

CONSOLIDATED FINANCIAL STATEMENTS

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

IAC-NYC, LLC

**FOR THE YEARS ENDED
JUNE 30, 2024 AND 2023**

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

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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, 2024 and 2023, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organizations as of June 30, 2024 and 2023, 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 5, 2024

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2024 AND 2023**

ASSETS

	<u>2024</u>	<u>2023</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,536,179	\$ 4,723,398
Pledges receivable, net	1,503,560	1,611,348
Grants receivable	182,515	392,074
Prepaid expenses and other assets	<u>257,262</u>	<u>119,758</u>
Total current assets	<u>9,479,516</u>	<u>6,846,578</u>
PROPERTY AND EQUIPMENT		
Building and improvements	51,905,684	51,719,412
Land	12,875,000	12,875,000
Right-of-use asset - land held for transfer	625,000	625,000
Theatrical equipment	742,044	742,044
Furniture and equipment	716,883	657,557
Computer equipment	88,864	82,894
Leasehold improvements	<u>134,914</u>	<u>43,363</u>
	67,088,389	66,745,270
Less: Accumulated depreciation and amortization	<u>(4,204,041)</u>	<u>(2,632,346)</u>
Net property and equipment	<u>62,884,348</u>	<u>64,112,924</u>
NONCURRENT ASSETS		
Construction in progress	286,059	-
Right-of-use asset - software/operating leases	249,418	317,294
Pledges receivable, net	<u>199,914</u>	<u>957,176</u>
Total noncurrent assets	<u>735,391</u>	<u>1,274,470</u>
TOTAL ASSETS	<u>\$ 73,099,255</u>	<u>\$ 72,233,972</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 459,694	\$ 518,120
Refundable advances	29,814	-
Operating lease liability - software/operating leases	<u>86,929</u>	<u>72,000</u>
Total current liabilities	<u>576,437</u>	<u>590,120</u>
LONG-TERM LIABILITIES		
Operating lease liability - software/operating leases, net	182,427	269,356
Right-of-use liability - land held for transfer	<u>625,000</u>	<u>625,000</u>
Total long-term liabilities	<u>807,427</u>	<u>894,356</u>
Total liabilities	<u>1,383,864</u>	<u>1,484,476</u>
NET ASSETS		
Without donor restrictions	50,288,946	51,431,125
With donor restrictions	<u>21,426,445</u>	<u>19,318,371</u>
Total net assets	<u>71,715,391</u>	<u>70,749,496</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 73,099,255</u>	<u>\$ 72,233,972</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, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants	\$ 4,339,005	\$ 4,285,518	\$ 8,624,523
Contributed nonfinancial assets	234,981	-	234,981
Individual membership	85,174	-	85,174
Registration fees	168,550	-	168,550
Program ticket sales income	734,142	-	734,142
Program merchandise and concession sales	12,916	-	12,916
Interest income	255,775	13,276	269,051
Other revenue	29,803	-	29,803
Net assets released from donor restrictions	<u>2,190,720</u>	<u>(2,190,720)</u>	<u>-</u>
Total support and revenue	<u>8,051,066</u>	<u>2,108,074</u>	<u>10,159,140</u>
EXPENSES			
Program Services	<u>4,208,920</u>	<u>-</u>	<u>4,208,920</u>
Supporting Services:			
General and Administrative	1,231,507	-	1,231,507
Fundraising	1,827,733	-	1,827,733
Capital Project	<u>1,925,085</u>	<u>-</u>	<u>1,925,085</u>
Total supporting services	<u>4,984,325</u>	<u>-</u>	<u>4,984,325</u>
Total expenses	<u>9,193,245</u>	<u>-</u>	<u>9,193,245</u>
Changes in net assets	(1,142,179)	2,108,074	965,895
Net assets at beginning of year	<u>51,431,125</u>	<u>19,318,371</u>	<u>70,749,496</u>
NET ASSETS AT END OF YEAR	<u>\$ 50,288,946</u>	<u>\$ 21,426,445</u>	<u>\$ 71,715,391</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, 2023**

