

CONSOLIDATED FINANCIAL STATEMENTS

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

IAC-NYC, LLC

**FOR THE YEARS ENDED
JUNE 30, 2020 AND 2019**

**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

We have audited the accompanying consolidated financial statements of An Claidheamh Soluis, Inc. (d/b/a Irish Arts Center) and IAC-NYC, LLC (together "the Organizations"), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

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, 2020 and 2019, and the consolidated changes in their net assets and their consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Gelman Rosenberg & Friedman

December 17, 2020

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2020 AND 2019**

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,226,118	\$ 5,497,584
Pledges receivable, net of noncurrent portion and allowance of \$80,574 in 2020 and \$73,822 in 2019, respectively	636,426	578,720
Contributions and grants receivable, net of noncurrent portion	1,807,091	2,358,281
Accounts receivable	82,397	48,019
Prepaid expenses and other assets	<u>78,508</u>	<u>126,218</u>
Total current assets	<u>10,830,540</u>	<u>8,608,822</u>
PROPERTY AND EQUIPMENT		
Land	13,500,000	13,500,000
Leasehold improvements	22,266	21,166
Furniture and equipment	14,810	14,810
Computer equipment	<u>39,871</u>	<u>41,193</u>
	13,576,947	13,577,169
Less: Accumulated depreciation and amortization	<u>(41,414)</u>	<u>(35,754)</u>
Net property and equipment	<u>13,535,533</u>	<u>13,541,415</u>
NONCURRENT ASSETS		
Construction in progress	38,637,428	18,379,095
Pledges receivable, net of current portion, allowance and present value discount of \$131,103 in 2020 and \$123,796 in 2019, respectively	745,897	814,204
Contributions and grants receivable, net of current portion	<u>-</u>	<u>100,000</u>
Total noncurrent assets	<u>39,383,325</u>	<u>19,293,299</u>
TOTAL ASSETS	<u>\$ 63,749,398</u>	<u>\$ 41,443,536</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,911,083	\$ 1,666,713
Line of credit	4,427,294	2,752,942
Note payable	117,111	-
Retention payable on construction contracts	2,189,030	545,113
Right of use liability	625,000	625,000
Contract advances	<u>92,323</u>	<u>34,723</u>
Total current liabilities	<u>9,361,841</u>	<u>5,624,491</u>
LONG-TERM LIABILITIES		
Note payable, net of current portion	<u>150,531</u>	<u>-</u>
NET ASSETS		
Without donor restrictions	1,034,047	796,108
With donor restrictions	<u>53,202,979</u>	<u>35,022,937</u>
Total net assets	<u>54,237,026</u>	<u>35,819,045</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 63,749,398</u>	<u>\$ 41,443,536</u>

See accompanying notes to consolidated financial statements.

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

**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants	\$ 3,083,444	\$ 19,238,355	\$ 22,321,799
In-kind contributions	136,453	-	136,453
Individual membership	51,117	-	51,117
Registration fees	80,965	-	80,965
Program ticket sales income	77,926	-	77,926
Program merchandise and concession sales	17,579	-	17,579
Interest income	444	9,411	9,855
Other revenue	24,842	-	24,842
Net assets released from donor restrictions	<u>1,066,049</u>	<u>(1,066,049)</u>	<u>-</u>
Total support and revenue	<u>4,538,819</u>	<u>18,181,717</u>	<u>22,720,536</u>
EXPENSES			
Program Services	<u>1,820,784</u>	<u>-</u>	<u>1,820,784</u>
Supporting Services:			
General and Administrative	752,120	-	752,120
Fundraising	1,013,140	-	1,013,140
Capital Campaign	<u>714,836</u>	<u>-</u>	<u>714,836</u>
Total supporting services	<u>2,480,096</u>	<u>-</u>	<u>2,480,096</u>
Total expenses	<u>4,300,880</u>	<u>-</u>	<u>4,300,880</u>
Changes in net assets before other item	237,939	18,181,717	18,419,656
OTHER ITEM			
Change in the provision on restricted pledges	<u>-</u>	<u>(1,675)</u>	<u>(1,675)</u>
Changes in net assets	237,939	18,180,042	18,417,981
Net assets at beginning of year	<u>796,108</u>	<u>35,022,937</u>	<u>35,819,045</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,034,047</u>	<u>\$ 53,202,979</u>	<u>\$ 54,237,026</u>

