

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

**The Entertainment Community Fund and
Subsidiaries**

December 31, 2025 and 2024

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GRANT THORNTON LLP

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

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, 2025 and 2024, 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, 2025 and 2024, 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, 2026

Entertainment Community Fund and Subsidiaries
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 47,228,848	\$ 41,237,399
Restricted cash and cash equivalents	1,279,081	1,159,758
Restricted cash and cash equivalents - New Markets Tax Credit	17,626,055	24,413,434
Accounts and other receivables, less allowance for credit losses of \$442,000 and \$455,503 in 2025 and 2024, respectively	2,959,586	3,422,945
Bequests, contributions and pledges receivable, net (Note 2)	3,131,199	5,712,930
Prepaid expenses and other assets	5,312,968	3,775,510
Long-term investments (Note 3)	28,866,174	25,885,669
New Markets Tax Credit leveraged loan receivable (Note 7)	28,113,436	28,113,436
Annuity and trust investments (Note 4)	7,324,028	7,079,860
Perpetual trusts (Note 5)	6,941,938	6,303,870
Right-of-use assets - operating (Note 10)	16,227,649	17,509,465
Property and equipment, net (Notes 6 and 10)	78,101,474	71,429,786
Total assets	\$ 243,112,436	\$ 236,044,062
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 7,470,596	\$ 5,117,684
Deferred revenue	3,291,788	380,928
Annuities and trust payable (Note 4)	6,485,752	6,340,200
Operating lease liabilities (Note 10)	18,105,855	19,855,977
Other liabilities	1,621,510	1,426,545
New Markets Tax Credit loans payable, net (Note 7)	48,288,986	48,438,091
Bonds, notes, and mortgages payable, net (Note 8)	29,515,707	30,340,337
Postretirement benefit obligations, net of plan assets of \$15,110,737 and \$14,777,306 in 2025 and 2024, respectively (Note 9)	1,320,273	1,193,162
Total liabilities	116,100,467	113,092,924
Commitments and contingencies (Note 10)		
Net assets (Note 11)		
Without donor restrictions	80,902,750	75,591,026
Without donor restrictions - non-controlling interest (Note 2)	(699,504)	(24,183)
With donor restrictions (Notes 2 and 11)	46,808,723	47,384,295
Total net assets	127,011,969	122,951,138
Total liabilities and net assets	\$ 243,112,436	\$ 236,044,062

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, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating activities			
Support and revenues			
Contributions	\$ 20,654,923	\$ 714,207	\$ 21,369,130
Events	3,101,561	-	3,101,561
BC/EFA grants (Note 2)	6,800,000	-	6,800,000
Bequests	5,859,828	250,000	6,109,828
Program services revenue	5,941,434	-	5,941,434
Housing rental revenue	3,528,097	-	3,528,097
Patient and resident services revenue (Note 2)	19,664,997	-	19,664,997
Investment income designated for operations (Note 3)	2,115,135	1,330,311	3,445,446
Net assets released from restrictions (Note 2)	3,725,733	(3,725,733)	-
	<u>71,391,708</u>	<u>(1,431,215)</u>	<u>69,960,493</u>
Expenses			
Program services			
Social services	20,523,248	-	20,523,248
Employment and training	3,281,031	-	3,281,031
Health services	2,796,524	-	2,796,524
Housing	8,039,835	-	8,039,835
Patient and resident services	26,998,957	-	26,998,957
	<u>61,639,595</u>	<u>-</u>	<u>61,639,595</u>
Supporting services			
General and administration	1,960,888	-	1,960,888
Advancement	7,035,026	-	7,035,026
	<u>8,995,914</u>	<u>-</u>	<u>8,995,914</u>
	<u>70,635,509</u>	<u>-</u>	<u>70,635,509</u>
Changes in net assets from operating activities	<u>756,199</u>	<u>(1,431,215)</u>	<u>(675,016)</u>
Nonoperating activities			
Change in value of split-interest agreements	(153,013)	486,049	333,036
Investment gain, net of amounts designated for current operations (Note 3)	966,425	865,448	1,831,873
Pension benefit related activities, other than net periodic pension cost	250,176	-	250,176
Grants, contributions and pledges for capital expenditures	-	2,447,698	2,447,698
Net assets released from restrictions for capital expenditures	2,943,552	(2,943,552)	-
Interest expense - non-servicing	(126,936)	-	(126,936)
	<u>3,880,204</u>	<u>855,643</u>	<u>4,735,847</u>
CHANGES IN NET ASSETS	4,636,403	(575,572)	4,060,831
Net assets, beginning of year	<u>75,566,843</u>	<u>47,384,295</u>	<u>122,951,138</u>
Net assets, end of year	<u>\$ 80,203,246</u>	<u>\$ 46,808,723</u>	<u>\$ 127,011,969</u>

