

# **IRISH CULTURAL CENTRE, INC.**

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**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**DECEMBER 31, 2008**

**O'Connor  
& Drew P.C.**

# IRISH CULTURAL CENTRE, INC.

## Financial Statements and Supplemental Information

December 31, 2008 and 2007

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Irish Cultural Centre, Inc.

We have audited the accompanying statements of financial position of the Irish Cultural Centre, Inc. as of December 31, 2008 and 2007, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Irish Cultural Centre, Inc. as of December 31, 2008 and 2007, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole of Irish Cultural Centre, Inc. as of and for the years ended December 31, 2008 and 2007, which is presented in the preceding section of this report. The schedules of fundraising revenues and expenses, grant expenses, and general and administrative expenses are presented only for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*O'Connor & Drew, P.C.*  
Certified Public Accountants

July 21, 2009

# IRISH CULTURAL CENTRE, INC.

## Statements of Financial Position

For the Years Ended December 31,

### Assets

	<u>2008</u>	<u>2007</u>
<b>Current Assets:</b>		
Cash and equivalents	\$ 259,909	\$ 79,074
Accounts receivable	38,971	940
Prepaid expenses	8,880	15,398
Other assets	<u>7,814</u>	<u>7,743</u>
<b>Total Current Assets</b>	<u>315,574</u>	<u>103,155</u>
<b>Property and Equipment, net</b>	<u>3,937,850</u>	<u>3,965,525</u>
<b>Total Assets</b>	<u>\$ 4,253,424</u>	<u>\$ 4,068,680</u>

### Liabilities and Net Assets

<b>Current Liabilities:</b>		
Line of credit	\$ 100,000	\$ -
Current portion of notes payable	64,696	60,970
Accounts payable	110,749	21,225
Accrued expenses	<u>78,041</u>	<u>107,855</u>
<b>Total Current Liabilities</b>	<u>353,486</u>	<u>190,050</u>
<b>Long-Term Liabilities:</b>		
Notes payable, related parties	43,500	63,500
Notes payable, net of current portion	<u>402,499</u>	<u>467,133</u>
<b>Total Long-Term Liabilities</b>	<u>445,999</u>	<u>530,633</u>
<b>Total Liabilities</b>	<u>799,485</u>	<u>720,683</u>
<b>Net Assets:</b>		
Unrestricted	2,923,048	3,016,333
Temporarily restricted	<u>530,891</u>	<u>331,664</u>
<b>Total Net Assets</b>	<u>3,453,939</u>	<u>3,347,997</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 4,253,424</u>	<u>\$ 4,068,680</u>

The accompanying notes are an integral part of the financial statements.

# IRISH CULTURAL CENTRE, INC.

## Statements of Activities and Changes in Net Assets

For the Year Ended December 31, 2008  
(with comparative totals for the year ended December 31, 2007)

	2008			2007
	Unrestricted	Temporarily Restricted	Totals	Totals
<b>Revenue and Reclassifications:</b>				
Fundraising	\$ 554,520	\$ -	\$ 554,520	\$ 739,227
Grant revenue	-	350,000	350,000	-
Donations	508,934	-	508,934	5,416
Membership dues	53,570	-	53,570	13,226
Licensing fees	20,000	-	20,000	20,000
Rental income	4,800	-	4,800	9,000
Function revenues	84,714	-	84,714	68,530
Cultural	4,555	-	4,555	22,056
Other income	16,672	-	16,672	92,935
Net assets released from restrictions	<u>150,773</u>	<u>(150,773)</u>	<u>-</u>	<u>-</u>
<b>Total Revenues</b>	<u>1,398,538</u>	<u>199,227</u>	<u>1,597,765</u>	<u>970,390</u>
<b>Expenses:</b>				
Fundraising	259,683	-	259,683	202,638
General and administrative	1,016,950	-	1,016,950	636,469
<b>Programs:</b>				
Cultural	23,266	-	23,266	24,702
Function	57,818	-	57,818	27,641
Grant expense	<u>134,106</u>	<u>-</u>	<u>134,106</u>	<u>-</u>
<b>Total Expenses</b>	<u>1,491,823</u>	<u>-</u>	<u>1,491,823</u>	<u>891,450</u>
<b>Increase (Decrease) in Net Assets</b>	<u>(93,285)</u>	<u>199,227</u>	<u>105,942</u>	<u>78,940</u>
Net Assets, Beginning of Year	<u>3,016,333</u>	<u>331,664</u>	<u>3,347,997</u>	<u>3,269,057</u>
Net Assets, End of Year	<u>\$ 2,923,048</u>	<u>\$ 530,891</u>	<u>\$ 3,453,939</u>	<u>\$ 3,347,997</u>

