

CONSOLIDATED FINANCIAL STATEMENTS

**AN CLAUDHEAMH SOLUIS, INC.
(D/B/A IRISH ARTS CENTER)**

IAC-NYC, LLC

**FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022**

**AN CLAUDHEAMH SOLUIS, INC. (D/B/A IRISH ARTS CENTER)
IAC-NYC, LLC**

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
An Claidheamh Soluis, Inc. (d/b/a Irish Arts Center)
IAC-NYC, LLC
New York, New York

Opinion

We have audited the accompanying consolidated financial statements of An Claidheamh Soluis, Inc. (d/b/a Irish Arts Center) and IAC-NYC, LLC (collectively, "the Organizations"), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organizations as of June 30, 2023 and 2022, and the consolidated changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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



January 18, 2024

**AN CLAUDHEAMH SOLUIS, INC. (D/B/A IRISH ARTS CENTER)
IAC-NYC, LLC**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022**

ASSETS

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,723,398	\$ 4,457,528
Pledges receivable, net of noncurrent portion and allowance of \$83,452 in 2023 and \$169,180 in 2022	1,611,348	607,887
Grants receivable	392,074	383,528
Accounts receivable	30,976	17,292
Prepaid expenses and other assets	88,782	124,204
Total current assets	6,846,578	5,590,439
PROPERTY AND EQUIPMENT		
Building and improvements	51,719,412	51,523,169
Land	12,875,000	12,875,000
Right-of-use asset - land held for transfer	625,000	625,000
Theatrical equipment	742,044	740,796
Furniture and equipment	657,557	634,676
Computer equipment	82,894	76,977
Leasehold improvements	43,363	40,966
	66,745,270	66,516,584
Less: Accumulated depreciation and amortization	(2,632,346)	(1,082,774)
Net property and equipment	64,112,924	65,433,810
NONCURRENT ASSETS		
Right-of-use asset - software/operating leases	317,294	-
Pledges receivable, net of current portion, allowance and present value discount of \$292,824 in 2023 and \$133,328 in 2022	957,176	324,922
Total noncurrent assets	1,274,470	324,922
TOTAL ASSETS	\$ 72,233,972	\$ 71,349,171

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 518,120	\$ 698,947
Lines of credit	-	918,750
Retention payable on construction contracts	-	109,424
Contract advances	-	32,239
Operating lease liability - software/operating leases	72,000	-
Total current liabilities	590,120	1,759,360
LONG-TERM LIABILITIES		
Operating lease liability - software/operating leases, net of current portion	269,356	-
Right-of-use liability - land held for transfer	625,000	625,000
Total long-term liabilities	894,356	625,000
Total liabilities	1,484,476	2,384,360
NET ASSETS		
Without donor restrictions	51,431,125	52,631,874
With donor restrictions	19,318,371	16,332,937
Total net assets	70,749,496	68,964,811
TOTAL LIABILITIES AND NET ASSETS	\$ 72,233,972	\$ 71,349,171

See accompanying notes to consolidated financial statements.

**AN CLAUDHEAMH SOLUIS, INC. (D/B/A IRISH ARTS CENTER)
IAC-NYC, LLC**

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants	\$ 4,737,810	\$ 5,415,285	\$ 10,153,095
In-kind contributions	37,520	-	37,520
Individual membership	75,752	-	75,752
Registration fees	133,399	-	133,399
Program ticket sales income	429,837	-	429,837
Program merchandise and concession sales	12,283	-	12,283
Interest income	54,433	8,544	62,977
Other revenue	42,750	-	42,750
Net assets released from donor restrictions	<u>2,438,395</u>	<u>(2,438,395)</u>	<u>-</u>
Total support and revenue	<u>7,962,179</u>	<u>2,985,434</u>	<u>10,947,613</u>
EXPENSES			
Program Services	<u>4,367,204</u>	<u>-</u>	<u>4,367,204</u>
Supporting Services:			
General and Administrative	1,205,542	-	1,205,542
Fundraising	1,659,515	-	1,659,515
Capital Campaign	<u>1,930,667</u>	<u>-</u>	<u>1,930,667</u>
Total supporting services	<u>4,795,724</u>	<u>-</u>	<u>4,795,724</u>
Total expenses	<u>9,162,928</u>	<u>-</u>	<u>9,162,928</u>
Changes in net assets	(1,200,749)	2,985,434	1,784,685
Net assets at beginning of year	<u>52,631,874</u>	<u>16,332,937</u>	<u>68,964,811</u>
NET ASSETS AT END OF YEAR	<u>\$ 51,431,125</u>	<u>\$ 19,318,371</u>	<u>\$ 70,749,496</u>

**AN CLAUDHEAMH SOLUIS, INC. (D/B/A IRISH ARTS CENTER)
IAC-NYC, LLC**

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants	\$ 3,897,777	\$ 8,192,119	\$ 12,089,896
In-kind contributions	49,398	-	49,398
Individual membership	84,945	-	84,945
Registration fees	95,195	-	95,195
Program ticket sales income	227,058	-	227,058
Program merchandise and concession sales	8,466	-	8,466
Interest income	17,767	253	18,020
Other revenue	268,936	-	268,936
Net assets released from donor restrictions	<u>54,010,010</u>	<u>(54,010,010)</u>	<u>-</u>
Total support and revenue	<u>58,659,552</u>	<u>(45,817,638)</u>	<u>12,841,914</u>
EXPENSES			
Program Services	<u>4,711,039</u>	<u>-</u>	<u>4,711,039</u>
Supporting Services:			
General and Administrative	1,470,290	-	1,470,290
Fundraising	1,188,086	-	1,188,086
Capital Campaign	<u>427,127</u>	<u>-</u>	<u>427,127</u>
Total supporting services	<u>3,085,503</u>	<u>-</u>	<u>3,085,503</u>
Total expenses	<u>7,796,542</u>	<u>-</u>	<u>7,796,542</u>
Changes in net assets before other item	50,863,010	(45,817,638)	5,045,372
OTHER ITEM			
Change in the provision on restricted pledges	<u>-</u>	<u>14,067</u>	<u>14,067</u>
Changes in net assets	50,863,010	(45,803,571)	5,059,439
Net assets at beginning of year	<u>1,768,864</u>	<u>62,136,508</u>	<u>63,905,372</u>
NET ASSETS AT END OF YEAR	<u>\$ 52,631,874</u>	<u>\$ 16,332,937</u>	<u>\$ 68,964,811</u>

