Expected return on plan assets	6.00%	6.00%
Rate of compensation increase	N/A	N/A

The long-term rate of return on assets assumption was selected by the plan sponsor based on review of investment allocations with the investment advisor and based on both historic and projected returns. This assumption was determined to be an appropriate estimate of the expected returns, based on the nature of the pension plan investment allocation and related strategy. Since the rate of return assumption reflects a long-term outlook, it is not expected to change based on short-term market fluctuations. The plan sponsor routinely monitors the performance of the pension plan assets and, based on consultation with its investment advisor, will make changes to the investment allocation and strategy as determined to be necessary in an effort to maximize returns within prudent risk constraints.

The net periodic pension cost includes the following components:

	2022	2021
Benefit income	$ (256,896)	$ (176,032)
Employer contributions	1,010,000	228,080
Benefits paid	(918,515)	(840,333)

Actual return on plan assets for the pension plan are net of approximately $84,000 and $92,000 of investment management fees in fiscal years 2022 and 2021, respectively.

The Fund's pension plan weighted-average asset allocations at December 31, 2022 and 2021 are as follows:

Asset Category	Allocation of Plan Assets at December 31, 2022	Allocation of Plan Assets at December 31, 2021
Common stocks	59.49%	69.76%
Fixed income securities	34.70%	28.84%
Cash and cash equivalents	5.81%	1.40%
Total	100.00%	100.00%

The pension plan investments at December 31, 2022 and 2021 consist of the following:

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Common stocks	$ 785,708	$ 785,708	$ 216,460	$ 216,460
Fixed income securities	4,691,170	5,039,060	4,474,107	4,602,033
Cash and cash equivalents	8,012,049	6,085,275	10,818,298	6,619,098
	$ 13,488,927	$ 11,910,043	$ 15,508,865	$ 11,437,591

The investments of the pension plan as of December 31, 2022 and 2021 are classified as Level 1 within the fair value hierarchy discussed in Footnote 2.

The following pension benefit payments are expected to be paid as follows:

Year Ending December 31,	Pension Benefit
2023	$ 780,898
2024	997,821
2025	1,022,105
2026	1,024,049
2027	1,027,704
Years 2028 - 2032	5,231,923

401(k) Defined Contribution Plan

The Fund sponsors a defined contribution plan covering all eligible employees. The plan permits elective deferrals pursuant to Internal Revenue Code Section 401(k), up to the maximum amount allowed by law of pre-tax annual compensation, as defined in the plan. The Fund makes discretionary matching contributions on participant deferrals. In fiscal year 2012, the Fund added non-elective safe harbor contributions and discretionary profit-sharing contributions. The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”). Total contributions to the plan by the Fund during fiscal years 2022 and 2021 totaled $1,128,184 and $1,058,225, respectively.

457 Deferred Compensation Plan

The Fund provides 457(b)/457(f) plans to qualified executives to supplement retirement plan benefits. Total expenses pertaining to these arrangements totaled $198,256 and $287,062 for the years ended December 31, 2022 and 2021, respectively. Assets and liabilities associated with these plans totaled $1,307,814 and $1,392,635 as of December 31, 2022 and 2021, respectively. Such assets are included in other assets and liabilities are included as part of the postretirement benefit obligations, net of plan assets line on the consolidated statements of financial position.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Laws and Regulations

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement laws and regulations, anti-referral laws, and false claims prohibitions. In recent years, government activity has increased with respect to investigations and allegations concerning possible violations of reimbursement, false claims and anti-referral statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs as well as imposition of significant fines and penalties, and significant repayments for patient services previously reimbursed. The Fund believes it is in compliance with all laws and regulations and that the result of any future government review would not have a material impact on the Fund's consolidated financial position, changes in net assets or cash flows.

Income Taxes

The Fund follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is" more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Fund is exempt from federal income tax under IRC Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the IRC. The Fund has processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated income, to determine its filing and tax obligations in jurisdictions for which it has nexus, and to identity and evaluate other matters that may be considered tax positions. The Fund has determined that there are no material uncertain tax positions that require recognition or disclosure in its financial statements.

Contingencies

In the normal course of its operations, The Fund may from time to time become a party to various legal proceedings and complaints, some of which are covered by insurance. While it is not feasible to predict the ultimate outcomes of such matters, The Fund is not aware of any claims or contingencies that would have a material adverse effect on its financial position, changes in net assets or cash flows.

Leases

The Fund has entered into operating lease agreements for office space located in New York City, Chicago and Los Angeles, with lease terms expiring at various dates through fiscal year 2042. Certain of these lease agreements have renewal clauses which range from one to nine years, exercisable at the option of the Fund. All office space leases have rent escalation clauses that are based upon anticipated increases in real estate taxes, building expenses and utility charges.

Finance leases mainly consist of various equipment leases. Termination of the leases generally are prohibited unless there is a violation under the lease agreement. Asset amounts are included in property and equipment and liability amounts are included in other liabilities.

