



REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS

SAG-AFTRA FOUNDATION

September 30, 2022

Table of Contents

	PAGE
Report of Independent Auditors	1–2
Financial Statements	
Statements of financial position	3
Statements of activities	4
Statements of functional expenses	5
Statements of cash flows	6
Notes to financial statements	7–26

Report of Independent Auditors

The Board of Directors
SAG-AFTRA Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SAG-AFTRA Foundation, which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SAG-AFTRA Foundation as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Other Matter

Prior Period Financial Statements and Summarized Comparative Information

We have previously audited SAG-AFTRA Foundation's September 30, 2021 financial statements, and our report, dated March 21, 2022, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein, as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it was derived.



Los Angeles, California

March 2, 2023

SAG-AFTRA Foundation
Statements of Financial Position

ASSETS		September 30,	
	<u>2022</u>	<u>2021</u>	
CURRENT ASSETS			
Cash and cash equivalents	\$ 12,941,324	\$ 4,977,648	
Investments	26,187,080	22,858,838	
Contributions and grants receivable	559,002	555,853	
Prepaid expenses and other current assets	<u>113,552</u>	<u>102,136</u>	
Total current assets	39,800,958	28,494,475	
Investments, net of current	26,883	33,093	
Equipment and leasehold improvements, net	4,535,991	4,241,988	
Contributions and grants receivables, net of current	21,000	21,000	
Other assets	<u>101,856</u>	<u>101,317</u>	
Total assets	<u>\$ 44,486,688</u>	<u>\$ 32,891,873</u>	
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$ 1,585,873	\$ 506,813	
Deferred rent	<u>9,122</u>	<u>28,417</u>	
Total current liabilities	1,594,995	535,230	
Deferred rent, net of current	<u>787,266</u>	<u>828,057</u>	
Total liabilities	<u>2,382,261</u>	<u>1,363,287</u>	
COMMITMENTS AND CONTINGENCIES (Note 13)			
NET ASSETS			
Without donor restrictions	41,013,362	30,183,922	
With donor restrictions	<u>1,091,065</u>	<u>1,344,664</u>	
Total net assets	<u>42,104,427</u>	<u>31,528,586</u>	
Total liabilities and net assets	<u>\$ 44,486,688</u>	<u>\$ 32,891,873</u>	

SAG-AFTRA Foundation

Statements of Activities

	For the Year Ended September 30, 2022			Summarized Comparative Information for the Year Ended September 30, 2021
	Without Donor Restriction	With Donor Restriction	Total	Total
	REVENUE, GAINS (LOSSES), AND OTHER SUPPORT			
Grants	\$ 16,618,331	\$ 176,421	\$ 16,794,752	\$ 1,102,500
Commercials contract	2,963,014	-	2,963,014	1,996,502
Contributions	1,689,233	138,431	1,827,664	1,890,919
Claim settlements	872,241	-	872,241	1,044,707
Special events, net	267,397	-	267,397	132,641
Rental income	140,550	-	140,550	1,620
Gain on forgiveness of debt	-	-	-	563,100
Interest and dividend income, net	236,049	-	236,049	332,135
In-kind contributions	1,927	-	1,927	114,779
Realized and unrealized (loss) gains on investments	(5,545,095)	-	(5,545,095)	1,825,224
Net assets released from restrictions	568,451	(568,451)	-	-
Total revenue, gains (losses), and other support	17,812,098	(253,599)	17,558,499	9,004,127
EXPENSES				
Program service	4,781,611	-	4,781,611	4,574,873
Administrative service	1,630,658	-	1,630,658	1,267,856
Fundraising	570,389	-	570,389	723,932
Total expenses	6,982,658	-	6,982,658	6,566,661
CHANGE IN NET ASSETS	10,829,440	(253,599)	10,575,841	2,437,466
NET ASSETS, beginning of year	30,183,922	1,344,664	31,528,586	29,091,120
NET ASSETS, end of year	\$ 41,013,362	\$ 1,091,065	\$ 42,104,427	\$ 31,528,586

SAG-AFTRA Foundation

Statements of Functional Expenses

	For the Year Ended September 30, 2022				Summarized Comparative Information for the Year Ended September 30, 2021
	Program Services	General and Administrative	Fundraising	Total	Total
PERSONNEL EXPENSES					
Salaries	\$ 1,617,193	\$ 515,803	\$ 345,107	\$ 2,478,103	\$ 2,099,940
Employee benefits	380,853	123,254	82,053	586,160	489,107
Payroll taxes	129,980	41,473	28,018	199,471	164,420
OTHER EXPENSES					
Accounting and legal	78,266	198,541	-	276,807	146,074
Advertising and promotion	-	50	6,361	6,411	111,338
Depreciation expense	337,213	55,100	-	392,313	540,490
DVD duplication and tape storage	11,880	-	-	11,880	11,400
Installation and maintenance	38,581	273	-	38,854	37,753
Insurance	34,220	23,813	3,668	61,701	58,153
Miscellaneous	9,126	19,780	3,498	32,404	34,013
Office expenses	23,591	84,121	752	108,464	80,147
Postage and mailing service	475	1,571	5,235	7,281	3,825
Printing	3,618	1,514	440	5,572	13,126
Production expenses					
Producer fees	177,310	-	-	177,310	177,547
Other production expenses	27,000	-	-	27,000	28,800
Professional fees	146,641	389,040	29,943	565,624	458,416
Rent	616,378	92,907	37,409	746,694	726,748
Security and parking	26,873	7,772	4,348	38,993	28,363
Scholarships and grants	1,026,667	-	-	1,026,667	1,167,334
Taxes and licenses	1,295	26,247	19,163	46,705	57,164
Telephone and internet	11,870	27,945	-	39,815	39,340
Travel and meals	7,339	11,483	356	19,178	15,852
Utilities	59,260	6,220	2,626	68,106	53,235
Website and streaming	15,982	3,751	1,412	21,145	24,076
Total expenses	\$ 4,781,611	\$ 1,630,658	\$ 570,389	\$ 6,982,658	\$ 6,566,661