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

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

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

		Supporting Services				
		General and Administrative	Fundraising	Capital Project	Total Supporting Services	Total Expenses
Program Services						
Salaries and benefits	\$ 2,099,994	\$ 593,322	\$ 752,580	\$ 376,168	\$ 1,722,070	\$ 3,822,064
Contracted services	695,885	41,967	193,520	3,085	238,572	934,457
Professional fees	234,615	473,058	47,144	6,339	526,541	761,156
Space rental	22,682	5,836	231,293	-	237,129	259,811
Production supplies	17,586	2,865	6,315	-	9,180	26,766
Sanitation, cleaning and exterminating	6,747	1,905	2,391	-	4,296	11,043
Utilities	66,998	18,914	23,737	15,143	57,794	124,792
Building repairs and maintenance	15,057	4,251	5,335	18,892	28,478	43,535
Equipment rental	85,702	1,098	89,117	4,696	94,911	180,613
Insurance	74,672	20,917	26,251	-	47,168	121,840
Dues and subscriptions	39,639	4,702	7,194	-	11,896	51,535
Postage and shipping	124,667	587	3,286	-	3,873	128,540
Printing and reproduction	56,917	237	14,684	-	14,921	71,838
Conferences and meetings	4,187	2,011	6,756	-	8,767	12,954
Telephone and internet	27,432	7,710	10,359	-	18,069	45,501
Advertising and marketing	74,455	15,416	200	-	15,616	90,071
Travel and entertainment	429,185	18,081	104,141	-	122,222	551,407
Awards, prizes, and contributions	12,436	2,780	263,106	-	265,886	278,322
Depreciation and amortization	10,656	2,536	3,775	1,554,728	1,561,039	1,571,695
Uncollectible pledges (recovery)	-	5,563	10,000	(61,138)	(45,575)	(45,575)
Credit card and ticket service fees	37,749	88	17,653	-	17,741	55,490
Bank fees	11,969	3,379	4,240	7,172	14,791	26,760
Merchandise	12,700	-	67	-	67	12,767
Miscellaneous expenses	46,990	4,284	4,589	-	8,873	55,863
TOTAL	\$ 4,208,920	\$ 1,231,507	\$ 1,827,733	\$ 1,925,085	\$ 4,984,325	\$ 9,193,245

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

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

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

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 965,895	\$ 1,784,685
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,571,695	1,549,572
Change in discount on noncurrent pledges receivable	(138,426)	109,659
Change in allowance for doubtful amounts	(55,574)	(35,891)
Receipt of donated securities	(43,590)	-
Sale of donated securities	43,530	-
Realized gain on sale of donated securities	60	-
Amortization of right-of-use asset	67,876	70,586
Decrease (increase) in:		
Pledges receivable	1,059,050	(1,709,483)
Grants receivable	209,559	(8,546)
Accounts receivable	-	(13,684)
Prepaid expenses and other assets	(137,504)	35,422
(Decrease) increase in:		
Accounts payable and accrued liabilities	(58,426)	(180,827)
Retention payable on construction contracts	-	(109,424)
Contract advances	-	(32,239)
Operating lease liability - software/operating	(72,000)	(46,524)
Refundable advances	29,814	-
Net cash provided by operating activities	<u>3,441,959</u>	<u>1,413,306</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for leasehold improvements	(91,551)	(2,397)
Purchase of furniture and equipment	(59,326)	(24,129)
Purchase of computer equipment	(5,970)	(5,917)
Payments for building improvements	(186,272)	(196,243)
Payments for construction in progress	(286,059)	-
Net cash used by investing activities	<u>(629,178)</u>	<u>(228,686)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of line of credit	-	(918,750)
Net cash used by financing activities	<u>-</u>	<u>(918,750)</u>
Net increase in cash and cash equivalents	2,812,781	265,870
Cash and cash equivalents at beginning of year	<u>4,723,398</u>	<u>4,457,528</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 7,536,179</u>	<u>\$ 4,723,398</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Interest Paid	<u>\$ -</u>	<u>\$ 54,104</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:		
Right-of-Use Asset	<u>\$ -</u>	<u>\$ 546,427</u>
Operating Lease Liability for Right-of-Use Asset	<u>\$ -</u>	<u>\$ 546,427</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, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

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

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

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

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

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

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

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit 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". Net assets set aside 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, 2024 AND 2023**

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

Basis of presentation (continued) -

- **Net Assets With Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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 -

Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organizations that are subject to the guidance in FASB ASC 326 are trade accounts receivable. The Organizations implemented the ASU on July 1, 2023, using a modified retrospective approach. As a result of the Organization's analysis, the allowance was deemed immaterial, accordingly, there was no allowance for credit losses recorded as of June 30, 2024 or July 1, 2023.

