

FILM MUSICIANS SECONDARY MARKETS FUND

FINANCIAL STATEMENTS

MARCH 31, 2023 AND 2022

FILM MUSICIANS SECONDARY MARKETS FUND
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS
(MODIFIED CASH BASIS)

ASSETS	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Cash and Cash Equivalents	\$ 2,431,993	\$ 1,877,192
Refundable Payroll Taxes	234,351	291,488
Contributions Receivable	-	3,266
Due from Live TV Videotape Supplemental Markets Fund, Net	-	21,057
Prepays and Other Assets	3,414	3,414
Investments at Market Value	167,669,318	149,257,366
Property and Equipment, Net	705,381	865,674
Right-of-Use Assets, Net	<u>1,041,654</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 172,086,111</u>	<u>\$ 152,319,457</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Unclaimed Distributions	\$ 9,442,556	\$ 7,393,033
Accounts Payable	62,313	223,357
Due to Live TV Videotape Supplemental Markets Fund, Net	14,472	-
Due to Related Pension Fund	642,028	762,314
Loan Payable	500,625	906,918
Lease Liability	<u>1,084,839</u>	<u>-</u>
TOTAL LIABILITIES	<u>11,746,833</u>	<u>9,285,622</u>
NET ASSETS		
Reserve for Omissions	2,150,000	2,500,000
Other Net Assets	<u>158,189,278</u>	<u>140,533,835</u>
TOTAL NET ASSETS	<u>160,339,278</u>	<u>143,033,835</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 172,086,111</u>	<u>\$ 152,319,457</u>

FILM MUSICIANS SECONDARY MARKETS FUND
STATEMENTS OF REVENUE AND EXPENSES
(MODIFIED CASH BASIS)

	<u>April 1, 2022 to March 31, 2023</u>	<u>April 1, 2021 to March 31, 2022</u>
REVENUE		
Employer Contributions	\$ 139,813,233	\$ 128,906,251
Interest Income	2,594,915	439,879
Realized Gain (Loss) on Sale of Investments	(119,359)	64,638
Unrealized Appreciation (Depreciation) of Investments	<u>30,913</u>	<u>(714,228)</u>
TOTAL REVENUE	<u>142,319,702</u>	<u>128,696,540</u>
EXPENSES		
Distributions to Musicians (Net of Unclaimed Distributions Returned from Prior Years)	108,264,909	104,780,304
Distribution Payroll Taxes	7,293,356	7,441,587
Administrative and Professional Expenses	7,192,888	7,160,611
Omission Payments	<u>2,101,977</u>	<u>1,716,082</u>
TOTAL EXPENSES	<u>124,853,130</u>	<u>121,098,584</u>
	17,466,572	7,597,956
DEPRECIATION AND AMORTIZATION	(161,435)	(168,676)
GAIN (LOSS) ON DISPOSAL/ABANDONMENT OF PROPERTY AND EQUIPMENT	<u>306</u>	<u>(70,488)</u>
INCREASE IN NET ASSETS	17,305,443	7,358,792
NET ASSETS		
BEGINNING OF YEAR	<u>143,033,835</u>	<u>135,675,043</u>
END OF YEAR	<u>\$ 160,339,278</u>	<u>\$ 143,033,835</u>

FILM MUSICIANS SECONDARY MARKETS FUND
STATEMENTS OF CASH FLOWS
(MODIFIED CASH BASIS)

