

Consolidated Financial Statements
Together with Report of Independent
Certified Public Accountants

**The Entertainment Community Fund and
Subsidiaries**

December 31, 2024 and 2023

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GRANT THORNTON LLP

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

D +1 212 599 0100

F +1 212 370 4520

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Report on the audit of the financial statements**Opinion**

We have audited the consolidated financial statements of The Actors' Fund of America and Subsidiaries, d/b/a Entertainment Community Fund (the "Fund"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Fund as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

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

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Grant Thornton LLP

New York, New York
May 29, 2025

Entertainment Community Fund and Subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 41,237,399	\$ 52,647,013
Restricted cash and cash equivalents	1,159,758	1,244,398
Restricted cash and cash equivalents - New Markets Tax Credit	24,413,434	18,843,600
Accounts and other receivables, less allowance for credit losses of \$455,503 and \$411,000 in 2024 and 2023, respectively	3,422,945	3,151,445
Bequests, contributions and pledges receivable, net (Note 2)	5,712,930	8,709,342
Prepaid expenses and other assets	3,775,510	4,168,099
Long-term investments (Note 3)	25,885,669	23,721,174
New Markets Tax Credit leveraged loan receivable (Note 7)	28,113,436	16,921,750
Annuity and trust investments (Note 4)	7,079,860	7,173,642
Perpetual trusts (Note 5)	6,303,870	5,756,162
Right-of-use assets - operating (Note 10)	17,509,465	10,925,416
Property and equipment, net (Notes 6 and 10)	<u>71,429,786</u>	<u>65,872,364</u>
Total assets	<u><u>\$ 236,044,062</u></u>	<u><u>\$ 219,134,405</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 5,117,684	\$ 6,713,062
Deferred revenue	380,928	1,278,279
Annuities and trust payable (Note 4)	6,340,200	6,255,182
Operating lease liabilities (Note 10)	19,855,977	13,659,033
Other liabilities	1,426,545	1,764,488
New Markets Tax Credit loans payable, net (Note 7)	48,438,091	32,812,828
Bonds, notes, and mortgages payable, net (Note 8)	30,340,337	31,143,144
Postretirement benefit obligations, net of plan assets of \$14,777,306 and \$13,944,635 in 2024 and 2023, respectively (Note 9)	<u>1,193,162</u>	<u>2,724,785</u>
Total liabilities	<u>113,092,924</u>	<u>96,350,801</u>
Commitments and contingencies (Note 10)		
Net assets (Note 11)		
Without donor restrictions	75,591,026	63,845,139
Without donor restrictions - non-controlling interest (Note 2)	(24,183)	657,737
With donor restrictions (Notes 2 and 11)	<u>47,384,295</u>	<u>58,280,728</u>
Total net assets	<u>122,951,138</u>	<u>122,783,604</u>
Total liabilities and net assets	<u><u>\$ 236,044,062</u></u>	<u><u>\$ 219,134,405</u></u>

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

Entertainment Community Fund and Subsidiaries

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities			
Support and revenues			
Contributions and private grants	\$ 14,168,477	\$ 637,853	\$ 14,806,330
Special events	1,836,317	-	1,836,317
BC/EFA grants (Note 2)	7,455,000	-	7,455,000
Bequests	4,660,269	-	4,660,269
Grant, contract, and fee income	7,255,126	-	7,255,126
Housing rental revenue	3,326,736	-	3,326,736
Patient and resident services revenue (Note 2)	20,435,498	-	20,435,498
Investment return designated for operations (Note 3)	1,556,973	175,607	1,732,580
Net assets released from restrictions (Note 2)	4,877,624	(4,877,624)	-
Total support and revenues	65,572,020	(4,064,164)	61,507,856
Expenses			
Program services			
Social services	19,106,168	-	19,106,168
Employment and training	3,158,275	-	3,158,275
Health services	3,707,648	-	3,707,648
Housing	8,118,140	-	8,118,140
Patient and resident services	25,989,933	-	25,989,933
Total program services	60,080,164	-	60,080,164
Supporting services			
General and administration	1,838,382	-	1,838,382
Advancement	7,253,382	-	7,253,382
Total supporting services	9,091,764	-	9,091,764
Total expenses	69,171,928	-	69,171,928
Changes in net assets from operating activities	(3,599,908)	(4,064,164)	(7,664,072)
Nonoperating activities			
Change in value of split-interest agreements	(230,718)	384,681	153,963
Investment gain, net of amounts designated for current operations (Note 3)	1,046,967	1,665,303	2,712,270
Pension benefit related activities, other than net periodic pension cost	1,699,000	-	1,699,000
Grants, contributions and pledges for capital	-	3,391,448	3,391,448
Net assets release from restrictions for capital expenditures	12,273,701	(12,273,701)	-
Interest expense - non-servicing	(125,075)	-	(125,075)
Total nonoperating activities	14,663,875	(6,832,269)	7,831,606
CHANGES IN NET ASSETS	11,063,967	(10,896,433)	167,534
Net assets, beginning of year	64,502,876	58,280,728	122,783,604
Net assets, end of year	\$ 75,566,843	\$ 47,384,295	\$ 122,951,138

