Consolidated Financial Statements Together with
Report of Independent Certified Public Accountants

THE ACTORS' FUND OF AMERICA AND SUBSIDIARIES

As of December 31, 2015 and 2014

THE ACTORS' FUND OF AMERICA AND SUBSIDIARIES

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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 consolidated financial statements of The Actors' Fund of America and Subsidiaries ("The Actors Fund"), which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Actors Fund of America and Subsidiaries as of December 31, 2015 and 2014, and the changes in their consolidated net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York
June 21, 2016

THE ACTORS' FUND OF AMERICA AND SUBSIDIARIES
Consolidated Statements of Financial Position
As of December 31, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	$ 4,101,083	$ 3,496,361
Security deposits	658,250	490,451
Cash held on behalf of others (Note 2)	2,938,180	2,729,736
Accounts and other receivables, less allowance for doubtful accounts of $172,000 and $146,000 in 2015 and 2014, respectively	1,268,518	1,637,993
Bequests, contributions and pledges receivable, net (Note 2)	7,369,989	4,342,911
Prepaid expenses and other assets (Note 7)	719,507	567,778
Long-term investments (Note 3)	19,303,136	18,665,273
Annuity fund investments (Note 5)	1,590,523	2,077,482
Value of interest in split-interest agreements (Note 5)	4,868,463	5,107,282
Property and equipment, net (Notes 4 and 6)	27,426,160	24,764,825
Total assets	$ 70,243,809	$ 63,880,092
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 3,039,412	$ 3,357,926
Cash held on behalf of others (Note 2)	2,938,180	2,729,736
Deferred revenue (Note 4)	354,010	430,217
Annuities payable (Notes 3 and 5)	2,605,144	2,984,601
Deferred rent (Note 9)	1,665,269	1,330,273
Other liabilities	1,156,860	1,149,179
Bonds and mortgages payable (Note 7)	7,394,843	7,428,606
Borrowings on line of credit	3,872,675	2,500,000
Postretirement benefit obligations, net of plan assets of $10,104,680 and $11,003,570 in 2015 and 2014, respectively (Note 8)	6,098,689	6,764,489
Total liabilities	29,125,082	28,675,027
COMMITMENTS AND CONTINGENCIES (Note 10)		
NET ASSETS (Note 10)		
Unrestricted	15,640,673	10,704,357
Temporarily restricted (Note 2)	7,483,864	6,640,996
Permanently restricted (Note 2)	17,994,190	17,859,712
Total net assets	41,118,727	35,205,065
Total liabilities and net assets	$ 70,243,809	$ 63,880,092

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

THE ACTORS' FUND OF AMERICA AND SUBSIDIARIES
Consolidated Statement of Activities
For the year ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING ACTIVITIES				
Support and revenues:				
Contributions and private grants	$ 6,521,351	$ 47,520	$ -	$ 6,568,871
BC/EFA grants (Note 2)	4,152,500	937,500	-	5,090,000
Special events	3,409,747	-	-	3,409,747
Government grants and contracts	2,968,292	81,427	-	3,049,719
Net patient and resident services revenue (Note 2)	10,249,695	-	-	10,249,695
Friedman Residence, LLC rental income	2,132,110	-	-	2,132,110
Bequests	2,822,301	-	-	2,822,301
Investment return designated for operations (Note 3)	599,128	-	-	599,128
Net assets released from restrictions (Note 2)	1,396,227	(1,396,227)	-	-
Total support and revenues	34,251,351	(329,780)	-	33,921,571
EXPENSES				
Program services:				
Social services	7,738,218	-	-	7,738,218
Employment and training	1,642,986	-	-	1,642,986
Health services	1,951,687	-	-	1,951,687
Housing	4,242,773	-	-	4,242,773
Patient and resident services	12,040,307	-	-	12,040,307
Total program services	27,615,971	-	-	27,615,971
Supporting services:				
General and administrative	1,606,005	-	-	1,606,005
Advancement	4,784,535	-	-	4,784,535
Total supporting services	6,390,540	-	-	6,390,540
Total expenses	34,006,511	-	-	34,006,511
Changes in net assets from operating activities	244,840	(329,780)	-	(84,940)
NONOPERATING ACTIVITIES				
Change in value of split-interest agreements (Note 5)	-	(23,699)	(238,820)	(262,519)
Investment loss, net of amounts designated for current operations (Note 3)	(271,414)	(777,691)	-	(1,049,105)
Pension benefit related activities, other than net periodic pension cost	446,095	-	-	446,095
Grants, contributions and pledges for capital	2,246,080	2,428,255	-	4,674,335
Release of restricted funds for capital expenditures	998,679	(998,679)	-	-
Contributed assets from CTFD (Note 2)	1,272,036	544,462	373,298	2,189,796
Total nonoperating activities	4,691,476	1,172,648	134,478	5,998,602
Changes in net assets	4,936,316	842,868	134,478	5,913,662
Net assets, beginning of the year	10,704,357	6,640,996	17,859,712	35,205,065
Net assets, end of the year	$ 15,640,673	$ 7,483,864	$ 17,994,190	$ 41,118,727