**AN CLAUDHEAMH SOLUIS, INC. (D/B/A IRISH ARTS CENTER)
IAC-NYC, LLC**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023**

	Supporting Services				Total Supporting Services	Total Expenses
	Program Services	General and Administrative	Fundraising	Capital Campaign		
Salaries and benefits	\$ 1,777,566	\$ 497,760	\$ 673,452	\$ 390,980	\$ 1,562,192	\$ 3,339,758
Contracted services	927,481	104,073	177,724	15,962	297,759	1,225,240
Professional fees	240,849	476,986	64,920	1,836	543,742	784,591
Space rental	21,719	4,892	340,977	3,263	349,132	370,851
Production supplies	15,283	2,734	6,873	-	9,607	24,890
Sanitation, cleaning and exterminating	6,406	1,893	2,524	-	4,417	10,823
Utilities	56,449	16,684	22,238	-	38,922	95,371
Building repairs and maintenance	9,491	2,805	3,739	9,850	16,394	25,885
Equipment rental	202,940	1,532	86,705	24,173	112,410	315,350
Insurance	59,419	17,562	23,408	582	41,552	100,971
Dues and subscriptions	34,334	4,043	6,329	-	10,372	44,706
Postage and shipping	102,687	292	1,716	-	2,008	104,695
Printing and reproduction	40,667	19	14,840	-	14,859	55,526
Conferences and meetings	3,233	-	3,376	-	3,376	6,609
Telephone and internet	23,962	7,082	10,053	-	17,135	41,097
Advertising and marketing	71,842	4,718	-	-	4,718	76,560
Travel and entertainment	669,840	19,255	112,445	1,829	133,529	803,369
Awards, prizes, and contributions	12,816	2,673	32,275	-	34,948	47,764
Depreciation and amortization	11,165	3,300	4,398	1,530,709	1,538,407	1,549,572
Uncollectible pledges (recovery)	-	23,272	17,000	(59,163)	(18,891)	(18,891)
Credit card and ticket service fees	1,678	1,657	34,995	-	36,652	38,330
Bank fees	20,219	3,684	6,889	10,646	21,219	41,438
Merchandise	8,971	-	701	-	701	9,672
Miscellaneous expenses	48,187	8,626	11,938	-	20,564	68,751
TOTAL	\$ 4,367,204	\$ 1,205,542	\$ 1,659,515	\$ 1,930,667	\$ 4,795,724	\$ 9,162,928

**AN CLAUDHEAMH SOLUIS, INC. (D/B/A IRISH ARTS CENTER)
IAC-NYC, LLC**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	Supporting Services					Total Expenses
	Program Services	General and Administrative	Fundraising	Capital Campaign	Total Supporting Services	
Salaries and benefits	\$ 1,233,399	\$ 878,718	\$ 453,359	\$ 195,528	\$ 1,527,605	\$ 2,761,004
Contracted services	884,264	108,413	207,361	775	316,549	1,200,813
Professional fees	120,081	340,201	-	66,675	406,876	526,957
Space rental	21,039	887	171,571	-	172,458	193,497
Production supplies	13,866	2,030	5,293	-	7,323	21,189
Sanitation, cleaning and exterminating	17,144	1,693	1,690	-	3,383	20,527
Utilities	49,272	19,511	19,474	-	38,985	88,257
Building repairs and maintenance	25,074	1,898	1,895	-	3,793	28,867
Equipment rental	346,651	3,137	67,646	-	70,783	417,434
Insurance	63,750	25,243	25,197	18,567	69,007	132,757
Dues and subscriptions	30,051	5,998	7,313	-	13,311	43,362
Postage and shipping	137,388	278	2,069	577	2,924	140,312
Printing and reproduction	159,481	89	4,654	-	4,743	164,224
Conferences and meetings	617	229	3,163	-	3,392	4,009
Telephone and internet	19,273	7,589	11,431	-	19,020	38,293
Advertising and marketing	106,943	2,320	1,350	-	3,670	110,613
Travel and entertainment	378,673	8,796	70,218	-	79,014	457,687
Awards, prizes, and contributions	1,017	14,474	62,337	-	76,811	77,828
Depreciation and amortization	1,016,743	4,638	4,634	-	9,272	1,026,015
Uncollectible pledges (recovery)	60	1,494	35,000	120,313	156,807	156,867
Credit card and ticket service fees	239	4,020	29,636	-	33,656	33,895
Bank fees	324	15,596	38	16,707	32,341	32,665
Licenses, permits and other fees	71,190	1,550	-	-	1,550	72,740
Merchandise	2,325	-	2,583	-	2,583	4,908
Miscellaneous expenses	12,175	21,488	174	7,985	29,647	41,822
TOTAL	\$ 4,711,039	\$ 1,470,290	\$ 1,188,086	\$ 427,127	\$ 3,085,503	\$ 7,796,542