	<u>April 1, 2022 to March 31, 2023</u>	<u>April 1, 2021 to March 31, 2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 17,305,443	\$ 7,358,792
Adjustments to Reconcile Change in Net Assets to Net Cash		
Flows Provided by Operating Activities:		
Realized Loss (Gain) on Sale of Investments	119,359	(64,638)
Unrealized (Appreciation) Depreciation of Investments	(30,913)	714,228
Depreciation and Amortization	161,435	168,676
Right-of-Use Amortization Expense	543,000	-
Repayments of Right-of-Use Lease Obligations	(499,815)	-
(Gain) Loss on Disposal/Abandonment of Property and Equipment	(306)	70,488
Changes in Operating Assets and Liabilities:		
Refundable Payroll Taxes	57,137	(48,274)
Contribution Receivable	3,266	3,091,511
Interfund Payable (Receivables) - Related Parties	(84,757)	(5,113)
Unclaimed Distributions	2,049,523	664,215
Accounts Payable	<u>(161,044)</u>	<u>(413,400)</u>
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>19,462,328</u>	<u>11,536,485</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(631,002,330)	(467,666,787)
Proceeds from Sale of Investments	612,501,932	456,763,794
Purchases of Property and Equipment	(1,142)	(244,168)
Proceeds from Sale of Property and Equipment	<u>306</u>	<u>-</u>
NET CASH FLOWS (USED) BY INVESTING ACTIVITIES	<u>(18,501,234)</u>	<u>(11,147,161)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Loan Payable	<u>(406,293)</u>	<u>(386,326)</u>
NET CASH FLOWS (USED) BY FINANCING ACTIVITIES	<u>(406,293)</u>	<u>(386,326)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	554,801	2,998
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,877,192</u>	<u>1,874,194</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,431,993</u>	<u>\$ 1,877,192</u>
SUPPLEMENTAL DISCLOSURE:		
Interest Paid	<u>\$ 36,481</u>	<u>\$ 56,448</u>

FILM MUSICIANS SECONDARY MARKETS FUND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 1 - DESCRIPTION OF THE FUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Fund

The Film Musicians Secondary Markets Fund (the "Fund") was established in accordance with the Theatrical and Television Motion Picture Special Payments Fund Agreement (the "Fund Agreement"; dated August 1972) and in connection with the Basic Theatrical Motion Picture and Television Film Agreements (Basic Agreements; dated August 1974, latest renewal February 2015) between various theatrical and/or television motion picture producers (Producers) and the American Federation of Musicians (the "Federation"). The purpose of the Fund is to collect contributions from Producers for distribution to Participating Musicians (as defined in the Basic Agreements).

B. Basis of Accounting

The financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Fund's policy is to recognize revenue and the related assets when cash is received rather than when earned and to recognize expenses when paid rather than when the obligation is incurred, except for the recognition of depreciation, amortization and unclaimed distributions (discussed below).

C. Contributions

Contributions to the Fund are required to be made by signatory producers and other obligors under the Basic Agreements as follows:

Basic Theatrical Motion Picture Agreement

Theatrical Motion Pictures:

1. The principal photography which commenced on or after January 31, 1960, and was released to free television, and/or
2. the principal photography which commenced on or after July 1, 1971 and was released in "Supplemental Markets" (as defined in the Basic Agreements), and
3. in which there is a music soundtrack containing recorded music made by Participating Musicians, or scenes or shots containing pictures of Participating Musicians performing on musical instruments or conducting.

Television Film Agreements

Television Motion Pictures:

1. The principal photography of which commenced on or after July 1, 1971, and were released in "Supplemental Markets", and
2. in which there is a music soundtrack containing recorded music made by Participating Musicians, or scenes or shots containing pictures of Participating Musicians performing on musical instruments or conducting.

FILM MUSICIANS SECONDARY MARKETS FUND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 1 - DESCRIPTION OF THE FUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

D. Employer Compliance Program

The Fund performs a systematic employer compliance program to determine if contribution payments to the Fund were made in accordance with the terms of the Basic Agreements. Additional contributions received by the Fund as a result of these examinations are recorded as revenue in the fiscal year in which they are received.

At March 31, 2023 and 2022, other net assets include contributions of \$8,105,995 and \$6,715,885 respectively, which cannot be currently distributed, either because they are awaiting legal resolution or because the Fund has not been able to identify the musicians entitled to these amounts. The Fund maintains ongoing efforts to resolve any legal issues and/or identify these musicians and distributes these contributions as soon as possible.

E. Distributions

Contributions received by the Fund, plus interest income, less the operating expenses of the Fund and omissions reserve are distributable to each Participating Musician as soon as practicable after the end of the Fund's fiscal year in accordance with the distribution formula defined in the applicable agreements. Distributions during the fiscal year are based on contributions received during the preceding fiscal year.

F. Estimates

The preparation of financial statements on the modified cash basis of accounting 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.

G. Property and Equipment

Property and equipment are stated at cost. The Fund uses the straight-line method of depreciation and amortization over the estimated useful life of assets of 3 to 7 years. Expenditures for major renewals and replacements that extend the useful life of the property and equipment are capitalized. Expenditures for repairs and maintenance are charged to expense.

