

FINANCIAL STATEMENTS TOGETHER WITH  
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**THE ACTORS' FUND OF AMERICA**

As of December 31, 2009 and 2008

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Trustees of  
**The Actors' Fund of America:**

We have audited the accompanying statements of financial position of The Actors' Fund of America ("The Actors Fund") as of December 31, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of The Actors Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Actors Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Actors Fund as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



New York, New York  
November 17, 2010

The Actors' Fund of America

**STATEMENTS OF FINANCIAL POSITION**

As of December 31, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 2,113,921	\$ 2,601,928
Amounts held on behalf of others	1,627,315	1,450,962
Deposits with bond trustee	264,933	1,486,403
Accounts and other receivables, less allowance for doubtful accounts of \$183,000 and \$230,000 in 2009 and 2008, respectively (Note B)	1,563,693	1,493,765
Bequests, contributions and pledges receivable, net (Note B)	1,609,329	652,818
Prepaid expenses (Note B)	308,810	361,755
Long-term investments (Note C)	13,937,007	13,033,957
Program-related investments and notes, net (Note D)	10,800,000	17,353,878
Annuity fund investments (Note E)	2,445,207	2,203,596
Value of interest in split-interest agreements (Note E)	4,436,306	4,031,149
Deferred financing costs	328,050	360,133
Property and equipment, net (Note F)	15,032,657	14,171,176
Total assets	<u>\$ 54,467,228</u>	<u>\$ 59,201,520</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Liabilities:		
Accounts payable and accrued expenses	\$ 3,882,014	\$ 3,716,351
Amounts held on behalf of others	1,627,315	1,450,962
Deferred revenue (Note D)	1,147,401	3,421,977
Annuities payable (Note C and E)	3,424,032	3,235,572
Other liabilities	704,811	604,373
Bond payable (Note G)	6,754,763	7,000,000
Postretirement benefit obligations (Note H)	6,403,962	5,924,335
Total liabilities	<u>23,944,298</u>	<u>25,353,570</u>
Commitments and contingencies (Note J)		
Net assets:		
Unrestricted	15,596,663	20,904,649
Temporarily restricted (Note B)	4,191,101	2,845,075
Permanently restricted (Note B)	10,735,166	10,098,226
Total net assets	<u>30,522,930</u>	<u>33,847,950</u>
Total liabilities and net assets	<u>\$ 54,467,228</u>	<u>\$ 59,201,520</u>

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

The Actors' Fund of America

**STATEMENT OF ACTIVITIES**

For the year ended December 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating activities:				
Support and revenues:				
Contributions	\$ 4,058,089	\$ 22,730	\$ -	\$ 4,080,819
Broadway Cares/Equity Fights AIDS grants (Note I)	3,450,000	-	-	3,450,000
Special events	1,603,716	-	-	1,603,716
Government and private grants and contracts	3,519,231	-	-	3,519,231
Net patient services revenue (Note B)	7,293,103	-	-	7,293,103
Net resident services revenue (Note B)	1,427,883	-	-	1,427,883
Bequests	1,916,248	-	-	1,916,248
Investment return designated for operations (Note C)	580,037	-	-	580,037
Net assets released from restrictions (Note B)	475,335	(475,335)	-	-
Total support and revenues	<u>24,323,642</u>	<u>(452,605)</u>	<u>-</u>	<u>23,871,037</u>
Expenses:				
Program services:				
Social services	6,753,165	-	-	6,753,165
Employment and training	1,408,721	-	-	1,408,721
Health services	1,891,373	-	-	1,891,373
Housing	12,882,431	-	-	12,882,431
Total program services	<u>22,935,690</u>	<u>-</u>	<u>-</u>	<u>22,935,690</u>
Supporting services:				
General and administration	1,132,464	-	-	1,132,464
Advancement	3,333,989	-	-	3,333,989
Total supporting services	<u>4,466,453</u>	<u>-</u>	<u>-</u>	<u>4,466,453</u>
Total expenses	<u>27,402,143</u>	<u>-</u>	<u>-</u>	<u>27,402,143</u>
Changes in net assets from operating activities	<u>(3,078,501)</u>	<u>(452,605)</u>	<u>-</u>	<u>(3,531,106)</u>
Nonoperating activities:				
New split-interest agreements	-	96,541	-	96,541
Change in value of split-interest agreements	-	(437,892)	636,940	199,048
Realized and unrealized gains on investments (Note C)	984,310	751,029	-	1,735,339
Write-down of program-related notes	(3,366,932)	-	-	(3,366,932)
Pension expense other than net periodic pension cost	169,064	-	-	169,064
Special campaign activities	(15,927)	1,388,953	-	1,373,026
Total nonoperating activities	<u>(2,229,485)</u>	<u>1,798,631</u>	<u>636,940</u>	<u>206,086</u>
Changes in net asset	<u>(5,307,986)</u>	<u>1,346,026</u>	<u>636,940</u>	<u>(3,325,020)</u>
Net assets, beginning of the year	<u>20,904,649</u>	<u>2,845,075</u>	<u>10,098,226</u>	<u>33,847,950</u>
Net assets, end of the year	<u>\$ 15,596,663</u>	<u>\$ 4,191,101</u>	<u>\$ 10,735,166</u>	<u>\$ 30,522,930</u>