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, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating activities			
Support and revenues			
Contributions	\$ 14,168,477	\$ 637,853	\$ 14,806,330
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
Program services revenue	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)	-
	<u>65,572,020</u>	<u>(4,064,164)</u>	<u>61,507,856</u>
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
	<u>60,080,164</u>	<u>-</u>	<u>60,080,164</u>
Supporting services			
General and administration	1,838,382	-	1,838,382
Advancement	7,253,382	-	7,253,382
	<u>9,091,764</u>	<u>-</u>	<u>9,091,764</u>
Total expenses	<u>69,171,928</u>	<u>-</u>	<u>69,171,928</u>
Changes in net assets from operating activities	<u>(3,599,908)</u>	<u>(4,064,164)</u>	<u>(7,664,072)</u>
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 expenditures	-	3,391,448	3,391,448
Net assets released from restrictions for capital expenditures	12,273,701	(12,273,701)	-
Interest expense - non-servicing	(125,075)	-	(125,075)
	<u>14,663,875</u>	<u>(6,832,269)</u>	<u>7,831,606</u>
CHANGES IN NET ASSETS	11,063,967	(10,896,433)	167,534
Net assets, beginning of year	<u>64,502,876</u>	<u>58,280,728</u>	<u>122,783,604</u>
Net assets, end of year	<u>\$ 75,566,843</u>	<u>\$ 47,384,295</u>	<u>\$ 122,951,138</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, 2025

	<u>Program Services</u>					<u>Supporting Services</u>		<u>Total</u>
	<u>Social Services</u>	<u>Employment and Training</u>	<u>Health Services</u>	<u>Housing</u>	<u>Patient and Resident Services</u>	<u>General and Administration</u>	<u>Advancement</u>	
Program activities and financial assistance	\$ 8,883,258	\$ 173,651	\$ 755,392	\$ 989,043	\$ 3,552,241	\$ -	\$ -	\$ 14,353,585
Fundraising and events	-	-	-	-	-	-	2,601,653	2,601,653
Payroll and benefits	9,075,346	2,488,548	1,521,016	1,916,462	17,837,530	1,271,885	2,933,255	37,044,042
General office	810,130	189,932	134,934	1,005,108	1,562,850	163,095	429,830	4,295,879
Professional fees and outside services	469,529	110,922	148,157	1,094,580	518,939	153,337	469,013	2,964,477
Occupancy and facilities	952,593	276,632	202,012	1,184,981	1,073,350	277,693	496,221	4,463,482
Interest expense	994	232	232	512,764	469,250	662	729	984,863
Depreciation and amortization	331,398	41,114	34,781	1,336,897	1,984,797	94,216	104,325	3,927,528
	<u>\$ 20,523,248</u>	<u>\$ 3,281,031</u>	<u>\$ 2,796,524</u>	<u>\$ 8,039,835</u>	<u>\$ 26,998,957</u>	<u>\$ 1,960,888</u>	<u>\$ 7,035,026</u>	<u>\$ 70,635,509</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, 2024

	<u>Program Services</u>					<u>Supporting Services</u>		<u>Total</u>
	<u>Social Services</u>	<u>Employment and Training</u>	<u>Health Services</u>	<u>Housing</u>	<u>Patient and Resident Services</u>	<u>General and Administration</u>	<u>Advancement</u>	
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 STATEMENTS OF CASH FLOWS