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

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants	\$ 2,742,412	\$ 21,998,171	\$ 24,740,583
In-kind contributions	97,547	-	97,547
Individual membership	53,826	-	53,826
Registration fees	130,705	-	130,705
Program ticket sales income	247,840	-	247,840
Program merchandise and concession sales	26,172	-	26,172
Interest income	300	5,669	5,969
Other revenue	1,785	-	1,785
Net assets released from donor restrictions	<u>1,333,175</u>	<u>(1,333,175)</u>	<u>-</u>
Total support and revenue	<u>4,633,762</u>	<u>20,670,665</u>	<u>25,304,427</u>
EXPENSES			
Program Services	<u>2,249,359</u>	<u>-</u>	<u>2,249,359</u>
Supporting Services:			
General and Administrative	620,537	-	620,537
Fundraising	960,108	-	960,108
Capital Campaign	<u>590,825</u>	<u>-</u>	<u>590,825</u>
Total supporting services	<u>2,171,470</u>	<u>-</u>	<u>2,171,470</u>
Total expenses	<u>4,420,829</u>	<u>-</u>	<u>4,420,829</u>
Changes in net assets before other item	212,933	20,670,665	20,883,598
OTHER ITEM			
Change in the provision on restricted pledges	<u>-</u>	<u>53,446</u>	<u>53,446</u>
Changes in net assets	212,933	20,724,111	20,937,044
Net assets at beginning of year	<u>583,175</u>	<u>14,298,826</u>	<u>14,882,001</u>
NET ASSETS AT END OF YEAR	<u>\$ 796,108</u>	<u>\$ 35,022,937</u>	<u>\$ 35,819,045</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, 2020**

	Supporting Services					Total Expenses
	Program Services	General and Administrative	Fundraising	Capital Campaign	Total Supporting Services	
Salaries and benefits	\$ 1,000,440	\$ 312,774	\$ 412,463	\$ 354,969	\$ 1,080,206	\$ 2,080,646
Contracted services	358,517	20,370	144,528	291,923	456,821	815,338
Professional fees	58,077	288,950	-	15,255	304,205	362,282
Space rental	40,689	676	165,432	-	166,108	206,797
Production supplies	13,972	3,360	8,310	3,741	15,411	29,383
Sanitation, cleaning and exterminating	5,414	1,801	2,309	-	4,110	9,524
Utilities	38,531	2,930	3,755	-	6,685	45,216
Building repairs and maintenance	3,547	1,180	1,513	-	2,693	6,240
Equipment rental	19,344	1,146	13,892	-	15,038	34,382
Insurance	14,705	4,892	6,271	33,626	44,789	59,494
Dues and subscriptions	8,518	1,418	2,850	-	4,268	12,786
Postage and shipping	21,938	925	2,972	425	4,322	26,260
Printing and reproduction	33,491	3,030	27,005	206	30,241	63,732
Conferences and meetings	3,376	185	-	-	185	3,561
Telephone and internet	9,294	3,092	4,463	-	7,555	16,849
Advertising and marketing	16,722	1,550	501	-	2,051	18,773
Travel and entertainment	125,144	66,050	164,450	3,195	233,695	358,839
Awards, prizes, and contributions	194	12,437	22,816	-	35,253	35,447
Depreciation and amortization	11,826	3,934	5,043	-	8,977	20,803
Uncollectible pledges	-	2,027	4,000	-	6,027	6,027
Credit card and ticket service fees	12,158	1,856	20,401	-	22,257	34,415
Bank fees	34	8,495	90	9,658	18,243	18,277
Merchandise	2,556	-	-	-	-	2,556
Miscellaneous expenses	22,297	9,042	76	1,838	10,956	33,253
TOTAL	\$ 1,820,784	\$ 752,120	\$ 1,013,140	\$ 714,836	\$ 2,480,096	\$ 4,300,880