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

THE ACTORS' FUND OF AMERICA AND SUBSIDIARIES
Consolidated Statement of Activities
For the year ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING ACTIVITIES				
Support and revenues:				
Contributions and private grants	$ 6,914,540	$ 434,316	$ -	$ 7,348,856
BC/EFA grants (Note 2)	3,737,500	562,500	-	4,300,000
Special events	3,472,535	-	-	3,472,535
Government grants and contracts	2,849,474	-	-	2,849,474
Net patient and resident services revenue (Note 2)	9,756,884	-	-	9,756,884
Friedman Residence, LLC rental income	2,105,606	-	-	2,105,606
Bequests	1,671,444	-	-	1,671,444
Investment return designated for operations (Note 3)	550,080	-	-	550,080
Net assets released from restrictions (Note 2)	1,275,368	(1,275,368)	-	-
Total support and revenues	32,333,431	(278,552)	-	32,054,879
EXPENSES				
Program services:				
Social services	6,880,118	-	-	6,880,118
Employment and training	1,543,655	-	-	1,543,655
Health services	2,128,829	-	-	2,128,829
Housing	4,648,013	-	-	4,648,013
Patient and resident services	11,758,506	-	-	11,758,506
Total program services	26,959,121	-	-	26,959,121
Supporting services:				
General and administrative	1,419,077	-	-	1,419,077
Advancement	4,755,832	-	-	4,755,832
Total supporting services	6,174,909	-	-	6,174,909
Total expenses	33,134,030	-	-	33,134,030
Changes in net assets from operating activities	(800,599)	(278,552)	-	(1,079,151)
NONOPERATING ACTIVITIES				
Change in value of split-interest agreements (Note 5)	-	(197,270)	4,658	(192,612)
Investment loss, net of amounts designated for current operations (Note 3)	176,485	88,324	-	264,809
Pension benefit related activities, other than net periodic	-	-	-	-
pension cost	(2,913,612)	-	-	(2,913,612)
Grants, contributions and pledges for capital	767,017	2,667,253	-	3,434,270
Total nonoperating activities	(1,970,110)	2,558,307	4,658	592,855
Changes in net assets	(2,770,709)	2,279,755	4,658	(486,296)
Net assets, beginning of the year	13,475,066	4,361,241	17,855,054	35,691,361
Net assets, end of the year	$ 10,704,357	$ 6,640,996	$ 17,859,712	$ 35,205,065

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

THE ACTORS' FUND OF AMERICA AND SUBSIDIARIES
Consolidated Statement of Functional Expenses
For the year ended December 31, 2015

	Program Services	Supporting Services: General and Administrative	Supporting Services: Advancement	Total
Program activities and financial assistance	$ 4,971,957	$ -	$ -	$ 4,971,957
Salaries	11,339,689	638,029	1,524,228	13,501,946
Payroll benefits and taxes	3,567,908	174,128	416,927	4,158,963
Retirement benefits	859,312	113,809	116,834	1,089,955
Fundraising and events	-	-	1,821,840	1,821,840
Communications and public relations	29,390	2,449	17,144	48,983
General office expense	1,641,948	179,760	270,931	2,092,639
Professional fees and outside services	974,304	179,907	139,705	1,293,916
Occupancy and facilities	2,526,323	171,705	379,076	3,077,104
Interest expense	271,375	59,560	741	331,676
Depreciation and amortization	1,433,765	86,658	97,109	1,617,532
	$ 27,615,971	$ 1,606,005	$ 4,784,535	$ 34,006,511

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

THE ACTORS' FUND OF AMERICA AND SUBSIDIARIES
Consolidated Statement of Functional Expenses
For the year ended December 31, 2014

		Supporting Services		
	Program Services	General and Administrative	Advancement	Total
Program activities and financial assistance	$ 5,349,027	$ -	$ -	$ 5,349,027
Salaries	10,954,281	604,788	1,459,193	13,018,262
Payroll benefits and taxes	3,225,926	149,432	360,917	3,736,275
Retirement benefits	685,115	55,290	93,921	834,326
Fundraising and events	-	-	1,903,455	1,903,455
Communications and public relations	23,377	1,949	13,638	38,964
General office expense	1,500,378	135,674	266,123	1,902,175
Professional fees and outside services	957,295	199,127	194,857	1,351,279
Occupancy and facilities	2,688,868	205,092	396,044	3,290,004
Interest expense	263,497	20,446	1,102	285,045
Depreciation and amortization	1,311,357	47,279	66,582	1,425,218
	$ 26,959,121	$ 1,419,077	$ 4,755,832	$ 33,134,030