Years ended December 31,

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Changes in net assets	\$ 4,060,831	\$ 167,534
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,927,528	3,849,238
Amortization of right-of-use assets - operating	1,281,816	1,594,009
Change in allowance and discount on bequests, contributions and pledges receivable	(94,491)	(148,083)
Change in provision for credit losses	(13,503)	44,503
Interest on notes payable	126,850	124,850
Net realized and unrealized gains on investments	(2,972,454)	(2,187,164)
Contributions restricted to annuity agreements, endowments and capital, including donated securities	(3,078,365)	(3,902,367)
Changes in operating assets and liabilities:		
Accounts and other receivables	476,862	(316,003)
Bequests, contributions and pledges receivable	2,676,222	3,144,495
Annuity and trust investments	(244,168)	93,782
Prepaid expenses and other assets	(1,589,428)	343,416
Accounts payable and accrued expenses	329,345	(1,667,152)
Deferred revenue	2,910,860	(897,351)
Annuities and trust payable	145,552	85,018
Operating lease liability	(1,750,122)	(1,981,114)
Other liabilities	259,520	(459,938)
Postretirement benefit obligations	127,111	(1,531,623)
	<u>6,579,966</u>	<u>(3,643,950)</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Proceeds from maturities and sales of investments	12,513,371	33,256,013
Purchases of investments	(12,521,422)	(33,233,344)
Acquisition of property and equipment	(8,466,982)	(9,048,346)
Issuance of New Markets Tax Credit leveraged loan receivable	-	(11,191,686)
	<u>(8,475,033)</u>	<u>(20,217,363)</u>
Net cash used in investing activities		
Cash flows from financing activities:		
Contributions restricted to annuity agreements and endowments, and capital, including donated securities	3,078,365	3,902,367
Principal payments on finance lease liabilities	(64,555)	(58,194)
Proceeds from New Markets Tax Credit loans and notes	-	15,766,666
Principal payments on bonds and mortgages payable	(1,157,282)	(1,126,238)
Increase in perpetual trusts	(638,068)	(547,708)
	<u>1,218,460</u>	<u>17,936,893</u>
Net cash provided by financing activities		
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(676,607)	(5,924,420)
Cash, cash equivalents, and restricted cash, beginning of year	66,810,591	72,735,011
Cash, cash equivalents, and restricted cash, end of year	\$ 66,133,984	\$ 66,810,591
Supplemental disclosure of cash flow information:		
Equipment acquired under finance lease liabilities	\$ -	\$ 180,189
Right-of-use assets acquired under operating lease liabilities	\$ -	\$ 8,178,058
Cash paid for interest	\$ 968,733	\$ 999,777
Construction costs included in accounts payable and accrued expenses	\$ 2,023,567	\$ 71,774
Capitalized interest included in acquisition of property and equipment	\$ -	\$ 4,308

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

Entertainment Community Fund and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 1 - ORGANIZATION

Entertainment Community Fund (the “Fund”), the public-facing name of The Actors’ Fund of America—its legal name since 1882—is a national human services organization dedicated to supporting professionals in the performing arts and entertainment industries.

The Fund promotes stability and resilience by providing a comprehensive safety net of services, including social services and emergency financial assistance, health care and insurance counseling, senior care, residential and rehabilitative care, affordable housing, and support for career transitions throughout the lives 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. Effective June of 2025, the Home obtained recognition of its independent tax-exempt status under Section 501(c)(3) of the Internal Revenue Code; operationally, nothing should change for the Home, however, it will now be required to file its own Form 990 tax return.

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

The Hollywood Arts Building QALICB (“QALICB”) is a supporting entity for the Hollywood Arts Building project, currently in construction.

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. 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 and is owned by 980 North Palm, L.P (“Partnership”). AFHDC is the sole member of Actors Fund 980 North Palm, LLC, the Administrative General Partner in the Partnership.

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 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 in Manhattan, New York, is currently under construction. Actors HK Housing Development Fund Corporation (“HDFC”) is a 15% owner, of which AFHDC is the sole member.

The Fund, the Home, AFHDC, QALICB, and HDFC 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.

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

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 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 - 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 statements 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, 2025 and 2024, net assets with donor restrictions include purpose-restricted funds of \$15,167,530 and \$15,827,723, respectively, and time-restricted funds of \$9,640,073 and \$10,193,520, respectively. Amounts released from restriction during the years ended December 31, 2025 and 2024 represent expenditures for donor-specified purposes 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, 2025 and 2024, such amounts included \$15,059,182 restricted for endowment funds and \$6,941,938 and \$6,303,870, respectively, related to perpetual trusts.