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

The Actors' Fund of America

**STATEMENT OF ACTIVITIES**

For the year ended December 31, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating activities:				
Support and revenues:				
Contributions	\$ 4,571,693	\$ 48,890	\$ -	\$ 4,620,583
Broadway Cares/Equity Fights AIDS grants (Note I)	3,675,000	-	-	3,675,000
Special events	2,382,290	-	-	2,382,290
Government and private grants and contracts	3,007,934	-	-	3,007,934
Net patient services revenue (Note B)	6,951,755	-	-	6,951,755
Net resident services revenue (Note B)	1,482,458	-	-	1,482,458
Bequests	3,785,865	-	-	3,785,865
Investment return designated for operations (Note C)	542,156	-	-	542,156
Net assets released from restrictions (Note B)	303,760	(303,760)	-	-
Total support and revenues	<u>26,702,911</u>	<u>(254,870)</u>	<u>-</u>	<u>26,448,041</u>
Expenses:				
Program services:				
Social services	7,873,652	-	-	7,873,652
Employment and training	1,348,586	-	-	1,348,586
Health services	1,784,130	-	-	1,784,130
Housing	11,522,029	-	-	11,522,029
Total program services	<u>22,528,397</u>	<u>-</u>	<u>-</u>	<u>22,528,397</u>
Supporting services:				
General and administration	1,004,942	-	-	1,004,942
Advancement	3,835,604	-	-	3,835,604
Total supporting services	<u>4,840,546</u>	<u>-</u>	<u>-</u>	<u>4,840,546</u>
Total expenses	<u>27,368,943</u>	<u>-</u>	<u>-</u>	<u>27,368,943</u>
Change in net assets from operating activities	<u>(666,032)</u>	<u>(254,870)</u>	<u>-</u>	<u>(920,902)</u>
Nonoperating activities:				
New split-interest agreements	-	1,102,617	-	1,102,617
Change in value of split-interest agreements	5,848	(196,171)	(1,360,196)	(1,550,519)
Realized and unrealized losses on investments (Note C)	(3,063,355)	(524,888)	-	(3,588,243)
Derecognition of interest in Schermerhorn HDFC (Note D)	(2,450,000)	-	-	(2,450,000)
Aurora social service income (Note D)	240,000	-	-	240,000
Interest and amortization income (Note D)	806,890	-	-	806,890
Pension expense other than net periodic pension cost	(2,822,101)	-	-	(2,822,101)
Special campaign activities	(111,156)	-	-	(111,156)
Total nonoperating activities	<u>(7,393,874)</u>	<u>381,558</u>	<u>(1,360,196)</u>	<u>(8,372,512)</u>
Changes in net asset	(8,059,906)	126,688	(1,360,196)	(9,293,414)
Net assets, beginning of the year	<u>28,964,555</u>	<u>2,718,387</u>	<u>11,458,422</u>	<u>43,141,364</u>
Net assets, end of the year	<u>\$ 20,904,649</u>	<u>\$ 2,845,075</u>	<u>\$ 10,098,226</u>	<u>\$ 33,847,950</u>

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

The Actors' Fund of America

**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended December 31, 2009

	Program Services	Supporting Services		Total
		General and Administration	Advancement	
Events	\$ -	\$ -	\$ 335,594	\$ 335,594
Fund-raising	-	-	527,459	527,459
Communications and public relations	34,708	3,155	25,243	63,106
Salaries	8,639,487	622,505	1,330,893	10,592,885
Payroll benefits and taxes	2,395,310	116,652	266,496	2,778,458
Retirement benefits	1,096,396	56,390	176,437	1,329,223
General office expense	1,838,992	76,509	206,490	2,121,991
Professional fees and outside services	647,626	154,763	135,746	938,135
Occupancy and facilities	1,569,313	87,729	282,860	1,939,902
Depreciation and amortization	1,333,932	14,761	46,771	1,395,464
Program activities and financial assistance	5,379,926	-	-	5,379,926
	<u>\$ 22,935,690</u>	<u>\$ 1,132,464</u>	<u>\$ 3,333,989</u>	<u>\$ 27,402,143</u>

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

The Actors' Fund of America

**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended December 31, 2008

	Program Services	Supporting Services		Total
		General and Administration	Advancement	
Events	\$ -	\$ -	\$ 597,311	\$ 597,311
Fund-raising	-	-	600,799	600,799
Communications and public relations	37,644	3,422	27,378	68,444
Salaries	8,438,456	560,994	1,418,894	10,418,344
Payroll benefits and taxes	2,419,010	124,484	308,905	2,852,399
Retirement benefits	626,173	40,521	108,578	775,272
General office expense	1,412,631	83,531	255,082	1,751,244
Professional fees and outside services	654,024	71,051	187,205	912,280
Occupancy and facilities	1,485,915	97,229	268,209	1,851,353
Depreciation and amortization	1,223,371	23,710	63,243	1,310,324
Program activities and financial assistance	6,231,173	-	-	6,231,173
	<u>\$ 22,528,397</u>	<u>\$ 1,004,942</u>	<u>\$ 3,835,604</u>	<u>\$ 27,368,943</u>

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

The Actors' Fund of America

**STATEMENTS OF CASH FLOWS**

For the years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Changes in net assets	\$ (3,325,020)	\$ (9,293,414)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,363,381	1,291,313
Change in discount on bequests, contributions and pledges receivable	56,016	(54,739)
Change in provision for doubtful accounts	102,101	20,000
Provision for uncollectible program-related investments and notes	73,618	70,365
Derecognition in interest in Schermerhorn HDFC	-	2,450,000
Proceeds/Accretion of Income from program-related notes	286,813	(753,921)
Write-down of program-related notes	3,366,932	-
Amortization of deferred financing costs	32,083	19,011
Net realized and unrealized (gains) losses on investments	(1,765,578)	3,707,270
Contributions restricted to annuity agreements and endowments	(13,468)	(684,508)
Changes in operating assets and liabilities:		
Accounts and other receivables	(172,029)	(109,271)
Bequests, contributions and pledges receivable	(1,012,527)	537,340
Prepaid expenses	52,945	(76,659)
Annuity fund investments	(241,611)	692,585
Value of split-interest agreements	(405,157)	1,394,548
Amounts held on behalf of others	(176,353)	(699,797)
Accounts payable and accrued expenses	(6,293)	(641,602)
Deferred rent	171,956	198,735
Deferred revenue	551,939	57,024
Annuities payable	188,460	1,387,592
Other liabilities	276,791	817,731
Postretirement benefit obligations	479,627	2,043,883
Net cash (used in) provided by operating activities	<u>(115,374)</u>	<u>2,373,486</u>
Cash flows from investing activities:		
Proceeds from maturities and sales of investments	4,600,400	5,493,297
Purchase of investments	(3,737,872)	(8,456,659)
Acquisition of property and equipment	(2,226,059)	(5,001,836)
Disposal of property and equipment	1,197	-
Net cash used in investing activities	<u>(1,362,334)</u>	<u>(7,965,198)</u>
Cash flows from financing activities:		
Contributions restricted to annuity agreements and endowments	13,468	684,508
Principal payment on bond payable	(245,237)	-
Release of deposits with bond trustee	1,221,470	3,309,112
Net cash provided by financing activities	<u>989,701</u>	<u>3,993,620</u>
Net decrease in cash and cash equivalents	<u>(488,007)</u>	<u>(1,598,092)</u>
Cash and cash equivalents, beginning of year	<u>2,601,928</u>	<u>4,200,020</u>
Cash and cash equivalents, end of year	<u>\$ 2,113,921</u>	<u>\$ 2,601,928</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 302,946</u>	<u>\$ 289,348</u>