**AN CLAUDHEAMH SOLUIS, INC. (D/B/A IRISH ARTS CENTER)
IAC-NYC, LLC**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 1,784,685	\$ 5,059,439
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,549,572	1,026,015
Change in discount on noncurrent pledges receivable	109,659	(14,067)
Change in allowance for doubtful amounts	(35,891)	121,807
Receipt of donated securities	-	(168,611)
Sale of donated securities	-	169,072
Realized gain on sale of donated securities	-	(461)
Amortization of right-of-use asset	70,586	-
(Increase) decrease in:		
Pledges receivable	(1,709,483)	426,894
Grants receivable	(8,546)	560,862
Accounts receivable	(13,684)	(9,776)
Prepaid expenses and other assets	35,422	(71,949)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(180,827)	(485,619)
Retention payable on construction contracts	(109,424)	(867,090)
Contract advances	(32,239)	1,416
Operating lease liability - software/operating	(46,524)	-
Net cash provided by operating activities	<u>1,413,306</u>	<u>5,747,932</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for leasehold improvements	(2,397)	-
Purchase of furniture and equipment	(24,129)	(944,421)
Purchase of computer equipment	(5,917)	(39,337)
Payments for building improvements	(196,243)	-
Payments for construction in progress	-	(2,656,842)
Net cash used by investing activities	<u>(228,686)</u>	<u>(3,640,600)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of note payable	-	(265,805)
Payment of line of credit	(918,750)	(4,165,646)
Net cash used by financing activities	<u>(918,750)</u>	<u>(4,431,451)</u>
Net increase (decrease) in cash and cash equivalents	265,870	(2,324,119)
Cash and cash equivalents at beginning of year	<u>4,457,528</u>	<u>6,781,647</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,723,398</u>	<u>\$ 4,457,528</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Interest Paid	<u>\$ 54,104</u>	<u>\$ 174,304</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:		
Right-of-Use Asset	<u>\$ 546,427</u>	<u>\$ -</u>
Operating Lease Liability for Right-of-Use Asset	<u>\$ 546,427</u>	<u>\$ -</u>

See accompanying notes to consolidated financial statements.

**AN CLAUDHEAMH SOLUIS, INC. (D/B/A IRISH ARTS CENTER)
IAC-NYC, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

An Claidheamh Soluis, Inc. (d/b/a Irish Arts Center) is a non-profit organization, incorporated in the State of New York. Irish Arts Center is a New York based arts and cultural center dedicated to projecting a dynamic image of Ireland and Irish America for the 21st century, building community with artists and audiences of all backgrounds, forging and strengthening cross-cultural partnerships, and preserving the evolving stories and traditions of Irish culture for generations to come.

Irish Arts Center's multi-disciplinary programming is centered around three core areas: performance—including live music, dance, theatre, film, literature and the humanities; exhibition—including visual arts presentations and cultural exhibitions that tell the evolving Irish story; and education—with dozens of classes per week in Irish language, history, music, and dance.

Located in New York City, a global capital of arts and culture, Irish Arts Center serves as a dynamic platform for top emerging and established artists and cultural creators to reach a New York, national, and global audience, and as a gateway for other institutions to access first-rate Irish and Irish American culture.

During the fiscal year ended June 30, 2015, Irish Arts Center established IAC-NYC, LLC, a limited liability company (LLC). IAC-NYC, LLC is a single member, special purpose entity (SPE) created for the purpose of holding title to real property. An Claidheamh Soluis, Inc. is the sole member of IAC-NYC, LLC.

During the fiscal year ended June 30, 2019, IAC-NYC, LLC received land from the City of New York and began incurring construction costs related to the new facility (referred to as "the Center"); accordingly, all such financial activity is included in the accompanying consolidated financial statements.

During the fiscal year ended June 30, 2022, Irish Arts Center completed construction of a fully funded 22,000 square foot facility at 726 11th Avenue to serve its multi-disciplinary programmatic activities. The new facility contains a new multi-disciplinary, flexible performance venue, a lobby and cafe, studio and classroom spaces, back-of-house support and storage spaces, and technology capability, and connects to the existing 51st Street building which will be renovated in a second phase and will contain a second, smaller venue, storage and office spaces.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.

**AN CLAUDHEAMH SOLUIS, INC. (D/B/A IRISH ARTS CENTER)
IAC-NYC, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Basis of presentation (continued) -

- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Principles of consolidation -

The accounts of Irish Arts Center have been consolidated with IAC-NYC, LLC (collectively, "the Organizations") pursuant to the criterion established by FASB ASC 958-810, *Not-for-Profit Entities Consolidation*. Under FASB ASC 958-810, consolidation is required if a separate not-for-profit organization has control (i.e., major voting interest) and significant economic interest in that other organization. All intercompany transactions have been eliminated in consolidation.

New accounting pronouncement adopted -

During the fiscal year ended June 30, 2023, the Organizations adopted ASU 2019-01, *Leases* (Topic 842), which changed the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Consolidated Statements of Financial Position and disclosure of key information about leasing arrangements. The Organizations applied the new standard using the modified retrospective approach and adopted the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. See Note 8 for further details.

Cash and cash equivalents -

The Organizations consider all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Organizations maintain cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal. Additionally, the Organizations have opened IDP accounts that are 100% FDIC insured, specifically for holding cash received from the Irish Government restricted for the Phase Two 51st Street renovation project.

Pledges and grants receivable -

Pledges and grants receivable that are expected to be collected in future years are recorded at their fair value, measured as the present value of their future cash flows. Discounts on these amounts are computed using published interest rates based on the Federal prime rate. Amortization of the discounts is included in contributions and grants revenue.

**AN CLAUDHEAMH SOLUIS, INC. (D/B/A IRISH ARTS CENTER)
IAC-NYC, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Pledges and grants receivable (continued) -

Conditional promises to give are not included as support until the conditions are substantially met.

Allowance for doubtful accounts -

Receivables are evaluated for collectibility and an allowance is adjusted as a reserve for receivables. The allowance for doubtful accounts is determined based upon a quarterly review of account balances, including the age of the balance and the historical experience with the donor or payor. In calculating the adjustment for the allowance for doubtful accounts, the Organizations employ both specific provisioning (based on a risk assessment of each individual receivable) and general provisioning (based on 1.25% of the annual revenue for the annual fund and 5% of overall outstanding receivables for the Capital Project). The allowance is calculated and accounted for in the accompanying consolidated financial statements.

Income taxes -

Irish Arts Center is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. Irish Arts Center is not a private foundation.

As a disregarded entity, the activity of IAC-NYC, LLC is reported in Irish Arts Center's IRS Form 990.