H. Unclaimed Distributions

Unclaimed distributions include distribution checks outstanding or returned, and amounts not yet distributed, because accurate contact information or other information required to issue the distribution checks is missing or unavailable. The Fund may be contacted by musicians who have not cashed or received their distribution checks. In such cases, the Fund will re-issue a payment; such payments are charged against this account. In accordance with the Basic Agreements, the Fund holds distributions in this account, pending receipt of claim, until the end of the third fiscal year after the date on which such distribution was first payable. Thereafter, the balance of unclaimed distributions is added to the current year's distributable amount, as provided for in the Agreements.

FILM MUSICIANS SECONDARY MARKETS FUND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 1 - DESCRIPTION OF THE FUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

H. Unclaimed Distributions (Continued)

The Fund continuously attempts to locate and notify the musicians who have not cashed or received their distribution checks using methods including, but not limited to, print advertising in various music publications, web based advertising and notification of unclaimed checks posted on the Fund's website. At March 31, 2023 and 2022, unclaimed distributions totaled \$9,442,555 and \$7,393,033, respectively. For the years ended March 31, 2023 and 2022, unclaimed distributions returned to the current year's distributable amount totaled \$3,220,208 and \$3,098,008, respectively.

I. Reserve for Omissions

Based on musician inquiries and additional information provided by the musicians, and the Fund's ongoing research, the Fund identifies instances where musicians were not credited for distributions they were entitled to, and were not included in prior distributions. Accordingly, the Fund has established a reserve, which is updated annually, not to exceed 7% of total collections for each fiscal year, to cover payments of these "omissions".

All musicians who are found to have been omitted, partially or in full, for whatever reason, are credited as follows:

1. For contributions received since 1989, prospective distributions and retroactive checks are issued for the period inclusive of the date of the first contribution on behalf of the film in question, through the date of processing. This policy applies to films from all the studios, production companies and payroll companies utilizing musicians under the auspices of the Federation and for whom the first contribution was received by the Fund during and after the year 1989.
2. For contributions received prior to 1989, musicians who were omitted for work done on these films will be covered when an inquiry is received and verified. These omissions will be credited prospectively, and retroactive checks will be issued which cover the period between the date of receipt of the first contribution, but no earlier than 1989, through the date of processing only.
3. Participating Musicians will be credited prospectively for films for which the Fund has received any musician inquiries, and retroactive checks will be issued that cover the period from the date of receipt of the first contribution, but no earlier than 1989, through the date of processing.

Where full and/or partial wage omissions are found to have occurred, payments to musicians are made applying the same policies described above.

At March 31, 2023 and 2022, \$2,150,000 and \$2,500,000 were reserved to cover omission claims, respectively. The amount transferred from Fund net assets was \$350,000 during fiscal year 2023. Payments for omission claims totaled \$2,101,977 and \$1,716,082 for the years ended March 31, 2023 and 2022, respectively.

FILM MUSICIANS SECONDARY MARKETS FUND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 1 - DESCRIPTION OF THE FUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

J. De Minimis Provision

The Fund Agreement has a “de minimis” provision, pursuant to which no distributions to participants are made for Base Amounts (defined as the amount prior to all employer taxes and expenses) of less than \$50 (\$10 through June 30, 2013), except for those participants who use the paperless feature whereby the “de minimis” provision remained at \$10. Amounts of less than \$50 are credited to a musician’s account but are not paid out until the total account balance equals or exceeds \$50. Prior period credits are added to the participant’s current share and held until the Base Amount equals or exceeds \$50, at which time such amount previously held as “de minimis” is paid to the musician or the designated beneficiary.

K. Investment Valuation and Income Recognition

Accounting standards establish a fair value hierarchy that prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. The levels are as follows:

Level 1 - Inputs are quoted prices in an active market.

Level 2 - Inputs are based on quoted prices for similar instruments and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data.

Level 3 - Inputs are generally unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability.