Cash and cash equivalents -

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

Pledges and grants receivable -

Pledges and grants receivable include unconditional promises to give that are expected to be collected in future years. Pledges and grants receivable are recorded at their fair value, which is measured as the present value of the future cash flows.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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

Pledges and grants receivable (continued)-

The discount on long-term pledges and grants receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in contributions. Conditional promises to give are not included as support until the conditions are substantially met.

Allowance for doubtful accounts -

Receivables are evaluated for collectability 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 tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). 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.

Property and equipment -

Property and equipment (excluding building and land) in excess of \$1,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to fifteen years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense during the years ended June 30, 2024 and 2023 totaled \$228,050 and \$220,507, respectively (excluding building depreciation).

During the fiscal year ended June 30, 2022, the Organizations completed the first phase of its capital project for the construction of a new building (to enhance program services of the Center). The funding sources of this project included the City of New York, the State of New York, the Government of Ireland, private donors and foundations (Note 2). On November 1, 2021, the building was placed into service and therefore depreciated over its estimated useful life of 39 years. Land is not being depreciated. Depreciation expense on the building during the years ended June 30, 2024 and 2023 totaled \$1,343,645 and \$1,329,065, respectively.

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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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

Contributions and grants -

The majority of the Organizations' revenue is received through contributions/pledges and grants from individuals, foundations, local governments and other entities. Contributions are recognized in the appropriate category of net assets in the period received. The Organizations perform an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

Support from contributions 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, including grants qualifying as contributions, that are unconditional but 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. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. The Organizations received \$29,814 of contributions that have been recorded as refundable advances as of June 30, 2024 (as those contributions have not been earned as of year-end). There were no refundable advances as of June 30, 2023. Additionally, the Organizations did not have any conditional contributions that are expected to be received in future years (no additional contributions which have not yet been recognized) as of June 30, 2024 and 2023.

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.

Revenue from contracts with customers -

The Organizations' registration fees, ticket sales, and merchandise and concession sales income are the most significant revenue streams that are treated as exchange transaction revenue following ASC Topic 606. Revenue is recognized at the time the transaction is incurred, which typically occurs at point of sale. The Organizations' has elected to opt out of all disclosures not required for nonpublic entities. 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. Membership dues revenue is recognized ratably over the membership period. There are several benefits received that are individual distinct obligations such as discounted class registration and admissions to programs. However, these benefits are immaterial in comparison to the membership benefits provided and, as a result, they are included with the general member benefits.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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

Contributed nonfinancial assets -

Contributed nonfinancial assets consist of donated goods (works of art, event tickets, beverages and food) and donated services (artist performances). Goods donated for distribution for the Organizations' programs are recorded at their fair market value as of the date of the gift. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organizations. None of the contributed nonfinancial assets were restricted by donors and none of the donated goods were monetized through sale.

Use of estimates -

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

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

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

Advertising -

The Organizations expense advertising costs as incurred. Advertising expense was \$90,071 and \$76,560 for the years ended June 30, 2024 and 2023, respectively.

2. CAPITAL PROJECT COMMITMENTS

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

11th Avenue (Phase One) Government Funding

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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

2. CAPITAL PROJECT COMMITMENTS (Continued)

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, 2024, \$500,000 of the full \$500,000 award, \$309,119 of which was for the capital project, has been drawn.

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

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, and the Manhattan Borough President's Office awarded an additional \$50,000 in June 2020.

The Government of Ireland contributed a total of \$9.28 million to the 11th Avenue building project (Phase One). 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 were 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.

51st Street (Phase Two) Government Funding

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 redevelopment of the original 51st Street building. An additional grant of \$853,193 (paid out in installments on December 21, 2022, December 31, 2022 and March 27, 2023) was received from Culture Ireland, Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media (DTCAGSM) towards the renovation of the original 51st Street building. An additional grant of €2 million for the Phase Two/51st Street project was received from the Department of Tourism, Gaeltacht, Culture, Arts, Sport and Media on October 30, 2023.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

2. CAPITAL PROJECT COMMITMENTS (Continued)

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 11th Avenue facility (Phase One). 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 11th Avenue 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, 2024 and 2023, a total of \$84,914,758 and \$76,560,474, in commitments have been received for the new Irish Arts Center project, respectively.

