

CONSOLIDATED FINANCIAL STATEMENTS

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

IAC-NYC, LLC

**FOR THE YEARS ENDED
JUNE 30, 2022 AND 2021**

**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, 2022 and 2021, 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 financial position of the Organizations as of June 30, 2022 and 2021, 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.



December 8, 2022

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2022 AND 2021**

ASSETS	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,457,528	\$ 6,781,647
Pledges receivable, net of noncurrent portion and allowance of \$169,180 in 2022 and \$79,561 in 2021, respectively	607,887	768,150
Grants receivable	383,528	944,390
Accounts receivable	17,292	7,516
Prepaid expenses and other assets	<u>124,204</u>	<u>52,255</u>
Total current assets	<u>5,590,439</u>	<u>8,553,958</u>
PROPERTY AND EQUIPMENT		
Building	51,523,169	-
Land	13,500,000	13,500,000
Theatrical equipment	740,796	-
Furniture and equipment	634,676	14,810
Computer equipment	76,977	40,470
Leasehold improvements	<u>40,966</u>	<u>40,966</u>
	66,516,584	13,596,246
Less: Accumulated depreciation and amortization	<u>(1,082,774)</u>	<u>(60,626)</u>
Net property and equipment	<u>65,433,810</u>	<u>13,535,620</u>
NONCURRENT ASSETS		
Construction in progress	-	49,283,605
Pledges receivable, net of current portion, allowance and present value discount of \$133,328 in 2022 and \$115,207 in 2021, respectively	<u>324,922</u>	<u>699,293</u>
Total noncurrent assets	<u>324,922</u>	<u>49,982,898</u>
TOTAL ASSETS	<u>\$ 71,349,171</u>	<u>\$ 72,072,476</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 698,947	\$ 1,184,566
Lines of credit	918,750	5,084,396
Note payable	-	265,805
Retention payable on construction contracts	109,424	976,514
Right of use liability	625,000	625,000
Contract advances	<u>32,239</u>	<u>30,823</u>
Total current liabilities	<u>2,384,360</u>	<u>8,167,104</u>
NET ASSETS		
Without donor restrictions	52,631,874	1,768,864
With donor restrictions	<u>16,332,937</u>	<u>62,136,508</u>
Total net assets	<u>68,964,811</u>	<u>63,905,372</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 71,349,171</u>	<u>\$ 72,072,476</u>

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, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants	\$ 3,897,777	\$ 8,192,372	\$ 12,090,149
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	-	17,767
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 ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants	\$ 3,268,398	\$ 9,799,824	\$ 13,068,222
In-kind contributions	34,641	-	34,641
Individual membership	50,559	-	50,559
Registration fees	179,377	-	179,377
Program ticket sales income	4,515	-	4,515
Program merchandise and concession sales	234	-	234
Interest income	478	2,119	2,597
Other revenue	30,769	-	30,769
Net assets released from donor restrictions	<u>865,302</u>	<u>(865,302)</u>	<u>-</u>
Total support and revenue	<u>4,434,273</u>	<u>8,936,641</u>	<u>13,370,914</u>
EXPENSES			
Program Services	<u>1,622,658</u>	<u>-</u>	<u>1,622,658</u>
Supporting Services:			
General and Administrative	1,014,580	-	1,014,580
Fundraising	793,105	-	793,105
Capital Campaign	<u>269,113</u>	<u>-</u>	<u>269,113</u>
Total supporting services	<u>2,076,798</u>	<u>-</u>	<u>2,076,798</u>
Total expenses	<u>3,699,456</u>	<u>-</u>	<u>3,699,456</u>
Changes in net assets before other item	734,817	8,936,641	9,671,458
OTHER ITEM			
Change in the provision on restricted pledges	<u>-</u>	<u>(3,112)</u>	<u>(3,112)</u>
Changes in net assets	734,817	8,933,529	9,668,346
Net assets at beginning of year	<u>1,034,047</u>	<u>53,202,979</u>	<u>54,237,026</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,768,864</u>	<u>\$ 62,136,508</u>	<u>\$ 63,905,372</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, 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	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 STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	Supporting Services					Total Expenses
	Program Services	General and Administrative	Fundraising	Capital Campaign	Total Supporting Services	
Salaries and benefits	\$ 842,715	\$ 635,170	\$ 407,568	\$ 188,336	\$ 1,231,074	\$ 2,073,789
Contracted services	392,301	42,981	160,027	20,278	223,286	615,587
Professional fees	10,540	267,094	-	45,240	312,334	322,874
Space rental	5,686	2,121	2,985	-	5,106	10,792
Production supplies	66,702	878	1,236	-	2,114	68,816
Sanitation, cleaning and exterminating	222	83	117	-	200	422
Utilities	45,876	7,715	10,856	-	18,571	64,447
Building repairs and maintenance	6,864	2,560	3,603	-	6,163	13,027
Equipment rental	9,582	1,009	39,630	-	40,639	50,221
Insurance	177,938	11,439	16,098	-	27,537	205,475
Dues and subscriptions	13,710	5,114	7,196	-	12,310	26,020
Postage and shipping	5,843	2,180	3,067	84	5,331	11,174
Printing and reproduction	61	750	4,875	-	5,625	5,686
Conferences and meetings	356	574	300	-	874	1,230
Telephone and internet	13,678	5,102	7,180	-	12,282	25,960
Advertising and marketing	13,484	675	98	-	773	14,257
Travel and entertainment	3,668	11,186	2,821	129	14,136	17,804
Awards, prizes, and contributions	-	1,979	96,293	-	98,272	98,272
Depreciation and amortization	10,497	3,915	5,510	-	9,425	19,922
Uncollectible pledges (recovery)	-	(7,250)	1,039	3,112	(3,099)	(3,099)
Credit card and ticket service fees	1,737	999	21,711	-	22,710	24,447
Bank fees	-	12,372	-	11,678	24,050	24,050
Miscellaneous expenses	1,198	5,934	895	256	7,085	8,283
TOTAL	\$ 1,622,658	\$ 1,014,580	\$ 793,105	\$ 269,113	\$ 2,076,798	\$ 3,699,456