The following tables summarize the Fund’s investments based on the inputs used to value them:

	March 31, 2023			
	Level 1	Level 2	Level 3	Total
Money Market	\$ 1,400,424	\$ -	\$ -	\$ 1,400,424
Certificates of Deposit	-	40,643,962	-	40,643,962
Corporate Bonds:				
A1 Credit Rating	-	1,864,006	-	1,864,006
A2 Credit Rating	-	585,558	-	585,558
A3 Credit Rating	-	1,541,726	-	1,541,726
AA2 Credit Rating	-	5,816,263	-	5,816,263
AAA Credit Rating	-	1,262,685	-	1,262,685
BAA1 Credit Rating	-	3,442,108	-	3,442,108
BAA2 Credit Rating	-	12,013,151	-	12,013,151
BAA3 Credit Rating	-	4,841,222	-	4,841,222
Commercial Paper	-	44,024,022	-	44,024,022
Foreign Bonds	-	12,973,630	-	12,973,630
U.S. Treasury Bills	-	28,231,789	-	28,231,789
U.S. Government Bond & Notes	-	9,028,772	-	9,028,772
TOTALS	\$ 1,400,424	\$ 166,268,894	\$ -	\$ 167,669,318

FILM MUSICIANS SECONDARY MARKETS FUND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 1 - DESCRIPTION OF THE FUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

K. Investment Valuation and Income Recognition (Continued)

	March 31, 2022			
	Level 1	Level 2	Level 3	Total
Money Market	\$ 87,295	\$ -	\$ -	\$ 87,295
Certificates of Deposit	-	21,969,505	-	21,969,505
Corporate Bonds:				
A1 Credit Rating	-	328,218	-	328,218
A2 Credit Rating	-	608,938	-	608,938
A3 Credit Rating	-	1,883,115	-	1,883,115
BAA1 Credit Rating	-	271,169	-	271,169
BAA2 Credit Rating	-	643,380	-	643,380
Commercial Paper	-	103,797,317	-	103,797,317
Foreign Bonds	-	270,488	-	270,488
Mortgage Backed Government Issues	-	285,394	-	285,394
U.S. Treasury Bills	-	9,871,741	-	9,871,741
U.S. Agencies	-	419,078	-	419,078
U.S. Government Bond & Notes	-	8,821,728	-	8,821,728
TOTALS	\$ 87,295	\$ 149,170,071	\$ -	\$ 149,257,366

Level 1 investments are money market accounts valued based on quoted market prices in an active market. Level 2 investments include certificates of deposit, government and corporate bonds, foreign securities and commercial paper with values determined by reference to trades in similar securities or valued by third party pricing services. These investments are classified as held-to-maturity securities as the Fund has the ability and intent to hold the securities until maturity.

L. Risks and Uncertainties

Fund investments are exposed to various risks such as interest rate, market fluctuations and credit risks. Due to the level of risk associated with investments and the level of uncertainty with respect to changes in the value of investments, it is at least reasonably possible that changes in risk in the near term would materially affect the amounts reported in the financial statements.

M. Cash and Cash Equivalents

The Fund considers money market funds held in the investment sweep account to be cash equivalents.

NOTE 2 - RELATED PARTY TRANSACTIONS

The Fund's Executive Director is also the Executive Director of Live Television Videotape Supplemental Markets Fund ("LTVF"). The Fund routinely pays expenses on behalf of LTVF, and is subsequently reimbursed. Expenses paid by the Fund on behalf of LTVF were \$93,640 and \$75,157 for the years ended March 31, 2023 and 2022, respectively. The net amount due (to) from the LTVF, representing reimbursable expenses and incorrectly processed employer contributions was (\$14,472) and \$21,057 at March 31, 2023 and 2022, respectively.

FILM MUSICIANS SECONDARY MARKETS FUND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 2 - RELATED PARTY TRANSACTIONS (Continued)

Beginning with the third quarter of 2018, the Fund began quarterly remittance of 1.5% of distributable contributions received plus the Fund's earnings on investments, to the American Federation of Musicians and Employers' Pension Fund (the "Plan"), per the Memorandum of Understanding ("MOU") between the Alliance of Motion Picture and Television Producers and American Federation of Musicians. Payments totaled \$2,135,773 and \$1,945,342 during the years ended March 31, 2023 and 2022, respectively. This remittance is a pass through of the Employers' obligations to the Plan; as such, the Employer Contribution amount received by the Fund for 2023 and 2022 (see page 4) is the total actual contributions received, net of 1.5% of distributable contributions.

