Consolidated Financial Statements Together with
Report of Independent Certified Public Accountants

THE ACTORS' FUND OF AMERICA AND SUBSIDIARIES

As of December 31, 2017 and 2016

THE ACTORS' FUND OF AMERICA AND SUBSIDIARIES

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
The Actors' Fund of America

We have audited the accompanying consolidated financial statements of The Actors' Fund of America and Subsidiaries ("The Actors Fund"), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Actors Fund of America and Subsidiaries as of December 31, 2017 and 2016, and the changes in their consolidated net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York
May 30, 2018

THE ACTORS' FUND OF AMERICA AND SUBSIDIARIES
Consolidated Statements of Financial Position
As of December 31, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	$ 5,518,049	$ 6,989,196
Deposits with bond trustee	7,826,095	17,472,902
Security deposits	800,176	604,549
Cash held on behalf of others (Note 2)	3,434,069	3,438,457
Accounts and other receivables, less allowance for doubtful accounts of $214,000 and $156,000 in 2017 and 2016, respectively	2,381,875	1,453,037
Bequests, contributions and pledges receivable, net (Note 2)	4,637,159	6,253,416
Prepaid expenses and other assets (Note 7)	996,015	702,851
Long-term investments (Note 3)	23,892,292	21,627,178
Annuity fund investments (Note 5)	1,451,170	1,485,144
Perpetual trusts (Note 5)	5,515,758	4,923,273
Property and equipment, net (Notes 4 and 6)	44,763,207	34,180,796
Total assets	$ 101,215,865	$ 99,130,799
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 4,976,951	$ 5,441,494
Cash held on behalf of others (Note 2)	3,434,069	3,438,457
Deferred revenue	726,796	192,924
Annuities and trust payable (Notes 3 and 5)	2,339,923	2,475,563
Deferred rent (Note 9)	2,798,057	2,076,618
Other liabilities	1,237,116	1,110,888
Bonds and mortgages payable, net (Note 7)	26,907,245	26,946,393
Borrowings on line of credit	-	1,827,975
Postretirement benefit obligations, net of plan assets of $11,747,618 and $10,353,595 in 2017 and 2016, respectively (Note 8)	6,587,378	6,505,863
Total liabilities	49,007,535	50,016,175
COMMITMENTS AND CONTINGENCIES (Note 9)		
NET ASSETS (Note 10)		
Unrestricted	25,095,353	22,290,399
Temporarily restricted (Note 2)	7,625,751	8,770,051
Permanently restricted (Notes 2 and 10)	19,487,226	18,054,174
Total net assets	52,208,330	49,114,624
Total liabilities and net assets	$ 101,215,865	$ 99,130,799

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

THE ACTORS' FUND OF AMERICA AND SUBSIDIARIES
Consolidated Statement of Activities
For the year ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING ACTIVITIES				
Support and revenues:				
Contributions and private grants	$ 6,859,740	$ 905,316	$ 15,567	$ 7,780,623
Special events	3,116,253	-	-	3,116,253
BC/EFA grants (Note 2)	4,474,000	1,200,000	-	5,674,000
Bequests	4,475,164	-	825,000	5,300,164
Government grants and private contracts	3,613,715	-	-	3,613,715
Net patient and resident services revenue (Note 2)	9,583,775	-	-	9,583,775
Friedman Residence, LLC rental income	2,089,810	-	-	2,089,810
Investment return designated for operations (Note 3)	769,375	-	-	769,375
Net assets released from restrictions (Note 2)	1,251,677	(1,251,677)	-	-
Total support and revenues	36,233,509	853,639	840,567	37,927,715
EXPENSES				
Program services:				
Social services	9,141,379	-	-	9,141,379
Employment and training	2,877,359	-	-	2,877,359
Health services	2,343,732	-	-	2,343,732
Housing	4,555,587	-	-	4,555,587
Patient and resident services	12,378,203	-	-	12,378,203
Total program services	31,296,260	-	-	31,296,260
Supporting services:				
General and administrative	1,531,644	-	-	1,531,644
Advancement	5,296,373	-	-	5,296,373
Total supporting services	6,828,017	-	-	6,828,017
Total expenses	38,124,277	-	-	38,124,277
Changes in net assets from operating activities	(1,890,768)	853,639	840,567	(196,562)
NONOPERATING ACTIVITIES				
Change in value of split-interest agreements (Note 5)	-	(180,346)	592,485	412,139
Investment gain, net of amounts designated for current operations (Note 3)	1,380,542	1,329,666	-	2,710,208
Pension benefit related activities, other than net periodic pension cost	(120,912)	-	-	(120,912)
Grants, contributions and pledges for capital	628,033	197,529	-	825,562
Release of restricted funds for capital expenditures	3,344,788	(3,344,788)	-	-
Loss on disposal of property and equipment	(536,729)	-	-	(536,729)
Total nonoperating activities	4,695,722	(1,997,939)	592,485	3,290,268
Changes in net assets	2,804,954	(1,144,300)	1,433,052	3,093,706
Net assets, beginning of the year	22,290,399	8,770,051	18,054,174	49,114,624
Net assets, end of the year	$ 25,095,353	$ 7,625,751	$ 19,487,226	$ 52,208,330