SAG-AFTRA Foundation

Statements of Cash Flows

	Years Ended September 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 10,575,841	\$ 2,437,466
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation expense	392,313	540,490
Contributed investments	(16,767,554)	-
Net realized and unrealized loss (gain) on investments	5,545,095	(1,825,224)
Change in deferred rent	(60,086)	(40,791)
Forgiveness of loan payable	-	(563,100)
Changes in operating assets and liabilities		
Contributions and grants receivable	(3,149)	699,973
Prepaid expenses and other current assets	(11,416)	(11,792)
Other assets	(539)	175
Accounts payable and accrued expenses	1,079,060	49,086
Net cash provided by operating activities	<u>749,565</u>	<u>1,286,283</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	8,430,792	8,510,516
Purchases of investments	(236,788)	(8,842,539)
Transfers out/(in) of investments, net	(293,577)	(494,494)
Purchases of equipment and leasehold improvements	(686,316)	(57,869)
Net cash used in investing activities	<u>7,214,111</u>	<u>(884,386)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	7,963,676	401,897
CASH AND CASH EQUIVALENTS, beginning of year	<u>4,977,648</u>	<u>4,575,751</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 12,941,324</u>	<u>\$ 4,977,648</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES		
Forgiveness of loan payable	<u>\$ -</u>	<u>\$ 563,100</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES		
Contributed investments	<u>\$ 16,767,554</u>	<u>\$ -</u>

Note 1 – Organization

General – The SAG-AFTRA Foundation (the “Foundation”) provides vital assistance and educational programming to the professionals of SAG-AFTRA while serving the public at large through its signature children’s literacy programs.

The Foundation envisions a world where all artists can realize their dreams, and children are empowered to create their own.

Description of programs – The SAG-AFTRA Foundation programs offer an array of emergency financial assistance, free educational classes and resources in Los Angeles, New York, across the country and online. Programs are broken down into three main categories: Performers Programs, Assistance and Literacy.

Performers Programs – In order to prepare a dynamic talent pool for success in the evolving entertainment media environment, the Foundation offers the *Performers Programs*, a broad educational roster with subjects ranging from audition technique and self-marketing to panel discussions with accomplished Actors and moderated talks with respected Directors. Due to the prolonged uncertainty surrounding the COVID-19 pandemic, the Foundation continued to present the *Performers Programs* in remote formats for the majority of FY22, with the introduction of in-person programming toward the end of the year. Moving forward, the Foundation will offer a hybrid schedule of virtual and in-person programming. Whether online, virtual, or in-person, these programs focus on the nuts-and-bolts of both performance and career, encouraging performing artists to refine their craft, learn new skills, and create personal habits of lifelong, self-motivated professional development. The Foundation also continues to add newly recorded educational content to their website video gallery and YouTube channel, helping to ensure that members who are unable to attend in person because of geographic location, scheduling conflicts, or mobility issues have access to this programming.

- *The Business* – The Business provides participating members with an enhanced understanding of entertainment’s financial and operational mechanics, as well as current trends and conditions across the industry. Attendees learn practical strategies for social media self-marketing, pre-audition preparation, and money management in large format seminars and highly interactive *Small Group Sessions*. Participants are provided with tools to help them begin to think not only as artists, but also as small business owners, understanding the various markets and the buyers within those markets, and putting in place long-term career plans.
- *Conversations* – Conversations programs present film and television screenings accompanied by moderated discussions with cast members, as well as *Career Conversations* with leading Actors who have made lasting artistic and professional contributions to the industry. *Conversations* programming is curated with a focus on projects and associated casts generating both consumer attention and critical honors, offering attendees the opportunity to learn from fellow performing artists who are working in current or recent productions. Guest speakers explore the process and profession of acting and drill down into the personal experiences and artistic influences that have shaped their careers. These insights provide both new and established performers in the audience with an expanded understanding of fresh methods for approaching material, both in auditions and while working on set.

SAG-AFTRA Foundation

Notes to Financial Statements

Note 1 – Organization (continued)

- *Casting Access* – Offering critical insight into the casting process, providing members with cold reading experience in an interactive class setting. Participants receive feedback from respected industry casting professionals they may not otherwise have had the opportunity to meet and learn from.
- *Computer Lab* – In FY2022, the Foundation temporarily closed the computer lab for a reimagining of the program and its curriculum. This will be a temporary closure with the goal of reworking the scope of the program to include new and improved curriculum.
- *Voiceover Lab* – The state-of-the art recording facilities combine the professionalism and quality of a commercial recording studio with the innovation and educational focus of a classroom environment. Performing artists record voice tracks on demo reels, learn how to use industry standard audio recording software, and train with top voiceover instructors. The Foundation is continuing to offer *Voiceover Lab Programming* exclusively in virtual formats with the look to re-open the facilities in early 2023.
- *On-Camera* – The *On-Camera Labs* offer members the opportunity to rehearse in front of the camera, as well as record high quality audition tapes. Staffed by trained engineers, the Los Angeles and New York Labs historically provide quiet, dedicated spaces with industry standard lighting and equipment. Virtual *On-Camera Lab* programming was developed in Summer 2020 and launched in September of that year. Additionally, the Foundation’s engineers have produced Tech Tips videos that provide information relevant to self-recording auditions, such as pointers for lighting, backdrops, and camera and sound technique. These videos are published in the Foundation’s website video gallery and on its YouTube channel.