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

Entertainment Community Fund and Subsidiaries

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities			
Support and revenues			
Contributions and private grants	\$ 36,109,151	\$ 20,547,512	\$ 56,656,663
Special events	3,100,100	-	3,100,100
BC/EFA grants (Note 2)	7,100,000	-	7,100,000
Bequests	3,095,552	-	3,095,552
Grant, contract, and fee income	7,243,150	-	7,243,150
Housing rental revenue	3,037,794	-	3,037,794
Patient and resident services revenue (Note 2)	18,994,355	-	18,994,355
Investment return designated for operations (Note 3)	185,000	175,607	360,607
Net assets released from restrictions (Note 2)	3,038,607	(3,038,607)	-
Total support and revenues	81,903,709	17,684,512	99,588,221
Expenses			
Program services			
Social services	29,525,605	-	29,525,605
Employment and training	3,042,586	-	3,042,586
Health services	2,614,872	-	2,614,872
Housing	7,471,753	-	7,471,753
Patient and resident services	24,314,113	-	24,314,113
Total program services	66,968,929	-	66,968,929
Supporting services			
General and administration	1,921,918	-	1,921,918
Advancement	7,365,433	-	7,365,433
Total supporting services	9,287,351	-	9,287,351
Total expenses	76,256,280	-	76,256,280
Changes in net assets from operating activities	5,647,429	17,684,512	23,331,941
Nonoperating activities			
Change in value of split-interest agreements	(223,154)	436,508	213,354
Investment gain, net of amounts designated for current operations (Note 3)	1,910,387	2,182,636	4,093,023
Pension benefit related activities, other than net periodic pension cost	176,508	-	176,508
Grants, contributions and pledges for capital	-	1,539,981	1,539,981
Interest expense - non-servicing	(123,267)	-	(123,267)
Total nonoperating activities	1,740,474	4,159,125	5,899,599
CHANGES IN NET ASSETS	7,387,903	21,843,637	29,231,540
Net assets, beginning of year	57,114,973	36,437,091	93,552,064
Net assets, end of year	\$ 64,502,876	\$ 58,280,728	\$ 122,783,604

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

Entertainment Community Fund and Subsidiaries
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2024

	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	\$ 7,742,145	\$ 136,819	\$ 1,456,964	\$ 921,056	\$ 3,774,449	\$ -	\$ -	\$ 14,031,433
Fundraising and events	-	-	-	-	-	-	2,178,734	2,178,734
Payroll and benefits	8,289,015	2,257,440	1,659,727	2,013,546	16,654,924	1,109,287	2,982,703	34,966,642
General office	853,322	184,947	128,342	894,286	1,808,487	204,578	407,159	4,481,121
Professional fees and outside services	673,280	179,729	204,718	1,407,183	394,550	165,701	1,092,374	4,117,535
Occupancy and facilities	1,203,739	340,372	218,066	1,130,035	897,092	260,745	483,696	4,533,745
Interest expense	1,553	387	267	524,298	485,568	654	753	1,013,480
Depreciation and amortization	343,114	58,581	39,564	1,227,736	1,974,863	97,417	107,963	3,849,238
	<u>\$ 19,106,168</u>	<u>\$ 3,158,275</u>	<u>\$ 3,707,648</u>	<u>\$ 8,118,140</u>	<u>\$ 25,989,933</u>	<u>\$ 1,838,382</u>	<u>\$ 7,253,382</u>	<u>\$ 69,171,928</u>

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

Entertainment Community Fund and Subsidiaries
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2023

	Program Services					Supporting Services		Total
	Social Services	Employment and Training	Health Services	Housing	Patient and Resident Services	General and Administration	Advancement	
Program activities and financial assistance	\$ 18,944,186	\$ 130,389	\$ 693,677	\$ 857,044	\$ 4,268,389	\$ -	\$ -	\$ 24,893,685
Fundraising and events	-	-	-	-	-	-	2,884,557	2,884,557
Payroll and benefits	7,909,128	2,157,332	1,437,316	1,971,053	14,755,208	1,172,191	2,658,141	32,060,369
General office	811,527	212,686	109,830	848,085	1,633,052	243,921	508,325	4,367,426
Professional fees and outside services	475,102	110,149	121,166	912,062	417,395	160,188	698,132	2,894,194
Occupancy and facilities	1,092,814	359,849	211,164	1,140,512	967,625	249,218	497,932	4,519,114
Interest expense	289	84	49	530,313	503,232	117	145	1,034,229
Depreciation and amortization	292,559	72,097	41,670	1,212,684	1,769,212	96,283	118,201	3,602,706
	<u>\$ 29,525,605</u>	<u>\$ 3,042,586</u>	<u>\$ 2,614,872</u>	<u>\$ 7,471,753</u>	<u>\$ 24,314,113</u>	<u>\$ 1,921,918</u>	<u>\$ 7,365,433</u>	<u>\$ 76,256,280</u>

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

Entertainment Community Fund and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,