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

THE ACTORS' FUND OF AMERICA AND SUBSIDIARIES
Consolidated Statement of Activities
For the year ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING ACTIVITIES				
Support and revenues:				
Contributions and private grants	$ 8,552,991	$ 111,793	$ 5,174	$ 8,669,958
Special events	3,997,103	-	-	3,997,103
BC/EFA grants (Note 2)	3,982,500	1,037,500	-	5,020,000
Bequests	5,315,626	-	-	5,315,626
Government grants and private contracts	3,035,806	-	-	3,035,806
Net patient and resident services revenue (Note 2)	10,186,150	-	-	10,186,150
Friedman Residence, LLC rental income	2,114,242	-	-	2,114,242
Investment return designated for operations (Note 3)	640,663	-	-	640,663
Net assets released from restrictions (Note 2)	1,135,000	(1,135,000)	-	-
Total support and revenues	38,960,081	14,293	5,174	38,979,548
EXPENSES				
Program services:				
Social services	8,101,207	-	-	8,101,207
Employment and training	2,519,156	-	-	2,519,156
Health services	1,999,519	-	-	1,999,519
Housing	4,354,818	-	-	4,354,818
Patient and resident services	12,033,527	-	-	12,033,527
Total program services	29,008,227	-	-	29,008,227
Supporting services:				
General and administrative	1,485,290	-	-	1,485,290
Advancement	5,055,500	-	-	5,055,500
Total supporting services	6,540,790	-	-	6,540,790
Total expenses	35,549,017	-	-	35,549,017
Changes in net assets from operating activities	3,411,064	14,293	5,174	3,430,531
NONOPERATING ACTIVITIES				
Change in value of split-interest agreements (Note 5)	-	(222,871)	54,810	(168,061)
Investment gain, net of amounts designated for current operations (Note 3)	92,370	570,174	-	662,544
Pension benefit related activities, other than net periodic pension cost	(201,722)	-	-	(201,722)
Grants, contributions and pledges for capital	1,671,570	2,601,035	-	4,272,605
Release of restricted funds for capital expenditures	1,676,444	(1,676,444)	-	-
Total nonoperating activities	3,238,662	1,271,894	54,810	4,565,366
Changes in net assets	6,649,726	1,286,187	59,984	7,995,897
Net assets, beginning of the year	15,640,673	7,483,864	17,994,190	41,118,727
Net assets, end of the year	$ 22,290,399	$ 8,770,051	$ 18,054,174	$ 49,114,624

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

THE ACTORS' FUND OF AMERICA AND SUBSIDIARIES
Consolidated Statement of Functional Expenses
For the year ended December 31, 2017

	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	$ 2,205,859	$ 298,529	$ 655,941	$ 820,570	$ 1,543,602	$ -	$ -	$ 5,524,501
Fundraising and events	-	-	-	-	-	-	1,877,919	1,877,919
Salaries	3,526,978	1,234,584	756,016	1,081,599	5,933,474	584,343	1,562,517	14,679,511
Employee benefits and taxes	1,376,980	497,514	300,942	416,574	2,363,699	256,692	613,591	5,825,992
General office	499,466	220,302	160,956	379,485	638,614	141,447	383,873	2,424,143
Professional fees and outside services	433,934	136,558	130,024	590,601	216,936	119,220	260,603	1,887,876
Occupancy and facilities	910,449	397,670	213,527	826,386	647,100	290,412	493,931	3,779,475
Interest expense	2,335	928	375	47,899	115,500	23,944	945	191,926
Depreciation and amortization	185,378	91,274	125,951	392,473	919,278	115,586	102,994	1,932,934
	$ 9,141,379	$ 2,877,359	$ 2,343,732	$ 4,555,587	$ 12,378,203	$ 1,531,644	$ 5,296,373	$ 38,124,277

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

THE ACTORS' FUND OF AMERICA AND SUBSIDIARIES
Consolidated Statement of Functional Expenses
For the year ended December 31, 2016

	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	$ 1,809,994	$ 277,876	$ 557,923	$ 784,544	$ 1,591,932	$ -	$ -	$ 5,022,269
Fundraising and events	-	-	-	-	-	-	1,840,673	1,840,673
Salaries	3,293,464	1,127,082	719,098	1,029,003	5,747,637	596,076	1,577,795	14,090,155
Employee benefits and taxes	1,267,734	401,471	291,684	407,936	2,383,291	269,745	628,462	5,650,323
General office	479,488	178,244	121,647	352,329	575,579	168,324	340,679	2,216,290
Professional fees and outside services	316,091	174,708	91,114	557,581	183,785	149,958	229,858	1,703,095
Occupancy and facilities	740,607	297,675	150,516	807,183	585,203	151,671	357,029	3,089,884
Interest expense	3,271	900	599	48,940	171,025	62,906	1,328	288,969
Depreciation and amortization	190,558	61,200	66,938	367,302	795,075	86,610	79,676	1,647,359
	$ 8,101,207	$ 2,519,156	$ 1,999,519	$ 4,354,818	$ 12,033,527	$ 1,485,290	$ 5,055,500	$ 35,549,017

