Consolidated Financial Statements Together with Report of Independent Certified Public Accountants

THE ACTORS' FUND OF AMERICA AND SUBSIDIARIES

As of December 31, 2019 and 2018

Contents

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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 "The Actors Fund"), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, 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.

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 financial position of The Actors` Fund of America and Subsidiaries as of December 31, 2019 and 2018, and the changes in their 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 29, 2020

THE ACTORS' FUND OF AMERICA AND SUBSIDIARIES

Consolidated Statements of Financial Position

As of December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 3,175,831	$ 4,234,747
Deposits with bond trustee	-	4,057,008
Restricted cash	1,155,368	1,148,388
Accounts and other receivables, less allowance for doubtful accounts of $197,554 and $153,400 in 2019 and 2018, respectively	2,279,583	2,090,233
Bequests, contributions and pledges receivable, net (Note 2)	1,016,632	2,229,905
Prepaid expenses and other assets (Note 8)	1,376,642	1,187,958
Long-term investments (Note 3)	20,777,896	19,737,388
Annuity and trust investments (Note 4)	7,017,838	6,473,456
Perpetual trusts (Note 5)	5,598,790	4,831,701
Property and equipment, net (Note 6)	62,108,138	59,245,601
Total assets	$ 104,506,718	$ 105,236,385
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 4,905,253	$ 6,995,691
Deferred revenue	338,576	480,852
Annuities and trust payable (Note 4)	5,735,430	5,558,045
Deferred rent (Note 9)	2,931,262	2,857,554
Other liabilities	1,654,020	1,305,743
Bonds, notes, and mortgages payable, net (Note 7)	30,791,832	30,306,900
Borrowings on line of credit	1,000,000	-
Postretirement benefit obligations, net of plan assets of $13,563,889 and $11,208,439 in 2019 and 2018, respectively (Note 8)	5,540,495	5,610,918
Total liabilities	52,896,868	53,115,703
COMMITMENTS AND CONTINGENCIES (Note 9)		
NET ASSETS (Note 10)		
Without donor restrictions - non controlling interest	129,696	-
Without donor restrictions	25,208,472	28,797,184
With donor restrictions (Notes 2 and 10)	26,271,682	23,323,498
Total net assets	51,609,850	52,120,682
Total liabilities and net assets	$ 104,506,718	$ 105,236,385

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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Support and revenues:			
Contributions and private grants	$ 7,595,923	$ 252,889	$ 7,848,812
Special events	3,839,518	-	3,839,518
BC/EFA grants (Note 2)	6,025,000	-	6,025,000
Bequests	1,364,448	2,582	1,367,030
Grant, contract, and fee income	4,452,748	-	4,452,748
Housing rental revenue	2,452,546	-	2,452,546
Patient and resident services revenue (Note 2)	14,770,214	-	14,770,214
Investment return designated for operations (Note 3)	2,419,613	649,709	3,069,322
Net assets released from restrictions (Note 2)	865,497	(865,497)	-
Total support and revenues	43,785,507	39,683	43,825,190
Expenses			
Program services:			
Social services	10,406,053	-	10,406,053
Employment and training	2,801,165	-	2,801,165
Health services	2,191,361	-	2,191,361
Housing	5,071,983	-	5,071,983
Patient and resident services	18,617,478	-	18,617,478
Total program services	39,088,040	-	39,088,040
Supporting services:			
General and administrative	1,527,141	-	1,527,141
Advancement	5,735,101	-	5,735,101
Total supporting services	7,262,242	-	7,262,242
Total expenses	46,350,282	-	46,350,282
Changes in net assets from operating activities	(2,564,775)	39,683	(2,525,092)
Nonoperating Activities			
Change in value of split-interest agreements	(130,994)	485,515	354,521
Investment loss, net of amounts designated for current operations (Note 3)	(959,312)	2,780,666	1,821,354
Pension benefit related activities, other than net periodic pension cost	(567,132)	-	(567,132)
Grants, contributions and pledges for capital, net of release of restricted funds for capital expenditures	836,283	(357,680)	478,603
980 North Palm LP Contribution	400,000	-	400,000
980 North Palm LP Distribution to AGP	(407,015)	-	(407,015)
Accrued interest	(66,071)	-	(66,071)
Total nonoperating activities	(894,241)	2,908,501	2,014,260
Changes in net assets	(3,459,016)	2,948,184	(510,832)
Net assets, beginning of year	28,797,184	23,323,498	52,120,682
Net assets, end of year	$ 25,338,168	$ 26,271,682	$ 51,609,850