In fiscal 2024 and 2023, the City of New York funded \$0 and \$918,750, for work in progress relating to the new Irish Arts Center 11th Avenue building, 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.

Following is a reconciliation of awards received from the ESP (under five grants) as well as the grants from DAHG, DCHG and DTCAGSM as of June 30, 2024 and 2023:

Phase One - 11th Avenue New Building

	<u>2024</u>	<u>2023</u>
Award received - ESP first grant (received in fiscal year 2010)	\$ 3,455,290	\$ 3,455,290
Cumulative interest earned	152,087	152,087
Cumulative payments made	<u>(3,607,377)</u>	<u>(3,607,377)</u>
UNSPENT BALANCE AS OF FISCAL YEAR-END	<u>\$ -</u>	<u>\$ -</u>

	<u>2024</u>	<u>2023</u>
Award received - ESP second grant (received in fiscal year 2015)	\$ 1,250,000	\$ 1,250,000
Cumulative interest earned	13,132	13,132
Cumulative payments made	<u>(1,263,132)</u>	<u>(1,263,132)</u>
UNSPENT BALANCE AS OF FISCAL YEAR-END	<u>\$ -</u>	<u>\$ -</u>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

2. CAPITAL PROJECT COMMITMENTS (Continued)

Phase One - 11th Avenue New Building (continued)

	<u>2024</u>	<u>2023</u>
Award received - ESP third grant (received in fiscal year 2018)	\$ 1,336,567	\$ 1,336,567
Cumulative interest earned	2,482	2,482
Cumulative payments made	<u>(1,339,049)</u>	<u>(1,339,049)</u>

UNSPENT BALANCE AS OF FISCAL YEAR-END	\$ <u>-</u>	\$ <u>-</u>
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	<u>2024</u>	<u>2023</u>
Award received - ESP fourth grant (received in fiscal years 2021 and 2022)	\$ 299,500	\$ 299,500
Cumulative interest earned	60	60
Cumulative payments made	<u>(299,517)</u>	<u>(299,517)</u>

UNSPENT BALANCE AS OF FISCAL YEAR-END	\$ <u>43</u>	\$ <u>43</u>
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	<u>2024</u>	<u>2023</u>
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>
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	<u>2024</u>	<u>2023</u>
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>
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	<u>2024</u>	<u>2023</u>
Award received - DTCAGSM (received in fiscal year 2021)	\$ 726,000	\$ 726,000
Cumulative interest earned	100	100
Cumulative payments made	<u>(726,100)</u>	<u>(726,100)</u>

UNSPENT BALANCE AS OF FISCAL YEAR-END	\$ <u>-</u>	\$ <u>-</u>
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Phase Two - 51st Street Redevelopment Project

	<u>2024</u>	<u>2023</u>
Award received - DTCAGSM II (received in fiscal year 2022)	\$ 563,950	\$ 563,950
Cumulative interest earned	18,944	6,011
Cumulative payments made	<u>(285,955)</u>	<u>-</u>

UNSPENT BALANCE AS OF FISCAL YEAR-END	\$ <u>296,939</u>	\$ <u>569,961</u>
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**AN CLAUDHEAMH SOLUIS, INC. (D/B/A IRISH ARTS CENTER)
IAC-NYC, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

2. CAPITAL PROJECT COMMITMENTS (Continued)

Phase Two - 51st Street Redevelopment Project (continued)

	<u>2024</u>	<u>2023</u>
Award received - ESP fifth grant (received in fiscal years 2021 and 2022)	\$ 500,000	\$ 500,000
Cumulative interest earned	20,291	4,812
Cumulative payments made	<u>-</u>	<u>-</u>
UNSPENT BALANCE AS OF FISCAL YEAR-END	<u>\$ 520,291</u>	<u>\$ 504,812</u>
	<u>2024</u>	<u>2023</u>
Award received - DTCAGSM III (received in fiscal year 2023)	\$ 853,192	\$ 853,192
Cumulative interest earned	18,919	5,985
Cumulative payments made	<u>(4)</u>	<u>-</u>
UNSPENT BALANCE AS OF FISCAL YEAR-END	<u>\$ 872,107</u>	<u>\$ 859,177</u>
	<u>2024</u>	<u>2023</u>
Award received - DTACAGSM IV (received in fiscal year 2024)	\$ 2,104,000	\$ -
Cumulative interest earned	88,146	-
Cumulative payments made	<u>-</u>	<u>-</u>
UNSPENT BALANCE AS OF FISCAL YEAR-END	<u>\$ 2,192,146</u>	<u>\$ -</u>