Assistance programs – Through its assistance programs, the Foundation safeguards the health and well-being of performing artists and provides lifesaving emergency health and financial assistance for artists in times of need and crisis:

- *Emergency Assistance* – During times of crisis, the SAG-AFTRA Foundation Emergency Assistance program provides emergency financial assistance to eligible SAG-AFTRA members and their families for basic expenses, including but not limited to rent, mortgage payments, utilities, health insurance premiums, car payments and car insurance.
- *COBRA Assistance* – The SAG-AFTRA Foundation COBRA (Consolidated Omnibus Budget Reconciliation Act) Assistance program provides short-term financial grants to eligible SAG-AFTRA members and their families who have lost their earned eligibility through SAG-AFTRA yet wish to continue their health insurance coverage through the 18-month Assistance program.
- *Catastrophic Health Fund* – Provides insurance premium payment grants to eligible SAG-AFTRA members and their dependents who suffer from catastrophic illness or injury and have qualified through SAG-AFTRA Pension and Health for this program.

Note 1 – Organization (continued)

- *The Scholarship Programs* – Provides opportunities for SAG-AFTRA members and their dependents for study at accredited institutions of higher education, to pursue related professions within the entertainment industry, or change their career paths.
 - *The John L. Dales Standard Scholarship* is awarded to eligible SAG-AFTRA members and their dependents for study at accredited institutions of higher education; the John L. Dales Transitional Scholarship is awarded to eligible SAG-AFTRA members to pursue related professions within the entertainment industry or change their career paths.
 - The *George Heller Memorial Scholarship* is awarded to eligible SAG-AFTRA members and their dependents for study at accredited institutions of higher education.
 - *Ken Orsatti Scholarship Fund* provides one scholarship annually to a SAG-AFTRA employee who is pursuing a college or graduate degree.
- *Disaster Relief Fund* – The Foundation and the SAG-AFTRA Motion Picture Players Welfare Fund (“MPPWF”) have a Disaster Relief Fund to provide urgent financial support to SAG-AFTRA members and their families affected by natural disasters.
- *COVID-19 Disaster Relief Fund* – After providing uninterrupted COVID relief assistance to thousands of SAG-AFTRA artists since March 2020, the fund has been spent down and the Foundation is now servicing performers with COVID-related issues through the general Emergency Financial Assistance program.
- *Senior Financial Crisis Fund* – In 2022, the Foundation created the Senior Financial Crisis Fund to help SAG-AFTRA members, ages 65 and older, who are experiencing unprecedented financial hardship due to an unexpected life crisis, such as an accident, catastrophic illness or injury, health crisis creating a financial burden, loss of housing due to an eviction, death in the family, natural disaster, or other emergency crisis situations covered under Internal Revenue Service guidelines which pertain to granting tax free monies to individuals.
- *Betty Mitchell Sick & Benefit Fund* – An emergency financial assistance fund designed to assist eligible members from the Chicago Local who are struggling with a financial, personal, or medical crisis.
- *Nashville Performer Emergency Relief Fund* – An emergency financial assistance fund designed to assist eligible members from the Nashville Local who are struggling with a financial, personal, or medical crisis.

SAG-AFTRA Foundation

Notes to Financial Statements

Note 1 – Organization (continued)

Literacy initiatives – Promotes reading and literacy skill development in children. Initiatives include:

- *Storyline Online* – The Foundation’s digital literacy program, available at no cost and ad-free to the public, continues to be a vital resource for elementary school teachers providing lessons remotely, as well as for the many parents and caregivers who are taking a much larger daily role in their children’s educational activities. The *Storyline Online* library has grown to 73 videos designed to build reading capacity at the K through 4 level, with acclaimed actors volunteering their time to read children’s books aloud alongside imaginatively produced illustrations. Episodes run between seven and 15 minutes, with each video focusing on topics including community spirit, honesty, perseverance, responsibility, and kindness and compassion for others, encouraging young learners to explore these concepts and identify commonalities in human experiences that on the surface may seem very different from their own. Supplemental Activity Guides developed by a credentialed elementary educator and aligned with English Language Arts (ELA) Common Core Standards accompany every video for use in the virtual classroom, hospitals, and at home.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Reclassifications – Certain amounts included in the prior year totals have been reclassified to conform to the current year presentation. Such reclassifications did not have any effect on the reported net assets.

Summarized comparative information – The statements of activities include prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation’s financial statements for the year ended September 30, 2021, from which the summarized information was derived.

Financial statement presentation – The Foundation follows the *Financial Statements of the Not-for-Profit Organizations* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) for presentation of its financial statements, which requires that net assets, revenues, gains, and losses be classified as net assets without donor restrictions and net assets with donor restrictions based on the existence or absence of donor restrictions that are placed by donors, as follows:

- *Net assets without donor restrictions* consist of expendable funds available for operations that are not otherwise limited by donor criteria and funds that function as an endowment solely through designation by the Board of Directors (see Note 8).