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

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

	Supporting Services					Total Expenses
	Program Services	General and Administrative	Fundraising	Capital Campaign	Total Supporting Services	
Salaries and benefits	\$ 705,742	\$ 202,820	\$ 340,309	\$ 355,293	\$ 898,422	\$ 1,604,164
Contracted services	897,140	29,988	150,645	-	180,633	1,077,773
Professional fees	65,587	199,928	-	540	200,468	266,055
Space rental	59,323	668	206,533	-	207,201	266,524
Production supplies	14,437	3,038	22,008	-	25,046	39,483
Sanitation, cleaning and exterminating	8,565	2,486	4,433	-	6,919	15,484
Utilities	10,263	2,903	5,177	723	8,803	19,066
Building repairs and maintenance	10,355	2,993	5,337	-	8,330	18,685
Equipment rental	46,024	1,024	13,915	-	14,939	60,963
Insurance	11,978	3,476	6,200	150,886	160,562	172,540
Dues and subscriptions	9,514	1,538	4,047	-	5,585	15,099
Postage and shipping	27,355	1,010	6,923	703	8,636	35,991
Printing and reproduction	45,359	156	26,681	1,149	27,986	73,345
Conferences and meetings	3,776	238	3,212	-	3,450	7,226
Telephone and internet	7,932	2,264	7,795	-	10,059	17,991
Advertising and marketing	41,274	2,095	2,083	120	4,298	45,572
Travel and entertainment	216,962	91,920	85,037	64,697	241,654	458,616
Awards, prizes, and contributions	2,256	15,047	43,465	3,480	61,992	64,248
Depreciation and amortization	8,815	2,559	4,563	-	7,122	15,937
Uncollectible pledges	-	40,972	-	-	40,972	40,972
Credit card and ticket service fees	29,578	-	21,599	-	21,599	51,177
Bank fees	(104)	6,800	-	7,588	14,388	14,284
Merchandise	7,835	-	-	-	-	7,835
Miscellaneous expenses	19,393	6,614	146	5,646	12,406	31,799
TOTAL	\$ 2,249,359	\$ 620,537	\$ 960,108	\$ 590,825	\$ 2,171,470	\$ 4,420,829

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 18,417,981	\$ 20,937,044
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	20,803	15,937
Change in discount on noncurrent pledges receivable	10,357	(109,392)
Change in allowance for doubtful amounts	3,702	(59,956)
Receipt of donated securities	(131,528)	(236,352)
Sale of donated securities	131,381	238,748
Realized loss (gain) on sale of donated securities	147	(2,397)
Receipt of land	-	(12,874,999)
Receipt of land right of use	-	(625,000)
(Increase) decrease in:		
Pledges receivable	(3,458)	1,120,935
Contributions and grants receivable	651,190	(2,360,009)
Accounts receivable	(34,378)	(16,958)
Prepaid expenses and other assets	47,710	(83,011)
Increase in:		
Accounts payable and accrued liabilities	244,370	793,075
Retention payable on construction contracts	1,643,917	545,113
Right of use liability	-	625,000
Contract advances	<u>57,600</u>	<u>900</u>
Net cash provided by operating activities	<u>21,059,794</u>	<u>7,908,678</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for leasehold improvements	(1,100)	(8,806)
Purchase of computer equipment	(13,822)	(21,430)
Payments for construction in progress	(20,258,333)	(10,202,903)
Purchase of land	<u>-</u>	<u>(1)</u>
Net cash used by investing activities	<u>(20,273,255)</u>	<u>(10,233,140)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from lines of credit, net	1,674,353	2,752,942
Proceeds from note payable	<u>267,642</u>	<u>-</u>
Net cash provided by financing activities	<u>1,941,995</u>	<u>2,752,942</u>
Net increase in cash and cash equivalents	2,728,534	428,480
Cash and cash equivalents at beginning of year	<u>5,497,584</u>	<u>5,069,104</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 8,226,118</u>	<u>\$ 5,497,584</u>
SUPPLEMENTAL INFORMATION:		
Donated Land	<u>\$ -</u>	<u>\$ 12,874,999</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, 2020 AND 2019**

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.

Irish Arts Center is currently constructing a new facility to serve its multi-disciplinary programmatic activities. The first phase, on Eleventh Avenue, will contain 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 to project Irish Arts Center on the digital platform, and will 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.

During fiscal year 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 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.

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, 2020 AND 2019**

**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 2020, the Organizations adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance to better distinguish between conditional and unconditional contributions. The Organizations adopted the ASU using a modified prospective basis.

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. Included in cash and cash equivalents are short-term certificates of deposit (totaling \$250,531 and \$250,476 at June 30, 2020 and 2019, respectively) with maturities of three months or less (from the Consolidated Statements of Financial Position date). Certificates of deposit are recorded at cost plus accrued interest, which approximates fair value.

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.

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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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

Pledges and grants receivable (continued) -

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. 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, 2020 and 2019, 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 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. Leasehold improvements are amortized over fifteen years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the years ended June 30, 2020 and 2019 totaled \$20,803 and \$15,937, respectively.