	2024	2023
Cash flows from operating activities:		
Changes in net assets	\$ 167,534	\$ 29,231,540
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,849,238	3,602,706
Amortization of right-of-use assets - operating	1,594,009	1,742,966
Change in allowance and discount on bequests, contributions and pledges receivable	(148,083)	172,234
Change in provision for credit losses	44,503	161,000
Interest on notes payable	124,850	113,174
Net realized and unrealized losses (gains) on investments	2,187,164	2,505,133
Contributions restricted to annuity agreements, endowments and capital, including donated securities	(3,902,367)	(9,876,895)
Changes in operating assets and liabilities:		
Accounts and other receivables	(316,003)	(751,020)
Bequests, contributions and pledges receivable	3,144,495	(2,431,851)
Annuity and trust investments	93,782	170,203
Prepaid expenses and other assets	343,416	(500,790)
Accounts payable and accrued expenses	(1,667,152)	(551,660)
Deferred revenue	(897,351)	311,596
Annuities and trust payable	85,018	(44,110)
Operating lease liability	(1,981,114)	(1,941,086)
Other liabilities	(459,938)	(15,209)
Postretirement benefit obligations	(1,531,623)	353,459
Net cash provided by operating activities	<u>730,378</u>	<u>22,251,390</u>
Cash flows from investing activities:		
Proceeds from maturities and sales of investments	33,256,013	10,966,280
Purchases of investments	(37,607,672)	(16,540,477)
Acquisition of property and equipment	(9,048,346)	(3,996,537)
Issuance of New Markets Tax Credit leveraged loan receivable	(11,191,686)	-
Net cash used in investing activities	<u>(24,591,691)</u>	<u>(9,570,734)</u>
Cash flows from financing activities:		
Contributions restricted to annuity agreements and endowments, and capital, including donated securities	3,902,367	9,876,895
Principal payments on finance lease liabilities	(58,194)	(59,451)
Proceeds from New Markets Tax Credit loans and notes	15,766,666	-
Payment on financing cost	-	(3,608)
Principal payments on bonds and mortgages payable	(1,126,238)	(970,467)
(Decrease)/increase in perpetual trusts	(547,708)	(536,995)
Net cash provided by financing activities	<u>17,936,893</u>	<u>8,306,374</u>
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u>(5,924,420)</u>	<u>20,987,030</u>
Cash, cash equivalents, and restricted cash, beginning of year	<u>72,735,011</u>	<u>51,747,981</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 66,810,591</u>	<u>\$ 72,735,011</u>
Supplemental disclosure of cash flow information:		
Equipment acquired under finance lease liabilities	<u>\$ 180,189</u>	<u>\$ 131,500</u>
Right-of-use assets acquired under operating lease liabilities	<u>\$ 8,178,058</u>	<u>\$ -</u>
Cash paid for interest	<u>\$ 999,777</u>	<u>\$ 1,025,482</u>
Construction costs included in accounts payable and accrued expenses	<u>\$ 71,774</u>	<u>\$ 1,127,406</u>
Capitalized interest included in acquisition of property and equipment	<u>\$ 4,308</u>	<u>\$ 107,257</u>

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

Entertainment Community Fund and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 - ORGANIZATION

Entertainment Community Fund (the “Fund”), doing business as a public identity of The Actors’ Fund of America, its legal name since its founding in 1882, is a national human services organization dedicated to serving the needs of professionals in the performing arts and entertainment industries. With offices in New York, Los Angeles, and Chicago, the Fund fosters stability and resiliency by offering a safety net of comprehensive services. These include social services and emergency financial assistance, health care and insurance counseling, senior care, affordable housing, and support for secondary career development throughout the lifespan of entertainment professionals.

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

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

In 2022, the Fund established the Hollywood Arts Collective QALICB (“QALICB”), a supporting entity for the Hollywood Arts Building project.

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

The Palm View Residence in West Hollywood, California is a 40-unit apartment complex that provides homes to low-income people with disabilities or who are living with HIV/AIDS. 980 North Palm, L.P. (“Partnership”) owns and operates the Palm View Residence. AFHDC is the sole member of Actors Fund 980 North Palm, LLC, the Administrative General Partner with 0.0045% interest in the Partnership.

The Hollywood Arts Collective LP owns and operates a 151-unit artist-preference residence (“Cicely Tyson Residence”) in Hollywood, California. AFHDC is the Managing General Partner.

Rialto West, a 158-unit low-and-moderate income housing is in construction in the Hell’s Kitchen neighborhood in Manhattan. Actors HK Housing Development Fund Corporation (“HDFC”) is a 15% owner, of which AFHDC is the sole member.

The Dorothy Ross Friedman Residence and the Palm View Residence operations are consolidated in these financial statements as they meet the consolidation criteria under the applicable standards.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying consolidated financial statements, which include the consolidated statements of financial position and changes in net assets, functional expenses, and cash flows of the Fund, AFHDC, and QALICB (collectively, the “Fund”), have been prepared using the accrual basis of accounting in accordance

Entertainment Community Fund and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2024 and 2023

with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All significant intercompany accounts and transactions have been eliminated in preparing the accompanying consolidated financial statements.

Net Assets

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

Without donor restrictions - Net assets that are expendable for any purpose in performing the primary objectives of the Fund. Included in net assets without donor restrictions is the non-controlling interest relating to the Partnership.

With donor restrictions - Represent net assets which are subject to donor-imposed restrictions whose use is restricted by time and/or purpose. When a donor restriction expires, that is, when a purpose restriction is fulfilled or a time restriction ends, such net assets are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

At December 31, 2024, net assets with donor restrictions include \$15,827,723 of purpose restricted funds and \$10,193,520 restricted as to the passage of time. At December 31, 2023, net assets with donor restrictions include \$25,267,439 of purpose restricted funds and \$12,197,945 restricted as to the passage of time. During the years ended December 31, 2024 and 2023, 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, 2024, net assets with donor restrictions include \$15,059,182 restricted to investment in endowment funds, and \$6,303,870 of perpetual trusts established by several donors. At December 31, 2023, net assets with donor restrictions include \$15,059,182 restricted to investment in endowment funds, and \$5,756,162 of perpetual trusts established by several donors.