Uncertain tax positions -

For the years ended June 30, 2023 and 2022, the Organizations have documented their consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and have determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Property and equipment -

Property and equipment (excluding building and land) in excess of \$1,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to fifteen years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense during the years ended June 30, 2023 and 2022 totaled \$220,507 and \$145,277, respectively (excluding building depreciation).

During the fiscal year ended June 30, 2022, the Organizations completed the first phase of its capital project for the construction of a new building (to enhance program services of the Center). The funding sources of this project included the City of New York, the State of New York, the Government of Ireland, private donors and foundations (Note 2). On November 1, 2021, the building was placed into service and therefore depreciated over its estimated useful life of 39 years. Land is not being depreciated. Depreciation expense on the building during the years ended June 30, 2023 and 2022 totaled \$1,329,065 and \$880,738, respectively.

**AN CLAUDHEAMH SOLUIS, INC. (D/B/A IRISH ARTS CENTER)
IAC-NYC, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to the Consolidated Statements of Activities and Changes in Net Assets, to its current fair value.

Revenue -

The majority of the Organizations' revenue is received through contributions/pledges and grants from individuals, foundation, local governments and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. The Organizations perform an analysis of the individual award to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For awards qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Awards qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Funds received in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements.

Awards qualifying as conditional contributions contain a right of return or right of release from obligation provision and a defined barrier (or barriers), and the entity has limited discretion over how funds transferred should be spent. Accordingly, revenue is recognized when the condition or conditions are satisfied (when the related barrier has been overcome; generally, when qualifying expenditures are incurred); these transactions are nonreciprocal and classified as conditional and are therefore recognized as contributions when the revenue becomes unconditional. Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances.

Awards related to the new Irish Arts Center are treated as conditional until those funds (including uncollected commitments) are used (or committed) to support the development, design, construction and renovation of its new building(s) and the enhancement of future programs, as specified by applicable agreements. See Note 2 for additional information about conditional awards that have not yet been recognized in the accompanying consolidated financial statements.

As funds for construction of the new Irish Arts Center are not typically received in advance of incurring capital expenditures, there are no refundable advances recorded in the accompanying Consolidated Statements of Financial Position.

**AN CLAUDHEAMH SOLUIS, INC. (D/B/A IRISH ARTS CENTER)
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Revenue (continued) -

The Organizations receive revenue under contracts that are deemed to be exchange transactions and follow ASU 2014-09, *Revenue from Contracts With Customers*. Registration fees, ticket sales, merchandise and concession sales income are recognized as revenue at the time the transaction is incurred, which typically occurs at the point of sale. The transaction prices are based on market rates or amounts set by the Organizations and satisfied by customers/members at the time the transaction is realized. The Organizations record such revenue when the performance obligations are met, and the revenue is recorded as without donor restrictions.

Membership dues includes general member benefits that are a series of distinct obligations and are recognized as revenue during the applicable fiscal year. There are several benefits received that are individual distinct obligations such as discounted class registration and admission to programs; however, they are immaterial in nature to the contract and thus are included with the general member benefits.

In-kind contributions -

In-kind contributions consist of donated goods (works of art, event tickets, beverages and food) and donated services (artist performances). Goods donated for distribution for the Organizations' programs are recorded at their fair market value as of the date of the gift. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organizations.

Use of estimates -

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

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses directly attributed to a specific functional area of the Organizations are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis. Included in Program Services are period costs related to the new building project activities including allocated salaries, contracted services, and utilities.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Advertising -

The Organizations expense advertising costs as incurred. Advertising expense was \$76,560 and \$110,613 for the years ended June 30, 2023 and 2022, respectively.

Reclassification -

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation.

New accounting pronouncement (not yet adopted) -

Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for the Organizations for the year ending June 30, 2024. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach. The Organizations plan to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption methods and the impact of the new standard on its accompanying consolidated financial statements.

2. CAPITAL PROJECT COMMITMENTS

During the fiscal year ended June 30, 2022, Irish Arts Center completed construction of a new 22,000 square foot facility to serve its programmatic activities. The first phase of the building at 726 11th Avenue contains a new multi-disciplinary, flexible performance venue, a lobby and café, studio and classroom spaces, back-of-house support and storage spaces, and technology capability, and will eventually connect to the existing 51st Street building, which will be renovated in a second phase and will contain a second, smaller venue, storage and office spaces.

On December 18, 2006, the State of New York awarded a grant of \$600,000 through the Empire State Development Corporation for maintenance and improvements to Irish Arts Center, payable on a reimbursable basis. As of March 4, 2015, the original grant award was amended to \$500,000. As of June 30, 2015, \$190,881 had been drawn for maintenance and improvements to Irish Arts Center.

In March 2017, the scope of the grant award was amended and the \$309,119 remaining was allocated to the capital project, for pre-development costs and costs associated with the temporary relocation of Cybert Tire. As of June 30, 2023, \$500,000 of the full \$500,000 award, \$309,119 of which was for the capital project, has been drawn.

On July 13, 2015, Irish Arts Center was awarded an additional \$1,000,000 through the New York State Strategic Investment Program for capital costs associated with the construction of a multi-disciplinary arts facility. Additional New York State support for the capital project, received in fiscal year 2017 includes: \$2,000,000 Empire State Development Regional Council Award on December 8, 2016 (of which a grant disbursement was completed on February 9, 2018); \$1,500,000 New York State Senate, State and Municipal Facilities (SAM) grant on May 17, 2017; and two \$250,000 New York State Technology and Development Program awards through New York State Assembly confirmed in June 2017.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

2. CAPITAL PROJECT COMMITMENTS (Continued)

Additional New York State support for the capital project includes \$100,000 Economic Development Assistance Program (EDAP) award through New York State Senate confirmed in January 2018. Additionally, New York State Council on the Arts awarded the organization a Capital Equipment (Facilities) grant of \$49,500 in July 2019.