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 statements of activities.

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

Changes in net assets without donor restrictions, including the noncontrolling interest in the Partnership, are summarized as follows:

	<u>Total Without Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Non- Controlling Interest</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	75,566,843	75,591,026	(24,183)
Change in net assets	<u>4,636,403</u>	<u>5,311,724</u>	<u>(675,321)</u>
Balance, December 31, 2025	<u>\$ 80,203,246</u>	<u>\$ 80,902,750</u>	<u>\$ (699,504)</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 highly liquid instruments with maturities of 90 days or less 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 consolidated statements of financial positions that total the amounts presented on the accompanying consolidated statements of cash flows.

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 47,228,848	\$ 41,237,399
Restricted cash and cash equivalents	1,279,081	1,159,758
Restricted cash and cash equivalents - New Markets Tax Credit	<u>17,626,055</u>	<u>24,413,434</u>
Total cash, cash equivalents and restricted cash shown on the consolidated statements of cash flows	<u>\$ 66,133,984</u>	<u>\$ 66,810,591</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 statements 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, 2025 and 2024

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, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Amounts due in		
Less than one year	\$ 1,756,793	\$ 3,441,082
One to three years	<u>1,448,480</u>	<u>2,440,414</u>
	3,205,273	5,881,496
Less: allowance for doubtful accounts and unamortized discount (at discount rates ranging from 2.12% to 5.33%)	<u>(74,074)</u>	<u>(168,566)</u>
	<u>\$ 3,131,199</u>	<u>\$ 5,712,930</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

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

under 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.

Events

Revenues and expenses relative to 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.

Program Services Revenue

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 \$3.1 million and \$5.1 million of revenue from non-exchange conditional grants and contracts during 2025 and 2024, respectively, as the conditions associated with the grants and contracts were satisfied. At December 31, 2025 and 2024, the Fund had \$3.1 million and \$209 thousand, 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 2025 and 2024, the Fund recognized \$2.9 million and \$2.2 million, respectively, of revenue from exchange transactions.

Housing Rental Revenue

Rental revenue from Friedman Residence and the Palm View Residence operations is recognized as rents become due. Payments received in advance are recorded as deferred revenue and recognized when 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 2025 and 2024, the revenue from Medicare and Medicaid constituted 65% and 61%, 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, 2025 and 2024

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

Functional Allocation of Expenses

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

Concentration of Credit Risk

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

The Fund received \$11.1 million and \$10.9 million, representing 39% and 49% 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, 2025 and 2024, 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, 2025 and 2024

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.

Reclassifications

Certain amounts from the 2024 consolidated financial statements have been reclassified to conform to the 2025 presentation. However, there was no impact on total assets, liabilities, net assets, revenues or expenses as a result of these reclassifications.

Subsequent Events

The Fund has evaluated events occurring subsequent to December 31, 2025 through May 29, 2026, 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, 2025 and 2024

NOTE 3 - LONG-TERM INVESTMENTS

Investments at December 31, 2025 and 2024 consist of the following:

	<u>2025</u>	<u>2024</u>
Equities	\$ 24,303,985	\$ 22,491,501
Fixed income securities	2,587,256	1,912,180
Cash and cash equivalents	<u>303,264</u>	<u>807,522</u>
Total Level 1 investments	<u>\$ 27,194,505</u>	<u>\$ 25,211,203</u>
 Investments reported net asset value		
Hedge funds	\$ 783,900	\$ 674,466
Private equity	3,926	-
Limited partnership	<u>883,843</u>	<u>-</u>
Total investments reported at net asset value	<u>1,671,669</u>	<u>674,466</u>
 Total Investments	<u>\$ 28,866,174</u>	<u>\$ 25,885,669</u>

The Fund uses, as a practical expedient, for fair value, a reported NAV per share or its equivalent for purposes of valuing its non-exchange traded alternative investments within its investment portfolio as of December 31, 2025 and 2024, as detailed below