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

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

Changes in net assets without donor restrictions and the non-controlling interest in the Partnership during the years ended December 31, 2024 and 2023 is summarized below:

	Total Without Donor Restrictions	Without Donor Restrictions	Non-Controlling Interest
Balance, December 31, 2022	\$ 57,114,973	\$ 55,550,198	\$ 1,564,775
Change in net assets	<u>7,387,903</u>	<u>8,294,941</u>	<u>(907,038)</u>
Balance, December 31, 2023	64,502,876	63,845,139	657,737
Change in net assets	<u>11,063,967</u>	<u>11,745,887</u>	<u>(681,920)</u>
Balance, December 31, 2024	<u>\$ 75,566,843</u>	<u>\$ 75,591,026</u>	<u>\$ (24,183)</u>

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. Actual results could differ from those estimates.

Cash, Cash Equivalents, and Restricted Cash

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

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

	2024	2023
Cash and cash equivalents	\$ 41,237,399	\$ 52,647,013
Restricted cash and cash equivalents	1,159,758	1,244,398
Restricted cash and cash equivalents - New Markets Tax Credit	<u>24,413,434</u>	<u>18,843,600</u>
Total cash, cash equivalents and restricted cash shown on the statements of cash flows	<u>\$ 66,810,591</u>	<u>\$ 72,735,011</u>

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

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

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

Bequests, Contributions and Pledges Receivable, Net

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

Bequests, contributions and pledges receivable, net, consist of the following unconditional promises to give at December 31, 2024 and 2023:

	2024	2023
Amounts due in		
Less than one year	\$ 3,441,082	\$ 5,354,958
One to three years	2,440,414	3,671,032
	5,881,496	9,025,990
Less: allowance for doubtful accounts and unamortized discount (at discount rates ranging from 1.36% to 5.79%)	(168,566)	(316,648)
	<u>\$ 5,712,930</u>	<u>\$ 8,709,342</u>

Investments

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

Property and Equipment

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

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

Revenue Recognition

The Fund recognizes revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Fund evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer is determined to be an exchange transaction, the Fund applies guidance under

Entertainment Community Fund and Subsidiaries
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FASB Accounting Standards Codification 606. If the transfer of assets is determined to be a contribution, the Fund evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Fund is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Special Events

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

Grants, Contract, and Fee Income

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

The Fund earns fees relating to affordable housing development activities.

Revenues from non-exchange transactions may be subject to conditions in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments). The Fund recognized \$5.1 million and \$5.2 million of revenue from non-exchange conditional grants and contracts during 2024 and 2023, respectively, as the conditions associated with the grants and contracts were satisfied. At December 31, 2024 and 2023, the Fund had \$209 thousand and \$1 million, respectively, of conditional grants and contracts not recognized as revenue in the consolidated statements of activities.

Revenues from exchange transactions are recognized as the Fund satisfies performance obligations, which in some cases, mirrors the timing of when related costs are incurred. During 2024 and 2023, the Fund recognized \$2.2 million and \$2.0 million, respectively, of revenue from exchange transactions.

Housing Rental Revenue

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

Patient and Resident Services Revenue

Patient and resident services revenue is recognized as performance obligations under the contracts with patients are satisfied. Service revenue is reported at the rate set forth by the Fund, Center for Medicare and Medicaid Services, State of New Jersey and other third-party payors in exchange for providing patient and residential care. The Fund determines the transaction price based on the standard charges for services provided, reduced by contractual adjustment provided to third-party payors. During 2024 and 2023, the revenue from Medicare and Medicaid constituted 61% and 59%, respectively, of total patient and resident services revenue.

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.

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

Accounts and Other Receivables

Accounts receivable primarily represent amounts due from third party payors, patients and others for providing patient and residential care. Allowances for credit losses are established based on prior collection experience and current economic factors. Upon determination that a receivable is uncollectible, the receivable balance and any associated reserve are written off.

Measure of Operations

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

Functional Allocation of Expenses

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

Concentration of Credit Risk

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

The Fund received \$10.9 million and \$21.7 million, representing 49% and 34% of its total contributions, private grants and Broadway Cares/Equity Fights AIDS contribution revenues, from the Board of Trustees and their related organizations during the years ended December 31, 2024 and 2023, respectively.

Fair Value of Financial Instruments

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

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

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 includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.
- Level 3 - Securities that have little to no pricing observability as of the measurement date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

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

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

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

The values assigned to long-term investments and annuity fund investments are based on the quoted fair values of the underlying securities as of the measurement date, except for alternative investments which are measured using the net asset value ("NAV") practical expedient.

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

Subsequent Events

The Fund has evaluated events occurring subsequent to December 31, 2024 through May 29, 2025, which represents the date the consolidated financial statements were available to be issued.