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

THE ACTORS' FUND OF AMERICA AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 5,913,662	$ (486,296)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,618,032	1,425,218
Change in allowance and discount on bequests, contributions and pledges receivable	60,215	13,947
Change in provision for doubtful accounts	26,269	5,998
Net realized and unrealized losses (gains) on investments	989,005	(406,313)
Contributions restricted to annuity agreements, endowments and capital grants, including donated securities	(3,405,020)	(1,701,234)
Changes in operating assets and liabilities:		
Security deposits	(167,799)	(73,654)
Accounts and other receivables	459,375	1,098,165
Bequests, contributions and pledges receivable	(3,087,293)	(2,094,276)
Annuity fund investments	486,959	167,550
Value of interest in split-interest agreements	238,819	(4,657)
Prepaid expenses and other assets	(151,729)	(112,056)
Cash held on behalf of others	(208,444)	(115,994)
Accounts payable and accrued expenses	(885,028)	1,010,638
Deferred revenue	(76,207)	158,709
Deferred rent	334,996	919,740
Annuities payable	(379,457)	(180,751)
Other liabilities	118,584	(283,777)
Postretirement benefit obligations	(665,800)	2,181,311
Net cash provided by operating activities	1,219,139	1,522,268
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities and sales of investments	9,161,488	10,935,121
Purchase of investments	(10,788,356)	(10,920,971)
Acquisition of property and equipment	(3,692,353)	(6,037,082)
Net cash used in investing activities	(5,319,221)	(6,022,932)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted to annuity agreements and endowments, including donated securities	3,405,020	1,701,234
Borrowings on line of credit	1,540,625	2,500,000
Payments of line of credit	(167,950)	-
Proceeds from HFA loan	337,561	1,083,482
Principal payments on capital lease obligations	(38,628)	(40,074)
Principal payments on bonds and mortgages payable	(371,824)	(329,937)
Net cash provided by financing activities	4,704,804	4,914,705
Net increase in cash and cash equivalents	604,722	414,041
Cash and cash equivalents, beginning of year	3,496,361	3,082,320
Cash and cash equivalents, end of year	$ 4,101,083	$ 3,496,361
Supplemental disclosure of cash flow information:		
Equipment acquired under capital lease obligations	$ 11,114	$ 53,540
Cash paid for interest	$ 321,637	$ 268,206
Construction costs included in accounts payable and accrued expenses	$ 586,514	$ 447,733

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

1. 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 provides human services and operates a 124-bed nursing and assisted living facility in Englewood, New Jersey ("The Home"). The Actors Fund also provides affordable and supportive housing in New York City; 178 housing units in the Dorothy Ross Friedman Residence (formerly, The Aurora) as an owner operator and 217 housing units in Schermerhorn through its participation as co-general partner of Schermerhorn Housing Development Fund Corporation. In 2009, The Actors Fund Housing Development Corporation ("AFHDC"), a subsidiary of The Actors Fund, was incorporated in New York State to provide senior, supportive and/or affordable housing.

The Actors Fund and AFHDC are 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying consolidated financial statements, which include the statements of financial position and changes in net assets and cash flows of The Actors' Fund of America and its subsidiaries, which include AFHDC and the Friedman Residence, LLC, have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The Actors Fund has elected to present consolidated statements of functional expenses as part of its 2015 and 2014 consolidated financial statements. All significant intercompany accounts and transactions have been eliminated in preparing the accompanying consolidated financial statements.

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

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

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 accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the consolidated statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

At December 31, 2015, temporarily restricted net assets of $7,483,864 consist of $4,844,422 of purpose restricted funds and $2,639,442 restricted as to the passage of time. At December 31, 2014, temporarily restricted net assets of $6,640,996 consist of $3,615,290 of purpose restricted funds and $3,025,706 restricted as to the passage of time. During the years ended December 31, 2015 and 2014, 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, 2015, permanently restricted net assets of $17,994,190 consist of $11,889,649, restricted to investment in endowment funds, $1,236,078 of pledges receivable restricted to investment in endowment funds and $4,868,463 of perpetual trusts established by several donors. At December 31, 2014, permanently restricted net assets of $17,859,712 consist of $11,516,351, restricted to investment in endowment funds, $1,236,078 of pledges receivable restricted to investment in endowment funds and $5,107,283 of perpetual trusts established by several donors.

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

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant management estimates and assumptions relate to the determination of allowances for doubtful accounts; discounts for present value on pledges receivable; the determination of postretirement benefit obligations; the allocation of costs amongst program and supporting services activities; the fair values assigned to certain financial instruments; and, the useful lives assigned to fixed assets. Actual results could differ from those estimates.

Bequests, Contributions and Pledges Receivable, Net

Bequests are recognized as revenue when amounts are measurable (i.e., when a receipt and release form is received from an attorney) and The Actors Fund has an irrevocable interest in the gifted assets. Contributions, which include unconditional promises to give, are recognized as revenue in the period received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Contributions to be received after one year are discounted using an appropriate discount rate commensurate with the risks involved (credit adjusted) which articulates with the collection period of the respective pledge. Discount rates once assigned to a respective pledge are not subsequently adjusted. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-stipulated restrictions, if any.

Bequests, contributions and pledges receivable, net, consist of the following unconditional promises to give at December 31, 2015 and 2014:

	2015	2014
Amounts due in:		
Less than one year	$ 4,019,900	$ 2,385,107
One to five years	3,511,818	2,059,317
	7,531,718	4,444,424
Less: allowance for doubtful accounts and unamortized discount (at discount rates ranging from 2.10% to 4.25%)	(161,729)	(101,513)
	$ 7,369,989	$ 4,342,911

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

Investments

Investments in marketable securities are carried at fair value with realized and unrealized gains and losses reflected on the consolidated statement of activities. Donated investments are recorded at fair value at date of donation. Interest and dividends are recognized when earned.