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

THE ACTORS' FUND OF AMERICA AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 3,093,706	$ 7,995,897
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,933,434	1,647,860
Change in allowance and discount on bequests, contributions and pledges receivable	(56,219)	(26,471)
Change in provision for doubtful accounts	57,431	(16,192)
Net realized and unrealized gains losses on investments	(3,083,310)	(912,294)
Contributions restricted to annuity agreements, endowments and capital, including donated securities	(3,177,399)	(2,587,361)
Loss on disposal of property and equipment	536,729	-
Amortization of deferred bond financing costs	18,384	-
Write off of deferred bond financing costs	-	176,519
Changes in operating assets and liabilities:		
Security deposits	(195,627)	53,701
Accounts and other receivables	(952,785)	(113,720)
Bequests, contributions and pledges receivable	1,672,476	1,143,044
Annuity fund investments	33,974	105,379
Prepaid expenses and other assets	(293,164)	(161,284)
Cash held on behalf of others	4,388	(500,277)
Accounts payable and accrued expenses	(464,543)	2,382,082
Deferred revenue	533,872	(161,086)
Deferred rent	721,439	411,349
Annuities payable	(135,640)	(129,581)
Other liabilities	125,712	609,309
Postretirement benefit obligations	81,515	263,532
Net cash provided by operating activities	454,373	10,180,406
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities and sales of investments	14,297,854	8,126,031
Purchases of investments	(13,479,658)	(9,537,780)
Acquisition of property and equipment	(13,052,074)	(8,401,995)
Net cash used in investing activities	(12,233,878)	(9,813,744)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted to annuity agreements and endowments, including donated securities	3,177,399	2,587,361
Payments of line of credit	(1,827,975)	(2,044,700)
Principal payments on capital lease obligations	(37,356)	(45,969)
Principal payments on bonds and mortgages payable	(58,032)	(5,101,778)
Proceeds from bond payable	-	25,000,000
Bond closing costs	-	(345,751)
Decrease in perpetual trusts	(592,485)	(54,810)
Decrease (increase) in deposits with bond trustee	9,646,807	(17,472,902)
Net cash provided by financing activities	10,308,358	2,521,451
Net (decrease) increase in cash and cash equivalents	(1,471,147)	2,888,113
Cash and cash equivalents, beginning of year	6,989,196	4,101,083
Cash and cash equivalents, end of year	$ 5,518,049	$ 6,989,196
Supplemental disclosure of cash flow information:		
Equipment acquired under capital lease obligations	$ -	$ 64,215
Cash paid for interest	$ 649,516	$ 465,233
Construction costs included in accounts payable and accrued expenses	$ 740,217	$ 2,634,067

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

1. ORGANIZATION

The Actors' Fund of America ("The Actors' Fund") was founded in 1882 to provide a safety net for performing arts and entertainment professionals in the United States of America.

Today, The Actors' Fund is a national human services organization that fosters stability and resiliency, and provides a safety net for performing arts and entertainment professionals over their lifespan. Through offices in New York, Los Angeles and Chicago, The Actors' Fund serves everyone in film, theater, television, music, opera, radio and dance with programs including social services and emergency financial assistance, health care and insurance counseling, housing, and secondary employment and training services.

The Actors' Fund owns and operates The Actors Fund Home, 149-bed skilled nursing, assisted living and rehabilitation facility in Englewood, New Jersey ("The Home"), The Dorothy Ross Friedman Residence in Manhattan, New York, a 178-unit supportive housing residence and is also co-owner, in a partnership with Breaking Ground, of The Schermerhorn, a 217-unit affordable housing residence in Brooklyn, New York, and is the leading partner in the Palm View Residence in West Hollywood, CA, which provides a home for people with HIV/AIDS.

The Actors' Fund continues to anticipate and provide for our community's most urgent needs by providing quick and compassionate response in offering emergency financial assistance to those impacted by disasters like last year's hurricanes and California wildfires, or new beginnings, like the openings of the sub-acute care center (Shubert Pavilion) at The Home, a facility that provides world class senior care, and The Friedman Health Center for the Performing Arts in New York City, our new primary care facility in the heart of Times Square. In 2017, The Actors' Fund helped 13,571 people in 48 US states.

The Actors Fund Housing Development Corporation ("AFHDC"), a subsidiary, was established in 2009 to carry out the The Actors Fund's activities in the area of senior, supportive and affordable housing.

The Actors' Fund of America and AFHDC ("The Actors Fund") 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.

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 Actors' Fund of America and its subsidiaries, which include AFHDC and the Friedman Residence, LLC, have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). All significant intercompany accounts and transactions have been eliminated in preparing the accompanying consolidated financial statements.

The Actors Fund is required to report information regarding its consolidated financial position and consolidated changes in net assets according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Net Assets

Unrestricted net assets represent net assets of The Actors Fund that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets represent gifts of cash and other assets received with donor stipulations that limit the use of the donated assets or are restricted as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the consolidated 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, 2017, temporarily restricted net assets of $7,625,751 consist of $4,393,867 of purpose restricted funds and $3,231,884 restricted as to the passage of time. At December 31, 2016, temporarily restricted net assets of $8,770,051 consist of $6,065,620 of purpose restricted funds and $2,704,431 restricted as to the passage of time. During the years ended December 31, 2017 and 2016, amounts released from restriction represent funds spent for the donor-stipulated purpose and/or the passage of time.

Permanently restricted net assets represent net assets resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled by actions of The Actors Fund and must be maintained in perpetuity. At December 31, 2017, permanently restricted net assets of $19,487,226 consist of $13,471,467 restricted to investment in endowment funds, $500,000 of pledges receivable restricted to investment in endowment funds and $5,515,759 of perpetual trusts established by several donors. At December 31, 2016, permanently restricted net assets of $18,054,174 consist of $11,889,649 restricted to investment in endowment funds, $1,241,252 of pledges receivable restricted to investment in endowment funds and $4,923,273 of perpetual trusts established by several donors. The amounts reflected above restricted to investments in endowments funds are shown net of an obligation pursuant to a trust agreement to be fulfilled in the amount of $40,310.

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 permanently restricted net asset category in the consolidated statement of activities.

Use of Estimates

The preparation of financial statements in conformity with US 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 and Cash Equivalents

The Actors 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 Actors Fund's long-term investment strategy and are included as part of investments.