		2025				
<u>Alternative Investment Type</u>	<u>Alternative Investment Strategy</u>	<u>Number of Funds</u>	<u>NAV in Funds</u>	<u>Amount of Unfunded Commitments</u>	<u>Redemption Terms</u>	<u>Redemption Restrictions</u>
Limited Partnership	Investments in private credit and corporate debt.	2	\$ 883,843	\$ 346,500	Quarterly	1 year soft lock-up
Hedge funds	Engages in multiple strategies, including investing in long and short U.S. & global equity markets as well as credit and event-driven strategies.	2	783,900	84,000	Quarterly	1 year soft lock-up; 2 year soft lock-up
Private equities	Engages in a diversified set of strategies including buyout, secondaries and private equity and debt.	<u>1</u>	<u>3,926</u>	<u>900,000</u>	None	None
Total		<u>5</u>	<u>\$ 1,671,669</u>	<u>\$ 1,330,500</u>		

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

2024						
Alternative Investment Type	Alternative Investment Strategy	Number of Funds	NAV in Funds	Amount of Unfunded Commitments	Redemption Terms	Redemption Restrictions
Hedge funds	Engages in multiple strategies, including investing in long and short U.S. & global equity markets as well as credit and event-driven strategies.	<u>2</u>	<u>674,466</u>	\$ <u>121,000</u>	Quarterly	1 year lock-up; 2 year lock-up
Total		<u>2</u>	\$ <u>674,466</u>	\$ <u>121,000</u>		

Investments are allocated amongst the net asset categories as follows:

	<u>2025</u>	<u>2024</u>
Without donor restrictions	\$ 8,819,781	\$ 6,464,447
With donor restrictions - passage of time	4,987,211	4,362,040
With donor restrictions - endowment funds	<u>15,059,182</u>	<u>15,059,182</u>
	\$ <u>28,866,174</u>	\$ <u>25,885,669</u>

Donor-restricted endowment funds, excluding perpetual trusts, consist of the following at December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
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)	<u>1,311,597</u>	<u>1,311,597</u>
	\$ <u>15,059,182</u>	\$ <u>15,059,182</u>

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 appropriations are carried forward.

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

The following schedule summarizes investment gains (losses) and their classification on the accompanying consolidated statements of activities. For the years ended December 31, 2025 and 2024, realized and unrealized gains (losses) pertaining to annuity and trust investments, totaled \$201,543 and \$273,351, respectively, and are included in the following chart:

	<u>2025</u>	<u>2024</u>
Dividends and interest (net of expenses of \$166,233 and \$173,077 in 2025 and 2024, respectively)	\$ 768,812	\$ 700,713
Net realized gains	343,436	5,212,917
Net unrealized gains (losses)	<u>2,629,018</u>	<u>(3,025,753)</u>
 Total investment return	 3,741,266	 2,887,877
 Investment return designated for operations	 <u>(1,909,393)</u>	 <u>(175,607)</u>
 Investment return, net of amounts designated for operations	 <u>\$ 1,831,873</u>	 <u>\$ 2,712,270</u>

Included in investment return designated for operations on the statements of activities is \$1,536,053 and \$1,556,973 of interest income earned on cash and cash equivalents in 2025 and 2024, respectively.

NOTE 4 - ANNUITY FUND AND TRUST INVESTMENTS

The Fund maintains an annuity fund in connection with its gift annuity arrangements. Income beneficiaries receive annual distributions over their lifetimes, and the Fund receives any remaining principal upon the death of the designated beneficiaries. The annuity obligations are measured using a discount rate of 3.75% at December 31, 2025 and 2024, consistent with applicable Internal Revenue Service mortality tables.

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 unitrusts and is responsible for making annuity payments to specified life tenant beneficiaries.

Annuity fund and trusts assets at December 31, 2025 and 2024 consist of the following:

	<u>2025</u>	<u>2024</u>
Equities	\$ 6,220,141	\$ 6,043,316
Fixed income securities	840,664	781,513
Cash and cash equivalents	<u>263,223</u>	<u>255,031</u>
 Total	 <u>\$ 7,324,028</u>	 <u>\$ 7,079,860</u>

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

	2025		2024	
	Asset	Liability	Asset	Liability
Annuity fund	\$ 706,079	\$ 308,434	\$ 683,642	\$ 323,314
Charitable remainder unitrusts	2,259,957	1,016,181	2,242,560	1,049,725
Unclaimed Coogan trust	4,357,992	5,161,137	4,153,658	4,967,161
	<u>\$ 7,324,028</u>	<u>\$ 6,485,752</u>	<u>\$ 7,079,860</u>	<u>\$ 6,340,200</u>