Cash and Cash Equivalents

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

Property and Equipment

Property and equipment are recorded at cost if purchased or fair value at the date of donation. The Actors Fund capitalizes property and equipment costing more than $5,000 and with useful lives greater than five years. Property and equipment, with the exception of land, are depreciated by the straight-line method, using the half-year convention, over the estimated useful lives of the respective assets, as follows:

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

Conditional Asset Retirement Obligations

Under US GAAP, The Actors Fund is required to recognize the costs associated with the eventual remediation and abatement of asbestos located within the construction of The Home. However, based on the results of a site-specific survey, performed by an independent qualified environmental consultant, The Actors Fund concluded that the cost of remediation is immaterial to the accompanying consolidated financial statements and, accordingly, has not recognized a liability for this obligation as of December 31, 2015 and 2014.

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, 2015 and 2014, the allowance for doubtful accounts for net patient and resident services was $168,000 and $140,000, respectively. The allowance for doubtful accounts is estimated at 10% of accounts receivable after adjusting for a specific allowance recorded for certain balances which management has evaluated as being potentially uncollectible and Medicaid pending reserve balances. During fiscal years 2015 and 2014, the net revenue from Medicaid constituted 41% and 47% of total net patient and resident services revenues, respectively.

Patient service revenue is presented net of a reserve of approximately $300,000 in each of the years ended December 31, 2015 and 2014 for Medicaid Pending and Nursing Home Provider Assessment.

Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported as part of operations.

Contributed Services

The Actors Fund benefits from contributed services associated with special theatrical performances which occur on its behalf. The Actors Fund does not recognize the value of these special performances in its consolidated financial statements since The Actors Fund has historically had these performances contributed and has never paid for such performances. As such, the criteria for recognition under US GAAP has not been met. In addition, during fiscal years 2015 and 2014, The Actors Fund received contributed medical services, with a fair value of approximately $286,000 each year, which have been reflected as a component of contribution revenue and health services expense on the accompanying consolidated statements of activities.

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 or services are provided during the respective grant or contract period.

Special Events

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

Human Services Contributions

Broadway Cares/Equity Fights AIDS, Inc. ("BC/EFA") currently provides grants to The Actors Fund in support of its program services. For the years ended December 31, 2015 and 2014, total contributions received totaled $5,090,000 and $4,300,000, respectively.

Security Deposits

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

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

Artwork

The Actors Fund owns valuable art which chronicles its history and is also an integral part of its programs. Artwork, which has been acquired through both purchases and contribution, has not been recognized as assets on the accompanying consolidated statements of financial position. Purchases of art are recorded in the year acquired as decreases in unrestricted net assets. During fiscal 2014, The Actors Fund purchased $280,802 of artwork which is included as a component of its housing program.

Friedman Residence, LLC Rental Income

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

Measure of Operations

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

In November 2015, the New York State Attorney General's Office approved a plan of dissolution and distribution of assets filed by Career Transition for Dancers, Inc. ("CTFD"). CTFD transferred its remaining cash and investments of approximately $2,207,000, excluding expenses of approximately $17,000, to The Actors Fund. CTFD is being integrated into The Actors Fund as a program, instead of a separate legal entity.

The cash and investments received by The Actors Fund from CTFD have been reported as part of nonoperating activities on the accompanying 2015 consolidated statement of activities. The amounts received have been reflected amongst the net asset categories (i.e., unrestricted, temporarily restricted, or permanently restricted) according to donor-restrictions previously imposed by the donors when the transferred assets were originally gifted to CTFD.

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 consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated amongst the program and supporting services benefited based principally on headcounts dedicated to the respective functional area and other bases determined by management to be appropriate.

Concentration of Credit Risk

Cash, cash equivalents, and investments are exposed to various risks, such as interest rate, market, and credit. To minimize such risks, The Actors Fund has a diversified investment portfolio managed by independent investment managers in a variety of asset classes. The Actors Fund regularly evaluates its investments including performance thereof. Due to inherent risks and potential volatility in investment valuations, the amounts reported on the accompanying consolidated financial statements can vary substantially from year to year. The Actors Fund maintains its cash and cash equivalents in various bank deposit accounts which, at times, may exceed federally insured limits. The Actors Fund's cash accounts have been placed with high credit quality financial institutions and, accordingly, The Actors Fund does not expect nonperformance. The Actors Fund received 50% and 44%, respectively, of its total contributions, private grants and Broadway Cares/Equity Fights AIDS contribution revenues from organizations related to its Board of Trustees during the years ended December 31, 2015 and 2014. The Actors Fund believes that its credit risks are not significant.

Fair Value of Financial Instruments

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

Observable inputs are inputs that market participants would use in pricing the respective asset or liability based on market data obtained from independent sources as of the measurement date. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the measurement date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Pricing inputs other than quoted prices in active market, which are either directly or indirectly observable as of the measurement date. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

Level 3 - Securities that have little to no pricing observability as of the measurement date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

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

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

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

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

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

Cash Held on Behalf of Others - Unclaimed Coogan Trust

Cash held on behalf of others represents unclaimed funds entrusted to The Actors Fund collected from the entertainment employers for un-emancipated minors rendering artistic or creative services pursuant to California state law. The establishment of such account is known as the "Coogan Cash Account" in the industry. The Actors Fund has been designated as the trustee of the unclaimed funds collected and pays the funds to the stipulated beneficiaries or the estate of the respective beneficiaries or transfers the funds to their Coogan Cash Account before the respective minor reaches the age of maturity or becomes emancipated. Cash held on behalf of beneficiaries is offset by a corresponding liability on the consolidated statement of financial position. Amounts held on behalf of others consist of funds invested principally in money market funds and fixed-income securities and as of December 31, 2015 and 2014 are classified within Level 1 within the fair value hierarchy.