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, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Support and revenues:			
Contributions and private grants	$ 7,021,892	$ 135,615	$ 7,157,507
Special events	4,292,879	-	4,292,879
BC/EFA grants (Note 2)	6,500,000	-	6,500,000
Bequests	1,731,208	965,892	2,697,100
Grant, contract, and fee income	3,604,911	-	3,604,911
Housing rental revenue	2,198,256	-	2,198,256
Patient and resident services revenue (Note 2)	11,835,605	-	11,835,605
Investment return designated for operations (Note 3)	437,401	627,894	1,065,295
Net assets released from restrictions (Note 2)	2,532,120	(2,532,120)	-
Total support and revenues	40,154,272	(802,719)	39,351,553
Expenses			
Program services:			
Social services	9,667,280	-	9,667,280
Employment and training	2,952,171	-	2,952,171
Health services	1,998,703	-	1,998,703
Housing	4,838,789	-	4,838,789
Patient and resident services	15,132,284	-	15,132,284
Total program services	34,589,227	-	34,589,227
Supporting services:			
General and administrative	1,585,701	-	1,585,701
Advancement	6,023,728	-	6,023,728
Total supporting services	7,609,429	-	7,609,429
Total expenses	42,198,656	-	42,198,656
Changes in net assets from operating activities	(2,044,384)	(802,719)	(2,847,103)
Nonoperating Activities			
Change in value of split-interest agreements	(5,845)	(633,574)	(639,419)
Investment loss, net of amounts designated for current operations (Note 3)	(801,016)	(1,453,916)	(2,254,932)
Pension benefit related activities, other than net periodic pension cost	498,277	-	498,277
Grants, contributions and pledges for capital, net of release of restricted funds for capital expenditures	1,513,198	(899,270)	613,928
Recovery of note receivable	4,541,601	-	4,541,601
Total nonoperating activities	5,746,215	(2,986,760)	2,759,455
Changes in net assets	3,701,831	(3,789,479)	(87,648)
Net assets, beginning of year	25,095,353	27,112,977	52,208,330
Net assets, end of year	$ 28,797,184	$ 23,323,498	$ 52,120,682

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, 2019

	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	$ 2,208,738	$ 194,809	$ 771,092	$ 864,521	$ 3,125,432	$ -	$ -	$ 7,164,592
Fundraising and events	-	-	-	-	-	-	2,128,334	2,128,334
Payroll and benefits	5,549,241	1,824,964	928,931	1,622,355	11,278,482	867,349	2,298,359	24,369,681
General office	600,657	189,358	107,536	459,222	1,206,163	155,241	379,293	3,097,470
Professional fees and outside services	557,865	147,332	163,162	614,618	322,560	107,609	264,891	2,178,037
Occupancy and facilities	1,218,853	368,509	187,961	962,016	735,537	214,266	511,426	4,198,568
Interest expense	1,672	494	167	45,066	493,935	73,387	741	615,462
Depreciation and amortization	269,027	75,699	32,512	504,185	1,455,369	109,289	152,057	2,598,138
	$ 10,406,053	$ 2,801,165	$ 2,191,361	$ 5,071,983	$ 18,617,478	$ 1,527,141	$ 5,735,101	$ 46,350,282