Following is a reconciliation of revenue recognized in the accompanying consolidated financial statements, including all commitments received to date, as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Capital Project: Phase One		
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
Interest on Government of Ireland funds	130,220	130,220
City of New York - Phase 1	36,750,000	36,750,000
New York State:		
Empire State Development	309,119	309,119
New York State Assembly, Strategic Investment Program	1,000,000	1,000,000
New York State Council on the Arts Capital Equipment	49,500	49,500
Empire State Development Regional Council Award	1,500,000	1,500,000

**AN CLAUDHEAMH SOLUIS, INC. (D/B/A IRISH ARTS CENTER)
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

2. CAPITAL PROJECT COMMITMENTS (Continued)

	<u>2024</u>	<u>2023</u>
Capital Project: Phase One (continued)		
New York State Technology and Development Program I	250,000	250,000
New York State Technology and Development Program II	250,000	250,000
New York State Economic Development Assistance Program	100,000	100,000
NYS State and Municipal Facilities Program	1,500,000	1,500,000
Private donors, documented pledges and one-time gifts - Phase 1	9,052,028	9,052,028
Interest on Private donor funds	<u>34,801</u>	<u>26,434</u>
Total commitments recorded as revenue	<u>60,281,825</u>	<u>60,273,458</u>
 NYS State and Municipal Facilities Program (SAM)	 50,000	 -
Total commitments not recorded as revenue	<u>50,000</u>	<u>-</u>
Phase One: TOTAL CAPITAL PROJECT COMMITMENTS	60,331,825	60,273,458
Capital Project: Phase Two/Growth & Sustainability/ Reserves/51st Street		
Private donors, documented pledges and one-time gifts - Phase 2	7,392,162	6,075,862
Interest on Private donor funds	<u>89,151</u>	<u>30,339</u>
Total commitments recorded as revenue	7,481,313	6,106,201
Private donors, verbal pledges - Phase Two	<u>540,000</u>	<u>605,000</u>
Total commitments not recorded as revenue	<u>540,000</u>	<u>605,000</u>
Phase Two: Growth & Sustainability/Reserves/51st Street - Grand Total	<u>8,021,313</u>	<u>6,711,201</u>
Capital Project: Phase Two - 51st Street Project (Restricted)		
Government of Ireland:		
Irish Government DFAT grant	500,000	500,000
Irish Government DCHG grant	563,950	563,950
Irish Government DCHG grant	853,193	853,192
Irish Government DTCAGSM IV Grant	2,104,000	-
Interest on Government of Ireland fund	<u>146,930</u>	<u>58,673</u>
Total commitments recorded as revenue	4,168,073	1,975,815
City of New York - Phase Two/51st Street*	10,000,000	7,050,000
New York State:		
Empire State Development Regional Council Award	500,000	500,000
New York State and Municipal Facilities Program	593,547	50,000
New York State Council of the Arts	<u>1,300,000</u>	<u>-</u>
Total commitments not recorded as revenue	12,393,547	7,600,000
Phase Two: 51st Street Project (Restricted) - Grand Total	<u>16,561,620</u>	<u>9,575,815</u>
TOTAL CAPITAL PROJECT COMMITMENTS	<u>\$ 84,914,758</u>	<u>\$ 76,560,474</u>

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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 \$1,513,500 and \$2,736,250 had not yet been collected as of June 30, 2024 and 2023, respectively).

Additionally, the Organizations received commitments for support (in the form of pledges) in support of current programming and operating activities, of which \$372,250 and \$208,550 had not yet been collected as of June 30, 2024 and 2023, respectively.

Pledges receivable are expected to be collected from donors over several years; those pledges which are due beyond one year from the Consolidated Statements of Financial Position date have been appropriately discounted using an effective interest rate ranging between 3.25% and 8.50% (the Federal prime rate at the time the pledge was made).