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

The Actors' Fund of America

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2009 and 2008

**NOTE A - ORGANIZATION**

The Actors' Fund of America ("The Actors Fund") was established in 1882 to provide assistance to performing arts and entertainment industry professionals in the United States of America. The Actors Fund disburses aid through a financial assistance fund and provides various human services and also operates a 42-bed assisted living facility and a 82-bed nursing home in Englewood, New Jersey ("The Home"). The Actors Fund provides affordable housing for the elderly or disabled, working poor and persons with AIDS with established housing located in New York City (the "Aurora") through its participation as general partner in Aurora Associates, L.P. (See also Note D). The Actors Fund also provides supportive housing to low-income single adults from the performing arts and entertainment community as well as formerly homeless individuals with HIV/AIDS or mental health needs with 217 housing units in Brooklyn, New York ("Schermerhorn") through its participation as co-general partner of Schermerhorn Housing Development Fund Corporation. In 2009, The Actors Fund Housing Development Corporation, a subsidiary of The Actors' Fund, was incorporated in New York State to provide senior, supportive and/or affordable housing for performing arts and entertainment professionals.

The Actors' Fund is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") and is not a private foundation within Section 509(a) of the Code.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*1. Financial Statement Presentation*

The accompanying financial statements of The Actors' Fund have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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

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

*2. Donor-restricted Funds*

Temporarily restricted net assets represent gifts of cash and other assets received with donor stipulations that limit the use of the donated assets or are restricted as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is

The Actors' Fund of America

**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2009 and 2008

**NOTE B (continued)**

accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in 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, 2009, temporarily restricted net assets of \$4,191,101 consisted of \$371,837 of purpose restricted funds and \$3,819,264 restricted by the passage of time. At December 31, 2008, temporarily restricted net assets of \$2,845,075 consisted of \$801,443 of purpose restricted funds and \$2,043,632 restricted by the passage of time. During the years ended December 31, 2009 and 2008, amounts released from restriction represent funds spent for the donor-stipulated purpose and/or the passage of time.

Permanently restricted net assets represent net assets resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled by actions of The Actors Fund and must be maintained in perpetuity. At December 31, 2009, permanently restricted net assets of \$10,735,166 consisted of \$6,428,071 restricted to investment in endowment funds and \$4,307,095 of perpetual trusts established by several donors. At December 31, 2008, permanently restricted net assets of \$10,098,226 consisted of \$6,428,071 restricted to investment in endowment funds and \$3,670,155 of perpetual trusts established by several donors. Investment income derived from perpetual trusts is used for operations.

*3. Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant management estimates and assumptions relate to the determination of allowances for doubtful accounts; discounts for present value on pledges receivable; postretirement benefit obligations; the fair values assigned to financial instruments; and the useful lives assigned to fixed assets. Actual results could differ from those estimates.

*4. Bequests, Contributions and Pledges Receivable, Net*

Bequests and 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 at an appropriate discount rate commensurate with the risks involved (credit adjusted). Amortization of the discount is recorded as additional contribution revenue in accordance with donor-stipulated restrictions, if any.

The Actors' Fund of America

**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2009 and 2008

**NOTE B (continued)**

Bequests, contributions and pledges receivable consist of the following unconditional promises to give at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Amounts due in:		
Less than one year	\$ 574,282	\$ 547,655
One to five years	1,107,400	119,000
More than five years	<u>5,000</u>	<u>7,500</u>
	<b>1,686,682</b>	674,155
Less: unamortized discount (at discount rates ranging between 1% and 5%)	<u>(77,353)</u>	<u>(21,337)</u>
	<b><u>\$1,609,329</u></b>	<b><u>\$ 652,818</u></b>

The Actors' Fund has been notified of certain intentions to give under various wills and trust agreements, the realizable amounts of which are not presently determinable. The Actors Fund's share of such bequests is recorded when The Actors Fund has a irrevocable right to the bequest and the proceeds are measurable. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

5. *Investments*

Investments in marketable securities are carried at fair value with realized and unrealized gains and losses reflected in the statement of activities. Donated investments are recorded at fair value at date of donation.

6. *Deposits with Bond Trustee*

Deposits with bond trustee represent funds held by a trustee associated with The Actors' Fund's bond payable. Such funds have been invested in short-term marketable government-backed securities and as of December 31, 2009 and 2008 are classified within Level 1. These deposits will be utilized to fund the nursing and assisted living facility expansion or to satisfy certain debt service reserve requirements pursuant to the bond indenture agreement (See also Note G).

**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2009 and 2008

**NOTE B (continued)**

*7. Cash and Cash Equivalents*

The Actors' Fund considers all highly liquid financial instruments, with original maturities of 90 days or less from the date of purchase, to be cash equivalents.

*8. Property and Equipment*

Property and equipment are recorded at cost or fair market value at the date of donation. The Actors' Fund capitalizes property and equipment costing more than \$2,500 and with useful lives greater than one year. Property and equipment, with the exception of land, are depreciated by the straight-line method, using the half-year convention, over the estimated lives of the respective assets, as follows:

Leasehold improvements	Lesser of lease term or economic life of betterment
Buildings and improvements	15 to 27.5 years
Furniture and fixtures	5 to 10 years
Equipment	5 to 7 years

*9. Conditional Asset Retirement Obligations*

The Actors' Fund has recognized the costs associated with the eventual remediation and abatement of asbestos located within the construction of The Home. Based on the results of a site-specific survey, performed by an outside environmental consultant, The Actors Fund concluded that the cost of remediation is immaterial to the accompanying financial statements and, accordingly, has not recognized a liability for this obligation as of December 31, 2009 and 2008.

*10. Net Patient and Resident Services Revenue*

Net patient and resident services revenue is reported based on the estimated net realizable amounts expected to be collected from residents, third-party payors and others for services rendered. At December 31, 2009 and 2008, the allowance for doubtful accounts was \$183,000 and \$230,000, respectively. The allowance for doubtful accounts is estimated at 10% of accounts receivable after adjusting for a specific allowance recorded for certain balances which have a strong likelihood of being uncollectible and Medicaid pending reserve balances. During 2009 and 2008, The Home received 45% and 41%, respectively, of its net revenue from Medicaid.