Entertainment Community Fund and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2024 and 2023

NOTE 3 - LONG-TERM INVESTMENTS

Investments at December 31, 2024 and 2023 consist of the following:

	2024	2023
Equities	\$ 22,491,501	\$ 16,060,705
Fixed income securities	1,912,180	6,290,395
Alternative investments	674,466	-
Cash and cash equivalents	807,522	1,370,075
	<u>\$ 25,885,669</u>	<u>\$ 23,721,174</u>

The Fund has investments of approximately \$25.2 million classified under Level 1 within the fair value hierarchy as of December 31, 2024. The Fund has invested in two hedge funds totaling approximately \$674,000 at December 31, 2024, which are measured using the NAV practical expedient, and exempted from categorization within the fair value hierarchy. Total unfunded commitments for these alternative investments is approximately \$121,000 at December 31, 2024. Both hedge funds can be redeemed quarterly and include a 1-year soft lock-up with a 5% early withdrawal fee and a 2-year soft lockup with a 5% early withdrawal fee with a 5% class level gate.

The Fund's investments are all classified under Level 1 within the fair value hierarchy at December 31, 2023.

Investments are allocated amongst the net asset categories as follows:

	2024	2023
Without donor restrictions	\$ 6,464,447	\$ 5,652,890
With donor restrictions - passage of time	4,362,040	3,009,102
With donor restrictions - endowment funds	15,059,182	15,059,182
	<u>\$ 25,885,669</u>	<u>\$ 23,721,174</u>

Donor-restricted endowment funds, excluding perpetual trusts and pledges, at December 31, 2024 and 2023 consist of the following:

	2024	2023
Dorothy Ross Friedman	\$ 4,500,000	\$ 4,500,000
Percy Williams	3,254,762	3,254,762
Honey Waldman	1,860,408	1,860,408
Wayne F. Maxwell and David Samples	1,793,474	1,793,474
Lillian Booth	1,000,000	1,000,000
Edwin Forrest	772,250	772,250
Noel Murphy	566,691	566,691
Endowments under \$500,000 (12)	1,311,597	1,311,597
	<u>\$ 15,059,182</u>	<u>\$ 15,059,182</u>

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

The Board of Trustees of the Fund has adopted an investment spending policy which permits the use of 5% to 7% annually of the trailing twenty quarter average investment portfolio's fair value measured as of each year-end. Unused portion of current year spending allocations are carried over to the following year.

The following schedule summarizes investment gains (losses) and their classification on the accompanying consolidated statement of activities. For the years ended December 31, 2024 and 2023, realized and unrealized gains (losses) pertaining to annuity and trust investments, totaled \$273,351 and \$401,482, respectively, and are included in the following chart:

	2024	2023
Dividends and interest (net of expenses of \$173,077 and \$169,404 in 2024 and 2023, respectively)	\$ 700,713	\$ 1,948,497
Net realized gains (losses)	5,212,917	761,330
Net unrealized (losses) gains	<u>(3,025,753)</u>	<u>1,743,803</u>
Total investment return	2,887,877	4,453,630
Investment return designated for operations	<u>(175,607)</u>	<u>(360,607)</u>
Investment return, net of amounts designated for operations	<u>\$ 2,712,270</u>	<u>\$ 4,093,023</u>

Included in investment return designated for operations on the statement of activities is \$1,556,973 of interest income earned on cash and cash equivalents in 2024.

NOTE 4 - ANNUITY FUND AND TRUST INVESTMENTS

The Fund has established an annuity fund which is invested in equity securities, mutual funds and bonds. The income beneficiaries of the annuity fund receive annual distributions during their lives. The Fund receives the remaining principal, if any, upon death of the stated life beneficiaries. The gift annuity fund and pooled income liabilities are based on discount rates of 3.75% at December 31, 2024 and 2023, consistent with mortality tables provided by the Internal Revenue Service.

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

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

Entertainment Community Fund and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2024 and 2023

Annuity fund and trusts assets at December 31, 2024 and 2023 consist of the following:

	2024	2023
Equities	\$ 6,043,316	\$ 2,224,527
Fixed income securities	781,513	807,351
Cash and cash equivalents	255,031	4,141,764
Total	\$ 7,079,860	\$ 7,173,642

	2024		2023	
	Asset	Liability	Asset	Liability
Annuity fund	\$ 683,642	\$ 323,314	\$ 691,895	\$ 352,346
Pooled income fund	-	-	288,985	32,645
Unclaimed Coogan trust	4,153,658	4,967,161	4,042,010	4,819,596
Charitable remainder unitrusts	2,242,560	1,049,725	2,150,752	1,050,595
	\$ 7,079,860	\$ 6,340,200	\$ 7,173,642	\$ 6,255,182

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

NOTE 5 - PERPETUAL TRUSTS

Certain perpetual trusts, which the Fund is the beneficiary of but not the trustee, have been classified as Level 3 within the fair value hierarchy and consist of the following at December 31, 2024 and 2023:

	2024	2023
Beginning of year	\$ 5,756,162	\$ 5,219,167
Unrealized gains	547,708	536,995
End of year	\$ 6,303,870	\$ 5,756,162

Entertainment Community Fund and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2024 and 2023

NOTE 6 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net, at December 31, 2024 and 2023 consists of the following:

	2024	2023
Buildings and leasehold improvements	\$ 80,095,761	\$ 80,450,495
Furniture, fixtures and equipment	10,893,132	10,425,168
Less: accumulated depreciation and amortization	<u>(40,232,933)</u>	<u>(37,869,313)</u>
	50,755,960	53,006,350
Land	5,377,335	5,377,335
Construction-in-progress	<u>15,296,491</u>	<u>7,488,679</u>
Property and equipment, net	<u>\$ 71,429,786</u>	<u>\$ 65,872,364</u>

Depreciation and amortization expense for the years ended December 31, 2024 and 2023 totaled \$3,742,888 and \$3,506,200, respectively. The Fund disposed of certain fully depreciated assets totaling \$1,379,266 and \$135,636 during the years ended December 31, 2024 and 2023, respectively. Construction in progress at December 31, 2024 and 2023 consists principally of the Hollywood Arts building.