Construction in progress -

The Organizations are carrying out a capital project consisting of construction of a new building to enhance program services of the Center. The funding sources of this project thus far are mainly coming from the City of New York, the State of New York, the Government of Ireland, private donors and foundations (Note 2).

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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

Construction in progress (continued) -

The Organizations have capitalized \$38,637,428 and \$18,379,095 of costs through June 30, 2020 and 2019, respectively. The Organizations will begin depreciating the costs once the Center is operational.

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 Consolidated Statements of Activities and Changes in Net Assets, to its current fair value.

Revenue recognition -

Membership dues includes general member benefits that are a series of distinct obligations and is 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.

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 majority of the Organizations' revenue is received through contributions and grants from 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 contribution or grant 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.

For contributions and grants qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and grants 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; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Awards qualifying as conditional contributions contain a right of return and a barrier. Revenue under conditional awards is recognized when the condition or conditions are satisfied. In certain cases, awards from local governments and similar entities are specific to the incurrence of project related direct and indirect costs; these transactions are nonreciprocal and classified as conditional, and therefore are recognized as contributions when the revenue becomes unconditional. Typically, these agreements also contain a right of return or right of release from obligation provision and the entity has limited discretion over how funds transferred should be spent. As such, the Organizations recognize revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred).

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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

Revenue recognition (continued) -

The Organizations consider awards (contributions, pledges and grants) related to the new Irish Arts Center to be 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.

In-kind contributions -

In-kind contributions are recorded at their fair value as of the date of the gift. Donated goods include floral arrangements, works of art, musical instruments, airline tickets, beverages and food; donated services include class instruction and artist performance. During the years ended June 30, 2020 and 2019, the Organizations received contributions of goods and services with a fair value aggregating \$136,453 and \$97,547, respectively.

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 attributable to specific functional areas of the organization are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas based on an internal assessment of time spent on each program or support function. Included in Program Services are period costs related to the new building project activities including allocated salaries, contracted services, and utilities; during the years ended June 30, 2020 and 2019, such expenses that are included in "Program Services" (in the Consolidated Statements of Functional Expenses) totaled \$117,688 and \$515,742, respectively.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact the Organizations' operations; the overall potential impact is unknown at this time as the situation continues to evolve as of the date of this report.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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

Economic uncertainties (continued) -

The Organizations are regularly monitoring their construction activities and associated costs to ensure a successful completion. Management is also actively monitoring all other operational aspects and any potential impact on the Organizations' financial condition, liquidity, operations, industry, and workforce.

New accounting pronouncements (not yet adopted) -

FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. During 2020, the FASB delayed the implementation date under ASU 2020-05 for an additional year. Organizations may elect to adopt the guidance for annual reporting periods beginning after December 15, 2019 and for interim periods within annual reporting periods beginning after December 15, 2020. Early adoption is still permitted.

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Consolidated Statements of Financial Position and disclosing key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

The Organizations plan to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption method and the impact of the new standards on its accompanying consolidated financial statements.

2. CAPITAL PROJECT COMMITMENTS

Irish Arts Center is currently constructing a new facility to serve its programmatic activities. The first phase on Eleventh Avenue will contain 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 to project Irish Arts Center on the digital platform, and will 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, 2020, \$500,000 of the full \$500,000 award, \$309,119 of which was for the capital project, has been drawn.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

2. CAPITAL PROJECT COMMITMENTS (Continued)

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.

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 \$8.33 million to the 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.

Following is a reconciliation of awards received from the ESP (under three grants) as well as the grant from DAHG/DCHG as of June 30, 2020 and 2019:

	2020	2019
Award received - ESP first grant	\$ 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>
	2020	2019
Award received - ESP second grant (received in fiscal 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>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

2. CAPITAL PROJECT COMMITMENTS (Continued)

	2020	2019
Award received - ESP third grant (received in fiscal 2018)	\$ 1,336,567	\$ 1,336,567
Cumulative interest earned	2,482	2,482
Cumulative payments made	<u>(1,339,032)</u>	<u>(1,339,032)</u>
UNSPENT BALANCE AS OF FISCAL YEAR END	\$ <u>17</u>	\$ <u>17</u>
	2020	2019
Award received - DAHG (received in fiscal year 2017)	\$ 1,037,200	\$ 1,037,200
Cumulative interest earned	2,216	2,216
Cumulative payments made	<u>(1,039,416)</u>	<u>(1,039,416)</u>
UNSPENT BALANCE AS OF FISCAL YEAR END	\$ <u>-</u>	\$ <u>-</u>
	2020	2019
Award received - DCHG (received in fiscal year 2018)	\$ 1,178,100	\$ 1,178,100
Cumulative interest earned	1,944	1,944
Cumulative payments made	<u>(1,180,037)</u>	<u>(1,180,037)</u>
UNSPENT BALANCE AS OF FISCAL YEAR END	\$ <u>7</u>	\$ <u>7</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, 2020 and 2019, a total of \$84,907,802 and \$71,939,746 in commitments have been received for the New Irish Arts Center project.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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, 2020 and 2019:

	<u>2020</u>	<u>2019</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
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 Foreign Affairs	73,500	73,500
Interest on Government of Ireland funds	172,136	172,136
City of New York - Phase 1	17,077,092	6,393,592
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	-
Private donors, documented pledges and one-time gifts - Phase 1	8,452,028	8,137,028
Private donors, documented pledges and one-time gifts - Phase 2	2,865,140	479,630
Interest on Private donor funds	<u>27,130</u>	<u>17,584</u>
 Total commitments recorded as revenue	 <u>38,282,802</u>	 <u>24,839,746</u>
 City of New York - Phase 1	 19,772,908	 30,456,408
City of New York - Phase 2*	5,000,000	5,000,000
New York State:		
Empire State Development Regional Council Award	2,000,000	2,000,000
New York State Senate, State and Municipal Facilities (SAM)	1,500,000	1,500,000
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 Senate, Economic Development Assistance Program	100,000	100,000
Private donors, verbal pledges - Phase I	275,000	1,100,000
Private donors, verbal pledges - Phase II	<u>400,000</u>	<u>50,000</u>
 Total commitments not recorded as revenue	 <u>29,547,908</u>	 <u>40,706,408</u>
 TOTAL CAPITAL PROJECT COMMITMENTS	 <u>\$ 67,830,710</u>	 <u>\$ 65,546,154</u>

* Phase 2 commitments include the renovation of the 553/555 West 51st Street property.

In fiscal 2020 and 2019, the City of New York funded \$17,077,092 and \$6,393,592, for work in progress relating to the new Irish Arts Center, respectively.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

2. CAPITAL PROJECT COMMITMENTS (Continued)

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 \$1,552,000 and \$1,543,500 had not yet been collected as of June 30, 2020 and 2019, respectively).

Additionally, the Organizations received commitments for support (in the form of pledges) in support of current programming and operating activities, of which \$42,000 and \$47,042 had not yet been collected as of June 30, 2020 and 2018, 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 4.50% and 5.25% (the Federal prime rate at the time the pledge was made).

Following is a summary of all pledges receivable as of June 30, 2020 and 2019:

Year Ending June 30,	2020	2019
2020	\$ -	\$ 652,542
2021	717,000	383,000
2022	390,000	310,000
2023	205,000	145,000
2024	157,000	100,000
Thereafter	125,000	-
	1,594,000	1,590,542
Current allowance for uncollectible pledges	(80,574)	(73,822)
Noncurrent allowance for uncollectible pledges	(43,850)	(46,900)
Noncurrent present value discount on pledges	(87,253)	(76,896)
PLEDGES RECEIVABLE, NET OF ALLOWANCE AND DISCOUNT	\$ 1,382,323	\$ 1,392,924

At June 30, 2020, \$717,000 is presented above as current; of this total, \$159,500 was due from the Organizations' donors as of June 30, 2020 but not collected, however, \$143,500 (90% of this total) has been subsequently collected.

At June 30, 2019, \$652,542 is presented above as current; of this total, \$172,042 was due from the Organizations' donors as of June 30, 2019 but not collected, however, \$130,700 (76% of this total) had been subsequently collected (as of the date of this report, the entire balance due as of June 30, 2019 has been fully collected).

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

3. PLEDGES RECEIVABLE (Continued)

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 \$1,800,000, of which installment payments of \$1,125,000 have been received by the Organizations as of June 30, 2020; 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. GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable are expected to be collected from funders over several years.