Security Deposits

Tenants' security deposits relative to tenant and commercial units within Friedman Residence, LLC's rental property are recorded as an asset when received and are also included as part of other liabilities on the consolidated statement of financial position.

Resident security deposits relative to nursing home and assisted living units within The Home are recorded as an asset when received and are also included as part of other liabilities on the consolidated statement of financial position.

Cash Held on Behalf of Others - Unclaimed Coogan Trust

Cash held on behalf of others represents unclaimed funds entrusted to The Actors Fund collected from the entertainment employers for un-emancipated minors rendering artistic or creative services pursuant to California state law. The establishment of such account is known as the "Coogan Cash Account" in the industry. The Actors Fund has been designated as the trustee of the unclaimed funds collected and pays the funds to the stipulated beneficiaries or the estate of the respective beneficiaries or transfers the funds to their Coogan Cash Account before the respective minor reaches the age of maturity or becomes emancipated. Cash held on behalf of beneficiaries is offset by a corresponding liability on the consolidated statement of financial position. Amounts held on behalf of others consist of funds invested principally in money market funds and fixed-income securities and as of December 31, 2017 and 2016 are classified within Level 1 within the fair value hierarchy.

Bequests, Contributions and Pledges Receivable, Net

Bequests are recognized as revenue when amounts are measurable (i.e., when a receipt and release form is received from an attorney) and The Actors Fund has an irrevocable interest in the gifted assets. 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, 2017 and 2016:

	2017	2016
Amounts due in:		
Less than one year	$ 3,731,312	$ 3,774,085
One to five years	984,000	2,614,589
	4,715,312	6,388,674
Less: allowance for doubtful accounts and unamortized discount (at discount rates ranging from 2.1% to 4.25%)	(78,153)	(135,258)
	$ 4,637,159	$ 6,253,416

The Actors 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 Actors Fund's share of such bequests is recorded when The Actors Fund has an irrevocable right to the bequest and the proceeds are measurable. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Investments

Investments in marketable securities are carried at fair value with realized and unrealized gains and losses reflected on the consolidated statement of activities. 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 Actors Fund capitalizes property and equipment costing more than $5,000 and with useful lives of five years or greater. Property and equipment, with the exception of land, are depreciated by the straight-line method, using the half-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, equipment	5 to 10 years

Conditional Asset Retirement Obligations

Under US GAAP, The Actors Fund is required to recognize the costs associated with the eventual remediation and abatement of asbestos located within the construction of The Home. However, based on the results of a site-specific survey, performed by an independent qualified environmental consultant, The Actors Fund concluded that the cost of remediation is immaterial to the accompanying consolidated financial statements and, accordingly, has not recognized a liability for this obligation as of December 31, 2017 and 2016.

Contributed Services

The Actors Fund benefits from contributed services associated with special theatrical performances which occur on its behalf. The Actors Fund does not recognize the value of these special performances in its consolidated financial statements since The Actors Fund has historically had these performances contributed and has never paid for such performances. As such, the criteria for recognition under US GAAP has not been met. In addition, during fiscal years 2017 and 2016, The Actors Fund received contributed medical services, with a fair value of approximately $19,500 and $273,000, respectively, which have been reflected as a component of contribution revenue and health services expense on the accompanying consolidated statements of activities.

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.

Government Grants and Private Contracts

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

Net Patient and Resident Services Revenue

Net patient and resident services revenue is reported based on the estimated net realizable amounts expected to be collected from residents, third-party payors and others for services rendered. At December 31, 2017 and 2016, the allowance for doubtful accounts for net patient and resident services totaled $210,000 and $152,000, respectively. The allowance for doubtful accounts is estimated at 10% of accounts receivable after adjusting for a specific allowance recorded for certain balances which management has evaluated as being potentially uncollectible and Medicaid pending reserve balances. During fiscal years 2017 and 2016, the net revenue from Medicaid constituted 45% and 43% of total net patient and resident services revenue, respectively.

Patient services revenue is presented net of a reserve of approximately $272,000 and $324,000 for the years ended December 31, 2017 and 2016, respectively, for Medicaid Pending and Nursing Home Provider Assessment.

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.

Friedman Residence, LLC Rental Income

Tenant rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned.

Measure of Operations

The accompanying consolidated statements of activities distinguish between operating and nonoperating activities. Operating activities principally include all revenues and expenses that are an integral part of The Actors 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 Actors Fund's Board-approved spending policy (see Note 3), pension related benefit activity, other than net periodic pension cost, change in value of split-interest agreements, grants, contributions, and pledges for capital and related reclasses, and other activities considered to be more of an unusual or nonrecurring nature.

Functional Allocation of Expenses

The costs of providing The Actors 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 Actors Fund has a diversified investment portfolio managed by independent investment managers in a variety of asset classes. The Actors 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 Actors Fund maintains its cash and cash equivalents in various bank deposit accounts which, at times, may exceed federally insured limits. The Actors Fund's cash accounts have been placed with high credit quality financial institutions and, accordingly, The Actors Fund does not expect nonperformance. The Actors Fund received 47% and 44% of its total contributions, private grants and Broadway Cares/Equity Fights AIDS contribution revenues from organizations related to its Board of Trustees during the years ended December 31, 2017 and 2016, respectively. The Actors Fund believes that its credit risks are not significant.