NOTE 3 - PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of March 31:

	2023	2022
Computer Software	\$ 6,033,775	\$ 6,032,634
Computer Equipment	73,435	79,284
Furniture and Fixtures	113,214	116,320
Office Equipment	18,504	20,055
	6,238,928	6,248,293
Less: Accumulated Depreciation and Amortization	5,533,547	5,382,619
TOTALS	\$ 705,381	\$ 865,674

NOTE 4 - MULTIEMPLOYER PENSION PLAN

The Fund contributes to a multiemployer defined benefit pension plan under the terms of a participation agreement. The risks of participating in a multiemployer plan are different from participating in a single-employer plan in the following respects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Fund chooses to stop participating in its multiemployer plan, the Fund may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Fund's participation in this plan for the years ended March 31, 2023 and 2022 is outlined in the table below. The "EIN/Plan Number" column provides the employer identification number ("EIN") and the three-digit plan number.

The most recent Pension Protection Act Zone status is for the plan's years ended December 31, 2022 and March 31, 2022 (the Plan changed it's year end), respectively. The zone status is based on information that the Fund received from the plan and is certified by the plan's actuary.

Among other factors, plans in the red zone are generally less than 65% funded, plans in the orange and yellow zones are less than 80% funded or are projected to become insolvent within 7 years, and plans in the green zone are at least 80% funded. The "FIP/RP Status" column indicates plans for which a funding improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented.

FILM MUSICIANS SECONDARY MARKETS FUND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 4 - MULTIEMPLOYER PENSION PLAN (Continued)

The last column lists the expiration date of the participation agreement to which the plan is subject.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status	Contributions by the Fund		Surcharge Imposed	Expiration Date of Participation Agreement
		2022	2021		2023	2022		
American Federation of Musicians and Employers' Pension Fund	51-6120204/001	Critical and Declining	Critical and Declining	Yes	\$ 330,725	\$ 308,128	Yes	N/A

NOTE 5 - 401(k) PLAN

The Fund contributes to a 401(k) Plan. The employer contribution is 3% of all employees' eligible gross pay, regardless of the employees' election amount, participation, or lack thereof. Total Safe Harbor contributions for the years ended March 31, 2023 and 2022 were \$107,038 and \$100,093, respectively.

NOTE 6 - LEASE LIABILITIES

In accounting for leases on April 1, 2023, the Fund adopted ASC 842 Leases, which requires a lessee to record a right-of-use asset and a corresponding lease liability at the inception of the lease, initially measured at the present value of the lease payments. The Fund classified its leases as operating leases and determined that the fair value at the inception of the leases was \$1,541,469 using a discount rate of 2.23%. During the year ended March 31, 2023, the Fund made lease payments of \$456,630. As of March 31, 2023, the lease liability was \$1,084,839. ASC 2016-02 requires recognition in the statements of revenue and expenses (modified cash basis) a single lease cost, calculated so that the cost of the leases are allocated over the lease terms, generally on a straight-line basis. During the year ended March 31, 2023, the Fund reflected amortization of right-of-use asset of \$499,815 related to the leases.

Maturities of the Fund's lease liabilities are as follows:

2024	\$ 518,459
2025	533,896
2026	<u>59,512</u>
	1,111,867
Less: Interest	<u>27,028</u>
	<u><u>\$ 1,084,839</u></u>

Credit Facilities

The Fund has two ACH Lines of Credit (ACH) and one Standby Letter of Credit (SLC) with City National Bank (CNB). The ACHs cover CNB's exposure if the Fund's accounts do not have adequate balances to cover distributions to musicians or payroll. The ACHs have no interest charge and are reviewed annually by CNB by December 31, 2023. The SLC has an interest rate of 1.25% and expires on December 31, 2023 but will automatically renew if not cancelled by CNB at least 60 days prior to its expiration date. The Fund does not have any outstanding ACH or SLC balances as of March 31, 2023.