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

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

In 2024 and 2022, the Fund entered into two separate transactions with a total of five Community Development Entities ("CDEs") under the NMTC program for rehabilitation of the Hollywood Arts Collective - Arts Building located in Hollywood, CA. The Fund formed the Hollywood Arts Building QALICB (the "QALICB") to facilitate the 2022 and 2024 transactions.

TD Bank Term Loan

The Fund entered into a five-year term loan totaling \$9,404,138 with TD Bank to fund a portion of its loans into the NMTC structure. The loan bears interest at a fixed rate of 3.78% and includes an 18-month interest only period with a maturity date of January 2027. The outstanding principle balance as of December 31, 2024 and 2023 was \$9,176,448 and \$9,348,304, respectively.

The Fund incurred financing costs of \$152,269 which are being amortized over the life of the loan. Unamortized deferred financing costs of \$63,023 and \$93,477 as of December 31, 2024 and 2023, respectively, are netted against New Markets Tax Credit loans payable, net, on the accompanying consolidated statement of financial position. Deferred financing cost amortization of \$30,454 and \$31,125 for the years ended December 31, 2024 and 2023, respectively, was included in depreciation and amortization.

Interest expense associated with the loan for the years ended December 31, 2024 and 2023 totaled \$355,703 and \$359,970, respectively, which was included in operating expenses and allocated amongst the financial categories benefited.

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

Leveraged Loans Receivable

Using the proceeds from the TD Bank Term Loan, as well as cash on hand, the Fund made a NMTC leveraged loan totaling \$16,921,750 ("First NMTC leveraged loan") to the Chase NMTC Hollywood Arts Investment Fund, LLC in 2022.

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

The Fund made a second NMTC leveraged loan totaling \$11,191,686 ("Second NMTC leveraged loan") to Chase NMTC Hollywood Arts II Investment Fund, LLC on March 18, 2024. The Second NMTC leveraged loan matures on December 31, 2056, and principal is payable annually commencing December 15, 2032. Interest is payable annually at 1.101% commencing December 15, 2024.

QLICI Loans

The CDEs loaned funds totaling \$23,558,000 in 2022 and additional \$15,766,666 in 2024 to the QALICB for use in the project, which is included in New Markets Tax Credit loans payable, net on the accompanying consolidated statement of financial position at December 31, 2024 and 2023.

The loan bears interest at 1%, which is paid annually and totaled \$387,086 and \$263,142 in 2024 and 2023, respectively, and was capitalized as construction in progress under property and equipment, net.

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

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

Bonds Payable

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

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

The outstanding principal balance as of December 31, 2024 and 2023 was \$20,384,981 and \$21,220,762, respectively.

In connection with the bond issuance discussed above, the Fund incurred financing costs of \$353,251 which are being amortized over the maturity period of the bonds, 25 years. Unamortized deferred financing costs of \$199,100 and \$216,592 as of December 31, 2024 and 2023, respectively, are netted against bonds, notes and mortgages payable, on the accompanying consolidated statements of financial position.

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

Deferred financing cost amortization of \$17,492 and \$17,933 for the years ended December 31, 2024 and 2023, respectively, was included in depreciation and amortization.

Interest expense associated with the Bonds for the years ended December 31, 2024 and 2023 totaled \$479,939 and \$498,884, respectively, which was included in operating expenses and allocated amongst the financial categories benefited for years ended 2024 and 2023, respectively.

Under the Bond agreement, the Fund is required to meet certain covenants. The Fund met these covenants as of December 31, 2024.

Notes and Mortgages Payable

Palm View Residence - 980 North Palm L.P.:

JP Morgan Chase 2019 Series F2 Bonds was issued by Los Angeles County Development Authority ("LACDA") in the total amount of \$3,524,000. The loan is secured by the first deed of trust on the real property and bears interest of 3.75% per annum, maturing November 15, 2039. As of December 31, 2024 and 2023, the outstanding principal was \$3,357,862 and \$3,409,717, respectively, and outstanding interest payable was \$10,843 and \$11,010, respectively.

Debt issuance costs, net of accumulated amortization, totaled \$127,452 and \$136,684 as of December 31, 2024 and 2023, respectively, and are being amortized using an imputed interest rate of 4.19%. Amortization of debt issuance costs is \$8,525 for the years ended December 31, 2024 and 2023, and is included in depreciation and amortization.

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

The outstanding principal for the City of West Hollywood note was \$1,783,552 at both December 31, 2024 and 2023 and the accrued interest was \$360,903 and \$298,645 at December 31, 2024 and 2023, respectively.

As of December 31, 2024 and 2023, the outstanding principal payable for the County of Los Angeles was \$2,640,850, and accrued interest was \$298,873 and \$236,056, respectively.

Friedman Residence:

On July 22, 2013, Friedman Residence, LLC entered into a 30-year loan agreement with the New York State Housing Finance Agency ("HFA") with an available amount of \$2,246,000. The note bears interest at 2% per annum and is payable monthly, beginning July 1, 2014. As of December 31, 2024 and 2023, \$1,533,801 and \$1,600,546, respectively, was outstanding under the loan agreement.