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, 2018

	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	$ 2,132,507	$ 214,971	$ 553,343	$ 807,082	$ 2,195,815	$ -	$ -	$ 5,903,718
Fundraising and events	-	-	-	-	-	-	2,273,703	2,273,703
Payroll and benefits	5,195,512	1,885,825	935,686	1,575,946	9,870,266	905,918	2,408,791	22,777,944
General office	549,417	233,083	120,074	396,094	852,671	176,116	417,674	2,745,129
Professional fees and outside services	497,676	157,343	141,510	593,803	247,104	106,691	240,474	1,984,601
Occupancy and facilities	1,037,875	375,088	208,400	925,957	603,884	258,315	535,312	3,944,831
Interest expense	1,744	623	237	46,457	115,500	20,708	844	186,113
Depreciation and amortization	252,549	85,238	39,453	493,450	1,247,044	117,953	146,930	2,382,617
	$ 9,667,280	$ 2,952,171	$ 1,998,703	$ 4,838,789	$ 15,132,284	$ 1,585,701	$ 6,023,728	$ 42,198,656

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, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Changes in net assets	$ (510,832)	$ (87,648)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,598,138	2,382,617
Change in allowance and discount on bequests, contributions and pledges receivable	(12,378)	(59,735)
Change in provision for doubtful accounts	44,089	(60,041)
Accrued interest on notes payable	66,571	15,629
Net realized and unrealized (gains) losses on investments	(4,243,240)	1,842,635
Noncash recovery of note receivable	-	(4,107,282)
Contributions restricted to annuity agreements, endowments and capital, including donated securities	(1,429,469)	(2,691,745)
Changes in operating assets and liabilities:		
Restricted cash	(6,980)	(348,212)
Accounts and other receivables	(233,439)	330,199
Bequests, contributions and pledges receivable	1,225,651	2,466,989
Annuity and trust investments	(544,382)	1,019,868
Prepaid expenses and other assets	(188,684)	(191,943)
Accounts payable and accrued expenses	(2,090,438)	2,018,740
Deferred revenue	(142,276)	(245,944)
Deferred rent	73,708	59,497
Annuities and trust payable	177,385	(215,947)
Other liabilities	368,696	121,654
Postretirement benefit obligations	(70,423)	(976,460)
Net cash (used in) provided by operating activities	(4,918,303)	1,272,871
Cash flows from investing activities:		
Proceeds from maturities and sales of investments	7,170,254	4,875,557
Purchases of investments	(3,967,522)	(5,054,431)
Acquisition of property and equipment	(5,436,880)	(9,314,500)
Net cash used in investing activities	(2,234,148)	(9,493,374)
Cash flows from financing activities:		
Contributions restricted to annuity agreements and endowments, including donated securities	1,429,469	2,691,745
Borrowings on line of credit	1,000,000	-
Principal payments on capital lease obligations	(20,419)	(31,543)
Proceeds from construction loan	1,193,852	-
Construction loan closing costs	(117,000)	-
Principal payments on bonds and mortgages payable	(682,286)	(59,203)
(Increase) decrease in perpetual trusts	(767,089)	684,057
Decrease in deposits with bond trustee	4,057,008	3,769,087
Net cash provided by financing activities	6,093,535	7,054,143
Net decrease in cash and cash equivalents	(1,058,916)	(1,166,360)
Cash and cash equivalents, beginning of year	4,234,747	5,401,107
Cash and cash equivalents, end of year	$ 3,175,831	$ 4,234,747
Supplemental disclosure of cash flow information:		
Equipment acquired under capital lease obligations	$ 39,883	$ -
Cash paid for interest	$ 688,158	$ 642,883
Construction costs included in accounts payable and accrued expenses	$ 679,191	$ 3,362,124
Notes payable assumed in connection with acquisition of Palm View Residences	$ -	$ 3,424,402

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

NOTE 1 - ORGANIZATION

The Actors' Fund of America ("The Actors Fund"), founded in 1882, is a national human services organization to meet the needs of the entertainment community. The Actors 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 Actors 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 Actors 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.