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 5,059,439	\$ 9,668,346
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	1,026,015	19,922
Contributions restricted for long-term purposes	-	(9,054,815)
Change in discount on noncurrent pledges receivable	(14,067)	(12,771)
Change in allowance for doubtful amounts	121,807	(4,138)
Receipt of donated securities	(168,611)	(59,359)
Sale of donated securities	169,072	59,799
Realized gain on sale of donated securities	(461)	(440)
Forgiveness of debt	-	(267,642)
Loss on disposal of assets		1,259
Decrease (increase) in:		
Pledges receivable	426,894	(68,211)
Grants receivable	560,862	862,701
Accounts receivable	(9,776)	74,881
Prepaid expenses and other assets	(71,949)	26,253
(Decrease) increase in:		
Accounts payable and accrued liabilities	(485,619)	(726,517)
Retention payable on construction contracts	(867,090)	(1,212,516)
Contract advances	<u>1,416</u>	<u>(61,500)</u>
Net cash provided (used) by operating activities	<u>5,747,932</u>	<u>(754,748)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for leasehold improvements	-	(18,700)
Purchase of furniture and equipment	(944,421)	-
Purchase of computer equipment	(39,337)	(2,568)
Payments for construction in progress	<u>(2,656,842)</u>	<u>(10,646,177)</u>
Net cash used by investing activities	<u>(3,640,600)</u>	<u>(10,667,445)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from lines of credit, net		657,102
Proceeds from note payable	-	265,805
Amounts restricted for long-term purposes	-	9,054,815
Payment of note payable	(265,805)	-
Payment of line of credit	<u>(4,165,646)</u>	<u>-</u>
Net cash (used) provided by financing activities	<u>(4,431,451)</u>	<u>9,977,722</u>
Net decrease in cash and cash equivalents	(2,324,119)	(1,444,471)
Cash and cash equivalents at beginning of year	<u>6,781,647</u>	<u>8,226,118</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,457,528</u>	<u>\$ 6,781,647</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Interest Paid	<u>\$ 169,620</u>	<u>\$ 353,086</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, 2022 AND 2021**

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 has completed construction of a new 22,000 square foot facility to serve its multi-disciplinary programmatic activities. The first phase, on Eleventh Avenue, 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 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, 2022 AND 2021**

**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 year ended June 30, 2022, the the Organizations adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU was adopted retrospectively and did not change the recognition and measurement requirements for those contributed nonfinancial assets.

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.

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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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

Pledges and grants receivable (continued) -

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, 2022 and 2021, 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, 2022 and 2021 totaled \$145,277 and \$19,922, respectively (excluding building depreciation).

Construction in progress and building -

During 2021, the Organizations were carrying out a capital project for the 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, 2022 AND 2021**

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

Construction in progress and building (continued) -

The Organizations capitalized \$49,283,605 of costs through June 30, 2021 as construction in process. On November 1, 2021, the new building was placed into service. The building will be depreciated on a straight-line basis over a useful life of 39 years. Depreciation for the year ended June 30, 2022 totaled to \$880,738.

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 recognition -

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.

**AN CLAUDHEAMH SOLUIS, INC. (D/B/A IRISH ARTS CENTER)
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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

Revenue recognition (continued) -

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.