Fair Value of Financial Instruments

The Actors 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 US GAAP, for fair value measurements, The Actors 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 Actors 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 Actors 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, deferred charges 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 Actors Fund estimates that the carrying value of its bonds and mortgages payable approximate fair value because the debt bears interest at rates that are not significantly different than current market rates for loans with similar maturities and credit qualities.

Subsequent Events

The Actors Fund has evaluated events occurring subsequent to December 31, 2017 through May 30, 2018, which represents the date the consolidated financial statements were available to be issued. The Actors Fund is not aware of any material subsequent events which would require recognition or disclosure in the accompanying consolidated financial statements.

Reclassifications

Certain information in the fiscal 2016 consolidated financial statements has been reclassified to conform to the fiscal 2017 presentation. There were no changes in total revenues, expenses or changes in net assets as reflected in the 2016 consolidated financial statements as previously reported. There was a change in total assets and liabilities resulting from The Actors' Fund adoption of ASU 2015-03 - Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs, resulting in a decrease in previously reported prepaid expenses and other assets and bonds and mortgages payable.

3. LONG-TERM INVESTMENTS

Investments at December 31, 2017 and 2016 consist of the following:

	2017		2016	
	Fair Value	**Cost**	**Fair Value**	**Cost**
Cash and cash equivalents	$ 874,088	$ 874,088	$ 1,993,862	$ 1,993,862
Common stocks	9,775,987	8,893,389	5,182,630	4,676,330
Mutual funds	8,145,602	7,407,511	10,371,963	9,839,203
Corporate bonds	3,022,792	3,019,730	1,415,369	1,431,366
Government bonds	2,073,823	2,108,441	2,663,354	2,693,636
	$ 23,892,292	$ 22,303,159	$ 21,627,178	$ 20,634,397

The Actors Fund's investments are classified under Level 1 within the fair value hierarchy as of December 31, 2017 and 2016.

At December 31, 2017 and 2016, charitable remainder unitrusts in which The Actors Fund is the trustee of and is responsible for making annuity payments to specified life tenant beneficiaries amounted to $3,525,334 and $3,287,234, respectively, and are included in the investment balances above. The associated liability to annuitants at December 31, 2017 and 2016 total $1,379,361 and $1,368,496, respectively, and have been reflected as part of annuities payable on the accompanying consolidated statements of financial position.

The Actors Fund maintained margin accounts with a financial institution with interest rates ranging between 1.5% to 1.75%. Borrowings against the margin account during fiscal 2017 and 2016 totaled $0 and $1,827,975, respectively. This margin account was closed during fiscal 2017. The Actors Fund had no invested assets in the margin account as of December 31, 2017 and 2016.

Investments are allocated amongst the net asset categories as follows:

	2017	**2016**
Unrestricted	$ 6,156,283	$ 6,281,868
Temporarily restricted	4,224,232	3,415,351
Permanently restricted	13,511,777	11,929,959
	$ 23,892,292	$ 21,627,178

Permanently restricted endowment funds, excluding perpetual trusts and pledges, at December 31, 2017 and 2016 consist of the following:

	2017	2016
Dorothy Ross Friedman	$ 4,000,000	$ 3,243,182
Percy Williams	3,254,762	3,254,762
Lillian Booth	1,000,000	1,000,000
Gladys' Living Rooms Fund	1,000,000	1,000,000
Honey Waldman	860,408	860,408
Wayne F. Maxwell and David Samples	825,000	-
Edwin Forrest	772,250	772,250
Noel Murphy	566,691	566,691
John Drew Fund	320,117	320,117
Joseph Callaway	281,461	281,461
Rudolf Nureyev Scholarship Fund	150,000	150,000
Carmen Diana Barth Educational Scholarship Fund	139,000	139,000
May V. Smith	112,500	112,500
Rosetta Brown	92,290	92,290
Agnes De Mille Scholarship Fund	33,298	33,298
Lillian Sayers Memorial Scholarship Fund	30,000	30,000
Willard Swire Scholarship Fund	28,000	28,000
Charles Hollerith	25,000	25,000
The Violet Blumenfeld Scholarship Program	21,000	21,000
	$ 13,511,777	$ 11,929,959

The Board of Trustees of The Actors 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 measure as of each year.

The following schedule summarizes investment gains and their classification on the accompanying consolidated statements of activities. For the years ended December 31, 2017 and 2016, realized and unrealized gains pertaining to annuity investments and Unclaimed Coogan trust funds, totaled $260,936 and $72,743, respectively, and are included in the following chart.

	2017	2016
Dividends and interest (net of expenses of $168,848 and $151,518 in 2017 and 2016, respectively)	$ 396,273	$ 390,913
Net realized gains	2,209,392	31,297
Net unrealized gains	873,918	880,997
Total investment return	3,479,583	1,303,207
Investment return designated for operations	(769,375)	(640,663)
Investment return, net of amounts designated for operations	$ 2,710,208	$ 662,544

4. PROGRAM-RELATED PROPERTIES AND NOTES, NET

Friedman Residence, LLC

The Dorothy Ross Friedman Residence, a 30-story high-rise condominium, consists of shared rental units and one-bedroom apartments which provide 178 affordable housing units for the elderly or disabled, working poor and persons with AIDS. Since its opening in February 1996, The Actors Fund has been providing on-site social services to residents.

The Actors Fund Housing Development Corporation, through its single member LLC, Friedman Residence, LLC, acquired the property in March 2011 and operates as commercial and affordable rental property. The second floor condominium unit is owned by The Actors Fund.