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 facility 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 Actors Fund has been providing on-site social services to residents.

AFHDC is 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. In November 2019, 99.99% of the Partnership was acquired by RBC Tax Credit Equity, LLC as a limited partner. AFHDC, as Administrative General Partner, maintains significant influence over the Partnership.

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

The Actors 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 Actors Fund and AFHDC, 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.

Recently Adopted Accounting Pronouncements

The Actors Fund adopted, as required by the Financial Accounting Standards Board ("FASB"), Accounting Standards Update ("ASU") 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, on January 1, 2019 for contributions received and January 1, 2020 for contributions made. The amendments in this update assist in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The adoption of ASU 2018-08 did not materially impact the financial statements.

Effective January 1, 2019, The Actors Fund adopted FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, using the retrospective method of application to all contracts existing on January 1, 2018. The core principle of the standard, which excludes contributions, is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of the standard had no impact on The Actors Fund current or historical financial position, results of operations or cash flows. Additionally, management does not anticipate that the standard will have an impact on the amount or timing of when The Actors Fund recognizes revenue prospectively.

Net Assets

The Actors 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 Actors 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 Actors Fund.

With donor restrictions - Represent net assets which are subject to donor-imposed restrictions whose use is restricted by time and/or purpose. When donor restrictions expire, 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, 2019, net assets with donor restrictions include $855,350 of purpose restricted funds and $4,775,860 restricted as to the passage of time. At December 31, 2018, net assets with donor restrictions include $788,792 of purpose restricted funds and $2,697,836 restricted as to the passage of time. During the years ended December 31, 2019 and 2018, 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, 2019, net assets with donor restrictions include $15,041,682 restricted to investment in endowment funds and $5,598,790 of perpetual trusts established by several donors. At December 31, 2018, net assets with donor restrictions includes $14,493,180 restricted to investment in endowment funds, $511,989 of pledges receivable restricted to investment in endowment funds and $4,831,701 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 category in the consolidated statement of activities.

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 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.

Restricted Cash

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 statements of financial position.

In addition, operating and replacement reserves for the Palm View Residence, as required by City of West Hollywood and LA Housing Authority, are classified as restricted cash.

Bequests, Contributions and Pledges Receivable, Net

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. 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, 2019 and 2018:

	2019	2018
Amounts due in:		
Less than one year	$ 870,172	$ 1,703,823
One to three years	152,500	544,500
	1,022,672	2,248,323
Less: allowance for doubtful accounts and unamortized discount (at discount rates ranging from 2.20% to 4.25%)	(6,040)	(18,418)
	$ 1,016,632	$ 2,229,905

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 Actors Fund capitalizes property and equipment costing more than $5,000 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 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, equipment	5 to 10 years

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 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 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.

The Actors Fund receives fees relating to affordable housing development & marketing, and administering programs for the entertainment community organizations.

Patient and Resident Services Revenue

Patient and resident service revenue is recognized as performance obligations under the contracts with patients are satisfied. Service revenue is reported at the rate set forth by The Actors Fund, Center for Medicare & Medicaid Services, State of NJ and other third party payors in exchange for providing patient and residential care. The Actors 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 2019 and 2018, the revenue from Medicaid constituted 29% and 37% 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.

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.

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 activities, other than net periodic pension cost, change in value of split-interest agreements, grants, contributions, and pledges for capital and related releases, 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 maintains 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 52% and 56% 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, 2019 and 2018, 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 U.S. 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, 2019 through May 29, 2020, which represents the date the consolidated financial statements were available to be issued.

On March 11, 2020, the World Health Organization officially declared COVID-19, the disease caused by the novel coronavirus, a pandemic. Management is closely monitoring the financial implications that may impact the Actors Fund. Due to the many uncertainties associated with the disease, management is unable to determine the financial impact.