Reclassifications

Certain 2014 consolidated financial statement amounts have been reclassified to conform to the 2015 consolidated financial statement presentation. Such changes had no effect on total assets, liabilities, or net assets as previously reported.

Subsequent Events

The Actors Fund has evaluated events occurring subsequent to December 31, 2015 through June 21, 2016, which represents the date the consolidated financial statements were available to be issued. The Actors Fund is not aware of any material subsequent events which would require recognition or disclosure in the accompanying consolidated financial statements.

3. LONG-TERM INVESTMENTS

Investments at December 31, 2015 and 2014 consist of the following:

	2015		2014	
	Fair Value	**Cost**	**Fair Value**	**Cost**
Cash and cash equivalents	$ 824,563	$ 821,666	$ 683,649	$ 683,649
Common stocks	4,227,005	4,141,555	5,000,396	4,485,581
Mutual funds	10,155,068	10,020,829	9,082,534	8,597,460
Corporate bonds	1,395,481	1,395,990	1,337,218	1,292,196
Government bonds	2,701,019	2,700,721	2,561,476	2,523,800
	$ 19,303,136	$ 19,080,761	$ 18,665,273	$ 17,582,686

The Actors Fund's investments are classified under Level 1 within the fair value hierarchy as of December 31, 2015 and 2014.

At December 31, 2015 and 2014, charitable remainder unitrusts in which The Actors Fund is the trustee of and is responsible for making annuity payments to specified life tenant beneficiaries amounted to $3,297,191 and $3,572,094, respectively, and are included in the investment balances above. The liability at December 31, 2015 and 2014 totaled $1,449,788 and $1,652,417, respectively, and has been reflected as part of annuities payable on the accompanying consolidated statements of financial position.

The Actors Fund maintains margin accounts with a financial institution with interest rates ranging between 1.5% to 1.75%. Borrowings against the margin account during fiscal 2015 and 2014 were $3,872.675 and $2,500, respectively. The Actors Fund had no invested assets in the margin account as of December 31, 2015 and 2014.

Investments are allocated amongst the net asset categories as follows:

	2015	2014
Unrestricted	$ 4,199,517	$ 3,613,470
Temporarily restricted	3,173,660	3,495,142
Permanently restricted	11,929,959	11,556,661
	$ 19,303,136	$ 18,665,273

Permanently restricted endowment funds, excluding perpetual trusts, at December 31, 2015 and 2014 consist of the following:

	2015	2014
Percy Williams	$ 3,254,762	$ 3,254,762
Dorothy Ross Friedman	3,243,182	3,243,182
Lillian Booth	1,000,000	1,000,000
Gladys' Living Rooms Fund	1,000,000	1,000,000
Honey Waldman	860,408	860,408
Edwin Forrest	772,250	772,250
Noel Murphy	566,691	566,691
John Drew Fund	320,117	320,117
Joseph Callaway	281,461	281,461
Rudolf Nureyev Scholarship Fund	150,000	-
Carmen Diana Barth Educational Scholarship Fund	139,000	-
May V. Smith	112,500	112,500
Rosetta Brown	92,290	92,290
Agnes De Mille Scholarship Fund	33,298	-
Lillian Sayers Memorial Scholarship Fund	30,000	-
Willard Swire Scholarship Fund	28,000	28,000
Charles Hollerith	25,000	25,000
The Violet Blumenfeld Scholarship Program	21,000	-
	$ 11,929,959	$ 11,556,661

The Board of Trustees of The Actors Fund has adopted an investment spending policy which permits the use of 5% to 7% annually of the twenty quarter average investment portfolio's fair value.

The following schedule summarizes investment gains (losses) and their classification on the accompanying consolidated statements of activities. For the years ended December 31, 2015 and 2014, realized and unrealized gains (losses) pertaining to annuity investments and Unclaimed Coogan trust funds, totaled $(200,297) and $72,590, respectively, and are included in the following chart.

	2015	2014
Dividends and interest (net of expenses of $155,157 and $148,207 in 2015 and 2014, respectively)	$ 539,028	$ 408,576
Net realized gains	373,747	1,900,520
Net unrealized losses	(1,362,752)	(1,494,207)
Total investment (loss) return	(449,977)	814,889
Investment return designated for current operations	(599,128)	(550,080)
Investment return, net of amounts designated for current operations	$ (1,049,105)	$ 264,809

4. PROGRAM-RELATED PROPERTIES AND NOTES, NET

Friedman Residence, LLC

The Dorothy Ross Friedman Residence (formerly, 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 its opening in February 1996, The Actors Fund has been providing on-site social services to residents.

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

Palm View Limited Partnership

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

Accordingly, given the fact that Palm View L.P.'s cash flow continues to be insufficient to satisfy required principal and interest payments as they become due, and the uncertainty of assessing the impact of the regulatory restrictions attached to the property, the note, along with all accrued interest, has been fully reserved for. The total gross outstanding loan balance and accrued interest receivable at December 31, 2015 and 2014 totals $3,683,769 and $3,524,263, respectively.