Palm View Limited Partnership

On April 15, 1997, The Actors Fund agreed to lend $2,500,000 to Palm View Limited Partnership ("Palm View L.P.") to finance affordable housing at 980 North Palm Avenue, West Hollywood, California (the "Palm View Facility"), consistent with its programmatic mission. Sponsored and developed by the West Hollywood Community Housing Corporation, the Palm View Facility houses the clients of The Actors Fund in the entertainment community who are suffering from AIDS. This note receivable will mature in fiscal year 2027 and accrues interest at 3.0% per annum through January 1, 2014, and 6.5% per annum thereafter. Any unpaid principal and interest balance converts to an equity ownership interest in the Palm View property at the maturity date of the note. The underlying property has significant regulatory restrictions that do not expire until fiscal year 2047. The implications of such restrictions are at present difficult to assess and have caused uncertainty in determining the amounts that will ultimately be realized by The Actors Fund.

Accordingly, given the fact that Palm View L.P.'s cash flow continues to be insufficient to satisfy required principal and interest payments as they become due, and the uncertainty of assessing the impact of the regulatory restrictions attached to the property, the note, along with all accrued interest, has been fully reserved for. The total gross outstanding loan balance and accrued interest receivable at December 31, 2017 and 2016 total $4,002,782 and $3,843,275, respectively.

5. PERPETUAL TRUSTS AND ANNUITY FUND AGREEMENTS

The Actors Fund has established an annuity fund which is invested in equity securities, money market funds and bonds. The income beneficiaries of the annuity fund receive annual distributions during their lives. The Actors Fund receives the remaining principal, if any, upon death of the stated life beneficiaries. The assets of the annuity fund at December 31, 2017 and 2016 totaled $1,451,170 and $1,485,144, respectively, and have been classified as Level 1 investments. Liabilities pertaining to the annuity fund agreements and pooled income fund agreements totaled $960,562 and $1,107,067 as of December 31, 2017 and 2016, respectively. The gift annuity fund liabilities are based on discount rates ranging between 1.2% and 8.2% at December 31, 2017 and 2016, respectively, consistent with mortality tables provided by the Internal Revenue Service and the pooled income fund liabilities have discount rates of 2.6% and 1.8% at December 31, 2017 and 2016, respectively.

Certain perpetual trusts, which The Actors 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, 2017 and 2016:

Perpetual Trusts:	**2017**	**2016**
Beginning of year	$ 4,923,273	$ 4,868,463
Unrealized gains	592,485	54,810
End of year	$ 5,515,758	$ 4,923,273

6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, at December 31, 2017 and 2016 consists of the following:

	2017	**2016**
Buildings and leasehold improvements	$ 53,007,208	$ 32,837,593
Furniture, fixtures and equipment	6,977,228	6,413,794
Less: accumulated depreciation and amortization	(20,503,390)	(20,007,355)
	39,481,046	19,244,032
Land	3,600,000	3,600,000
Construction in progress	1,682,161	11,336,764
Property and equipment, net	$ 44,763,207	$ 34,180,796

Depreciation expense for the years ended December 31, 2017 and 2016 totaled $1,914,550 and $1,464,762, respectively. The Actors Fund disposed assets totaling $1,955,243 and $28,977 during the years ended December 31, 2017 and 2016, respectively. In connection with the on-going construction activities at The Home, The Actors Fund recognized a loss of $536,729 in 2017 associated with the demolition of assets.

The Actors Fund owns approximately 2,400 burial plots, which existed since 1930, that are substantially occupied, in New York and Pennsylvania for which no value has been assigned to on 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 Actors Fund's consolidated financial statements.

7. BONDS PAYABLE AND MORTGAGES PAYABLE, NET

Bonds Payable

In August of 2016, The Actors 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 (the "Bond Agreement"), among The Actors 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 Actors Fund (the "Loan").

The term of the Loan is ten (10) years inclusive of a 30-month interest only period followed by principal and interest payments based upon a twenty-five year amortization period. Interest accrues on the unpaid principal balance of the Loan at a rate of 2.31% per annum. The Actors 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 Actors Fund, and (v) a Continuing Covenants Agreement between The Actors Fund and TD.

In addition to customary operating covenants, the Bond Agreement and the Continuing Covenants Agreement include the following financial covenants:

(a) The Actors Fund must maintain a Debt Service Coverage Ratio of at least 1.20 to 1.00. Compliance with this covenant is tested semi-annually on a rolling 4-quarter basis based upon The Actors Fund's audited consolidated financial statements. "Debt Service Coverage Ratio" is defined as: Funds Available for Debt Service to the Actual Annual Debt Service Requirement on all Long Term Indebtedness, less amounts available from the proceeds of Long Term Indebtedness to pay interest on such Long Term Indebtedness during the period in question.

(b) The Actors Fund must maintain a minimum Unrestricted Cash balance of $2,000,000 at all times, to be tested semi-annually.

(c) Without the prior consent of TD, The Actors Fund cannot incur additional indebtedness, except that it can continue to maintain its working capital facility up to $3,000,000 without the prior approval of TD. In addition, The Actors Fund is prohibited from guarantying additional indebtedness and from making loans and advances to third parties.

In connection with the bond issuance discussed above, The Actors 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 $328,788 and $347,172 as of December 31, 2017 and 2016, respectively, are netted against bonds and mortgages payable, net, on the accompanying consolidated statements of financial position. Unamortized financing costs associated with the refunded debt totaling $161,236 were written off during 2016.