Following is a summary of all grants and contracts receivable as of June 30, 2020 and 2019:

<u>Year Ending June 30,</u>	<u>2020</u>	<u>2019</u>
2020	\$ -	\$ 2,358,281
2021	<u>1,807,091</u>	<u>100,000</u>
TOTAL GRANTS AND CONTRACTS RECEIVABLE	\$ <u>1,807,091</u>	\$ <u>2,458,281</u>

5. NOTE PAYABLE (SBA LOAN – PAYCHECK PROTECTION PROGRAM)

On May 24, 2020, Irish Arts Center was granted a loan of \$267,642 from M&T Bank pursuant to the Paycheck Protection Program (“PPP”) administered by the Small Business Administration (the “SBA”) under the CARES Act. The PPP loan, which was in the form of a Note dated April 16, 2020, matures on April 16, 2022 and bears an interest rate of 1% per annum, with interest accruing on the unpaid principal balance. No payments of principal or interest are due during the six-month period beginning on the date of the PPP loan (the “Deferral Period”). The PPP Loan and accrued interest may be forgivable after eight weeks as long as the organization uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. Irish Arts Center has used the entire loan amount for qualifying expenses and believes it will meet the conditions for forgiveness. The balance of the loan at June 30, 2020 was \$267,642. The PPP loan is recorded as a note payable in the liabilities section of the balance sheet. If forgiven, the full PPP loan amount will be recognized as contribution revenue.

Principal payments as stated in the note are due, unless otherwise forgiven, as follows:

<u>Year Ending June 30,</u>	
2021	\$ 117,111
2022	<u>150,531</u>
	\$ <u>267,642</u>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

6. 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, interest rate cap agreements 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 LIBOR rate plus 3.50%. The Organizations exercised a rate cap agreement for LIBOR at 3% which caps the rate at a maximum total of 6.5% for the first \$7,500,000 of the line of credit. This rate agreement caps the interest rate for the duration of the loan. The outstanding balance at June 30, 2020 and 2019 aggregated \$4,380,755 and \$2,561,391 respectively.

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 outstanding balance at June 30, 2020 and 2019 aggregated \$46,539 and \$191,551 respectively.

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, replacing the equal line of credit previously held by An Claidheamh Soluis, Inc. with Signature Bank. 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"). Amounts borrowed (under the terminated line of credit) bear interest at the bank's prime rate, with the minimum rate being 4%. The line of credit was secured by a first position on all assets of the Organizations. As of June 30, 2020 and 2019, there were no outstanding borrowings on either line of credit.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Capital Project	\$ 53,044,548	\$ 34,861,182
General Fundraising	129,385	128,384
Annual Gala	25,000	30,000
Production/Programming Support	675	-
Other Project Support	<u>3,371</u>	<u>3,371</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 53,202,979</u>	<u>\$ 35,022,937</u>

**AN CLAUDHEAMH SOLUIS, INC. (D/B/A IRISH ARTS CENTER)
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

7. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets with donor restrictions were released during the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Capital Campaign	\$ 832,523	\$ 1,105,925
General Fundraising	72,500	5,000
Annual Gala	30,000	106,000
Production/Programming Support	131,026	115,850
Other Project Support	<u>-</u>	<u>400</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 1,066,049</u>	<u>\$ 1,333,175</u>

8. 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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 8,226,118	\$ 5,497,584
Pledges receivable	636,426	578,720
Contributions and grants receivable	1,807,091	2,358,281
Accounts receivable	<u>82,397</u>	<u>48,019</u>
Subtotal financial assets available within one year	10,752,032	8,482,604
Less: Donor restricted funds, excluding amounts previously capitalized and paid for the capital campaign and land donation	(4,855,087)	(4,862,112)
Less: Line of credit, restricted for capital campaign	<u>(4,427,295)</u>	<u>(2,752,942)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 1,469,650</u>	<u>\$ 867,550</u>

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 therefore able to ensure that there is cash available to meet current liquidity needs. In addition, the Organizations have a committed line of credit of \$250,000 for general operating needs.

9. OFFICE LEASE

Prior to October 2018, when IAC-NYC, LLC took title to the property, Irish Arts Center leased its principal office space from the City of New York on a month-to-month basis. During the years ended June 30, 2020 and 2019, rent expense totaled \$0 and \$261, respectively; such amounts are included in space rental in the accompanying Consolidated Statements of Functional Expenses.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

10. 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), the failure to obtain a temporary or permanent Certificate of Occupancy on or before March 1, 2021, and/or a prohibited transfer, without the prior written consent of HPD, shall also 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.

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. Additionally, until the issuance of a Certificate of Completion by New York City Department of Housing Preservation and Development (HPD), the failure to obtain a temporary or permanent Certificate of Occupancy on or before March 1, 2021, and/or a prohibited transfer, without the prior written consent of HPD, shall also constitute an event of default.

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.

11. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through December 17, 2020, the date the consolidated financial statements were issued.