The Government of Ireland has contributed \$9.28 million to the 11th Avenue new building project. On December 2, 2009, the Department of Foreign Affairs made an initial payment of \$73,500 as reimbursement for project-related payments. A grant of \$3.45 million from the Emigrant Support Program (ESP) of the Department of Foreign Affairs to support the planning, development and design of the new facility was made on December 10, 2009. An additional grant in the amount of \$1.25 million was made on December 24, 2014 from the ESP of the Department of Foreign Affairs and Trade. On December 23, 2016, the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs (DAHG) awarded a grant of \$1,037,200 to support site control, architect and related project management, feasibility and due diligence, other direct consultants, environmental, and relocation costs.

Additional grants of \$1,336,567 by the ESP of the Department of Foreign Affairs and Trade was received on December 21, 2017 and \$1,178,100 by the Department of Culture, Heritage and the Gaeltacht (DCHG) was received on December 26, 2017.

A grant of \$299,500 by the ESP of the Department of Foreign Affairs and Trade was received on December 22, 2020 and \$726,000 by the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media (DTCAGSM) was received on December 24, 2020.

A grant of \$500,000 by the ESP of the Department of Foreign Affairs and Trade was received on December 22, 2021 and \$563,950 by the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media (DTCAGSM) was received on December 27, 2021 toward the second phase of the capital project: the renovation of the original 51st Street building. An additional grant of \$853,193 (paid out in installments on December 21, 2022, December 31, 2022 and March 27, 2023) was received from Culture Ireland, Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media (DTCAGSM) towards the renovation of the original 51st Street building. As noted below in Note 10, on September 22, 2023 the Irish government announced an additional grant of €2 million for the Phase Two/51st Street project.

Following is a reconciliation of awards received from the ESP (under five grants) as well as the grants from DAHG, DCHG and DTCAGSM as of June 30, 2023 and 2022:

Phase One - 11th Avenue New Building

	<u>2023</u>	<u>2022</u>
Award received - ESP first grant (received in fiscal year 2010)	\$ 3,455,290	\$ 3,455,290
Cumulative interest earned	152,087	152,087
Cumulative payments made	<u>(3,607,377)</u>	<u>(3,607,377)</u>
UNSPENT BALANCE AS OF FISCAL YEAR-END	\$ <u>-</u>	\$ <u>-</u>
	<u>2023</u>	<u>2022</u>
Award received - ESP second grant (received in fiscal year 2015)	\$ 1,250,000	\$ 1,250,000
Cumulative interest earned	13,132	13,132
Cumulative payments made	<u>(1,263,132)</u>	<u>(1,263,132)</u>
UNSPENT BALANCE AS OF FISCAL YEAR-END	\$ <u>-</u>	\$ <u>-</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

2. CAPITAL PROJECT COMMITMENTS (Continued)

Phase One - 11th Avenue New Building (Continued)

	2023	2022
Award received - ESP third grant (received in fiscal year 2018)	\$ 1,336,567	\$ 1,336,567
Cumulative interest earned	2,482	2,482
Cumulative payments made	(1,339,049)	(1,339,049)
UNSPENT BALANCE AS OF FISCAL YEAR-END	\$ -	\$ -

	2023	2022
Award received - ESP fourth grant (received in fiscal years 2021 and 2022)	\$ 299,500	\$ 299,500
Cumulative interest earned	60	60
Cumulative payments made	(299,517)	(299,517)
UNSPENT BALANCE AS OF FISCAL YEAR-END	\$ 43	\$ 43

	2023	2022
Award received - DAHG (received in fiscal year 2017)	\$ 1,037,200	\$ 1,037,200
Cumulative interest earned	2,216	2,216
Cumulative payments made	(1,039,416)	(1,039,416)
UNSPENT BALANCE AS OF FISCAL YEAR-END	\$ -	\$ -

	2023	2022
Award received - DCHG (received in fiscal year 2018)	\$ 1,178,100	\$ 1,178,100
Cumulative interest earned	1,944	1,944
Cumulative payments made	(1,180,044)	(1,180,044)
UNSPENT BALANCE AS OF FISCAL YEAR-END	\$ -	\$ -

	2023	2022
Award received - DTCAGSM (received in fiscal year 2021)	\$ 726,000	\$ 726,000
Cumulative interest earned	100	100
Cumulative payments made	(726,100)	(726,100)
UNSPENT BALANCE AS OF FISCAL YEAR-END	\$ -	\$ -

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

2. CAPITAL PROJECT COMMITMENTS (Continued)

Phase Two - 51st Street Renovation Project

	2023	2022
Award received - DTCAGSM II (received in fiscal year 2022)	\$ 563,950	\$ 563,950
Cumulative interest earned	6,011	26
Cumulative payments made	-	-
UNSPENT BALANCE AS OF FISCAL YEAR-END	<u>\$ 569,961</u>	<u>\$ 563,976</u>
	2023	2022
Award received - ESP fifth grant (received in fiscal years 2021 and 2022)	\$ 500,000	\$ 500,000
Cumulative interest earned	4,812	23
Cumulative payments made	-	-
UNSPENT BALANCE AS OF FISCAL YEAR-END	<u>\$ 504,812</u>	<u>\$ 500,023</u>
	2023	2022
Award received - DTCAGSM III (received in fiscal year 2023)	\$ 853,192	\$ -
Cumulative interest earned	5,985	-
Cumulative payments made	-	-
UNSPENT BALANCE AS OF FISCAL YEAR-END	<u>\$ 859,177</u>	<u>\$ -</u>

On October 9, 2018, IAC-NYC, LLC entered into a Land Development Agreement, enforcement mortgage and note, restrictive covenant, deed and Zoning Lot Development Agreement (ZLDA) with the City of New York for the acquisition of public land for \$1 and enforcement mortgage of \$13,499,999, for the purposes of building the new Irish Arts Center at 726 11th Avenue, adjoining the existing Irish Arts Center location at 553 West 51st Street. On that date, IAC-NYC, LLC became the owner of a parcel of land with frontage on 11th Ave and 51st Street containing two existing buildings, one of which was demolished, to build the new Irish Arts Center.