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 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, 2022 and 2021, the Organizations received contributions of goods and services with fair values aggregating \$49,398 and \$34,641, 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, 2022 and 2021, such expenses that are included in "Program Services" (in the Consolidated Statements of Functional Expenses) totaled \$1,583,734 and \$438,014, respectively.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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

Advertising -

The Organizations expense advertising costs as incurred. Advertising expense was \$110,613 and \$14,257 for the years ended June 30, 2022 and 2021, 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 remains uncertain at this time as the situation continues to evolve as of the date of this report. Management continues to actively monitor the public health environment and industry responses relating to all other operational aspects and any potential impact on the Organizations' financial condition, liquidity, operations, industry, and workforce with a focus on ensuring safety and economic and operational sustainability.

New accounting pronouncement (not yet adopted) -

ASU 2019-01, *Leases* (Topic 842) 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. 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 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

Irish Arts Center completed construction of a new 22,000 square foot facility to serve its programmatic activities. The first phase on Eleventh 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 to project Irish Arts Center on the digital platform, 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, 2022, \$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)
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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 \$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.

Following is a reconciliation of awards received from the ESP (under five grants) as well as the grant from DAHG, DCHG and DTCAGSM as of June 30, 2022 and 2021:

Phase One - 11th Avenue New Building

	<u>2022</u>	<u>2021</u>
Award received - ESP first grant (received in fiscal 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>

**AN CLAUDHEAMH SOLUIS, INC. (D/B/A IRISH ARTS CENTER)
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

2. CAPITAL PROJECT COMMITMENTS (Continued)

Phase One - 11th Avenue New Building (Continued)

	2022	2021
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>

	2022	2021
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>(1,339,049)</u>	<u>(1,339,049)</u>
UNSPENT BALANCE AS OF FISCAL YEAR-END	<u>\$ -</u>	<u>\$ -</u>

	2022	2021
Award received - ESP fourth grant (received in fiscal 2021 and 2022)	\$ 299,500	\$ 299,500
Cumulative interest earned	60	49
Cumulative payments made	<u>(299,517)</u>	<u>(18,558)</u>
UNSPENT BALANCE AS OF FISCAL YEAR-END	<u>\$ 43</u>	<u>\$ 280,991</u>

	2022	2021
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>

	2022	2021
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>(1,180,044)</u>	<u>(1,180,044)</u>
UNSPENT BALANCE AS OF FISCAL YEAR-END	<u>\$ -</u>	<u>\$ -</u>

**AN CLAUDHEAMH SOLUIS, INC. (D/B/A IRISH ARTS CENTER)
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

2. CAPITAL PROJECT COMMITMENTS (Continued)

Phase One - 11th Avenue New Building (Continued)

	2022	2021
Award received - DTCAGSM (received in fiscal year 2021)	\$ 726,000	\$ 726,000
Cumulative interest earned	100	85
Cumulative payments made	(726,100)	(434,833)
UNSPENT BALANCE AS OF FISCAL YEAR-END	\$ -	\$ 291,252

Phase Two - 51st Street Renovation Project

	2022	2021
Award received - DTCAGSM II (received in fiscal year 2022)	\$ 563,950	\$ -
Cumulative interest earned	26	-
Cumulative payments made	-	-
UNSPENT BALANCE AS OF FISCAL YEAR-END	\$ 563,976	\$ -

	2022	2021
Award received - ESP fifth grant (received in fiscal 2021 and 2022)	\$ 500,000	\$ -
Cumulative interest earned	23	-
Cumulative payments made	-	-
UNSPENT BALANCE AS OF FISCAL YEAR-END	\$ 500,023	\$ -

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, 2022 and 2021, a total of \$74,393,822 and \$72,816,255 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, 2022 AND 2021**

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, 2022 and 2021:

	<u>2022</u>	<u>2021</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	-
Irish Government DCHG grant	563,950	-
Interest on Government of Ireland funds	172,270	172,270
City of New York - Phase 1	35,831,250	31,198,877
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	1,400,000	800,000
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	-
NYS State and Municipal Facilities Program	1,500,000	-
Private donors, documented pledges and one-time gifts - Phase 1	9,052,028	9,237,028
Private donors, documented pledges and one-time gifts - Phase 2	3,061,340	2,443,065
Interest on Private donor funds	<u>29,458</u>	<u>29,116</u>
Total commitments recorded as revenue	<u>63,425,072</u>	<u>55,095,132</u>
City of New York - Phase 1	918,750	5,551,123
City of New York - Phase 2*	6,050,000	6,050,000
New York State:		
Empire State Development Regional Council Award	600,000	1,200,000
New York State Senate, State and Municipal Facilities (SAM)	-	1,500,000
New York State Senate, Economic Development Assistance Program	-	100,000
Private donors, verbal pledges - Phase I	-	240,000
Private donor, pending completion of CO - Phase II	3,000,000	3,000,000
Private donors, verbal pledges - Phase II	<u>400,000</u>	<u>80,000</u>
Total commitments not recorded as revenue	<u>10,968,750</u>	<u>17,721,123</u>
TOTAL CAPITAL PROJECT COMMITMENTS	<u>\$ 74,393,822</u>	<u>\$ 72,816,255</u>