The Actors' Fund of America

**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2009 and 2008

**NOTE B (continued)**

Revenue under third-party payer agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payer 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.

*11. Contributed Services*

The Actors' Fund benefits from contributed services associated with special theatrical performances which occur on its behalf. The Actors Fund does not recognize the value of these special performances on its financial statements since The Actors' Fund has historically had these performances contributed and has never paid for such performances and as such, the criteria for recognition under U.S. GAAP has not been met. In addition, during 2009 and 2008, The Actors' Fund received contributed medical services with a fair value of approximately \$366,000 and \$282,000, respectively, which have been reflected as a component of contribution revenue and health services expense on the accompanying statements of activities.

*12. Government and Private Grants and Contracts*

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

*13. Special Events*

Revenues and expenses relative to special events are recognized upon occurrence of the respective event.

*14. Measure of Operations*

The accompanying statements of activities distinguish between operating and nonoperating activities. Operating activities principally include all revenues and expenses that are an integral part of The Actors' Fund's programs, special events, and social services activities. Nonoperating activities principally include investment return in excess of, or less than, the amount distributed under The Actors' Fund's spending policy (see Note C); special campaign activities; endowment contributions; change in value of split-interest agreements; and other activities considered to be more of an unusual or nonrecurring nature.

**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2009 and 2008

**NOTE B (continued)**

*15. Functional Allocation of Expenses*

The costs of providing The Actors' Fund's programs and services have been summarized on a functional basis on the accompanying statements of activities. Accordingly, certain costs have been allocated amongst the program and supporting services benefited.

*16. Concentration of Credit Risk*

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

*17. Fair Value of Financial Instruments*

Effective January 1, 2008, The Actors' Fund adopted the guidance related to "Fair Value Measurements." Fair value is 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 dates. As required by U.S. GAAP for fair value measurements, The Actors' Fund uses a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. 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.

The Actors' Fund of America

**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2009 and 2008

**NOTE B (continued)**

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.

The Actors' Fund does not have any financial instruments classified within Level 2 at December 31, 2010 and 2009.

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 the entity. The Actors' Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

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

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

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

The Actors' Fund estimates that the carrying value of its bond payable approximates fair value because the bond bears interest at rates that are not significantly different than current market rates for loans with similar maturities and credit qualities.

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**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2009 and 2008

**NOTE B (continued)**

*18. Cash Held on Behalf of Others – Unclaimed Coogan Trust*

Cash held on behalf of others represents unclaimed funds entrusted to The Actors' Fund collected from the entertainment employers for un-emancipated minors rendering artistic or creative services pursuant to California state law. The establishment of such account is known as the "Coogan Cash Account" in the industry. The Actors' Fund has been designated as the trustee of the unclaimed funds collected and pays the funds to the stipulated beneficiaries or transfers the funds to their Coogan Cash Account once the respective minor reaches the age of maturity or becomes emancipated or to the estate of the respective beneficiaries. Cash held on behalf of beneficiaries is offset by a corresponding liability in the statement of financial position. Amounts held on behalf of others consist of funds invested principally in money market funds and fixed-income securities and as of December 31, 2009 and 2008 are classified within Level 1 within the fair value hierarchy .

*19. Subsequent Events*

The Actors' Fund has evaluated events occurring after December 31, 2010 through November 17, 2010, which represents the date the financial statements were available to be issued and determined that all significant events and disclosures are included in the financial statements.

**NOTE C - LONG-TERM INVESTMENTS**

Investments at December 31, 2009 and 2008 consist of the following:

	2009		2008	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 387,274	\$ 387,274	\$ 706,815	\$ 706,815
Common stocks	8,043,525	7,588,636	4,402,017	5,885,620
Preferred stocks	-	-	11,726	48,279
Mutual funds	2,929,092	2,917,638	5,191,619	5,350,382
Corporate bonds	555,469	525,330	611,761	645,458
Government bonds	2,021,647	1,995,762	2,110,019	2,013,808
	<u>\$ 13,937,007</u>	<u>\$ 13,414,640</u>	<u>\$ 13,033,957</u>	<u>\$ 14,650,362</u>

The Actors' Fund of America

**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2009 and 2008

**NOTE C (continued)**

The Actors' Fund's investments are classified under Level 1 within the fair value hierarchy as of December 31, 2009 and 2008.

Included in the investment balances is \$3,239,756 for 2009 and \$2,778,068 for 2008 pertaining to charitable remainder unitrusts in which the Actors' Fund is the trustee of and is responsible for making annuity payments to specified life tenant beneficiaries. The liability as of December 31, 2009 and 2008 is \$1,981,223 and \$1,746,009, respectively, and has been reflected as part of annuities payable on the accompanying statements of financial position.

Investments are allocated amongst the net asset categories as follows:

	<u>2009</u>	<u>2008</u>
Unrestricted	\$ 4,124,237	\$ 3,567,125
Temporarily restricted	3,384,699	3,038,761
Permanently restricted	<u>6,428,071</u>	<u>6,428,071</u>
	<u>\$ 13,937,007</u>	<u>\$ 13,033,957</u>

Permanently restricted endowment funds, excluding perpetual trusts, at December 31, 2009 and 2008 consist of the following:

	<u>2009</u>	<u>2008</u>
General Fund:		
Noel Murphy	\$ 566,691	\$ 566,691
Joseph Callaway	281,461	281,461
Percy Williams	3,254,762	3,254,762
Willard Swire Scholarship Fund	28,000	28,000
Rosetta Brown	92,290	92,290
John Drew Fund	320,117	320,117
The Home:		
Lillian Booth	1,000,000	1,000,000
Edwin Forrest	772,250	772,250
May V. Smith	<u>112,500</u>	<u>112,500</u>
	<u>\$ 6,428,071</u>	<u>\$ 6,428,071</u>

The Actors' Fund of America

**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2009 and 2008

**NOTE C (continued)**

The Board of Trustees of The Actors' Fund has adopted an investment spending policy which permits the use of 5% annually of the average investment portfolio's fair value based on its total return over the previous 12 quarters.

The following schedule summarizes investment gains (losses) and their classification on the accompanying statements of activities. For the years ended December 31, 2009 and 2008, realized and unrealized gains pertaining to gift annuity and pooled income funds, totaled \$27,700 and \$43,406, respectively, and are included in the following chart.