NOTE 3 - LONG-TERM INVESTMENTS

Investments at December 31, 2019 and 2018 consist of the following:

	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	$ 878,631	$ 878,631	$ 141,551	$ 141,551
Common stocks	9,999,640	7,374,581	8,174,271	7,869,726
Mutual funds	4,897,647	4,856,685	5,561,835	5,972,993
Corporate bonds	2,370,871	2,293,135	3,019,846	3,113,514
Government bonds	2,631,107	2,586,668	2,839,885	2,905,831
	$ 20,777,896	$ 17,989,700	$ 19,737,388	$ 20,003,615

The Actors Fund's investments are classified under Level 1 within the fair value hierarchy as of December 31, 2019 and 2018.

Investments are allocated amongst the net asset categories as follows:

	2019	2018
Without Donor Restrictions	$ 3,039,014	$ 4,809,428
With Donor Restrictions - Passage of time	2,697,199	434,780
With Donor Restrictions - Endowment Funds	15,041,682	14,493,180
	$ 20,777,896	$ 19,737,388

Donor-restricted endowment funds, excluding perpetual trusts and pledges, at December 31, 2019 and 2018 consist of the following:

	2019	2018
Dorothy Ross Friedman	$ 4,500,000	$ 4,500,000
Percy Williams	3,254,762	3,254,762
Wayne F. Maxwell and David Samples	1,793,474	1,306,403
Lillian Booth	1,000,000	1,000,000
Gladys' Living Rooms Fund	1,000,000	1,000,000
Honey Waldman	860,408	860,408
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
The Songwriters' Lifeline	61,431	-
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
	$ 15,041,682	$ 14,493,180

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 measured as of each year end.

The following schedule summarizes investment gains and their classification on the accompanying consolidated statements of activities. For the years ended December 31, 2019 and 2018, realized and unrealized gains pertaining to annuity and trust investments, totaled $753,973 and $(343,568), respectively, and are included in the following chart.

	2019	2018
Dividends and interest (net of expenses of $158,021 and $162,896 in 2019 and 2018, respectively)	$ 647,436	$ 652,997
Net realized gains	497,720	193,046
Net unrealized gains (losses)	3,745,520	(2,035,680)
Total investment return (losses)	4,890,676	(1,189,637)
Investment return designated for operations	(3,069,322)	(1,065,295)
Investment return, net of amounts designated for operations	$ 1,821,354	$ (2,254,932)

NOTE 4 - ANNUITY FUND AND TRUST INVESTMENTS

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 gift annuity fund liabilities are based on discount rates ranging between 1.2% and 8.2% at December 31, 2019 and 2018, consistent with mortality tables provided by the Internal Revenue Service. The pooled income fund liabilities are based on discount rates of 2% and 3.6% at December 31, 2019 and 2018, respectively.

The Actors Fund administers the "Unclaimed Coogan Trust", 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 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.

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

All Annuity Fund and Trusts have been classified as Level 1 investments.

	2019		2018	
	Asset	Liability	Asset	Liability
Annuity Fund	$ 983,859	$ 851,162	$ 965,286	$ 831,239
Pooled Income Fund	297,978	25,049	272,904	41,611
Unclaimed Coogan Trust	3,624,696	3,650,331	3,378,387	3,587,720
Charitable Remainder Unitrusts	2,111,305	1,208,888	1,856,879	1,097,475
	$ 7,017,838	$ 5,735,430	$ 6,473,456	$ 5,558,045

NOTE 5 - PERPETUAL TRUSTS

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, 2019 and 2018:

Perpetual Trusts:	2019	2018
Beginning of year	$ 4,831,701	$ 5,515,758
Unrealized (losses) gains	767,089	(684,057)
End of year	$ 5,598,790	$ 4,831,701

NOTE 6 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net, at December 31, 2019 and 2018 consists of the following:

	2019	2018
Buildings and leasehold improvements	$ 71,987,655	$ 60,819,484
Furniture, fixtures and equipment	7,813,471	7,137,642
Less: Accumulated depreciation and amortization	(25,030,396)	(22,646,759)
	54,770,730	45,310,367
Land	4,969,319	4,518,759
Construction in progress	2,368,089	9,416,475
Property and equipment, net	$ 62,108,138	$ 59,245,601

Depreciation expense for the years ended December 31, 2019 and 2018 totaled $2,578,856 and $2,363,790, respectively. The Actors Fund disposed of assets totaling $195,218 and $220,422 during the years ended December 31, 2019 and 2018, respectively.

The Palm View Residence was approved for low-income housing tax credits in November 2019. The property is undergoing major renovation, and construction costs of $2,159,000 had been incurred through December 31, 2019.

The Actors 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 Actors Fund's consolidated financial statements.

NOTE 7 - BONDS, NOTES, 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 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 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 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 $290,678 and $309,961 as of December 31, 2019 and 2018, respectively, are netted against bonds, notes and mortgages payable, net, on the accompanying consolidated statements of financial position.

Total interest expense associated with the Bonds for the years ended December 31, 2019 and 2018 totaled $572,132 and $577,500, respectively. $493,935 and $115,500 was included in operating expenses for years ended 2019 and 2018, respectively, and the remainder was capitalized as part of construction in progress.

Notes Payable – Palm View Residence

The Palm View Residence assumed the loans from the City of West Hollywood for $1,783,442, the County of Los Angeles for $1,640,850, and The Actors Fund loan of $4,122,411. These loans were subordinated to a JP Morgan Chase 2019 Series F1 and F2 Bonds in November, 2019.

The City of West Hollywood and County of Los Angeles loans were amended and restated with interest rates of 1.5% and 2%, respectively, and with maturity periods of 55 years. Both are non-servicing loans.

The Actors Fund loan was amended and restated with an interest rate of 2.25% and a revised due date of August 31, 2073. The original note receivable had previously been fully reserved by The Actors Fund due to uncertainty of collection. With the acquisition of the property, the note receivable was reinstated by The Actors Fund. The reinstatement of loan resulted in a nonoperating gain of $4,541,601 in 2018. The note receivable and corresponding payable between Actors Fund and AFHDC, respectively, are eliminated in consolidation.

In November of 2019, the Los Angeles County Development Authority ("LACDA") issued Tax-exempt Multifamily Housing Revenue Bonds in the total amount of $8,000,000 secured by a deed of trust in the rental property. The Series F1 in the amount of $3,524,000 maturing November 1, 2040 and the Series F2 in the amount of $4,476,000 maturing November 1, 2022. The bonds bears interest during the construction phase at the Adjusted LIBOR Rate for a one month Interest Period plus 2.5% (3.05% at December 31, 2019). The loan is payable in interest only installments until conversion to permanent financing as defined. The loan will be converted to permanent financing when debt service coverage ratio is 1.15 to 1.00 and 90% occupancy for 3 months. For the year ended December 31, 2019, interest of $4,513 was incurred all of which was capitalized as construction in progress. Through December 31, 2019, $1,193,852 had been drawn on the loan for construction costs.

Debt issuance costs, net of accumulated amortization, totaled $110,500 as of December 31, 2019, and are related to the construction loan. Debt issuance costs on the above note are being amortized using straight-line method. Amortization of debt issuance costs is $6,500 for the year ended December 31, 2019 and is included in accrued interest expense on the consolidated statement of activities.

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, 2019 and 2018, $1,854,578 and $1,914,977, 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.