Maturities of the bonds payable at December 31, 2017 are as follows:

2018	$ -
2019	621,889
2020	762,227
2021	780,022
2022	798,232
Thereafter	22,037,630
	$ 25,000,000

Total interest expense associated with the Bonds for the years ended December 31, 2017 and 2016 totaled $577,500 and $188,650, respectively. During 2017, $115,500 was included in operating expenses and the remainder was capitalized as part of construction in progress. During 2016, the entire amount was capitalized as part of construction in progress.

Mortgages Payable

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 $61,010, inclusive of $11,010 of interest, and another dated May 30, 2005, in the amount of $200,843. The notes bear interest at 1% per annum and non-interest bearing, respectively, and are due June 30, 2025. The 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.

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, 2017 and 2016, $1,974,180 and $2,032,212, respectively, was outstanding under the loan agreement. The loan is nonrecourse and is secured by a mortgage in the same amount encumbering real property and investments thereon (The Dorothy Ross Friedman Residence) and an assignment of rents, income and other benefits.

Line of Credit

On October 25, 2017, The Actors Fund opened a $6,000,000 line of credit with a financial institution, in conjunction with its termination of its margin account with a different institution discussed above in Note 3. Amounts borrowed under the line of credit bear interest based on the 3-month LIBOR rate, plus 1.00%. The line of credit is secured by collateral held in an account with the same financial institution and is set to expire on October 24, 2018. As of December 31, 2017, there is no balance outstanding on this line of credit, and no interest was incurred.

8. RETIREMENT BENEFITS

The Actors Fund has 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 Actors 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, 2017 and 2016:

	2017	2016
Reconciliation of benefit obligation:		
Accumulated benefit obligation at January 1st	$ 16,577,149	$ 16,203,369
Interest cost	662,335	675,534
Actuarial gain	1,264,877	383,848
Benefits paid	(666,976)	(685,602)
Accumulated benefit obligation at December 31st	$ 17,837,385	$ 16,577,149
Reconciliation of fair value of plan assets:		
Fair value of plan assets at January 1st	$ 10,353,595	$ 10,104,680
Actual return on plan assets	1,531,156	575,233
Employer contributions	529,843	359,284
Benefits paid	(666,976)	(685,602)
Fair value of plan assets at December 31st	$ 11,747,618	$ 10,353,595
Projected benefit obligation	$ (17,837,385)	$ (16,577,149)
Fair value of plan assets	11,747,618	10,353,595
Funded status	$ (6,089,767)	$ (6,223,554)

	2017	2016
Amounts recognized on the consolidated statements of financial position consist of:		
Accrued benefit cost	$ (1,711,282)	$ (1,965,981)
Unrestricted net assets	(4,378,485)	(4,257,573)
Total accrued benefit liability	$ (6,089,767)	$ (6,223,554)
Interest cost	$ 662,335	$ 675,534
Expected return on plan assets	(695,162)	(671,902)
Amortization of net loss	307,971	278,795
Net periodic pension expense	$ 275,144	$ 282,427

The estimated net actuarial loss, transition asset obligation and prior service cost for the pension plan that will be amortized from unrestricted net assets into net periodic benefit cost in the next fiscal year total ($299,624), $0 and $0, respectively.

Amounts recognized in unrestricted net assets as of December 31, 2017 and 2016 consist of an actuarial loss of $4,378,485 and $4,257,573, respectively.

The weighted-average assumptions used to determine benefit obligations at December 31, 2017 and 2016 are as follows:

	2017	2016
Discount rate	4.06 %	4.06 %
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, 2017 and 2016 are as follows:

	2017	2016
Discount rate	4.06 %	4.06 %
Expected return on plan assets	6.75 %	6.75 %
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:

	2017	2016
Benefit cost	$ 275,144	$ 282,427
Employer contributions	529,843	359,284
Benefits paid	(666,976)	(685,602)

Benefits paid for the pension plan include approximately $117,000 and $88,000 of investment management fees in fiscal years 2017 and 2016, respectively.

The Actors Fund's pension plan weighted-average asset allocations at December 31, 2017 and 2016 are as follows:

Asset Category	Allocation of Plan Assets at December 31, 2017	Allocation of Plan Assets at December 31, 2016
Common stocks	58.49 %	57.85 %
Fixed income securities	35.99 %	39.48 %
Cash and cash equivalents	5.52 %	2.67 %
Total	100.00 %	100.00 %

The pension plan investments at December 31, 2017 and 2016 consist of the following:

	2017		2016	
	Fair Value	Cost	Fair Value	Cost
Common stocks	$ 6,870,950	$ 6,167,049	$ 5,989,776	$ 5,689,928
Fixed income securities	4,228,514	4,244,663	4,087,684	4,120,671
Cash and cash equivalents	648,154	648,154	276,135	276,135
	$ 11,747,618	$ 11,059,866	$ 10,353,595	$ 10,086,734

The investments of the pension plan as of December 31, 2017 and 2016 are classified as Level 1 within the fair value hierarchy.

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

	Pension Benefits
Year Ending December 31,	
2018	$ 704,607
2019	732,835
2020	771,265
2021	780,614
2022	785,771
Years 2023 - 2027	4,842,458

401(k) Defined Contribution Plan

The Actors 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 by law of pre-tax annual compensation, as defined in the plan. The Actors Fund makes discretionary matching contributions on participant deferrals. In fiscal year 2012, The Actors Fund added 3% 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 Actors Fund during fiscal years 2017 and 2016 totaled $848,743 and $803,631, respectively.