Note 2 – Summary of Significant Accounting Policies (continued)

- *Net assets with donor restrictions* consist of contributed funds subject to specific restrictions contingent upon specific performance of a future event or a specific passage of time before the Foundation may spend the funds or recognize the support. Net assets with donor restrictions also consist of contributed funds subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity, usually for the purpose of generating investment income to fund current operations.

Use of estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents – For the purpose of the statements of cash flows, the Foundation considers investments with maturities of three months or less at the purchase date to be cash equivalents, except those held for investment.

Investments – Investments are reported at their fair value. The fair value of alternative investments, including private investment funds, is based on information provided by partnerships and fund managers at the most recent valuation date prior to fiscal year end adjusted for certain cash flows. Management agrees with the assumptions used and fair values determined by the fund managers. Management monitors the activity of the alternative investment managers and performs reconciliations and other procedures to assure that the valuations used in the financial statements are accurately stated. The net realized and unrealized appreciation (depreciation) in fair value of investments is reflected in the statements of activities.

Equipment and leasehold improvements – Equipment and leasehold improvements purchased are stated at cost, while donated assets are capitalized at their fair value at the date of the gift. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation and amortization of equipment and leasehold improvements are computed using the straight-line method over the estimated useful lives of three to ten years (computer equipment – three years; equipment – five years; furniture – five to ten years) or the expected terms of the leases, whichever is shorter. The Foundation’s capitalization policy is to capitalize purchases of equipment and leasehold improvements in excess of \$5,000 that have a useful life greater than one year.

Impairment of long-lived assets – The Foundation accounts for its long-lived assets with definite useful lives in accordance with FASB ASC Topic No. 360, *Property, Plant, and Equipment (ASC 360)*. ASC 360 requires impairment losses to be recorded on long-lived assets whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Pursuant to ASC 360, an impairment loss is to be recorded when the net book value of the asset exceeds its fair value. If the asset is determined to be impaired, the asset is written down to its realizable value, and the loss is recognized in income from continuing operations in the period when determination is made. No impairment charges have been recorded for the years ended September 30, 2022 and 2021.

SAG-AFTRA Foundation

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Deferred rent – Rent expense is recognized on the straight-line basis. The differences between cash payments under the lease agreements and straight-lined rent have been recognized as deferred rent in the accompanying statements of financial position.

Claim settlements revenue – The Foundation receives claim settlement revenue from SAG-AFTRA, which is recorded as revenue when notified by SAG-AFTRA. The claim settlement funds result from claims under SAG-AFTRA Commercials Contract when signatory employers violate the contract and SAG-AFTRA negotiates, as settlement of the claim, a donation to the Foundation. In certain circumstances, when a non-SAG-AFTRA member does a commercial spot, the producers are required to contribute to the nonprofit organization that provides assistance benefits to the members of SAG-AFTRA. Management regularly reviews claim settlements receivable balances for collectability. As of September 30, 2022 and 2021, management believed all amounts were collectible.

Contributions, grants, and other revenue – Unconditional contributions and grants received or pledged are recorded as with donor restrictions or without donor restrictions support depending on the existence and/or nature of any donor restrictions. Conditional contributions in which there is a barrier to overcome and a right of return exists are recorded as support in the period in which the condition is met.

The Foundation records contributions and grants receivable, net of allowances for uncollectible amounts, whenever there is sufficient evidence in the form of verifiable documentation that an unconditional promise was made and received. Grants receivable consist of amounts due from private donors based on the terms of the related grant agreements. Management periodically reviews the status of all contributions and grants receivable for collectability. Each balance is assessed based on management's knowledge of and relationship with the donor and the age of the receivable balance. There was no allowance for unconditional promises to give and grants receivable at September 30, 2022 or 2021.

Contributions and grants receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions and grants receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution or grant revenue. Unconditional contributions or grants receivable to be received in future periods greater than one year are discounted to net present value at an appropriate discount rate, if significant. Of the contribution and grants receivable at September 30, 2022, \$559,002 is expected to be realized in one year or less, and \$21,000 is expected to be realized within one to five years. Of the contribution and grants receivable at September 30, 2021, \$555,853 is expected to be realized in one year or less, and \$21,000 is expected to be realized within one to five years. No discount has been provided in 2022 or 2021.

The Foundation conducts several special events during the year to raise money in support of its operations. The amounts reflected in these financial statements represent special events revenue net of related direct costs. Revenue from special events is recognized on an accrual basis when the event takes place.

Note 2 – Summary of Significant Accounting Policies (continued)

The Foundation receives revenue based on agreed-upon terms when its members appear in commercials. Revenue from the commercial's contract is recognized on an accrual basis when the members appear in commercials.

The Foundation receives revenue on rental of property owned by the Foundation for various events. Rental income is recognized on an accrual basis when the event takes place.

In-kind contributions – In-kind contributions of donated non-cash assets are recorded based on the fair value of the services or goods received. Fair value is derived from the cost of the services or goods provided and is recorded in the period in which they are received with a corresponding expense allocated to the programs benefited as they are incurred. In-kind contributions of donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation and are recorded at fair value in the period received. In-kind contributions of services and assets consist of services and products provided for special events held by the Foundation and are not donor restricted. In-kind contributions for the years ended September 30, 2022 and 2021, were approximately \$1,927 and \$114,779, respectively.

Functional allocation of expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that are associated with more than one program or supporting service are allocated based on methods determined by management, including time and effort.

Concentrations of credit risk – Credit risk is the failure of another party to perform in accordance with the contract terms. Financial instruments that potentially subject the Foundation to concentrations of credit risk consist primarily of cash and cash equivalents, contributions and grants receivable, and investments. The Foundation believes that its credit risk relating to cash and cash equivalents, contributions and grants receivable, and investments is not significant.