Following is a summary of all pledges receivable as of June 30, 2024 and 2023:

<u>Year Ending June 30,</u>	<u>2024</u>	<u>2023</u>
2024	\$ -	\$ 1,694,800
2025	1,642,000	1,056,250
2026	106,250	56,250
2027	56,250	56,250
2028	<u>81,250</u>	<u>81,250</u>
Subtotal	1,885,750	2,944,800
Current allowance for uncollectible pledges	(138,440)	(83,452)
Noncurrent allowance for uncollectible pledges	(12,188)	(122,750)
Noncurrent present value discount on pledges	<u>(31,648)</u>	<u>(170,074)</u>
PLEDGES RECEIVABLE, NET OF ALLOWANCE AND DISCOUNT	<u>\$ 1,703,474</u>	<u>\$ 2,568,524</u>

At June 30, 2024, \$1,642,000 is presented above as current; of this total, \$485,750 was due from the Organizations' donors as of June 30, 2024 but not collected, however, \$104,000 (21% of this total) has been subsequently collected.

At June 30, 2023, \$1,694,800 is presented above as current; of this total, \$489,800 was due from the Organizations' donors as of June 30, 2023, but not collected, however, \$151,300 (31% of this total) had been subsequently collected (as of the date of this report, the remaining \$338,500 of the entire balance due as of June 30, 2023 has been fully collected).

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

**AN CLAIDHEAMH SOLUIS, INC. (D/B/A IRISH ARTS CENTER)
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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 \$2,710,000, of which installment payments of \$2,340,000 have been received by the Organizations as of June 30, 2024; these pledges have been made by donors with a history of similar pledges and who have an ongoing relationship with the Organizations and as such are viewed as likely to be honored; however, because they are not documented in writing, management has not recorded the unpaid pledges as revenue.

4. LINES OF CREDIT

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

On October 9, 2018, An Claidheamh Soluis, Inc. and IAC-NYC, LLC, entered into a loan agreement and note, assignment and pledge of membership interest, pledge and assignment of deposit accounts, and cooperation agreements for a line of credit in the amount of \$9,750,000 with M&T Bank to bridge capital expenditures associated with city and state funding agreements. Borrowings on the line of credit bore interest at an adjustable Simple Secured Overnight Financing Rate (SOFR) rate plus 3.50%. There were no outstanding borrowings as of June 30, 2023 (the balance was fully satisfied as of that date).

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 bore interest at 6%. The note was secured by assets of the Organizations. On March 31, 2022, the NFF line of credit was paid in full (no balance remaining since that date).

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, 2024 and 2023, there were no outstanding borrowings on this line of credit.

Total interest expense was \$54,104 during the year ended June 30, 2023 (all of which was capitalized). There was no interest expense incurred during the year ended June 30, 2024.

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IAC-NYC, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Capital Project	\$ 20,329,469	\$ 18,281,171
General Fundraising	319,000	272,500
Endowments perpetual in nature	750,000	750,000
Accumulated investment earnings from endowments perpetual in nature	<u>27,976</u>	<u>14,700</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 21,426,445</u>	<u>\$ 19,318,371</u>

The following net assets with donor restrictions were released during the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Capital Project	\$ 1,666,675	\$ 2,026,139
General Fundraising	524,045	400,000
Other Project Support	<u>-</u>	<u>12,256</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 2,190,720</u>	<u>\$ 2,438,395</u>

6. LIQUIDITY AND AVAILABILITY

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

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 7,536,179	\$ 4,723,398
Pledges receivable	1,503,560	1,611,348
Grants receivable	<u>182,515</u>	<u>392,074</u>
Subtotal financial assets available within one year	9,222,254	6,726,820
Less: Donor restricted funds, excluding amounts previously capitalized and paid for by the capital campaign and land donation	<u>(6,803,183)</u>	<u>(4,629,632)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 2,419,071</u>	<u>\$ 2,097,188</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 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.

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7. CONTRIBUTED NONFINANCIAL ASSETS

During the years ended June 30, 2024 and 2023, the Organizations was the beneficiary of donated goods and services which allowed the Organizations to provide greater resources toward its various activities. There were no donor-imposed restrictions associated with the contributed nonfinancial assets during the years ended June 30, 2024 and 2023.