	<b>December 31,</b>	
	<u>2009</u>	<u>2008</u>
Dividends and interest (net of expenses of \$149,260 and \$147,364 in 2009 and 2008, respectively)	<b>\$ 549,798</b>	\$ 661,183
Net realized losses	<b>(983,868)</b>	(681,660)
Net unrealized gains (losses)	<u><b>2,749,446</b></u>	<u>(3,025,610)</u>
Total investment return (loss)	<b>2,315,376</b>	(3,046,087)
Investment return designated for current operations	<u><b>(580,037)</b></u>	<u>(542,156)</u>
Investment return (loss), net of amounts designated for current operations	<u><b>\$ 1,735,339</b></u>	<u>\$ (3,588,243)</u>

**NOTE D - PROGRAM-RELATED INVESTMENTS AND NOTES, NET**

*1. Aurora Associates, L.P.*

On July 12, 1995, Aurora Associates, L.P. (the "Partnership"), the General Partner of which is an affiliate of The Actors' Fund, acquired the Aurora building located in the general entertainment community of Manhattan, at 475 West 57th Street, New York City. The limited partners of the Partnership are a group of unrelated entities. The terms of the Partnership Agreement provide, among other things, that profits, losses and tax credits be allocated 99% to the Investor Limited Partners, .01% to the Special Limited Partner (Related Aurora Associates, Inc.) and .99% to the General Partner. The Special Limited Partner and the General Partner are not responsible for the debt of the Partnership.

The Actors' Fund of America

**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2009 and 2008

**NOTE D (continued)**

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

On July 12, 1995, Aurora Associates, L.P. issued four notes payable to The Actors Fund consisting of a Junior Actors Note in the amount of \$3,500,000, a Developer Note in the amount of \$1,000,000, a Social Services Note in the amount of \$3,000,000 and a Senior Actors Note in the amount of \$1,000,000, aggregating \$8,500,000, with principal and accrued interest of 8% per annum with a 30-year maturity on the first two notes, and a 15-year maturity on the latter two notes. Interest payable on all of the aforementioned notes is made from the available cash flows of the Aurora. These nonrecourse notes are secured by a mortgage for the same amounts encumbering real property and improvements made to the Aurora and an assignment of rents, income and other benefits. Upon executing these four notes, the full \$8,500,000 was recorded as part of program-related investments and notes on the accompanying statements of financial position. Deferred revenue was initially recognized in an amount equal to \$7,500,000, consisting of the Junior Actors, the Developer and the Social Services Notes and is being amortized over a term which approximates the maturity period of the related notes. It is expected that the Partnership's cash flows will continue to be insufficient to make any payments under the notes, including accrued interest, and that at the end of initial 15 year compliance period, in 2010, the accumulated amount due is expected to approximate the fair value of the Aurora.

The Actors Fund has the option and right of first refusal to acquire the property after the initial 15-year compliance period ends in 2010. On April 27, 2010, The Actors Fund expressed its intent to exercise the option to the Partnership. In accordance with standard practice, a valuation of the Aurora was conducted and completed on October 25, 2010.

Following receipt of the independent third-party appraisal report, the fair market value was determined to be \$10,800,000, in an amount that exceeded the carrying value of the notes. Accordingly, program related notes and interest receivables were adjusted to the fair market value, deferred revenue was de-recognized, and a non-cash expense adjustment of \$3,366,932 was reflected in the accompanying 2010 statement of activities as part of nonoperating activities.

The Actors' Fund anticipates acquiring the Aurora no later than April 30, 2011.

**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2009 and 2008

**NOTE D (continued)**

*2. Palm View Limited Partnership*

On April 15, 1997, The Actors' Fund agreed to lend \$2,500,000 to Palm View Limited Partnership ("Palm View L.P.") to finance affordable housing at 980 North Palm Avenue, West Hollywood, California (the "Palm View Facility"), consistent with its programmatic mission. Sponsored and developed by the West Hollywood City Housing Corporation, the Palm View Facility houses the clients of The Actors Fund in the entertainment community who are suffering from AIDS. This note receivable will mature in 2027 and will accrue interest at 3% per annum through January 1, 2014, and 6.5% per annum thereafter. Any unpaid principal and interest balance converts to an equity ownership interest in the Palm View property at the maturity date of the note. The underlying property has significant regulatory restrictions that do not expire until fiscal 2047. The implications of such restrictions are at present difficult to assess and have caused uncertainty in determining the amounts that will ultimately be realized by The Actors Fund.

Accordingly, given the fact that Palm View L.P.'s cash flow appears insufficient to satisfy required principal and interest payments as they become due, and the uncertainty of assessing the impact of the regulatory restrictions attached to the property, the note, along with all accrued interest, has been fully reserved for. The total outstanding loan balance and accrued interest receivable at December 31, 2009 and 2008 are \$3,070,284 and \$2,996,666, respectively.

*3. Schermerhorn Housing Development Fund Corporation*

Schermerhorn Housing Development Fund Corporation ("Schermerhorn HDFC") is a not-for-profit entity formed under section 402 of the Not-for-Profit Corporation Law of the State of New York. Its purpose is to develop a 217-unit apartment building on Schermerhorn Street, Brooklyn, New York to be used for supportive housing designed to house formerly homeless and low-income single adults from the performing arts and entertainment community. The members of Schermerhorn HDFC are Common Ground Community Housing Fund Corporation, Inc. (51%) and The Actors Fund (49%).

The Actors' Fund provides social services to all low income residents and the Center for Urban Community Services provides social services to the formerly homeless, special needs residents of the house via contracts with the City of New York. In addition, The Actors' Fund has committed to provide funding to construct and equip a community room/theater located on the premises. The total cost of the community room/theater is expected to approximate \$1,150,000, most of which is contracted for with the New York City Department of Cultural Affairs and the Dormitory Authority for New York State. Construction is ongoing and is expected to be completed in 2011.

The Actors' Fund of America

**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2009 and 2008

**NOTE D (continued)**

The Actors' Fund's ratable share of the value of the contributed property received in 2006 was independently appraised at \$2,450,000 and was recognized as a component of nonoperating activities.

However, during 2008, it was concluded that the land on which the apartment building was to be constructed was situated in such a way that it required a substantial additional investment to ready it for construction as it transverses a subway line. Accordingly, the previously recognized contribution was derecognized in 2008 since the required betterments to the property exceeded its appraised fair value at the date of initial recognition.