The ROU assets and accumulated amortization, lease cost, and other required information, for the year ended December 31, 2022 are:

ROU assets and accumulated amortization:

	Finance	Operating
Lease costs:		
ROU assets	$ 201,497	$ 14,398,133
Accumulated amortization	(62,221)	(1,729,751)
ROU assets, net	$ 139,276	$ 12,688,382

Lease costs:

Finance lease cost:	
Amortization of finance lease ROU asset	$ 62,221
Interest expense on lease liabilities	5,779
Operating lease cost	2,214,993
Total lease cost	$ 2,282,993

Other information:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from finance leases	$ 5,779
Financing cash flows from finance leases	60,121
Operating cash flows from operating leases	2,361,836
ROU assets obtained in exchange for new finance lease liabilities	142,479
Weighted-average remaining lease term:	
Finance leases	3.41 years
Operating leases	7.34 years
Weighted-average discount rate:	
Finance leases	3.71%
Operating leases	3.20%

As of December 31, 2022, the Fund has an additional operating lease that has not yet commenced of approximately $6.7 million. The lease will commence in fiscal 2024 and will be recognized in the Fund's consolidated statement of financial position at that time.

Future annual lease payments due under the leases noted above are as follows for years subsequent to December 31, 2022:

Fiscal Year Ending December 31:	Finance	Operating
2023	$ 57,229	$ 2,413,114
2024	31,220	2,386,594
2025	31,220	2,125,865
2026	31,220	2,225,577
2027	-	2,269,671
Thereafter	-	6,194,039
Total minimum lease payments	150,889	17,614,860
Less: amounts representing interest	(9,513)	(2,014,741)
Present value of net minimum lease payments	$ 141,376	$ 15,600,119

NOTE 11 - DONOR RESTRICTED ENDOWMENT FUNDS

The Fund adopted the provisions of Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds. This standard provides guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations subject to the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), passed by the State of New York in September 2010 and also requires additional disclosures about endowments for both donor-restricted funds and board-designated funds.

The Fund has interpreted New York State UPMIFA ("NYPMIFA") as requiring the preservation of the fair value of the original gift, as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Fund classifies as donor restricted net assets: (a) the original value of gifts donated to its permanent endowment; (b) the original value of subsequent gifts to its permanent endowment; and (c) accumulations to its permanent endowment made in accordance with the directions of the applicable donor gift instrument, at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions - time or purpose restrictions, until such amounts are appropriated for expenditure by the Fund in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the Fund considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the purpose, duration, and preservation of the endowment fund; expected total return of endowment investments; general economic conditions; the possible effects of inflation and deflation; other resources of the Fund; and the investment policy of the Fund.

The Fund has adopted investment policies for its endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Fund must hold in perpetuity. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of appropriate benchmarks without putting the assets at imprudent risk. To satisfy its long-term return objectives, the Fund relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The Fund targets a diverse asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The following tables present the composition of the Fund's donor-restricted endowment fund, which consists of net assets with donor restrictions and excludes perpetual trusts, which the Fund is not the trustee of, and pledge receivables, as of December 31, 2022 and 2021 and the changes in the endowment fund for the years then ended. The Fund does not have a board-designated endowment fund as of December 31, 2022 and 2021.

Donor Restricted Endowment Funds	2022	2021
Endowment net assets, beginning of year:	$ 19,914,815	$ 17,822,653
New endowments	-	7,500
Investment gain (loss)	(2,062,279)	2,084,662
Investment return designated for operations	(1,505,543)	-
Endowment net assets, end of year	$ 16,346,993	$ 19,914,815

Investment return designated for operations on the accompanying consolidated statements of activities includes investment return appropriated for expenditure under the Fund's spending policy pertaining to its endowment and earnings on working capital funds.

NOTE 12 - LIQUIDITY

The Fund regularly monitors liquidity required to meet its operating needs and other contractual agreements, while also striving to maximize the investment of its portfolio. The Fund has various sources of liquidity at its disposal, including cash and cash equivalents and short-term marketable equity securities.

In addition to financial assets available to meet general expenditures over the next 12 months, the Fund operates with a balanced budget and anticipates collecting sufficient operating revenue and investment portfolio returns to cover all of its operating needs.

As of December 31, 2022 and 2021, the following financial assets could readily be made available within one year of the consolidated balance sheet date to meet operating expenditures:

	2022	2021
Cash and cash equivalents	$ 29,482,376	$ 34,331,791
Restricted cash	1,580,470	1,437,926
Restricted cash – New Markets Tax Credit	20,685,135	-
Accounts and other receivables less allowance for doubtful accounts of $250,000 and $245,000, in 2022 and 2021, respectively	2,561,425	3,373,039
Bequests, contribution and pledges receivables, net	6,449,725	4,810,022
Long-term investments	20,652,110	23,912,599
Annuity and trust investments	7,343,845	8,078,007
Total financial assets	88,755,086	75,943,384
Less:		
Donor restricted funds:		
Anticipated collections on bequest, pledges and contributions receivable after one year	3,969,490	1,588,268
Purpose restricted contributions	8,961,318	7,007,215
Restricted endowment investments	15,059,182	15,059,182
Total donor restricted funds	27,989,990	23,654,665
Contractually restricted:		
Amounts held in annuity and trust investments	7,343,845	8,078,007
Amounts held as security deposits or reserves	22,265,605	1,437,926
Total contractually restricted	29,609,450	9,515,933
Add:		
Endowment fund appropriation for following year	1,239,143	1,302,143
Financial assets available to meet cash needs for general expenditures within one year	$ 32,394,789	$ 44,074,929