Maturities of the bonds, notes, and mortgages payable at December 31, 2019 are as follows:

2020	$ 804,761
2021	824,153
2022	844,016
2023	864,356
2024	885,190
Thereafter	26,569,356
Total	$ 30,791,832

Line of Credit

On October 25, 2017, The Actors Fund opened a $6,000,000 revolving line of credit with a financial institution. Amounts borrowed under the line of credit bear interest based on the three-month LIBOR rate, plus 1.00%. The line of credit is secured by collateral held in an account with the same financial institution As of December 31, 2019 and 2018, $1,000,000 and $0, respectively, were outstanding on this line of credit.

NOTE 8 - RETIREMENT BENEFITS

Defined Benefit Pension Plan

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, 2019 and 2018:

	2019	2018
Reconciliation of benefit obligation:		
Accumulated benefit obligation at January 1	$ 16,223,149	$ 17,837,385
Interest cost	666,874	616,364
Actuarial loss/(gain)	2,240,988	(1,571,315)
Benefits paid	(680,275)	(659,285)
Accumulated benefit obligation at December 31	$ 18,450,736	$ 16,223,149
Reconciliation of fair value of plan assets:		
Fair value of plan assets at January 1	$ 11,208,439	$ 11,747,618
Actual return on plan assets	2,342,591	(580,155)
Employer contributions	693,134	700,261
Benefits paid	(680,275)	(659,285)
Fair value of plan assets at December 31	$ 13,563,889	$ 11,208,439
Projected benefit obligation	$ (18,450,736)	$ (16,223,149)
Fair value of plan assets	13,563,889	11,208,439
Funded status	$ (4,886,847)	$ (5,014,710)

	2019	2018
Amounts recognized on the consolidated statements of financial position consist of:		
Accrued benefit cost	$ (436,272)	$ (1,134,502)
Unrestricted net assets	(4,450,575)	(3,880,208)
Total accrued benefit liability	$ (4,886,847)	$ (5,014,710)
Interest cost	$ 666,874	$ 616,364
Expected return on plan assets	(760,893)	(793,870)
Amortization of net loss	88,923	300,987
Net periodic pension (income) expense	$ (5,096)	$ 123,481

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 $(102,136), $0 and $0, respectively.

Amounts recognized in net assets without donor restrictions as of December 31, 2019 and 2018 consist of an actuarial loss of $4,450,575 and $3,880,208, respectively.

The weighted-average assumptions used to determine benefit obligations at December 31, 2019 and 2018 are as follows:

	2019	2018
Discount rate	3.2%	4.2%
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, 2019 and 2018 are as follows:

	2019	2018
Discount rate	3.2%	4.2 %
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:

	2019	2018
Benefit cost / (income)	$ (5,096)	$ 123,481
Employer contributions	693,134	700,261
Benefits paid	(680,275)	(659,285)

Benefits paid for the pension plan include approximately $79,000 and $75,000 of investment management fees in fiscal years 2019 and 2018, respectively.

The Actors Fund's pension plan weighted-average asset allocations at December 31, 2019 and 2018 are as follows:

Asset Category	Allocation of Plan Assets at December 31, 2019	Allocation of Plan Assets at December 31, 2018
Common stocks	59.97%	59.77 %
Fixed income securities	37.12%	39.62 %
Cash and cash equivalents	2.91%	0.61 %
Total	100.00%	100.00 %

The pension plan investments at December 31, 2019 and 2018 consist of the following:

	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Common stock	$ 8,134,164	$ 6,461,062	$ 6,699,231	$ 6,716,279
Fixed income securities	5,034,528	5,002,132	4,440,561	4,602,364
Cash and cash equivalents	395,137	395,197	68,647	68,647
	$ 13,563,889	$ 11,858,391	$ 11,208,439	$ 11,387,290

The investments of the pension plan as of December 31, 2019 and 2018 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:

	Pension Benefit
Year Ending December 31,	
2020	$ 754,696
2021	766,063
2022	773,046
2023	780,275
2024	991,053
Years 2025 - 2029	5,109,013

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 allowed 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 2019 and 2018 totaled $985,243 and $929,313, 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 $141,780 and $141,970 for the years ended December 31, 2019 and 2018, respectively. Liabilities associated with these plans totaled $653,648 and $596,208 as of December 31, 2019 and 2018, respectively. Such liabilities are included as part of the postretirement benefit obligations, net of plan assets line on the consolidated statements of financial position.