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

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

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

Maturities of the New Markets Tax Credit loans payable and bonds, notes, and mortgages payable at December 31, 2024 are as follows:

2025	\$ 1,222,428
2026	19,842,508
2027	8,968,346
2028	132,726
2029	136,864
Thereafter	<u>48,865,131</u>
	79,168,003
Less: debt issuance costs	<u>(389,575)</u>
Total, net	<u>\$ 78,778,428</u>

NOTE 9 - RETIREMENT BENEFITS

Defined Benefit Pension Plan

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

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

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

The following summarizes the funded status of the plan and associated costs as of and for the years ended December 31, 2024 and 2023:

	2024	2023
Reconciliation of benefit obligation		
Benefit obligation at January 1	\$ 14,831,639	\$ 14,552,439
Interest cost	720,518	754,132
Actuarial loss/(gain)	(680,066)	649,518
Benefits paid	(911,781)	(1,124,450)
	<u>\$ 13,960,310</u>	<u>\$ 14,831,639</u>
Reconciliation of fair value of plan assets		
Fair value of plan assets at January 1	\$ 13,944,635	\$ 13,488,927
Actual return on plan assets	1,739,452	1,580,158
Employer contributions	5,000	-
Benefits paid	(911,781)	(1,124,450)
	<u>\$ 14,777,306</u>	<u>\$ 13,944,635</u>
Fair value of plan assets at December 31	<u>\$ 14,777,306</u>	<u>\$ 13,944,635</u>
Benefit obligation	\$ (13,960,310)	\$ (14,831,639)
Fair value of plan assets	<u>14,777,306</u>	<u>13,944,635</u>
Funded status	<u>\$ 816,996</u>	<u>\$ (887,004)</u>
Amounts recognized on the consolidated statements of financial position consist of		
Postretirement benefit obligations	\$ 816,996	\$ (887,004)
Interest cost	\$ 720,518	\$ 754,132
Expected return on plan assets	(806,579)	(785,321)
Amortization of net loss	<u>55,827</u>	<u>75,337</u>
Net periodic pension (income) / cost	<u>\$ (30,234)</u>	<u>\$ 44,148</u>
Total amount recognized in unrestricted net assets		
Net (gain) / loss	\$ (1,612,939)	\$ (145,319)
Net periodic pension (income)/cost	(30,234)	44,148
Amortization of net gain/(loss)	<u>(55,827)</u>	<u>(75,337)</u>
	<u>\$ (1,699,000)</u>	<u>\$ (176,508)</u>

Amounts recognized in net assets without donor restrictions as of December 31, 2024 and 2023 consist of an actuarial loss of \$993,061 and \$2,661,827, respectively.

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

The weighted-average assumptions used to determine benefit obligations at December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Discount rate	5.56%	5.00%
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, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Discount rate	5.56%	5.20%
Expected return on plan assets	6.00%	6.00%
Rate of compensation increase	N/A	N/A

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

The net periodic pension cost includes the following components:

	<u>2024</u>	<u>2023</u>
Benefit cost/(income)	\$ (30,234)	\$ 44,148
Employer contributions	5,000	-
Benefits paid	(911,781)	(1,124,450)

Actual return on plan assets for the pension plan are net of approximately \$94,000 and \$88,000 of investment management fees in fiscal years 2024 and 2023, respectively.

The Fund's pension plan weighted-average asset allocations at December 31, 2024 and 2023 are as follows:

<u>Asset Category</u>	<u>Allocation of Plan Assets at December 31, 2024</u>	<u>Allocation of Plan Assets at December 31, 2023</u>
Common stocks	67.10%	62.17%
Fixed income securities	30.05%	27.35%
Cash and cash equivalents	2.85%	10.48%
Total	<u>100.00%</u>	<u>100.00%</u>

Entertainment Community Fund and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2024 and 2023

The pension plan investments at December 31, 2024 and 2023 consist of the following:

	2024	2023
Common stocks	\$ 449,121	\$ 8,668,838
Fixed income securities	4,431,848	3,814,370
Cash and cash equivalents	9,896,337	1,461,427
	<u>\$ 14,777,306</u>	<u>\$ 13,944,635</u>

The investments of the pension plan as of December 31, 2024 and 2023 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:

<u>Year Ending December 31,</u>	<u>Pension Benefit</u>
2025	\$ 998,138
2026	989,634
2027	1,011,885
2028	1,090,553
2029	1,002,598
Years 2030 - 2034	4,956,372

401(k) Defined Contribution Plan

The Fund sponsors a defined contribution plan covering all eligible employees. The plan permits elective deferrals pursuant to the Code Section 401(k), up to the maximum amount allowed by law of pre-tax annual compensation, as defined in the plan. The Fund makes discretionary matching contributions on participant deferrals. In fiscal year 2012, the Fund added non-elective safe harbor contributions and discretionary profit-sharing contributions. The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). Total contributions to the plan by the Fund during fiscal years 2024 and 2023 totaled \$1,347,212 and \$1,234,918, respectively.