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, 2025 and 2024:

	2025	2024
Beginning of year	\$ 6,303,870	\$ 5,756,162
Unrealized gains	638,068	547,708
End of year	<u>\$ 6,941,938</u>	<u>\$ 6,303,870</u>

NOTE 6 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net, at December 31, 2025 and 2024 consists of the following:

	2025	2024
Buildings and leasehold improvements	\$ 82,497,911	\$ 80,095,761
Furniture, fixtures and equipment	10,647,741	10,893,132
Less: accumulated depreciation and amortization	(40,808,800)	(40,232,933)
	52,336,852	50,755,960
Land	5,377,335	5,377,335
Construction-in-progress	20,387,287	15,296,491
Property and equipment, net	<u>\$ 78,101,474</u>	<u>\$ 71,429,786</u>

Depreciation and amortization expense for the years ended December 31, 2025 and 2024 totaled \$3,818,862 and \$3,742,888, respectively. The Fund disposed of certain fully depreciated assets totaling \$3,242,995 and \$1,379,266 during the years ended December 31, 2025 and 2024, respectively. Construction in progress at December 31, 2025 and 2024 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.

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

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 principal balance as of December 31, 2025 and 2024 was \$8,996,889 and \$9,176,448, respectively.

The Fund incurred financing costs of \$152,269 which are being amortized over the life of the loan. Unamortized deferred financing costs of \$32,569 and \$63,023 as of December 31, 2025 and 2024, respectively, are netted against New Markets Tax Credit loans payable, net, on the accompanying consolidated statements of financial position. Deferred financing cost amortization of \$30,454 for both years ended December 31, 2025 and 2024 was included in depreciation and amortization.

Interest expense associated with the loan for the years ended December 31, 2025 and 2024 totaled \$347,973 and \$355,703, respectively, which was included in operating expenses and allocated amongst the financial categories benefited.

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% 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 an 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 statements of financial position at December 31, 2025 and 2024.

The loan bears interest at 1%, which is paid annually and totaled \$420,809 and \$387,086 in 2025 and 2024, 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.

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

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, 2025 and 2024 was \$19,529,576 and \$20,384,981, 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 \$182,081 and \$199,100 as of December 31, 2025 and 2024, respectively, are netted against bonds, notes and mortgages payable, on the accompanying consolidated statements of financial position. Deferred financing cost amortization of \$17,019 and \$17,492 for the years ended December 31, 2025 and 2024, respectively, was included in depreciation and amortization.

Interest expense associated with the Bonds for the years ended December 31, 2025 and 2024 totaled \$460,269 and \$479,939, respectively, which was included in operating expenses and allocated amongst the financial categories benefited for years ended 2025 and 2024, respectively.

Under the Bond agreement, the Fund is required to meet certain covenants. The Fund met these covenants as of December 31, 2025.

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, 2025 and 2024, the outstanding principal was \$3,303,635 and \$3,357,862, respectively, and outstanding interest payable was \$10,843 and \$10,843, respectively.

Debt issuance costs, net of accumulated amortization, totaled \$118,228 and \$127,452 as of December 31, 2025 and 2024, respectively, and are being amortized using an imputed interest rate of 4.19%. Amortization of debt issuance costs is \$9,224 and \$8,525 for the years ended December 31, 2025 and 2024, respectively, and is included in depreciation and amortization.

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

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, 2025 and 2024 and the accrued interest was \$425,022 and \$360,903 at December 31, 2025 and 2024, respectively.

As of December 31, 2025 and 2024, the outstanding principal payable for the County of Los Angeles was \$2,640,850, and accrued interest was \$361,690 and \$298,873, 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, 2025 and 2024, \$1,465,709 and \$1,533,801, 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"). The first loan at 1% interest rate per annum, dated June 30, 1995, was in the amount of \$50,000. The loan matured in 2025 and the balance of \$65,000, inclusive of \$15,000 interest, has not been repaid. A second non-interest bearing loan, dated May 30, 2005, was in the amount of \$200,853. These loans are nonrecourse and are secured by mortgages in the same amount encumbering real property and investments thereon (The Dorothy Ross Friedman Residence) and an assignment of rents, income and other benefits.