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

Lease

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, 2019 and 2018 totaled $2,654,271 and $2,551,540, respectively. The deferred rent liability included in the accompanying consolidated statements of financial position totals $2,931,262 and $2,857,554 as of December 31, 2019 and 2018, 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 $121,712 and $81,829 at December 31, 2019 and 2018, respectively, with accumulated amortization of $48,939 and $49,071 at December 31, 2019 and 2018, respectively. Principal payments for the years ended December 31, 2019 and 2018 under all capital leases totaled $20,419 and $31,543, respectively. Amounts outstanding under these capital leases are included in other liabilities on the accompanying consolidated statements of financial position at December 31, 2019 and 2018 and total $51,534 and $32,071, respectively.

Interest expense under capital leases for the years ended December 31, 2019 and 2018, totaled $3,905 and $4,675, respectively.

At December 31, 2019, future minimal annual payments due under both operating and capital leases are as follows:

	Operating Leases	Capital Leases	Total
Year Ending December 31,			
2020	$ 2,350,092	$ 53,873	$ 2,403,965
2021	2,392,436	38,330	2,430,766
2022	2,431,801	36,917	2,468,718
2023	2,461,157	36,917	2,498,074
2024	2,392,160	9,229	2,401,389
2025 - 2030	12,815,151	-	12,815,151
	$ 24,842,795	$ 175,267	$ 25,018,062

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 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.

NOTE 10 - DONOR RESTRICTED ENDOWMENT FUNDS

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 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 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 net assets with donor restrictions and excludes perpetual trusts, which The Actors Fund is not the trustee of, and pledge receivables, as of December 31, 2019 and 2018 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, 2019 and 2018.

Donor Restricted Endowment Funds	2019	2018
Endowment net assets, beginning of year	$ 14,927,959	$ 15,204,554
New endowments	548,502	1,021,713
Investment (loss)/gain	2,912,130	(670,414)
Investment return designated for operations	(649,709)	(627,894)
Endowment net assets, end of year	$ 17,738,882	$ 14,927,959

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.

NOTE 11 - LIQUIDITY

The Actors 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 Actors 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 Actors 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, 2019 and 2018, the following financial assets could readily be made available within one year of the balance sheet date to meet operating expenditures:

	2019	2018
Cash and cash equivalents	$ 3,175,831	$ 4,234,747
Deposit with bond trustee	-	4,057,008
Restricted cash	1,155,368	1,148,388
Accounts and other receivables net of allowance for doubtful accounts of approximately $197,554 and $153,400, respectively	2,279,583	2,090,233
Bequests, contribution and pledges receivables, net	1,016,632	2,229,905
Long-term investments	20,777,896	19,737,388
Annuity and trust investments	7,017,838	6,473,456
Total financial assets	35,423,148	39,971,125
Less:		
Donor Restricted Funds:		
Anticipated collections on bequest, pledges and contributions receivable after one year	152,500	554,500
Purpose restricted contribution	855,350	788,792
Contribution receivable restricted to endowments	-	511,989
Restricted endowment investments	15,041,682	14,493,180
Total donor restricted funds	16,049,532	16,338,461
Contractually Restricted:		
Amounts held in annuity and trust investments	7,017,838	6,473,456
Amounts held by bond trustee	-	4,057,008
Amounts held as security deposits or reserves	1,155,368	1,148,388
Total contractually restricted	8,173,206	11,678,852
Add:		
Endowment fund appropriation for following year	1,272,918	1,234,523
Financial assets available to meet cash needs for general expenditures within one year	$ 12,473,328	$ 13,188,335