5. 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 stated life beneficiaries. The assets of the annuity fund at December 31, 2015 and 2014 totaled $1,590,523 and $2,077,482, respectively, and have been classified as Level 1 investments. Liabilities pertaining to the annuity fund agreements and pooled income fund agreements totaled $1,155,356 and $1,332,175 as of December 31, 2015 and 2014, respectively. The gift annuity fund liabilities are based on discount rates ranging between 1.2% and 8.2% at both December 31, 2015 and 2014, consistent with mortality tables provided by the Internal Revenue Service and the pooled income fund liabilities have a discount rate of 2% at December 31, 2015 and 2014, respectively.

Certain other split-interest agreements, which The Actors Fund is the beneficiary of but not the trustee, have been classified as Level 3 within the fair value hierarchy and consist of the following at December 31, 2015 and 2014:

Perpetual Trusts	**2015**	**2014**
Beginning of year	$ 5,107,282	$ 5,102,625
Unrealized (losses) gains	(238,820)	4,657
End of year	$ 4,868,462	$ 5,107,282

6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, at December 31, 2015 and 2014 consists of the following:

	2015	**2014**
Buildings and leasehold improvements	$ 32,401,899	$ 29,396,636
Furniture, fixtures and equipment	5,885,423	5,205,712
Less: accumulated depreciation and amortization	(18,571,570)	(17,002,467)
	19,715,752	17,599,881
Land	3,600,000	3,600,000
Construction in progress	4,110,408	3,564,944
Property and equipment, net	$ 27,426,160	$ 24,764,825

Depreciation expense for the years ended December 31, 2015 and 2014 totaled $1,593,764 and $1,400,221, respectively. The Actors Fund disposed of assets totaling $24,661 and $1,456,512 during the years ended December 31, 2015 and 2014, respectively. Disposal of assets in 2014 mainly related to its New York office renovation. Construction in progress at December 31, 2015, consists principally of construction expenditures for The Home expansion and, at December 31, 2014, costs incurred to complete certain Friedman Residence, LLC capital improvements.

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

7. BONDS PAYABLE AND MORTGAGES PAYABLE

Bonds Payable

In December of 2007, The Actors Fund issued, through the New Jersey Economic Development Authority ("NJEDA"), $7,000,000 of Economic Development Bonds (The Actors' Fund of America Project) (the "Bonds") to provide funding for the expansion and renovation of The Home. Pursuant to the Bond Agreements dated December 11, 2007 (the "Bond Agreement"), among The Actors Fund, the NJEDA, and Commerce Bank, National Association, now TD Bank ("TD"), TD purchased the Bonds from the NJEDA and the proceeds of the sale were loaned to The Actors Fund (the "Loan"). The term of the

Loan is twenty (20) years, and during the initial ten (10) years of the term, interest accrues on the unpaid principal balance of the Loan at a 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 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 consolidated 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.

In connection with the bond issuance, The Actors Fund incurred financing costs of $380,217, which are being amortized over the maturity period of the bonds, twenty years. Unamortized deferred financing costs of $176,519 and $200,287 as of December 31, 2015 and 2014, respectively, are included in prepaid expenses and other assets on the accompanying consolidated statements of financial position.

Maturities of the bonds payable at December 31, 2015 are as follows:

2016	$ 329,126
2017	343,947
2018	481,301
2019	481,301
2020	481,301
Thereafter	2,927,918
	$ 5,044,894

Total interest expense associated with the Bonds for the years ended December 31, 2015 and 2014 totaled $219,957 and $223,097, respectively.

Mortgages Payable

On March 23, 2011, AFHDC assumed a 30-year loan agreement with the City of New York, Department of Housing Preservation and Development ("HPD"), dated June 30, 1995, in the amount of $50,000. The note bears interest at 1% per annum and is payable annually from available cash flows, as defined. Principal and interest are due June 30, 2025 and amounts outstanding as of December 31, 2015 and 2014 total $60,000 and $59,500, respectively. The loan is nonrecourse and is secured by a mortgage in the same amount encumbering real property and investments thereon (The Dorothy Ross Friedman Residence) and an assignment of the rents, income and other benefits. On March 23, 2011, AFHDC assumed an additional 30- year loan agreement with the City of New York HPD, dated May 30, 2005, in the amount of $200,853, which is still the outstanding balance at December 31, 2015 and 2014. The note is non-interest bearing and is payable on the Maturity Date, defined as 30 years after the date of Substantial Completion of the Improvements, as defined in the Building Loan Contract. In addition, if after the 25th anniversary of the Substantial Completion Date certain conditions are met, the unpaid principal balance shall be reduced and deemed paid in 5 equal annual decrements of 20% on each of the 26th through 30th anniversaries of the Substantial Completion Date. The loan is nonrecourse and is secured by a mortgage in the same amount encumbering the property and improvements thereon (The Dorothy Ross 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, 2015 and 2014, $2,089,096 and $1,807,293, respectively, was drawn down under the loan agreement. The loan is nonrecourse and is secured by a mortgage in the same amount encumbering real property and investments thereon (The Dorothy Ross Friedman Residence) and an assignment of the rents, income and other benefits.