**NOTE E - SPLIT-INTEREST AND ANNUITY FUND AGREEMENTS**

The Actors' Fund has established an annuity fund which is invested in equity securities, money market funds and bonds. The income beneficiaries of the annuity fund receive annual distributions during their lives. The Actors' Fund receives the remaining principal upon death of the life beneficiaries. The assets of the annuity fund at December 31, 2009 and 2008 totaled \$2,445,208 and \$2,453,767, respectively, and have been classified as Level 1 investments. Liabilities pertaining to the annuity fund agreements totaled \$1,442,809 and \$1,489,564 as of December 31, 2009 and 2008, respectively. The gift annuity fund liabilities are based on discount rates ranging between 2.4% and 8.2%, consistent with mortality tables provided by the Internal Revenue Service, and the pooled income fund liabilities have a discount rate of 3.2%.

The Actors' Fund is also the beneficiary of other split-interest agreements which it is not the trustee of and which have been classified as Level 3 within the fair value hierarchy, and consist of the following:

	Charitable Remainder Trusts	Perpetual Trusts	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
Balance as of December 31, 2008	\$ 110,823	\$ 3,670,155	<b>\$ 3,780,978</b>
Unrealized gains	<u>18,389</u>	<u>636,939</u>	<u><b>655,328</b></u>
Balance as of December 31, 2009	<u><u>\$ 129,212</u></u>	<u><u>\$ 4,307,094</u></u>	<u><u><b>\$ 4,436,306</b></u></u>

The Actors' Fund of America

**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2009 and 2008

**NOTE F - PROPERTY AND EQUIPMENT, NET**

Property and equipment, net, at December 31, 2009 and 2008 consists of the following:

	<u>2009</u>	<u>2008</u>
Buildings and leasehold improvements	<b>\$ 23,498,654</b>	\$ 19,348,511
Furniture, fixtures and equipment	<b>5,312,362</b>	5,165,067
Less: accumulated depreciation and amortization	<u><b>(14,293,956)</b></u>	<u>(12,961,797)</u>
	<b>14,517,060</b>	11,551,781
Land	<b>100,000</b>	100,000
Construction in progress	<u><b>415,597</b></u>	<u>2,519,395</u>
Property and equipment, net	<u><b>\$ 15,032,657</b></u>	<u>\$ 14,171,176</u>

Construction in progress at December 31, 2009 and 2008 consists principally of costs incurred to complete the Nursing and Assisted Living facility expansion.

The Actors' Fund owns approximately 2,400 burial plots in New York and Pennsylvania for which no value has been assigned to on the accompanying financial statements.

**NOTE G – BOND PAYABLE**

In December of 2007, The Actors' Fund issued through the New Jersey Economic Development Authority ("NJEDA") \$7,000,000 of an Economic Development Bond (The Actors' Fund of America Project) (the "Bond") to provide funding for the expansion and renovation of The Home. Pursuant to a Bond Agreement dated December 11, 2007 (the "Bond Agreement"), among The Actors' Fund, NJEDA, and Commerce Bank, National Association ("Commerce"), now TD Bank, Commerce purchased the Bond from NJEDA and the proceeds of the sale were loaned by NJEDA to The Actors' Fund (the "Loan"). The term of the Loan is twenty (20) years, and during the initial ten (10) years of the term, interest accrues on the unpaid principal balance of the Loan at the rate of 4.18% per annum. For the period December 1, 2017 through December 11, 2027 a fixed rate will be used per annum equal to seventy percent (70%) of the then-in-effect Ten (10) Year United States Treasury Securities Index, as made available by the Federal Reserve Board plus two-hundred (200) basis points and set three (3) business days prior to December 1, 2017. The Actors' Fund's obligation to repay the Loan is secured by: (i) a Mortgage and Security Agreement covering the real property commonly known by the street address of 155-175 West Hudson Avenue, Englewood, New Jersey (the "Englewood Property") and certain fixtures and other personal

The Actors' Fund of America

**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2009 and 2008

**NOTE G (continued)**

property located thereon, (ii) an Assignment of Leases and Rents covering the Englewood Property, and (iii) a security interest in and to all funds deposited from time to time in the Escrow Fund established under the Bond Agreement.

In addition to customary operating covenants, the Bond Agreement includes the following financial covenants:

- (a) The Actors' Fund must maintain a Debt Service Coverage Ratio of at least 1.20 to 1.00. Compliance with this covenant is tested annually based upon The Actors Fund's audited financial statements. "Debt Service Coverage Ratio" is defined as: (i) the sum of net profit plus depreciation and amortization expense plus interest expense divided by (ii) the current portion of long-term debt plus interest expense.
- (b) Without the prior consent of TD Bank, The Actors' Fund cannot incur additional indebtedness: (i) in excess of \$500,000, or (ii) for a term exceeding one year. In addition, The Actors Fund is prohibited from guarantying additional indebtedness and from making loans and advances to third parties. Finally, The Actors' Fund must provide notice to TD Bank if advances under its existing line of credit facility from HSBC exceed, in the aggregate, \$500,000.

The Actors' Fund was in compliance with these covenants as of December 31, 2009.

In connection with the bond issuance, The Actors' Fund incurred financing cost of \$380,217, which are being amortized over the maturity period of the bond, twenty years.

Maturities of the bond payable at December 31, 2009 are as follows:

2010	\$	255,835
2011		266,890
2012		277,682
2013		290,423
2014		302,973
Thereafter		<u>5,360,960</u>
	\$	<u>6,754,763</u>

Total interest expense associated with the loan for the year ended December 31, 2009 and 2008 totaled \$291,040 and \$322,672, respectively.

The Actors' Fund of America

**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2009 and 2008

**NOTE H – POSTRETIREMENT BENEFITS**

The Actors' Fund provides a noncontributory defined benefit pension plan for eligible employees. In order to be eligible for coverage, employees must attain age 21 and complete one year of service.

The Actors' Fund also sponsors a postretirement plan for certain employees which provides health insurance benefits. Participants become eligible after attainment of age 65 and completion of fifteen years of service. Benefits are generally coordinated with Medicare. Effective January 1, 2006, the eligibility requirements for new participants were amended requiring the attainment of age 65 and completion of 15 years of service before becoming eligible to receive benefits. On December 7, 2003, Congress passed the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act"). The Actors' Fund's postretirement health insurance plan offers prescription benefits to Medicare eligible participants which are considered "actuarially equivalent" to Medicare Part D benefits. The Actors' Fund has applied for the federal subsidy allowed under the Act to employers which provide "actuarially equivalent" Medicare Part D prescription benefits. Any subsidy received by The Actors' Fund will defray the cost of the plan's prescription benefits.