The Foundation maintains its cash with high credit quality financial institutions. At times, such deposits may be in excess of amounts insured by the Federal Deposit Insurance Corporation up to \$250,000. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash.

The Foundation invests in investments, which are subject to appreciation/depreciation depending on various factors which affect the investment portfolio. The Foundation has a professional investment firm manage the investments.

Contributions and grants receivable as of September 30, 2022 and 2021, are primarily due from two major contributors.

SAG-AFTRA Foundation

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Scholarships and grants – The Foundation awards scholarships and grants to members of SAG-AFTRA and their children. These grants are recorded as grant expense incurred in the period in which they have been authorized by the Board of Directors. Scholarships and grants for the years ended September 30, 2022 and 2021, were approximately \$1,027,000 and \$1,167,000, respectively. Of these amounts, approximately \$51,325 and \$77,500 remained unpaid at September 30, 2022 and 2021, respectively, and is included in accounts payable and accrued expenses.

Advertising and promotion – The Foundation engages in advertising and promotional activities for certain programs and fundraising events with intentions to stimulate donors to make contributions towards the Foundation's assistance and educational programs. These costs are recorded as advertising and promotion expense in the period incurred. For the years ended September 30, 2022 and 2021, advertising and promotional costs were approximately \$6,000 and \$111,000, respectively.

Income taxes – The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of the State of California. Accordingly, no provision for income taxes is included in the accompanying financial statements. In addition, the Foundation pays taxes on unrelated business income, which management anticipates to be zero in tax expense for the years ended September 30, 2022 and 2021.

FASB ASC Topic No. 740, *Accounting for Uncertainty in Income Taxes (ASC 740)*, clarifies the accounting for uncertainty in income taxes and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In accordance with ASC 740, the Foundation recognizes the impact of tax positions in the financial statements if that position is more-likely-than-not to be sustained on audit, based on the technical merits of the position. As of and for the years ended September 30, 2022 and 2021, the Foundation had no unrecognized/derecognized tax benefits or tax penalties or interest.

Accounting standards adopted – In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Under ASU 2020-07, contributed nonfinancial assets are required to be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The Foundation adopted this ASU on October 1, 2021, using the retrospective method. The adoption of the ASU did not have a material impact on the Foundation's financial statements.

Note 2 – Summary of Significant Accounting Policies (continued)

Recent accounting pronouncements – In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. In June 2020, the FASB issued ASU 2020-05, which defers the effective date of ASU 2016-02, making it effective for annual reporting periods beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Foundation is currently evaluating the impact of the adoption of this standard on its financial statements.

Note 3 – Fair Value Measurements

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value, for investment not measured at net asset value per share. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Foundation carries all of its investments at fair value in accordance with generally accepted accounting principles. Inputs are used in applying the valuation techniques and broadly refer to the assumptions that the Foundation uses to make valuation decisions, including assumptions about risk.

Inputs may include quoted market prices, recent transactions, manager statements, provisions within agreements with investment managers, and other factors. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Foundation's perceived risk of the investment.

The investments of the Foundation in Level 1 include cash and cash equivalents, corporate bond funds, equity funds, and exchange traded funds and are valued based on quoted market prices of identical assets.

SAG-AFTRA Foundation

Notes to Financial Statements

Note 3 – Fair Value Measurements (continued)

The investments of the Foundation in Level 2 include variable annuities and are valued based on quoted market prices of comparable assets.

The Foundation has no Level 3 investments.

The investments of the Foundation in Assets Held at Net Asset Value (or equivalent) include one Private Investment Fund, which invests in private investment companies. The Foundation's Investment Committee, along with its investment advisors, monitors the valuations periodically and conducts a performance analysis quarterly. The Finance Committee reports to the Board of Directors. The fair value is determined by the fund as reflected on their audited financial statements. For interests in investment partnerships and investment funds, fair value considers, among other factors, the reported net asset value (NAV) of the fund's investment as determined in good faith by the general partner or managing member of the respective investment partnership or fund. Because of inherent uncertainty in valuing investment funds or investment in partnerships for which no active market exists, the estimated value may differ significantly from the value that could be realized in a secondary market transaction, and the ultimate amounts realized could be significantly different from the values reported.

Transfers between hierarchy levels are recognized at the end of the fiscal year. There were no transfers between hierarchy levels for the years ended September 30, 2022 or 2021.

SAG-AFTRA Foundation
Notes to Financial Statements

Note 3 – Fair Value Measurements (continued)

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the ASC 820 value hierarchy in which the fair value measurements fall at September 30, 2022 and 2021:

		2022				Assets Held at
		Total				Net Asset Value
		Fair Value	Level 1	Level 2	Level 3	(or Equivalent)
ASSETS						
Cash and cash equivalents	\$	365,379	\$ 365,379	\$ -	\$ -	\$ -
Corporate bonds funds		9,764,845	9,764,845	-	-	-
Equity funds		8,761,453	8,761,453	-	-	-
Exchange traded funds		4,834,377	4,834,377	-	-	-
Private investment fund		2,461,026	-	-	-	2,461,026
Variable annuities		26,883	-	26,883	-	-
		<u>\$ 26,213,963</u>	<u>\$ 23,726,054</u>	<u>\$ 26,883</u>	<u>\$ -</u>	<u>\$ 2,461,026</u>
		2021				
		Total				Assets Held at
		Fair Value	Level 1	Level 2	Level 3	Net Asset Value
						(or Equivalent)
ASSETS						
Cash and cash equivalents	\$	127,632	\$ 127,632	\$ -	\$ -	\$ -
Corporate bond funds		7,373,389	7,373,389	-	-	-
Equity funds		1,225,749	1,225,749	-	-	-
Exchange traded funds		10,311,524	10,311,524	-	-	-
Private investment fund		3,820,544	-	-	-	3,820,544
Variable annuities		33,093	-	33,093	-	-
		<u>\$ 22,891,931</u>	<u>\$ 19,038,294</u>	<u>\$ 33,093</u>	<u>\$ -</u>	<u>\$ 3,820,544</u>