8. RETIREMENT BENEFITS

The Actors Fund has provided 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. On February 23, 2012, The Actors Fund's Board of Trustees froze the pension plan. As of April 15, 2012, the plan ceased further benefit accruals for all active participants and is closed to new participants. The accrued benefits for active participants are based solely on credited service accumulated through April 15, 2012 and compensation received through April 15, 2012.

Effective February 28, 2015, the Plan was amended to allow a special payment election for any eligible 2015 deferred vested participants that terminated employment with The Actors Fund on or before December 31, 2014, do not have an annuity starting date before January 1, 2015, and do not have a nonforfeitable accrued benefit with a present value exceeding $5,000 and less than $30,000. A lump-sum payment of $543,221 was paid-out in September 2015 for certain vested terminated participants.

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

The following summarizes the funded status of the plan and associated costs as of and for the years ended December 31, 2015 and 2014:

	2015	2014
Reconciliation of benefit obligation:		
Accumulated benefit obligation at January 1st	$ 17,768,059	$ 15,003,850
Interest cost	678,239	719,273
Actuarial gain (loss)	(1,139,000)	2,533,125
Benefits paid	(1,103,929)	(488,189)
Accumulated benefit obligation at December 31st	$ 16,203,369	$ 17,768,059
Reconciliation of fair value of plan assets:		
Fair value of plan assets at January 1st	$ 11,003,570	$ 10,420,672
Actual (loss) return on plan assets	(164,961)	446,193
Employer contributions	370,000	624,894
Benefits paid	(1,103,929)	(488,189)
Fair value of plan assets at December 31st	$ 10,104,680	$ 11,003,570
Projected benefit obligation	$ (16,203,369)	$ (17,768,059)
Fair value of plan assets	10,104,680	11,003,570
Funded status	$ (6,098,689)	$ (6,764,489)

	2015	2014
Amounts recognized on the consolidated statements of financial position consist of:		
Accrued benefit cost	$ (2,042,838)	$ (2,262,543)
Unrestricted net assets	(4,055,851)	(4,501,946)
Total accrued benefit liability	$ (6,098,689)	$ (6,764,489)
Interest cost	$ 678,239	$ 719,273
Expected return on plan assets	(819,638)	(837,202)
Amortization of net loss	291,694	10,522
Net periodic pension (income) expense	$ 150,295	$ (107,407)

The estimated net actuarial loss, transition asset obligation and prior service cost for the pension plan that will be amortized from unrestricted net assets into net periodic benefit cost in the next fiscal year total ($273,436), $0 and $0, respectively.

Amounts recognized in unrestricted net assets as of December 31, 2015 and 2014 consist of an actuarial loss of ($4,055,851) and ($4,501,946), respectively.

The weighted-average assumptions used to determine benefit obligations at December 31, 2015 and 2014 are as follows:

	2015	**2014**
Discount rate	4.28 %	3.91 %
Rate of compensation increase	N/A	N/A

The weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31, 2015 and 2014 are as follows:

	2015	**2014**
Discount rate	4.28 %	3.91 %
Expected return on plan assets	7.50 %	8.00 %
Rate of compensation increase	N/A	N/A

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

The net periodic pension cost includes the following components:

	2015	**2014**
Benefit cost (income)	$ 150,295	$ (107,407)
Employer contribution	370,000	624,894
Benefits paid	(1,103,929)	(488,189)

Benefits paid for the pension plan include approximately $88,000 and $90,000 of investment management fees in fiscal years 2015 and 2014, respectively.

The Actors Fund's pension plan weighted-average asset allocations at December 31, 2015 and 2014 are as follows:

Asset Category	**Allocation of Plan Assets at December 31, 2015**	**Allocation of Plan Assets at December 31, 2014**
Common stocks	61.28 %	65.65 %
Fixed income securities	35.81 %	31.84 %
Cash and cash equivalents	2.91 %	2.51 %
Total	100.00 %	100.00 %

The pension plan investments at December 31, 2015 and 2014 consist of the following:

	2015		**2014**	
	Fair Value	**Cost**	**Fair Value**	**Cost**
Common stocks	$ 6,191,935	$ 6,246,978	$ 7,223,988	$ 6,565,291
Fixed income securitires	3,618,821	3,676,818	3,503,066	3,460,841
Cash and cash equivalents	293,924	293,924	276,516	276,516
	$ 10,104,680	$ 10,217,720	$ 11,003,570	$ 10,302,648

The investments of the pension plan as of December 31, 2015 and 2014 are classified as Level 1 within the fair value hierarchy

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

	Pension Benefits
Year Ending December 31,	
2016	$ 626,204
2017	659,981
2018	687,632
2019	724,777
2020	781,699
Years 2021 - 2025	4,450,689

Deferred Compensation Arrangements

The Actors Fund provides variable universal life insurance policies and 457(b)/457(f) plans to qualified executives to supplement retirement plan benefits. Total expenses pertaining to these arrangements totaled $111,229 and $75,872 for the years ended December 31, 2015 and 2014, respectively.