457 Deferred Compensation Plan

The Actors Fund provides 457(b)/457(f) plans to qualified executives to supplement retirement plan benefits. Total expenses pertaining to these arrangements totaled $132,483 and $134,700 for the years ended December 31, 2017 and 2016, respectively. Liabilities associated with these plans totaled $497,611 and $282,209 for the years ended December 31, 2017, and 2016, respectively. Such liabilities are included as part of the postretirement benefit obligations, net of plan assets line on the consolidated statements of financial position.

9. 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 Actors 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 in The Actors Fund's consolidated financial position, changes in net assets or cash flows.

Lease Obligations

The Actors Fund has entered into operating lease agreements for office space located in New York City, Chicago and Los Angeles, and equipment leases, with lease terms expiring at various dates through fiscal year 2030. Certain of these lease agreements have renewal clauses which range from one to five years, exercisable at the option of The Actors Fund. All office space leases have rent escalation clauses that are based upon anticipated increases in real estate taxes, building expenses and utility charges.

Rental expense for the years ended December 31, 2017 and 2016 totaled $2,449,986 and $1,817,567, respectively. The deferred rent liability included in accounts payable and accrued expenses in the accompanying consolidated statements of financial position totals $2,798,057 and $2,076,618 as of December 31, 2017 and 2016, respectively.

Included in furniture, fixtures and equipment within property and equipment on the accompanying consolidated statements of financial position is equipment acquired under capital lease arrangements with a cost of $161,118 and $225,513 at December 31, 2017 and 2016, respectively, with accumulated amortization of $96,380 and $123,398 at December 31, 2017 and 2016, respectively. Principal payments for the years ended December 31, 2017 and 2016 under all capital leases totaled $37,356 and $45,969, respectively. Amounts outstanding under these capital leases are included in other liabilities on the accompanying consolidated statements of financial position at December 31, 2017 and 2016 and total $63,614 and $100,970, respectively.

At December 31, 2017, future minimal annual payments due under both operating and capital leases are as follows:

	Operating Leases	Capital Leases	Total
Year Ending December 31,			
2018	$ 2,252,241	$ 41,968	$ 2,294,209
2019	2,120,466	18,606	2,139,072
2020	1,842,013	16,956	1,858,969
2021	1,835,992	1,413	1,837,405
2022	1,861,677	-	1,861,677
2023 - 2030	16,338,457	-	16,338,457
	$ 26,250,846	$ 78,943	$ 26,329,789

Interest expense under capital leases for the years ended December 31, 2017 and 2016, totaled $7,632 and $10,499, respectively.

On May 15, 1995, Aurora Associates, L.P., the predecessor entity to Friedman Residence, LLC (the "Prime Landlord") entered into a lease agreement (the "Prime Lease") with Sunny Island Development Corporation which, as of August 19, 1997, assigned its lease interest to West 57th Street Retail, LLC (the "Overlandlord") for the first floor commercial space and basement space located at 475 West 57th Street, New York, New York (the "Premises"). Under the terms of the Prime Lease, the Overlandlord is to pay the Prime Landlord base rent of $54,700 per year, subject to an annual escalation, as defined, and a one-year rent abatement, over a 25 year period. The Prime Landlord leased its available commercial space, which expires on May 13, 2020, and received rental income of $78,689 and $77,866 for the years ended December 31, 2017 and 2016, respectively. On December 16, 2014, a sublease agreement (the "Sublease") was entered into, making the same space available to a tenant which expires on March 31, 2025. Effective May 13, 2020, aggregate monthly commercial rentals totaling approximately $1,482,000 will be received by Friedman Residence, LLC for the term of the agreement, five years, provided that the tenant does not exercise its termination option.

Income Taxes

Under the Accounting Standards Codification Topic 740, "Accounting for Uncertainty in Income Taxes," guidance was issued which 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 standard provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The standard also provides guidance on measurement, classification, interest and penalties, and disclosure. The Actors Fund does not believe it has any uncertain tax positions. The Actors Fund has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it has nexus; and, to review other matters that may be considered tax positions.

Contingencies

In the normal course of its operations, The Actors Fund may from time to time may 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 Actors 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.

10. PERMANENTLY RESTRICTED NET ASSETS

The Actors 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 Actors 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 Actors Fund classifies as permanently 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 that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until such amounts are appropriated for expenditure by The Actors Fund in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, The Actors 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 Actors Fund; and the investment policy of The Actors Fund.

The Actors Fund has adopted investment policies for 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 Actors Fund must hold in perpetuity or for donor-specified periods. 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 Actors 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 Actors 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 Actors Fund's donor-restricted endowment fund, which consists of permanently restricted net assets and excludes perpetual trusts, which The Actors Fund is not the trustee of, and pledges receivables, as of December 31, 2017 and 2016 and the changes in the endowment fund for the years then ended. The Actors Fund does not have a board-designated endowment fund as of December 31, 2017 and 2016.

	2017			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Endowment net assets, beginning of year	$ -	$ 449,678	$ 11,889,649	$ 12,339,327
New endowments	-	-	1,581,818	1,581,818
Investment return:				
Investment gain	-	1,762,242	-	1,762,242
Total investment gain	-	1,762,242	-	1,762,242
Appropriation of investment return for expenditure	-	(478,833)	-	(478,833)
Endowment net assets, end of year	$ -	$ 1,733,087	$ 13,471,467	$ 15,204,554

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

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 213,278	$ 11,889,649	$ 12,102,927
New endowments	-	-	-	-
Investment return:				
Investment gain	-	717,058	-	717,058
Total investment gain	-	717,058	-	717,058
Appropriation of investment return for expenditure	-	(480,658)	-	(480,658)
Endowment net assets, end of year	$ -	$ 449,678	$ 11,889,649	$ 12,339,327