On October 9, 2018, An Claidheamh Soluis, Inc. entered into a funding agreement with the Economic Development Corporation of the City of New York for \$36.75 million in funding (an award of \$36.85 million less a fee of \$100,000) toward the design and construction of the new facility. On the same day, An Claidheamh Soluis, Inc. entered into four separate grant disbursement agreements totaling \$3 million with the Dormitory Authority of the State of New York toward capital costs for the new facility.

All city and state funding agreements provide reimbursement costs upon submission of a requisition which include evidence of payment and the satisfaction of requirements per each funding agreement.

As of June 30, 2023 and 2022, a total of \$76,560,474 and \$74,393,822, in commitments have been received for the new Irish Arts Center project, respectively.

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IAC-NYC, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

2. CAPITAL PROJECT COMMITMENTS (Continued)

Following is a reconciliation of revenue recognized in the accompanying consolidated financial statements, including all commitments received to date, as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Government of Ireland:		
Emigrant Support Program I	\$ 3,455,290	\$ 3,455,290
Emigrant Support Program II	1,250,000	1,250,000
Emigrant Support Program III	1,336,567	1,336,567
Emigrant Support Program IV	299,500	299,500
Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs	1,037,200	1,037,200
Department of Culture, Heritage, and the Gaeltacht	1,178,100	1,178,100
Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media	726,000	726,000
Department of Foreign Affairs	73,500	73,500
Irish Government DFAT grant	500,000	500,000
Irish Government DCHG grant	563,950	563,950
Irish Government DCHG grant	853,193	-
Interest on Government of Ireland funds	188,893	172,270
City of New York - Phase 1	36,750,000	35,831,250
New York State:		
Empire State Development	309,119	309,119
New York State Assembly, Strategic Investment Program	1,000,000	1,000,000
New York State Council on the Arts Capital Equipment	49,500	49,500
Empire State Development Regional Council Award	1,500,000	1,400,000
New York State Technology and Development Program I	250,000	250,000
New York State Technology and Development Program II	250,000	250,000
New York State Economic Development Assistance Program	100,000	100,000
NYS State and Municipal Facilities Program	1,500,000	1,500,000
Private donors, documented pledges and one-time gifts - Phase 1	8,162,028	9,052,028
Private donors, documented pledges and one-time gifts - Phase 2	5,920,862	3,061,340
Interest on Private donor funds	<u>56,772</u>	<u>29,458</u>
 Total commitments recorded as revenue	 <u>67,310,474</u>	 <u>63,425,072</u>
 City of New York - Phase 1	 -	 918,750
City of New York - Phase 2*	6,050,000	6,050,000
City of New York - Phase 2*	1,000,000	-
New York State:		
Empire State Development Regional Council Award	500,000	600,000
NYS State and Municipal Facilities Program	50,000	-
Private donors, verbal pledges - Phase I	955,000	-
Private donor, pending completion of CO - Phase II	-	3,000,000
Private donors, verbal pledges - Phase II	<u>695,000</u>	<u>400,000</u>
 Total commitments not recorded as revenue	 <u>9,250,000</u>	 <u>10,968,750</u>
 TOTAL CAPITAL PROJECT COMMITMENTS	 <u>\$ 76,560,474</u>	 <u>\$ 74,393,822</u>

* Phase 2 commitments from the City of New York are to support the renovation of the 553/555 West 51st Street property.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

2. CAPITAL PROJECT COMMITMENTS (Continued)

In fiscal 2023 and 2022, the City of New York funded \$918,750 and \$4,632,373, for work in progress relating to the new Irish Arts Center, respectively.

The City's investment of capital funding obligated An Claidheamh Soluis, Inc. and IAC-NYC, LLC to operate the facility and/or maintain equipment for the respective bonding term as a non-profit entity, open to and used and maintained for the benefit of the people of the City of New York for cultural, educational or artistic uses and/or related purposes approved by the City.

3. PLEDGES RECEIVABLE

As a result of its efforts to raise funds necessary to fund the design, development and construction of its new Irish Arts Center and the enhancement of the Center's programs, the Organizations have received various commitments for support (in the form of multi-year pledges) in support of the capital project (of which \$2,736,250 and \$919,500 had not yet been collected as of June 30, 2023 and 2022, respectively).

Additionally, the Organizations received commitments for support (in the form of pledges) in support of current programming and operating activities, of which \$208,550 and \$315,817 had not yet been collected as of June 30, 2023 and 2022, respectively.

Pledges receivable are expected to be collected from donors over several years; those pledges which are due beyond one year from the Consolidated Statements of Financial Position date have been appropriately discounted using an effective interest rate ranging between 3.25% and 7% (the Federal prime rate at the time the pledge was made).

Following is a summary of all pledges receivable as of June 30, 2023 and 2022:

Year Ending June 30,	2023	2022
2023	\$ -	\$ 777,067
2024	1,694,800	208,250
2025	1,056,250	56,250
2026	56,250	56,250
2027	56,250	137,500
Thereafter	81,250	-
Subtotal	2,944,800	1,235,317
Current allowance for uncollectible pledges	(83,452)	(169,180)
Noncurrent allowance for uncollectible pledges	(122,750)	(72,913)
Noncurrent present value discount on pledges	(170,074)	(60,415)
PLEDGES RECEIVABLE, NET OF ALLOWANCE AND DISCOUNT	\$ 2,568,524	\$ 932,809

At June 30, 2023, \$1,694,800 is presented above as current; of this total, \$489,800 was due from the Organizations' donors as of June 30, 2023 but not collected, however, \$151,300 (31% of this total) has been subsequently collected.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

3. PLEDGES RECEIVABLE (Continued)

At June 30, 2022, \$777,067 is presented above as current; of this total, \$520,817 was due from the Organizations' donors as of June 30, 2022, but not collected, however, \$410,817 (79% of this total) had been subsequently collected (as of the date of this report, the remaining \$110,000 of the entire balance due as of June 30, 2022 has been fully collected).