401(k) Defined Contribution Plan

The Actors Fund sponsors a defined contribution plan covering all eligible employees. The Plan permits elective deferrals pursuant to Internal Revenue Code Section 401(k), up to the maximum amount by law of pre-tax annual compensation, as defined in the Plan. The Actors Fund makes discretionary matching contributions on participant deferrals. In fiscal year 2012, The Actors Fund added 3% safe harbor contributions and discretionary profit sharing contributions. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). Total contributions to the plan by The Actors Fund during fiscal years 2015 and 2014 totaled $828,462 and $864,596, respectively.

9. COMMITMENTS AND CONTINGENCIES

Laws and Regulations

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

Lease Obligations

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

Rental expense for the years ended December 31, 2015 and 2014 totaled $1,822,242 and $1,496,859, respectively. The deferred rent liability included in accounts payable and accrued expenses in the accompanying consolidated statements of financial position totals $1,665,269 and $1,330,273 as of December 31, 2015 and 2014, respectively.

Included in furniture, fixtures and equipment within property and equipment on the accompanying consolidated statements of financial position is equipment acquired under capital lease arrangements with a cost of $161,298 and $171,724 at December 31, 2015 and 2014, respectively, with accumulated amortization of $83,078 and $69,879 at December 31, 2015 and 2014, respectively. Principal payments for the years ended December 31, 2015 and 2014 under all capital leases totaled $38,628 and $40,074, respectively. Amounts outstanding under these capital leases are included in other liabilities on the accompanying consolidated statements of financial position at December 31, 2015 and 2014 and total $82,724 and $110,237, respectively.

At December 31, 2015, future minimal annual payments due under both operating and capital leases are as follows:

	Operating Leases	Capital Leases	Total
Year Ending December 31,			
2016	$ 1,187,280	$ 51,591	$ 1,238,871
2017	1,530,494	35,096	1,565,590
2018	1,565,755	25,012	1,590,767
2019	1,432,441	1,650	1,434,091
2020	1,166,092	-	1,166,092
2021 - 2030	12,760,037	-	12,760,037
	$ 19,642,099	$ 113,349	$ 19,755,448

Interest expense under capital leases for the years ended December 31, 2015 and 2014, totaled $6,930 and $11,673, respectively.

On May 15, 1995, Aurora Associates, L.P., the predecessor entity to Friedman Residence, LLC, (the "Prime Landlord") entered into a lease agreement (the "Prime Lease") with Sunny Island Development Corporation which, as of August 19, 1997, assigned its lease interest to West 57th Street Retail, LLC (the "Overlandlord") for the first floor commercial space and basement space located at 475 West 57th Street, New York, New York (the "Premises"). Under the terms of the Prime Lease, the Overlandlord is to pay the Prime Landlord base rent of $54,700 per year, subject to an annual escalation, as defined, and a one-year rent abatement, over a 25 year period. The Prime Lease expires on May 13, 2020. Rental income recognized under the Prime Lease by Friedman Residence, LLC, which is included in the accompanying consolidated statements of activities, for the years ended December 31, 2015 and 2014 totaled $77,959 and $77,282, respectively. On December 16, 2014, a sublease agreement (the "Sublease") was entered into making the same space available to a tenant which expires on March 31, 2025. Effective May 13, 2020, aggregate monthly rentals totaling approximately $1,482,000 will be received by Friedman Residence, LLC for the term of the agreement, five years, provided that the tenant does not exercise its termination option.

Income Taxes

Under the Accounting Standards Codification Topic 740, "Accounting for Uncertainty in Income Taxes," issued by the Financial Accounting Standards Board ("FASB") guidance was issued which clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This standard provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The standard also provides guidance on measurement, classification, interest and penalties, and disclosure. The Actors Fund does not believe it has any uncertain tax positions. The Actors Fund has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it has nexus; and, to review other matters that may be considered tax positions. The tax years ended 2012, 2013, 2014 and 2015 remain open to audit for both federal and state purposes.

10. PERMANENTLY RESTRICTED NET ASSETS

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

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

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

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

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

The following tables present the composition of The Actors Fund's donor-restricted endowment fund, which consists of permanently restricted net assets and excludes perpetual trusts, in which The Actors Fund is not the trustee of, and pledges receivables, as of December 31, 2015 and 2014 and the changes in the endowment fund for the years then ended. The Actors Fund does not have a board-designated endowment fund as of December 31, 2015 and 2014.

	2015			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Endowment net assets, beginning of year	$ -	$ 810,688	$ 11,516,351	$ 12,327,039
New endowments	-	18,357	373,298	391,655
Investment return:				
Investment loss	-	(191,176)	-	(191,176)
Total investment loss	-	(191,176)	-	(191,176)
Appropriation of investment return for expenditure	-	(424,591)	-	(424,591)
Endowment net assets, end of year	$ -	$ 213,278	$ 11,889,649	$ 12,102,927

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

	2014			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Endowment net assets, beginning of year	$ -	$ 932,514	$ 11,516,351	$ 12,448,865
New endowments	-	-	-	-
Investment return:				
Investment income	-	426,760	27,232	453,992
Total investment return	-	426,760	27,232	453,992
Appropriation of investment return for expenditure	-	(548,586)	(27,232)	(575,818)
Endowment net assets, end of year	$ -	$ 810,688	$ 11,516,351	$ 12,327,039