457 Deferred Compensation Plan

The Fund provides 457(b)/457(f) plans to qualified executives to supplement retirement plan benefits. Total expenses pertaining to these arrangements totaled \$182,134 and \$206,118 for the years ended December 31, 2024 and 2023, respectively. Assets and liabilities associated with these plans totaled \$2,010,158 and \$1,837,781 as of December 31, 2024 and 2023, respectively. Such assets are included in other assets and liabilities as part of the postretirement benefit obligations, net of plan assets on the consolidated statements of financial position.

Entertainment Community Fund and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2024 and 2023

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Laws and Regulations

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

Income Taxes

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

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

Contingencies

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

Leases

The Fund has entered into operating lease agreements for office space located in New York City, Chicago and Los Angeles, with lease terms expiring at various dates through fiscal year 2058. Certain of these lease agreements have renewal clauses which range from one to nine years, exercisable at the option of the Fund. All office space leases have rent escalation clauses that are based upon anticipated increases in real estate taxes, building expenses and utility charges.

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

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

The right-of-use ("ROU") assets and accumulated amortization, lease cost, and other required information, for the year ended December 31, 2024 and 2023 are:

ROU assets and accumulated amortization:

	As of December 31, 2024	
	Finance	Operating
ROU assets	\$ 324,559	\$ 21,547,606
Accumulated amortization	(49,215)	(4,038,141)
ROU assets, net	<u>\$ 275,344</u>	<u>\$ 17,509,465</u>

	As of December 31, 2023	
	Finance	Operating
ROU assets	\$ 299,260	\$ 14,398,133
Accumulated amortization	(88,872)	(3,472,717)
ROU assets, net	<u>\$ 210,388</u>	<u>\$ 10,925,416</u>

Lease costs:

	2024	2023
Amortization of finance lease ROU asset	\$ 61,614	\$ 60,388
Interest expense on lease liabilities	10,534	5,163
Operating lease cost	<u>2,571,437</u>	<u>2,214,993</u>
Total lease cost	<u>\$ 2,643,585</u>	<u>\$ 2,280,544</u>

Other information:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases	\$ 10,534	\$ 5,163
Financing cash flows from finance leases	58,194	59,451
Operating cash flows from operating leases	2,654,884	2,413,114
Equipment acquired in exchange for new finance lease liabilities	193,059	131,500
Weighted-average remaining lease term		
Finance leases	4.25 years	3.43 years
Operating leases	19.12 years	6.47 years
Weighted-average discount rate		
Finance leases	4.99%	4.08%
Operating leases	3.73%	3.18%

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

Future annual lease payments due under the leases noted above are as follows for years subsequent to December 31, 2024:

<u>Fiscal Year Ending December 31:</u>	<u>Finance</u>	<u>Operating</u>
2025	\$ 76,703	\$ 2,454,619
2026	75,804	2,562,548
2027	65,921	2,615,063
2028	62,131	2,668,659
2029	28,788	2,694,404
Thereafter	-	17,112,497
Total minimum lease payments	309,347	30,107,790
Less: amounts representing interest	(30,678)	(10,251,813)
Present value of net minimum lease payments	<u>\$ 278,669</u>	<u>\$ 19,855,977</u>

NOTE 11 - DONOR RESTRICTED ENDOWMENT FUNDS

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

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

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

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

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

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

The following tables present the composition of the Fund's donor-restricted endowment fund, which consists of net assets with donor restrictions and excludes perpetual trusts, which the Fund is not the trustee of, and pledge receivables, as of December 31, 2024 and 2023 and the changes in the endowment fund for the years then ended. The Fund does not have a board-designated endowment fund as of December 31, 2024 and 2023.

<u>Donor Restricted Endowment Funds</u>	<u>2024</u>	<u>2023</u>
Endowment net assets, beginning of year	\$ 18,068,284	\$ 16,346,993
New endowments	-	-
Investment gain (loss)	1,528,545	1,896,898
Investment return designated for operations	<u>(175,607)</u>	<u>(175,607)</u>
Endowment net assets, end of year	<u>\$ 19,421,222</u>	<u>\$ 18,068,284</u>

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

NOTE 12 - LIQUIDITY

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

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

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

As of December 31, 2024 and 2023, the following financial assets could readily be made available within one year of the consolidated balance sheet date to meet operating expenditures:

	2024	2023
Cash and cash equivalents	\$ 41,237,399	\$ 52,647,013
Restricted cash	1,159,758	1,244,398
Restricted cash - New Markets Tax Credit	24,413,434	18,843,600
Accounts and other receivables less allowance credit losses accounts of \$455,503 and \$411,000 in 2024 and 2023, respectively	3,422,945	3,151,445
Bequests, contribution and pledges receivables, net	5,712,930	8,709,342
Long-term investments	25,885,669	23,721,174
Annuity and trust investments	7,079,860	7,173,642
Total financial assets	108,911,995	115,490,614
Less:		
Donor restricted funds		
Anticipated collections on bequest, pledges and contributions receivable after one year	2,440,414	3,671,032
Purpose restricted contributions	15,827,723	25,267,439
Restricted endowment investments	15,059,182	15,059,182
Total donor restricted funds	33,327,319	43,997,653
Contractually restricted		
Amounts held in annuity and trust investments	7,079,860	7,173,642
Amounts held as security deposits or reserves	25,573,192	20,087,998
Total contractually restricted	32,653,052	27,261,640
Add:		
Endowment fund appropriation for following year	1,256,143	1,250,143
Financial assets available to meet cash needs for general expenditures within one year	\$ 44,187,767	\$ 45,481,464