The following donations have been included in revenue and expense for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Awards, Prizes and Contributions	\$ <u>234,981</u>	\$ <u>37,520</u>

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

	<u>2024</u>	<u>2023</u>
Fundraising	\$ <u>234,981</u>	\$ <u>37,520</u>
TOTAL	\$ <u>234,981</u>	\$ <u>37,520</u>

8. LEASES

The Organizations follow FASB ASC 842 for leases. The Organizations have elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. The Organizations have also elected to use a risk-free rate (1.59%) as the lease discount rate for all leases as allowed under FASB ASC 842.

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

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

<u>Year Ending June 30,</u>	
2025	\$ 90,750
2026	85,250
2027	<u>99,000</u>
	275,000
Less: Imputed interest	<u>(5,644)</u>
	269,356
Less: Current portion	<u>(86,929)</u>
LONG-TERM PORTION	\$ <u>182,427</u>

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8. LEASES (Continued)

In addition to the lease noted above, the Organizations have entered into a license agreement for additional office space in New York City under a month-to-month agreement. Monthly rent payments are \$3,250. The license is cancelable by either party at any point in time.

Lease expense for the years ended June 30, 2024 and 2023 was \$96,937 and \$334,456, respectively.

9. CONTINGENCY

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

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

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

As contemplated in the Land Disposition Agreement, IAC-NYC, LLC established a commercial condominium known as Irish Arts Center Condominium (the "Condo"), which was formed on April 22, 2024. The Condo contains three (3) units: two (2) units which will be owned by IAC-NYC, LLC or affiliates of An Claidheamh Soluis, Inc. and which contain the new building at 726 11th Avenue and the existing building located at 553 West 51st Street, respectively; and one (1) unit which contains a small outdoor garden space as part of a neighboring community garden. Pursuant to the Land Disposition Agreement, the garden condominium unit will be transferred to an affiliate of Clinton Housing Development Company for nominal consideration. Upon transfer of the garden space, the enforcement note and mortgage will be split and replacement enforcement notes and mortgages will be recorded against the parcels.

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.

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.

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10. ENDOWMENTS

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

The Board has interpreted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value (as determined by FASC ASC 820) of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organizations classify as "net assets with donor restrictions: endowments perpetual in nature" (a) the original value of gifts donated to the "endowment", (b) the original value of subsequent gifts to the "endowment", and (c) accumulations to the "endowment" made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in "net assets with donor restrictions: endowments perpetual in nature" is classified as "net assets with donor restrictions" until those amounts are appropriated for expenditure by the Organizations in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

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

Endowment net asset composition by type of fund as of June 30, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>With Donor Restrictions: Perpetual in Nature</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ -	\$ 27,976	\$ 750,000	\$ 777,976
ENDOWMENT NET ASSETS	\$ -	\$ 27,976	\$ 750,000	\$ 777,976

Changes in endowment net assets for the year ended June 30, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>With Donor Restrictions: Perpetual in Nature</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 14,700	\$ 750,000	\$ 764,700
Interest income	-	13,276	-	13,276
ENDOWMENT NET ASSETS, END OF YEAR	\$ -	\$ 27,976	\$ 750,000	\$ 777,976

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10. ENDOWMENTS (Continued)

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

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

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

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

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as fund of perpetual duration. No material deficiencies were noted as of June 30, 2024 and 2023.

Return Objectives and Risk Parameters -

The Organizations have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period. The endowment funds have been invested with a focus on income and capital preservation.

Strategies Employed for Achieving Objectives -

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

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10. ENDOWMENTS (Continued)

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

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

11. PRIVATE SHARES

During the year ended June 30, 2024, the Organizations received a contribution of private shares independently valued at \$200,000. Due to the uncertainty in determining a reliable fair value and the lack of an active market, the Organizations have elected not to record these shares as assets until they are liquidated, or a realizable value is established. Additionally, in 2017, the Organizations received a similar contribution of shares with indeterminable value, and in 2023, a contribution estimated at \$180,000, both of which were not recorded in the consolidated financial statements for the same reasons.

12. SUBSEQUENT EVENTS

On August 1, 2024, the City of New York committed an additional \$4,350,000 to support the redevelopment of the 553/555 West 51st Street property.

In preparing these consolidated financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through December 5, 2024, the date the consolidated financial statements were issued.