FILM MUSICIANS SECONDARY MARKETS FUND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 6 - COMMITMENTS (Continued)

Computer Project Consulting Fees

Computer project consulting fees reflect expenses associated with the RISE Project. The RISE Project, which commenced in the second quarter of fiscal year 2018, is a multi-year project designed to analyze, document and upgrade the Fund's current business processes and workflows, develop and document the Fund's desired future state workflows, determine and select technological upgrades and new solutions needed to replace the Fund's current database (software) systems and infrastructure which date back to the 1970's, and implement those upgrades and solutions to support the Fund's operational business needs in the 21st century. The custom development, integration and adoption phases of the RISE Project are anticipated to continue through fiscal year 2023.

NOTE 7 - LOAN PAYABLE

On May 2020, the Fund entered into a fixed rate \$1,607,375 loan with First American Commercial Bancorp, Inc., dba First American Equipment Finance for funds associated with the RISE project. The loan is payable in monthly installments of \$36,898 with a fixed interest rate of 5.05% per annum, maturing in May 2024. The loan is secured by collateral associated with the RISE project.

Principal payments due for the years ending March 31 are as follows:

2024	\$ 427,293
2025	<u>73,332</u>
	<u>\$ 500,625</u>

NOTE 8 - INCOME TAX STATUS

No provision for federal or state income tax is made. The Fund has obtained a determination letter from the Internal Revenue Service dated April 24, 2008 granting tax-exempt status under Internal Revenue Code Section 501(c)(6).

The modified cash basis of accounting requires management to evaluate tax positions taken by the Fund and recognize a tax liability if the Fund has taken a tax position that more likely than not would not be sustained upon examination by a tax authority. The Fund is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 9 - CONCENTRATION OF CREDIT RISK

During the fiscal year ended 2023, the Fund maintained bank accounts and certificates of deposit with cash balances in excess of the federally insured limit of \$250,000 per bank. One of the Fund's cash accounts requires a minimum balance of \$250,000. The amount in excess of the limit was subject to risk if the financial institution did not perform. The Fund has not incurred any losses on the uninsured balances.

FILM MUSICIANS SECONDARY MARKETS FUND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 21, 2023, the date on which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements.

SUPPLEMENTAL SCHEDULE

FILM MUSICIANS SECONDARY MARKETS FUND
SCHEDULES OF ADMINISTRATIVE AND PROFESSIONAL EXPENSES

	<u>April 1, 2022 to March 31, 2023</u>	<u>April 1, 2021 to March 31, 2022</u>
ADMINISTRATIVE EXPENSES		
Salaries	\$ 3,562,568	\$ 3,690,120
Other Payroll Costs:		
Payroll Taxes	278,134	265,325
Staff Pension Plan Contributions	330,725	308,128
401(k) Employer Contributions	107,038	100,093
Other Employee Benefits	693,381	625,301
Lease Expense	705,467	542,752
Repairs and Maintenance	7,570	21,348
Computer Software and Supplies	189,187	163,688
Distribution Expenses	42,188	43,124
Office Supplies and Expenses	16,146	11,743
Business and Property Taxes	1,365	3,121
Temporary Help and Recruitment Fees	20,700	57,106
Subscription and Research Services	37,068	66,679
Insurance	104,390	106,387
Interest	36,481	56,448
Travel and Parking	2,433	4,575
Community Outreach, Trade Shows and Conferences	37,453	9,886
Telecommunications	67,277	81,691
Equipment Leases	37,050	34,543
Postage and Delivery	8,009	7,129
Printing and Advertising	13,730	36,425
	<u>6,298,360</u>	<u>6,235,612</u>
Subtotal		
	<u>6,298,360</u>	<u>6,235,612</u>
PROFESSIONAL EXPENSES		
Accounting Fees:		
Employer Compliance Examinations	416,378	322,244
Audit, Accounting and Tax Services	50,639	51,470
Legal Fees:		
Litigation and Collections	73,983	261,460
Out-of-Pocket Expenses	114	-
Computer Project Consulting Fees - Note 6	97,925	89,286
Human Resource and Other Consulting Fees	74,686	28,802
Bank Management and Service Charges	180,803	171,737
	<u>894,528</u>	<u>924,999</u>
Subtotal		
	<u>894,528</u>	<u>924,999</u>
TOTAL ADMINISTRATIVE AND PROFESSIONAL EXPENSES	<u><u>\$ 7,192,888</u></u>	<u><u>\$ 7,160,611</u></u>