The following table represents the liquidity and redemption restrictions on the above investments that do not have a readily determinable fair value and utilize NAV, or its equivalent, per share to determine fair value as of September 30, 2022:

		2022			
		Fair Value at	Unfunded	Redemption	Redemption
		Year End	Commitments	Frequency	Notice Period
Private Investment Fund	\$	2,461,026	\$ -	Quarterly	90 day written notice

Private Investment Funds' investment is a fund of hedge funds, consisting entirely of investments in private investment companies. The investment's objective and strategy is to deliver a high level of absolute return consistent with preservation of capital through investments in private investment companies.

SAG-AFTRA Foundation

Notes to Financial Statements

Note 4 – Investments

The Foundation incurred investment management fees of approximately \$270,000 and \$104,000, which were netted against interest and dividend income for the years ended September 30, 2022 and 2021, respectively.

Note 5 – Equipment and Leasehold Improvements

Equipment and leasehold improvements at September 30, 2022 and 2021, consisted of the following:

	<u>2022</u>	<u>2021</u>
Computer equipment	\$ 196,953	\$ 196,953
Furniture	273,318	273,318
Equipment	1,525,082	1,502,751
Leasehold improvements	6,962,815	6,947,706
Construction in progress	<u>648,877</u>	<u>-</u>
	9,607,045	8,920,728
Less: accumulated depreciation	<u>(5,071,054)</u>	<u>(4,678,740)</u>
Total	<u>\$ 4,535,991</u>	<u>\$ 4,241,988</u>

Total depreciation expense for the years ended September 30, 2022 and 2021, amounted to approximately \$392,000 and \$540,000, respectively.

Note 6 – Loan Payable

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act (HR 748) was signed into U.S. law. Under the CARES Act, management applied for a loan under the Paycheck Protection Program (PPP). On April 21, 2020, the Foundation entered into a PPP loan for \$563,100 with a financial institution. The PPP loan bore interest at a fixed rate of 1%. The loan was not collateralized and requires repayment of principal and interest within two years from loan origination unless some or all is determined to meet certain provisions of the CARES Act to be forgiven. On July 6, 2021, the Foundation was notified by its lender and the Small Business Administration (SBA) that the PPP loan and any accrued interest was forgiven in full. The forgiveness of the loan was recognized as a gain on extinguishment of debt in the statement of activities for the year ended September 30, 2021.

SAG-AFTRA Foundation
Notes to Financial Statements

Note 7 – Net Assets

At September 30, 2022 and 2021, net assets without donor restrictions consisted of the following:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 17,796,525	\$ 17,374,068
Board-designated net assets	<u>23,216,837</u>	<u>12,809,854</u>
	<u>\$ 41,013,362</u>	<u>\$ 30,183,922</u>

At September 30, 2022 and 2021, net assets with donor restrictions consisted of the following:

	<u>2022</u>	<u>2021</u>
Subject to expenditure when a specific event occurs		
Actors Center	\$ 1,906	\$ 1,906
Emergency Assistance Fund	67,999	178,687
Health programs	134,852	148,140
McGuire scholarships	19,138	19,138
Disaster Relief	536,494	887,757
Staff Assistance Fund	106,416	84,036
Betty Mitchell Sick & Benefit Fund	101,871	-
Nashville Performer Emergency Fund	45,362	-
Senior Financial Crisis Fund	<u>52,027</u>	<u>-</u>
	1,066,065	1,319,664
Perpetually restricted		
Actors Program	<u>25,000</u>	<u>25,000</u>
	<u>\$ 1,091,065</u>	<u>\$ 1,344,664</u>

Note 8 – Endowment

The Foundation has funds that are functioning as an endowment solely through designation by the Board of Directors (quasi-endowment). The earnings of the Foundation's quasi-endowment funds support actors' assistance and scholarship programs.

The Foundation has adopted investment and spending policies for its quasi-endowment assets that attempt to provide a predictable stream of funding to activities supported by its quasi-endowment while seeking to maintain the purchasing power of the quasi-endowment assets. Under the investment policy, as approved by the Board of Directors, the endowment assets are invested in a manner to earn, over the long term, an annualized return (net of investment management fees) that exceeds inflation and meets or outperforms the target asset mix relative to the assigned benchmark indices. Actual returns in any given year may vary from these amounts.

SAG-AFTRA Foundation

Notes to Financial Statements

Note 8 – Endowment (continued)

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividend). The Foundation targets a diversified asset allocation that currently places a greater emphasis on fixed income (bond) based investments to achieve its long-term return objectives within prudent risk constraints.