The Actors' Fund uses a December 31<sup>st</sup> measurement date for purposes of calculating its pension and postretirement benefit plan obligations.

The following summarizes the funded status of the plans and associated costs as of and for the years ended December 31, 2009 and 2008:

	2009		2008	
	Pension Plan	Post- Retirement Plan	Pension Plan	Post- Retirement Plan
Reconciliation of benefit obligation:				
Accumulated benefit obligation at January 1 <sup>st</sup>	\$ 10,225,694	\$ 1,592,424	\$ 8,178,945	\$ 1,279,503
Service cost	790,408	95,522	610,717	90,292
Interest cost	633,978	82,398	542,917	85,791
Actuarial loss (gain)	470,255	(182,238)	1,039,138	190,304
Benefits paid	( 220,161)	(62,893)	(146,023)	(53,466)
Medicare Part D reimbursements	-	2,487	-	-
Accumulated benefit obligation at December 31 <sup>st</sup>	\$ 11,900,174	\$ 1,527,700	\$ 10,225,694	\$ 1,592,424
Projected benefit obligation	\$ (11,900,174)	\$ (1,527,700)	\$ (10,225,694)	\$ (1,592,424)
Fair value of plan assets	7,023,912	-	5,893,783	-
Funded status	\$ (4,876,262)	\$ (1,527,700)	\$ (4,331,911)	\$ (1,592,424)

The Actors' Fund of America

**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2009 and 2008

**NOTE H (continued)**

	2009		2008	
	Pension Plan	Post-Retirement Plan	Pension Plan	Post-Retirement Plan
Amount recognized on the statements of financial position consist of:				
Accrued benefit cost	\$ (1,298,279)	\$ (1,903,255)	\$ (668,101)	\$ (1,880,936)
Unrestricted net assets	<u>(3,577,983)</u>	<u>375,555</u>	<u>(3,663,810)</u>	<u>288,512</u>
Total accrued benefit liability	<u>\$ (4,876,262)</u>	<u>\$ (1,527,700)</u>	<u>\$ (4,331,911)</u>	<u>\$ (1,592,424)</u>
Service cost	\$ 790,408	\$ 95,522	\$ 610,717	\$ 90,292
Interest cost	633,978	82,398	542,917	85,791
Expected loss on plan assets	(483,818)	-	(502,747)	-
Amortization of prior service cost	39,970	(109,783)	42,792	(147,352)
Amortization of loss	<u>268,447</u>	<u>12,101</u>	<u>34,449</u>	<u>18,412</u>
Net periodic pension cost	<u>\$ 1,248,985</u>	<u>\$ 80,238</u>	<u>\$ 728,128</u>	<u>\$ 47,143</u>

The estimated net loss, transition assets obligation and prior service cost for the pension plan that will be amortized from unrestricted net assets into net periodic benefit cost in the next fiscal year are \$209,206, \$0 and \$36,709, respectively. The estimated net periodic benefit cost for the postretirement plan is \$97,000, which is based on the assumptions which follow below.

Amounts recognized in unrestricted net assets as of December 31, 2009 and 2008 consist of the following:

	2009		2008	
	Pension Plan	Post-Retirement Plan	Pension Plan	Post-Retirement Plan
Prior service (cost) credit	\$ (141,927)	\$ 679,317	\$ (181,897)	\$ 789,100
Actuarial loss	<u>(3,436,056)</u>	<u>(303,762)</u>	<u>(3,481,913)</u>	<u>(500,588)</u>
Amounts recognized in unrestricted net assets	<u>\$ (3,577,983)</u>	<u>\$ 375,555</u>	<u>\$ (3,663,810)</u>	<u>\$ 288,512</u>

At December 31, 2009, the accrued benefit liability for pension benefits of \$4,876,262 consists of \$3,376,392 accrued for the General Fund and \$1,499,870 accrued for The Home. At December 31, 2008, the accrued benefit liability for pension benefits of \$4,331,911 consists of \$2,989,289 accrued for the General Fund and \$1,342,622 accrued for The Home. At December 31, 2009 and 2008, respectively, the accrued benefit liability for postretirement benefits of \$1,527,700 and \$1,592,424 is included as part of postretirement benefit obligations on the accompanying statements of financial position.

The Actors' Fund of America

**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2009 and 2008

**NOTE H (continued)**

The weighted-average assumptions used to determine benefit obligations at December 31, 2009 and 2008 are as follows:

	2009		2008	
	Pension Plan	Post-Retirement Plan	Pension Plan	Post-Retirement Plan
Discount rate	6.00%	6.00%	6.00%	6.00%
Rate of compensation increase	3.75%	N/A	3.75%	N/A

The weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31, 2009 and 2008 are as follows:

	2009		2008	
	Pension Plan	Post-Retirement Plan	Pension Plan	Post-Retirement Plan
Discount rate	6.00%	6.00%	6.50%	6.50%
Expected return on plan assets	8.00%	N/A	8.00%	N/A
Rate of compensation increase	3.75%	N/A	3.75%	N/A

The Actors' Fund expects to contribute approximately \$610,000 to its pension plan for the year ended December 31, 2010.

The assumed health care cost trend rates for the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
Health care cost trend rate assumed for the next year:		
Pre-Medicare eligible	N/A	N/A
Medicare eligible	9.50%	10.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2018	2018

The Actors' Fund of America

**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2009 and 2008

**NOTE H (continued)**

The net periodic pension and postretirement benefit costs included the following components:

	2009		2008	
	Pension Plan	Postretirement Plan	Pension Plan	Postretirement Plan
Benefit costs	\$ 1,248,985	\$ 80,238	\$ 728,128	\$ 47,143
Employer contribution	618,807	62,893	1,505,000	53,466
Benefits paid	(220,161)	(62,893)	(146,023)	(53,466)

Benefits paid for the pension plan include approximately \$70,000 and \$61,000 of investment management fees in 2009 and 2008, respectively.

The Actors' Fund's pension plan weighted-average asset allocations at December 31, 2009 and 2008 are as follows:

Asset Category	Allocation of Plan Assets at December 31, 2009	Allocation of Plan Assets at December 31, 2008
Common stocks	58.61%	25.46%
Fixed income securities	38.20%	40.40%
Cash and cash equivalents	3.19%	34.14%
Total	<u>100.00%</u>	<u>100.00%</u>

The investments of the pension plan as of December 31, 2009 and 2008 are classified as Level 1 within the fair value hierarchy.