On July 5, 2021, the Organizations entered into a grant agreement of \$3,000,000 with an institutional private funder. This grant was conditional to IAC receiving its final certificate of occupancy for the 11th Avenue Building and management had not recorded the unpaid grant as revenue of June 30, 2022. (IAC subsequently received its final certificate of occupancy for the 11th Avenue Building on November 18, 2022, and thus expects to record the \$3,000,000 grant as revenue in FY23).

In addition to documented private sector pledges for the planning, development and design of the new facility, the Organizations have also received verbal pledges from the private sector for the project in the amount of \$1,710,000, of which installment payments of \$1,295,000 have been received by the Organizations as of June 30, 2023; these pledges have been made by donors with a history of similar pledges and who have an ongoing relationship with the Organizations and as such are viewed as likely to be honored; however, because they are not documented in writing, management has not recorded the unpaid pledges as revenue.

4. LINES OF CREDIT

As previously noted, all city and state funding agreements provide for reimbursement of costs upon submission of a requisition which include evidence of payment and the satisfaction of requirements per each funding agreement.

On October 9, 2018, An Claidheamh Soluis, Inc. and IAC-NYC, LLC, entered into a loan agreement and note, assignment and pledge of membership interest, pledge and assignment of deposit accounts, and cooperation agreements for a line of credit in the amount of \$9,750,000 with M&T Bank to bridge capital expenditures associated with city and state funding agreements. Borrowings on the line of credit bear interest at an adjustable Simple Secured Overnight Financing Rate (SOFR) rate plus 3.50%. The outstanding balance at June 30, 2022 aggregated \$918,750 (the balance was fully satisfied as of June 30, 2023).

On October 9, 2018, An Claidheamh Soluis, Inc. and IAC-NYC, LLC, entered into a loan agreement and note, security agreement, blocked account and pledge agreement for a line of credit in the amount of \$1,500,000 with Nonprofit Finance Fund to bridge capital expenditures associated with state funding agreements as well as designated multi-year pledges from private donors. Borrowings on the line of credit bear interest at 6%. The note was secured by assets of the Organizations. On March 31, 2022, the NFF line of credit was paid in full (no balance remaining as of June 30, 2022).

On October 9, 2018, An Claidheamh Soluis, Inc. entered into a funding agreement with the Economic Development Corporation of the City of New York for \$36.75 million in funding (an award of \$36.85 million less a fee of \$100,000) toward the design and construction of the new facility. On the same day, An Claidheamh Soluis, Inc. entered into four separate grant disbursement agreements totaling \$3 million with the Dormitory Authority of the State of New York toward capital costs for the new facility.

On October 9, 2018, An Claidheamh Soluis, Inc., entered into a loan agreement for a working capital line of credit in the amount of \$250,000 with M&T Bank.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

4. LINES OF CREDIT (Continued)

Borrowings on this line of credit bear a variable rate of interest, based on the greater of (a) the rate announced by the Bank as its prime rate of interest, or (b) 4.0% (the "Interest Rate Floor"). The line of credit was secured by assets of the Organizations. On April 8, 2022, this line of credit was increased to \$500,000. As of June 30, 2023 and 2022, there were no outstanding borrowings on this line of credit.

Total interest expense was \$54,104 and \$174,304, of which the full amount was capitalized during the years ended June 30, 2023 and 2022, respectively.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Capital Project	\$ 18,281,171	\$ 15,809,025
General Fundraising	272,500	264,385
Other Project Support	-	3,371
Endowments perpetual in nature	750,000	250,000
Accumulated investment earnings from endowments perpetual in nature	<u>14,700</u>	<u>6,156</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 19,318,371</u>	<u>\$ 16,332,937</u>

The following net assets with donor restrictions were released during the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Capital Project	\$ 2,026,139	\$ 53,897,510
General Fundraising	400,000	112,500
Other Project Support	<u>12,256</u>	<u>-</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 2,438,395</u>	<u>\$ 54,010,010</u>

6. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Consolidated Statements of Financial Position date comprise the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 4,723,398	\$ 4,457,528
Pledges receivable	1,611,348	607,887
Grants receivable	392,074	383,528
Accounts receivable	<u>30,976</u>	<u>17,292</u>
Subtotal financial assets available within one year	6,757,796	5,466,235
Less: Donor restricted funds, excluding amounts previously capitalized and paid for by the capital campaign and land donation	(4,629,632)	(2,572,824)
Less: Line of credit, restricted for capital campaign	<u>-</u>	<u>(918,750)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 2,128,164</u>	<u>\$ 1,974,661</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

6. LIQUIDITY AND AVAILABILITY (Continued)

Management is focused on sustaining the financial liquidity of the Organizations throughout the year. This is accomplished through weekly monitoring and review of cash flow needs. Management is familiar with the cyclical nature of the Organizations' cash flow related to the Organizations' various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. The Organizations have also developed a growth and sustainability fund to provide additional support for general expenditures. In addition, the Organizations have a committed line of credit of \$500,000 for general operating needs.

7. IN-KIND CONTRIBUTIONS

During the years ended June 30, 2023 and 2022, the Organizations was the beneficiary of donated goods and services which allowed the Organizations to provide greater resources toward its various activities. There were no donor-imposed restrictions associated with the in-kind contributions during the years ended June 30, 2023.

The following donations have been included in revenue and expense for the years ended June 30, 2023 and 2022:

	2023	2022
Awards, prizes and contributions	\$ 37,520	\$ 49,158
Space rental	-	240
TOTAL	\$ 37,520	\$ 49,398

The aforementioned contributions have been recorded in the following functional expense categories in the accompanying Statements of Functional Expenses:

	2023	2022
Program Services	\$ -	\$ 240
Fundraising	37,520	49,158
TOTAL	\$ 37,520	\$ 49,398

8. LEASES

The Organizations has an operating lease for the CRM software, Tessitura Network, which is set to expire on February 12, 2028. Lease payments range between \$16,500 and \$26,125 (variable throughout the balance of the lease) and are paid on a quarterly basis.