Changes in the Foundation’s quasi-endowment net assets at September 30, 2022 and 2021, consist of the following:

	Without Donor Restrictions	
	2022	2021
Net assets without donor restrictions—board-designated, beginning of year	\$ 12,809,854	\$ 11,999,096
Investment contribution	15,903,331	-
Investment (loss) gain	(4,688,922)	1,350,118
Distributions	(807,426)	(539,360)
Net assets without donor restrictions—board-designated, end of year	<u>\$ 23,216,837</u>	<u>\$ 12,809,854</u>

The Foundation currently has a practice of appropriating for distribution each year approximately the earnings of its quasi-endowment funds.

Net assets with donor restrictions include a contribution of \$25,000 that is restricted by a donor. The initial contribution was received in February 2013 and immediately invested in a variable annuity that guarantees a fixed income so that the program can be sustainable over time and the principal amount of the gift will stay intact in perpetuity. Any earnings on the annuity are considered donor-restricted and will be used to support the Actors Program. All earnings are appropriated for expenditure each year in full; as such, the inflow and outflow are presented within the net assets without donor restrictions column on the statements of activities.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

SAG-AFTRA Foundation
Notes to Financial Statements

Note 8 – Endowment (continued)

The remaining portion of the donor-restricted endowment fund is classified as restricted until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the following factors are to be considered in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

Changes in the Foundation’s donor-restricted endowment at September 30, 2022 and 2021, consist of the following:

	<u>2022</u>	<u>2021</u>
	<u>With Donor Restriction</u>	<u>With Donor Restriction</u>
Net assets, beginning of year	<u>\$ 25,000</u>	<u>\$ 25,000</u>
Net assets, end of year	<u><u>\$ 25,000</u></u>	<u><u>\$ 25,000</u></u>

SAG-AFTRA Foundation

Notes to Financial Statements

Note 9 – Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes, occurrence of other events specified by donors, and for reclassifications and redesignations. Revenues and releases of net assets with donor restrictions at September 30, 2022 and 2021, consisted of the following:

	2022			
	September 30, 2021	Contributions and Revenues	Release from Restriction	September 30, 2022
Actors Center	\$ 1,906	\$ -	\$ -	\$ 1,906
Actors Program	25,000	-	-	25,000
Emergency Assistance Fund	178,687	30,660	(141,348)	67,999
Health programs	148,140	493	(13,781)	134,852
Staff Assistance Fund	84,036	25,705	(3,325)	106,416
McGuire scholarships	19,138	-	-	19,138
Disaster Relief Fund	887,757	6,573	(357,836)	536,494
Betty Mitchell Sick & Benefit Fund	-	106,059	(4,188)	101,871
Nashville Performer Emergency Fund	-	45,362	-	45,362
Senior Financial Crisis Fund	-	100,000	(47,973)	52,027
	<u>\$ 1,344,664</u>	<u>\$ 314,852</u>	<u>\$ (568,451)</u>	<u>\$ 1,091,065</u>
Total				
	2021			
	September 30, 2020	Contributions and Revenues	Release from Restriction	September 30, 2021
Actors Center	\$ 1,906	\$ -	\$ -	\$ 1,906
Actors Program	25,000	-	-	25,000
Emergency Assistance Fund	153,880	25,557	(750)	178,687
Health programs	126,583	21,557	-	148,140
Staff Assistance Fund	68,542	26,078	(10,584)	84,036
McGuire scholarships	-	19,138	-	19,138
Disaster Relief Fund	1,595,106	234,824	(942,173)	887,757
	<u>\$ 1,971,017</u>	<u>\$ 327,154</u>	<u>\$ (953,507)</u>	<u>\$ 1,344,664</u>
Total				

SAG-AFTRA Foundation
Notes to Financial Statements

Note 10 – Liquidity

The following table reflects the financial assets of the Foundation as of September 30, 2022 and 2021, reduced by amounts not available for general expenditure within one year. Financial assets may be unavailable because of contractual or donor-imposed restrictions within one year.

	2022	2021
Cash and cash equivalents	\$ 12,941,324	\$ 4,977,648
Investments	26,213,963	22,891,931
Contributions and grants receivable	580,002	576,853
Total financial assets	39,735,289	28,446,432
Less		
Receivables not scheduled to be collected within one year	(21,000)	(21,000)
Perpetually restricted investments	(25,000)	(25,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 39,689,289	\$ 28,400,432

The Foundation operates with a balanced budgeting process and anticipates collection of sufficient revenue to cover general expenditures. As part of the Foundation’s liquidity management plan, it considers the composition of its financial assets to ensure sufficient funds are available as obligations come due. The Foundation does not normally spend from its quasi-endowment other than amounts appropriated for general expenditure; however, amounts from the quasi-endowment could be made available through Board of Directors’ approval and are included in the table above.

Note 11 – Related-Party Transactions

In addition to claim settlements received from SAG-AFTRA, the Foundation on occasion receives contributions and donations from SAG-AFTRA. For the years ended September 30, 2022 and 2021, the amounts of these contributions and donations totaled approximately \$12,500 and \$34,000, respectively, of which \$0 remained uncollected.

SAG-AFTRA provides certain reimbursable administrative services to the Foundation. For the years ended September 30, 2022 and 2021, the Foundation incurred administrative expenses of approximately \$19,500 and \$18,000, respectively. Of these amounts, approximately \$10,500 and \$7,000 remained unpaid at September 30, 2022 and 2021, respectively, and is included in accounts payable and accrued expenses.