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

**AN CLAUDHEAMH SOLUIS, INC. (D/B/A IRISH ARTS CENTER)
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

2. CAPITAL PROJECT COMMITMENTS (Continued)

In fiscal 2022 and 2021, the City of New York funded \$4,632,373 and \$7,727,323, 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 \$919,500 and \$1,513,250 had not yet been collected as of June 30, 2022 and 2021, respectively).

Additionally, the Organizations received commitments for support (in the form of pledges) in support of current programming and operating activities, of which \$315,817 and \$148,961 had not yet been collected as of June 30, 2022 and 2021, 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, 2022 and 2021:

Year Ending June 30.	2022	2021
2022	\$ -	\$ 847,711
2023	777,067	356,250
2024	208,250	208,250
2025	56,250	56,250
2026	56,250	193,750
Thereafter	137,500	-
Subtotal	1,235,317	1,662,211
Current allowance for uncollectible pledges	(169,180)	(79,561)
Noncurrent allowance for uncollectible pledges	(72,913)	(40,725)
Noncurrent present value discount on pledges	(60,415)	(74,482)
PLEDGES RECEIVABLE, NET OF ALLOWANCE AND DISCOUNT	\$ 932,809	\$ 1,467,443

**AN CLAUDHEAMH SOLUIS, INC. (D/B/A IRISH ARTS CENTER)
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

3. PLEDGES RECEIVABLE (Continued)

At June 30, 2022, \$777,067 is presented above as current; of this total, \$420,817 was due from the Organizations' donors as of June 30, 2022 but not collected, however, \$178,917 (43% of this total) has been subsequently collected.

At June 30, 2021, \$847,711 is presented above as current; of this total, \$303,961 was due from the Organizations' donors as of June 30, 2021 but not collected, however, \$168,961 (56% of this total) had been subsequently collected (as of the date of this report, the entire balance due as of June 30, 2021 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 is conditional to IAC receiving its final certificate of occupancy for the 11th Avenue Building and management has 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 \$1,675,000, of which installment payments of \$1,275,000 have been received by the Organizations as of June 30, 2022; 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. NOTE PAYABLE (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 (SBA) under the CARES Act. The PPP loan was forgiven on January 13, 2021 and recognized as contribution revenue during the year ended June 30, 2022.

On January 28, 2021, Irish Arts Center received a second loan of \$265,805 from M&T Bank pursuant to PPP. The PPP loan was forgiven on September 28, 2021 and recognized as contribution revenue during the year ended June 30, 2022.

5. 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 and 2021 aggregated \$918,750 and \$4,296,971, respectively. The outstanding balance of \$918,750 is expected to be paid in full upon receipt of final retainage payments from the Economic Development Corporation.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

5. LINES OF CREDIT (Continued)

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. The outstanding balance at June 30, 2021 aggregated \$787,425. On March 31, 2022, the NFF line of credit was paid in full and there was no balance 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. 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, 2022 and 2021, there were no outstanding borrowings on this line of credit.

Total interest expense was \$174,304 and \$378,644, of which the full amount was capitalized as construction in process during the years ended June 30, 2022 and 2021.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Capital Project	\$ 16,065,181	\$ 62,096,252
General Fundraising	264,385	36,885
Other Project Support	<u>3,371</u>	<u>3,371</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 16,332,937</u>	<u>\$ 62,136,508</u>

The following net assets with donor restrictions were released during the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Capital Project	\$ 53,897,510	\$ 707,127
General Fundraising	112,500	122,500
Annual Gala	-	25,000
Production/Programming Support	<u>-</u>	<u>10,675</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 54,010,010</u>	<u>\$ 865,302</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

7. 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:

	2022	2021
Cash and cash equivalents	\$ 4,457,528	\$ 6,781,647
Pledges receivable	607,887	768,150
Grants receivable	383,528	944,390
Accounts receivable	17,292	7,516
Subtotal financial assets available within one year	5,466,235	8,501,703
Less: Donor restricted funds, excluding amounts previously capitalized and paid for by the capital campaign and land donation	(2,572,824)	(1,340,601)
Less: Line of credit, restricted for capital campaign	(918,750)	(5,084,396)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 1,974,661	\$ 2,076,706

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.

8. 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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

8. 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.

9. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through December 8, 2022, the date the consolidated financial statements were issued.

IAC received its final certificate of occupancy for the 11th Avenue Building from the New York City Department of Buildings on November 18, 2022.