Maturities of the New Markets Tax Credit loans payable and bonds, notes, and mortgages payable at December 31, 2025 are as follows:

2026	\$ 19,907,554
2027	8,968,361
2028	132,726
2029	136,864
2030	893,172
Thereafter	<u>48,098,894</u>
	78,137,571
Less: debt issuance costs	<u>(332,878)</u>
Total, net	<u>\$ 77,804,693</u>

NOTE 9 - RETIREMENT BENEFITS

Defined Benefit Pension Plan

The Fund sponsors a noncontributory defined benefit pension plan covering eligible employees. The plan was frozen effective April 15, 2012; accordingly, no additional benefits have accrued and the plan is closed to new participants. Benefits are based on service and compensation earned through that date.

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

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

	<u>2025</u>	<u>2024</u>
Projected benefit obligation	\$ (14,026,688)	\$ (13,960,310)
Fair value of plan assets	<u>15,110,737</u>	<u>14,777,306</u>
Funded status (asset)	<u>\$ 1,084,049</u>	<u>\$ 816,996</u>

The funded status is recognized in the consolidated statements of financial position. Amounts recognized in net assets without donor restrictions include net actuarial losses of \$847,453 and \$993,061 at December 31, 2025 and 2024, respectively.

	<u>2025</u>	<u>2024</u>
Change in benefit obligation		
Beginning balance	\$ 13,960,310	\$ 14,831,639
Interest cost	724,895	720,518
Actuarial (gain) loss	353,141	(680,066)
Benefits paid	<u>(1,011,658)</u>	<u>(911,781)</u>
Ending balance	<u>\$ 14,026,688</u>	<u>\$ 13,960,310</u>

	<u>2025</u>	<u>2024</u>
Change in plan assets		
Beginning balance	\$ 14,777,306	\$ 13,944,635
Actual return	1,328,212	1,739,452
Employer contributions	16,877	5,000
Benefits paid	<u>(1,011,658)</u>	<u>(911,781)</u>
Ending balance	<u>\$ 15,110,737</u>	<u>\$ 14,777,306</u>

	<u>2025</u>	<u>2024</u>
Net periodic pension (income) cost		
Interest cost	\$ 724,895	\$ 720,518
Expected return on assets	(829,463)	(806,579)
Amortization of net loss	<u>-</u>	<u>55,827</u>
Net periodic (income)	<u>\$ (104,568)</u>	<u>\$ (30,234)</u>

The weighted-average assumptions used to determine benefit obligations at December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Discount rate	5.31%	5.56%

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

The weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Discount rate	5.56%	5.00%
Expected return on plan assets	6.00%	6.00%

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.

Expected contributions in the next fiscal year is \$23,190.

The pension plan asset allocation at December 31 is as follows:

<u>Asset Category</u>	<u>2025</u>	<u>2024</u>
Equities	21.05%	67.10%
Fixed income securities	77.50%	30.05%
Cash and cash equivalents	1.45%	2.85%
 Total	 <u>100.00%</u>	 <u>100.00%</u>

Plan asset balances at December 31 are as follows:

	<u>2025</u>	<u>2024</u>
Equities	\$ 3,182,010	\$ 9,896,337
Fixed income securities	11,710,347	4,431,848
Cash and cash equivalents	218,380	449,121
	<u>\$ 15,110,737</u>	<u>\$ 14,777,306</u>

All plan assets are classified as Level 1 within the fair value hierarchy.

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

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

<u>Year Ending December 31,</u>	<u>Pension Benefit</u>
2026	\$ 1,001,409
2027	1,041,247
2028	1,128,359
2029	1,022,197
2030	1,022,245
Years 2031 - 2035	4,898,655

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 2025 and 2024 totaled \$1,486,714 and \$1,347,212, 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 \$185,622 and \$182,134 for the years ended December 31, 2025 and 2024, respectively. Assets and liabilities associated with these plans totaled \$2,404,322 and \$2,010,158 as of December 31, 2025 and 2024, 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.

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.

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

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.