SAG-AFTRA Foundation

Notes to Financial Statements

Note 11 – Related-Party Transactions (continued)

The Foundation entered into a 15-year noncancelable agreement to sublease programming and administrative space from SAG-AFTRA in the SAG-AFTRA offices at 1900 Broadway, New York, New York, through 2029. This lease will provide for staggered annual lease payments over the term of the lease, which will range from approximately \$179,000 to \$219,000. In addition, the Foundation will have an option to renew the lease for an additional five years. For the years ended September 30, 2022 and 2021, the Foundation incurred related rent expense of approximately \$204,000 and \$209,000, respectively, of which none remained unpaid as of year end. Deferred rent related to the New York office space totaled approximately \$108,000 and \$110,000 for the years ended September 30, 2022 and 2021, respectively.

Note 12 – Scholarships and Grants

The Foundation awards scholarships and grants to members of SAG-AFTRA and their children. Detail for the years ended September 30, 2022 and 2021, of such amounts by program is as follows:

	<u>2022</u>	<u>2021</u>
John L. Dales Scholarship	\$ 277,000	\$ 264,000
George Heller Memorial Scholarship	25,000	28,000
Emergency Assistance Grant	141,348	750
Staff Assistance Grant	3,325	10,584
Health Grants	13,781	-
Motion Picture and Television Fund Contribution	197,269	25,000
Disaster Relief	322,486	805,000
Senior Financial Crisis Fund	41,458	-
Other grants	<u>5,000</u>	<u>34,000</u>
Total	<u>\$ 1,026,667</u>	<u>\$ 1,167,334</u>

Note 13 – Commitments and Contingencies

Litigation – From time to time, the Foundation may be subject to certain claims that arise in the ordinary course of its activities. The Foundation accrues contingent liabilities when it is probable that future expenditures will be made and such expenditures can be reasonably estimated. In the opinion of management, there are no pending claims or assertions against the Foundation of which the outcome is expected to result in a material adverse effect on the financial position, results of operations, or cash flows of the Foundation.

Operating leases – The Foundation leases its Los Angeles facilities and storage from third parties under noncancelable operating lease agreements, which expire in February 2025. The monthly average rents approximate \$35,000.

Note 13 – Commitments and Contingencies (continued)

In addition, in April 2015, the Foundation entered into a lease agreement for 20 years for a facility in New York, which will be used as a screening room. Monthly rental payments approximate \$12,000. As noted in Note 11, the Foundation also leases programming and administrative space from SAG-AFTRA from their offices in New York.

As of September 30, 2022, minimum lease payments for future years ending September 30 are as follows:

2023	\$ 797,395
2024	825,903
2025	522,595
2026	365,334
2027	377,212
Thereafter	<u>1,711,318</u>
Total	<u>\$ 4,599,757</u>

Rent expense for the years ended September 30, 2022 and 2021, totaled approximately \$746,700 and \$726,000, respectively. Deferred rent totaled approximately \$796,000 and \$856,000 for the years ended September 30, 2022 and 2021, respectively.

Note 14 – Multiemployer Plan

The Foundation's employees are eligible to receive benefits from SAG-AFTRA's defined-benefit pension plan (the "Plan"). The Foundation makes contributions to the Plan up to 13.44% of each covered employee's qualifying compensation. The pension is administered by SAG – Producers Pension & Health Plans.

The Multiemployer Pension Plan Amendments Act of 1980 (the "Act") significantly increased the pension responsibilities of participating employers. Under the provisions of the Act, if the Plan terminates or the Foundation withdraws, the Foundation could be subject to a substantial withdrawal liability. The Foundation has no plans to withdraw from the Plan as of September 30, 2022.

The risks to the Foundation of participating in this multiemployer pension plan are different from single-employer plans in the following aspects:

- 1) Assets contributed to the multiemployer plan by one employer must be used to provide benefits to employees of other participating employers.
- 2) If a participating employer stops contributing to the Plan, the unfunded obligations of the Plan may be borne by the remaining participating employers.

SAG-AFTRA Foundation

Notes to Financial Statements

Note 14 – Multiemployer Plan (continued)

- 3) If the Foundation chooses to stop participating in some of its multiemployer plans, the Foundation may be required to pay those plans an amount based on the underfunded status of the Plan, referred to as a withdrawal liability.

The Foundation’s participation in the Plan for the annual periods ended September 30, 2022 and 2021, is outlined in the table below. The “EIN/Pension Plan Number” column provides the Employee Identification Number (EIN) and the three-digit plan number.

Pension Fund	Number	Pension Protection Act Zone		Contributions of Foundation	
		2022	2021	2022	2021
The Screen Actors Guild–Producers Pension Plan	95-2110997-001	Green	Green	\$ 329,082	\$ 288,235

As of September 30, 2022 and 2021, the Foundation’s contributions were less than 5% of the total contributions to the Plan, and there was no surcharge paid on the Plan.

The Plan includes all actors who have performed services in television and theatrical motion pictures, television commercials, or other covered work for an employer under collective bargaining agreements. The Plan has three major collective bargaining agreements: Theatrical Contract, Television Contract, and Commercial Contract, which are renewed every three years. The expiration dates of these collective bargaining agreements are June 30, 2023; June 30, 2023; and March 31, 2025, respectively.

Note 15 – Concentrations

The Foundation receives grants and contributions from various donors, with two donors accounting for 83% or approximately \$19,018,000 of grants and contributions received for the year ended September 30, 2022. Two donors accounted for 29% or approximately \$1,115,000 of grants and contributions received for the year ended September 30, 2021. There was \$0 and \$352,500 in related receivables from these donors as of September 30, 2022 and 2021, respectively.

Note 16 – Subsequent Events

Subsequent events have been evaluated through March 2, 2023, which is the date the financial statements were available to be issued.