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Consolidated Statements of Financial Position and disclosure of key information about leasing arrangements. The Organizations elected in 2023 to early implement the ASU and elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases.

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8. LEASES (Continued)

The Organizations also elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. As a result, the Organizations recorded a right-of-use asset in the amount of \$546,427. The Organizations recorded an operating lease liability in the amount of \$546,427 by calculating the present value using the discount rate of 1.59%.

The following is a schedule of the future minimum lease payments:

<u>Year Ending June 30,</u>	
2024	\$ 77,000
2025	90,750
2026	85,250
Thereafter	<u>99,000</u>
	352,000
Less: Imputed interest	<u>(10,644)</u>
	341,356
Less: Current portion	<u>(72,000)</u>
LONG-TERM PORTION	<u>\$ 269,356</u>

Lease expense for the years ended June 30, 2023 and 2022 was \$334,456 and \$172,384, respectively.

9. CONTINGENCY

On October 9, 2018, IAC-NYC, LLC entered into a land disposition agreement with the City of New York. As a part of the agreement, the land was purchased by IAC-NYC, LLC for \$1.

Upon the purchase of the land, an enforcement note in the amount of \$13,499,999 was also entered into with the City of New York. The enforcement note is secured by an enforcement mortgage and has a term of sixty (60) years and an indebtedness equal to the appraised value of the land.

The amount will only become payable if a default occurs under the terms of the enforcement note and enforcement mortgage. The enforcement note requires IAC-NYC, LLC to complete the construction within the terms outlined in the land disposition agreement, and the LLC is prohibited to transfer or sell any portion of the land during the term of the enforcement note.

Additionally, until the issuance of a Certificate of Completion by New York City Department of Housing Preservation and Development (HPD) a prohibited transfer, without the prior written consent of HPD, shall constitute an event of default.

The land disposition agreement, along with the deed, restrictive covenant and funding agreement provide for certain other defaults if the project is not constructed or operated in accordance with the terms thereof.

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9. CONTINGENCY (Continued)

The declaration of restrictive covenant articulated that commencing at substantial completion of construction and concluding thirty (30) years thereafter, the Premises shall be used for the benefit of the people of the City as (a) as a not-for-profit arts and cultural center dedicated to the provision of performances, exhibits, community events, and community educational programming, including, but not limited to, programming influenced by Irish and Irish-American culture and intended to promote cultural understanding; (b) for purposes ancillary and incidental to the foregoing uses provided that such ancillary and incidental purposes relate to, promote, and do not derogate from, use of the Premises for the purposes authorized; and (c) for such other cultural, educational, artistic, community, social service or recreational use for the benefit of the people of the City as the City shall approve through the Mayor of the City of New York or the Mayor's designee.

Under the aforementioned land disposition agreement, the LLC has been given legal and beneficial ownership of the land with the understanding that the portion for a planned community garden will be transferred at the completion of construction to another not-for-profit corporation and a substitute enforcement note will be executed.

The value of the land has been reflected as an asset totaling \$13,500,000 in the accompanying Consolidated Statements of Financial Position, inclusive of the portion of the land to be transferred. Additionally, a right-of-use liability of \$625,000 has been recorded in the accompanying Consolidated Statements of Financial Position, representing the approximate appraisal value of the parcel to be transferred upon completion of the project.

10. ENDOWMENTS

The Organizations' endowment consists of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as long-term endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board has interpreted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value (as determined by FASC ASC 820) 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 Organizations classify as "net assets with donor restrictions: endowments perpetual in nature" (a) the original value of 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. The remaining portion of the donor-restricted endowment fund that is not classified in "net assets with donor restrictions: endowments perpetual in nature" is classified as "net assets with donor restrictions" until those amounts are appropriated for expenditure by the Organizations in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organizations consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the Organizations.

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10. ENDOWMENTS (Continued)

Endowment net asset composition by type of fund as of June 30, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>With Donor Restrictions: Perpetual in Nature</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ -	\$ 14,700	\$ 750,000	\$ 764,700
ENDOWMENT NET ASSETS	<u>\$ -</u>	<u>\$ 14,700</u>	<u>\$ 750,000</u>	<u>\$ 764,700</u>

Changes in endowment net assets for the year ended June 30, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>With Donor Restrictions: Perpetual in Nature</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 6,156	\$ 250,000	\$ 256,156
Interest income	-	8,544	-	8,544
Contributions	-	-	500,000	500,000
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ 14,700</u>	<u>\$ 750,000</u>	<u>\$ 764,700</u>

Endowment net asset composition by type of fund as of June 30, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>With Donor Restrictions: Perpetual in Nature</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ -	\$ 6,156	\$ 250,000	\$ 256,156
ENDOWMENT NET ASSETS	<u>\$ -</u>	<u>\$ 6,156</u>	<u>\$ 250,000</u>	<u>\$ 256,156</u>

Changes in endowment net assets for the year ended June 30, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>With Donor Restrictions: Perpetual in Nature</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 5,903	\$ 250,000	\$ 255,903
Interest income	-	253	-	253
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ 6,156</u>	<u>\$ 250,000</u>	<u>\$ 256,156</u>

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10. ENDOWMENTS (Continued)

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as fund of perpetual duration. No material deficiencies were noted as of June 30, 2023 and 2022.

Return Objectives and Risk Parameters -

The Organizations have adopted investment and spending 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 organization must hold in perpetuity or for a donor-specified period. The endowment funds have been invested with a focus on income and capital preservation.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, the Organizations rely on a total return strategy in which earnings are achieved through bank interest income.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The Organizations do not have a target distribution policy as the endowment earnings are expected to be spent in future years as building activities are expected to require use of the accumulated earnings. This is consistent with the Organizations' objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

11. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through January 18, 2024, the date the consolidated financial statements were issued.

On September 22, 2023, the Irish government announced an additional grant of €2 million for the Phase Two/51st Street project. A funding agreement with the Irish government Department of Tourism, Gaeltacht, Culture, Arts, Sport and Media was signed on October 16, 2023, and the grant funds were received on October 30, 2023.