The right-of-use (“ROU”) assets and accumulated amortization, lease cost, and other required information, for the years ended December 31, 2025 and 2024 are:

ROU assets and accumulated amortization:

	As of December 31, 2025	
	Finance	Operating
ROU assets	\$ 332,098	\$ 21,547,606
Accumulated amortization	(119,583)	(5,319,957)
ROU assets, net	<u>\$ 212,515</u>	<u>\$ 16,227,649</u>

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

	As of December 31, 2024	
	Finance	Operating
ROU assets	\$ 324,559	\$ 21,547,606
Accumulated amortization	(49,215)	(4,038,141)
ROU assets, net	\$ 275,344	\$ 17,509,465
Lease costs:		
	2025	2024
Amortization of finance lease ROU asset	\$ 70,368	\$ 61,614
Interest expense on lease liabilities	12,867	10,534
Operating lease cost	2,337,088	2,571,437
Total lease cost	\$ 2,420,324	\$ 2,643,585
Other information:		
	2025	2024
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases	\$ 12,867	\$ 10,534
Financing cash flows from finance leases	64,555	58,194
Operating cash flows from operating leases	2,454,619	2,654,884
Equipment acquired in exchange for new finance lease liabilities	7,539	193,059
Weighted-average remaining lease term		
Finance leases	3.33 years	4.25 years
Operating leases	17.49 years	17.32 years
Weighted-average discount rate		
Finance leases	4.94%	4.99%
Operating leases	3.79%	3.73%

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

Future annual lease payments due under the leases noted above are as follows for years subsequent to December 31, 2025:

<u>Fiscal Year Ending December 31:</u>	<u>Finance</u>	<u>Operating</u>
2026	\$ 77,963	\$ 2,562,548
2027	68,080	2,615,063
2028	64,290	2,668,659
2029	30,228	2,694,404
2030	-	1,920,265
Thereafter	-	15,192,232
	<hr/>	<hr/>
Total minimum lease payments	240,561	27,653,171
	<hr/>	<hr/>
Less: amounts representing interest	(18,908)	(9,547,316)
	<hr/>	<hr/>
Present value of net minimum lease payments	<u>\$ 221,653</u>	<u>\$ 18,105,855</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.

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

Entertainment Community Fund and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

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 the changes in the endowment fund for the years ended December 31, 2025 and 2024. The Fund does not have a board-designated endowment fund as of December 31, 2025 and 2024.

<u>Donor Restricted Endowment Funds</u>	<u>2025</u>	<u>2024</u>
Endowment net assets, beginning of year	\$ 19,421,222	\$ 18,068,284
New endowments	-	-
Investment gain	1,955,482	1,528,545
Investment return designated for operations	<u>(1,330,311)</u>	<u>(175,607)</u>
Endowment net assets, end of year	<u>\$ 20,046,393</u>	<u>\$ 19,421,222</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, 2025 and 2024

As of December 31, 2025 and 2024, the following financial assets could readily be made available within one year of the consolidated balance sheet date to meet operating expenditures:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 47,228,848	\$ 41,237,399
Restricted cash and cash equivalents	1,279,081	1,159,758
Restricted cash and cash equivalents - New Markets Tax Credit	17,626,055	24,413,434
Accounts and other receivables less allowance credit losses accounts of \$442,000 and \$455,503 in 2025 and 2024, respectively	2,959,586	3,422,945
Bequests, contribution and pledges receivables, net	3,131,199	5,712,930
Long-term investments	28,866,174	25,885,669
Annuity and trust investments	<u>7,324,028</u>	<u>7,079,860</u>
 Total financial assets	 108,414,971	 108,911,995
Less:		
Donor restricted funds		
Anticipated collections on bequest, pledges and contributions receivable after one year	1,448,480	2,440,414
Purpose restricted contributions	15,167,530	15,827,723
Restricted endowment investments	<u>15,059,182</u>	<u>15,059,182</u>
 Total donor restricted funds	 31,675,192	 33,327,319
Contractually restricted		
Amounts held in annuity and trust investments	7,324,028	7,079,860
Amounts held as security deposits or reserves	<u>18,905,136</u>	<u>25,573,192</u>
 Total contractually restricted	 26,229,164	 32,653,052
Add:		
Endowment fund appropriation for following year	<u>1,263,143</u>	<u>1,256,143</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 51,773,758</u>	 <u>\$ 44,187,767</u>