The following benefit payments, which reflect expected future service, are expected to be paid as follows:

Year Ending December 31,	Pension Benefits	Postretirement Benefits
2010	\$ 260,356	\$ 48,821
2011	270,912	50,218
2012	353,390	55,255
2013	434,873	60,586
2014	466,419	63,697
Years 2015 – 2019	4,259,539	452,844

**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2009 and 2008

**NOTE H (continued)**

Since the postretirement benefit plan is unfunded, The Actors' Fund's contributions to the plan are anticipated to equal benefit payments to participants. Additionally, the projected benefit payments for postretirement benefits have been reduced by the Medicare Part D federal subsidy anticipated.

**NOTE I - HUMAN SERVICES CONTRIBUTIONS**

Broadway Cares/Equity Fights AIDS, Inc. currently provides grants to The Actors' Fund to be used for program services. For the years ended December 31, 2009 and 2008, total contributions received were \$3,450,000 and \$3,675,000, respectively.

**NOTE J - COMMITMENTS AND CONTINGENCIES**

*1. Laws and Regulations*

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

*2. Lease Obligations*

The Actors' Fund has entered into operating lease agreements for office space located in New York City, Chicago and Los Angeles, and equipment leases, with lease terms expiring at various dates through 2019. These lease agreements have renewal clauses which range from three to five years, exercisable at the option of The Actors' Fund. All leases have rent escalation clauses that are based upon anticipated increases in real estate taxes, building expenses and utility charges. At December 31, 2009, future minimum annual rental payments under these lease agreements are as follows:

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**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2009 and 2008

**NOTE J (continued)**

<u>Year Ending December 31,</u>	<u>Future Minimum Rental Payments</u>
2010	\$ 1,207,178
2011	1,206,606
2012	1,186,926
2013	1,203,995
2014	1,234,520
2015 – 2019	<u>2,500,104</u>
	<u>\$ 8,539,329</u>

Rental expense for the years ended December 31, 2009 and 2008 totaled \$1,244,942 and \$1,121,238, respectively.

3. *Available Credit Facility*

At December 31, 2009, The Actors' Fund had a credit facility for \$4 million with HSBC bank with no outstanding borrowings. Such credit facility is collateralized by The Actors Fund's long-term investments.

4. *Income Taxes*

The FASB ASC Topic 740, Uncertainty in Income Taxes, established criterion that an individual tax position must meet for some or all of the benefits of that position to be recognized in an entity's financial statements. This standard required The Actors' Fund to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The Actors' Fund has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it has nexus; and to review other matters that may be considered tax positions. The tax years ending 2007, 2008, 2009 remain open to audit for both federal and state purposes. This standard was effective for The Actors' Fund on January 1, 2008, and did not have an impact on The Actors' Fund's financial statements.

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**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2009 and 2008

**NOTE K – PERMANENTLY RESTRICTED NET ASSETS**

The Uniform Management of Institutional Funds Acts (“UMIFA”) as enacted by the State of New York in 1978 applies to all the institutional funds of The Actors' Fund unless the donor has specifically directed otherwise. UMIFA requires the preservation of the “historic dollar value” of the original gift as of the gift date for donor-restricted endowment funds in the absence of explicit donor stipulations to the contrary. As a result of such interpretation, The Actors' Fund classifies as permanently restricted net assets the original value of donor restricted endowment funds, the original value of subsequent gifts to donor-restricted endowment funds and the value of accumulations to such funds made in accordance with the applicable gift instrument at the time the relevant accumulation was added to the fund.

The remaining portion of the donor-restricted endowment fund not classified in permanently restricted net assets is classified either as unrestricted or temporarily restricted net assets, depending on the intent of each endowment fund until those amounts are appropriated for expenditure by The Actors' Fund in a manner consistent with the uses, benefits, purposes and duration for which the endowment is established and the standard of prudence prescribed by UMIFA.

In August 2008, the FASB issued new accounting guidance related to the disclosure of endowment funds and addresses the net asset classification of donor-restricted endowment funds for organizations subject to an enacted version of the 2006 Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). A key component of this guidance is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure. In addition, the FASB issued guidance requiring new disclosures about an organization's donor-restricted and board-designated endowment funds. The Actors Fund adopted the disclosure requirements as of December 31, 2008, as required.

The following table illustrates the composition of The Actors' Fund's endowment fund, which consists of permanently restricted net assets and excludes perpetual trusts in which The Actors' Fund is not the trustee of, as of December 31, 2009 and 2008 and the changes in the endowment fund for the years then ended:

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**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2009 and 2008

**NOTE K (continued)**

	2009		
	Unrestricted	Permanently restricted	Total
Donor-restricted endowment funds	<u>\$ (807,923)</u>	<u>\$ 6,428,071</u>	<u>\$ 5,620,148</u>
Endowment net assets, beginning of year	\$ (1,508,326)	\$ 6,428,071	\$ 4,919,745
Investment return:			
Investment income	260,142	-	260,142
Net realized and unrealized appreciation	<u>700,403</u>	<u>-</u>	<u>700,403</u>
Total investment return	960,544	-	960,544
Appropriation of investment return for expenditure	<u>(260,142)</u>	<u>-</u>	<u>(260,142)</u>
Endowment net assets, end of year	<u>\$ (807,923)</u>	<u>\$ 6,428,071</u>	<u>\$ 5,620,148</u>
	2008		
	Unrestricted	Permanently restricted	Total
Donor-restricted endowment funds	<u>\$ (1,508,326)</u>	<u>\$ 6,428,071</u>	<u>\$ 4,919,745</u>
Endowment net assets, beginning of year	\$ -	\$ 6,428,071	\$ 6,428,071
Investment return:			
Investment income	218,754	-	218,754
Net realized and unrealized depreciation	<u>(1,508,326)</u>	<u>-</u>	<u>(1,508,326)</u>
Total investment return	(1,289,572)	-	(1,289,572)
Appropriation of investment return for expenditure	<u>(218,754)</u>	<u>-</u>	<u>(218,754)</u>
Endowment net assets, end of year	<u>\$ (1,508,326)</u>	<u>\$ 6,428,071</u>	<u>\$ 4,919,745</u>