*The accompanying notes are an integral part of the financial statements.*

# IRISH CULTURAL CENTRE, INC.

## Statements of Cash Flows

For the Years Ended December 31,

	<u>2008</u>	<u>2007</u>
<b>Cash Flows from Operating Activities:</b>		
Increase in net assets	\$ <u>105,942</u>	\$ <u>78,940</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
In-kind contribution	(139,000)	(23,500)
Cancellation of notes payable, related parties	(38,571)	-
Depreciation	205,098	196,544
Bad debts	1,480	400
Changes in assets and liabilities:		
Accounts receivable	(39,511)	30,467
Prepaid expenses	6,518	(15,398)
Other assets	(71)	3,648
Accounts payable	89,524	(12,829)
Accrued expenses	<u>(11,243)</u>	<u>33,052</u>
Net Adjustments	<u>74,224</u>	<u>212,384</u>
Net Cash Provided by Operating Activities	<u>180,166</u>	<u>291,324</u>
<b>Cash Flows from Investing Activity:</b>		
Acquisitions of property and equipment	<u>(38,423)</u>	<u>(1,842)</u>
<b>Cash Flows from Financing Activities:</b>		
Net borrowings (payments), line of credit	100,000	(150,000)
Payments on notes payable	<u>(60,908)</u>	<u>(137,488)</u>
Net Cash Provided by (Applied to) Financing Activities	<u>39,092</u>	<u>(287,488)</u>
<b>Net Increase in Cash and Equivalents</b>	<b>180,835</b>	<b>1,994</b>
Cash and Equivalents, Beginning of Year	<u>79,074</u>	<u>77,080</u>
<b>Cash and Equivalents, End of Year</b>	<b><u>\$ 259,909</u></b>	<b><u>\$ 79,074</u></b>

*The accompanying notes are an integral part of the financial statements.*

# IRISH CULTURAL CENTRE, INC.

## Notes to the Financial Statements

December 31, 2008 and 2007

Note 1 - Summary of Significant Accounting Policies

Nature and Principal Activity of the Organization

Irish Cultural Centre, Inc. (the "Organization") sponsors cultural, educational, sporting and social events, which promote Irish culture and heritage. The Organization is a 501(c)(3) charitable organization.

Method of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets- Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets- Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and /or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Permanently restricted net assets- Net assets subject to donor-imposed stipulations that may be maintained permanently. The Organization has no permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

# IRISH CULTURAL CENTRE, INC.

## Notes to the Financial Statements - Continued

December 31, 2008 and 2007

### Note 1 - Summary of Significant Accounting Policies - Continued

#### Cash and Equivalents

For financial statement purposes, the Organization considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

#### Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible receivables through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

#### Property and Equipment

The Organization capitalizes all expenditures in excess of \$2,000 for property and equipment at cost. Depreciation is computed using straight-line and accelerated methods over the assets' estimated useful lives.

#### In-kind Contributions

Donated assets are recorded at their fair market value at the date of contribution. As of December 31, 2008 and 2007, the Organization had in-kind contributions included in donations revenue amounting to \$453,400 and \$23,500, respectively. Of these balances \$139,000 and \$23,500 were capitalized to property and equipment as of December 31, 2008 and 2007 respectively. The remaining amounts in 2008 were \$200,000 included in professional fees and \$114,400 included in building repairs and maintenance.

#### Income Taxes

The Organization qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code, and accordingly no provision for Federal or state income tax has been made. However, the Organization is involved in certain activities which are considered unrelated to its non-profit status. During 2008 and 2007, a loss was sustained, thus no provision was recorded. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

#### Advertising

The Organization charges the cost of advertising to expense as incurred.

# IRISH CULTURAL CENTRE, INC.

## Notes to the Financial Statements - Continued

December 31, 2008 and 2007

### Note 2 - Restrictions/Limitations on Net Assets

Temporarily restricted net assets are available for the following purposes at December 31,

	<u>2008</u>	<u>2007</u>
Licensing agreement (Note 7)	\$ 134,997	\$ 141,664
Management agreement (Note 8)	180,000	190,000
Grant purposes	<u>215,894</u>	-
Total	<u>\$ 530,891</u>	<u>\$ 331,664</u>

Net assets released from restrictions during the year ended December 31, 2008, are as follows:

Amortized revenue from licensing agreement	\$ 6,667
Amortized revenue from management agreement	10,000
Grant expense	<u>134,106</u>
Total	<u>\$ 150,773</u>

### Note 3 - Property and Equipment

A summary of the major components of property and equipment at December 31, is as follows:

	<u>2008</u>	<u>2007</u>
Land and improvements	\$ 3,076,751	\$ 2,996,751
Building and improvements	2,418,756	2,331,517
Equipment	137,993	127,782
Cottage	126,937	126,937
Furniture and fixtures	<u>15,035</u>	<u>15,035</u>
	5,775,472	5,598,022
Less: accumulated depreciation	<u>1,837,622</u>	<u>1,632,497</u>
Net Property and Equipment	<u>\$ 3,937,850</u>	<u>\$ 3,965,525</u>

# IRISH CULTURAL CENTRE, INC.

## Notes to the Financial Statements - Continued

December 31, 2008 and 2007

### Note 4 - Debt Obligations

#### Line of Credit

The Organization has a \$150,000 line of credit due on demand with interest at the Bank's corporate base rate, secured by an all asset security filing against the Organization, renewable annually.

#### Long-Term Debt

Long-term debt at December 31, is as follows:

	<u>2008</u>	<u>2007</u>
Mortgage note payable, monthly installments of \$7,563, including principal and interest through February 2015. Note bears interest at 6.00%, secured by land and building.	\$ 467,195	\$ 528,103
Less: current portion	<u>64,696</u>	<u>60,970</u>
Long-term debt, net of current portion	<u>\$ 402,499</u>	<u>\$ 467,133</u>

Long-term debt maturities subsequent to December 31, 2008 for each of the next five years are as follows:

<u>Years Ending</u> <u>December 31,</u>	
2009	\$ 64,696
2010	68,650
2011	72,845
2012	77,297
2013	82,021
Thereafter	<u>101,686</u>
	<u>\$ 467,195</u>

Interest expense on all indebtedness for the years ended December 31, 2008 and 2007 amounted to \$36,859 and \$47,319, respectively.

# IRISH CULTURAL CENTRE, INC.

## Notes to the Financial Statements - Continued

December 31, 2008 and 2007

Note 5 - **Related Party Transactions**

*Notes Payable*

The Organization has multiple long-term loan agreements with various members bearing interest rates ranging from zero to 8.25%. Accrued interest was \$57,953 and \$75,029 at December 31, 2008 and 2007, respectively. Interest expense was \$1,495 and \$4,604 during 2008 and 2007, respectively. During 2008, certain members agreed to cancel notes payable with a principal balance of \$20,000 and accrued interest aggregating \$18,571, in lieu of cash contributions.

Note 6 - **Licensing Fee**

The Organization has entered into a thirty year licensing agreement, expiring in 2029, with the Gaelic Athletic Association (GAA) for the use of certain properties. Under the terms of the agreement, GAA provided an unrestricted contribution of \$200,000, which is amortized straight-line over thirty years, and pays an annual licensing fee of \$20,000. The agreement contains provisions for the use of also other properties of the Organization, sharing of certain costs and is renewable for another thirty year period.

Note 7 - **Management Agreement (Festival)**

During 2007, the Organization entered into a twenty year management agreement with an outside organization to manage the annual Irish festival. Under the terms of the agreement, the outside organization provided \$200,000 up front, which is amortized straight-line over twenty years, and will guarantee the Irish Cultural Centre \$75,000 annually plus a percentage of any profits of the festival. The Irish Cultural Centre is required to provide adequate parking for the festival and will incur some additional expenses in providing this service.

Note 8 - **Risks and Uncertainties**

*Cash*

From time to time, the Organization's cash balances fluctuate and can exceed the Federally insured limit. Management monitors the financial condition of the banking institution, along with its cash balances, and tries to keep this potential risk to a minimum.

# IRISH CULTURAL CENTRE, INC.

## Notes to the Financial Statements - Continued

December 31, 2008 and 2007

### Note 8 - Risks and Uncertainties - Continued

#### Claims

The Organization is involved in various claims and lawsuits, both for and against the Organization, arising in the normal course of business. Management believes that any financial responsibility that may be incurred in settlements of such claims and lawsuits would not be material to the Organization's financial position.

## **SUPPLEMENTAL INFORMATION**

# IRISH CULTURAL CENTRE, INC.

## Schedule of Fundraising Revenues and Expenses

For the Year Ended December 31, 2008

<u>Event</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Excess of Revenues Over Expenses</u>
St. Patrick's Day	\$ 9,209	\$ 5,015	\$ 4,194
Festival	84,990	13,014	71,976
Golf Tournament	69,561	41,873	27,688
Raffle	104,600	52,788	51,812
North American's Championship	67,279	20,902	46,377
Sporting events	151,934	74,422	77,512
Other events	<u>66,947</u>	<u>51,669</u>	<u>15,278</u>
	<u>\$ 554,520</u>	<u>\$ 259,683</u>	<u>\$ 294,837</u>

# IRISH CULTURAL CENTRE, INC.

## Schedule of Fundraising Revenues and Expenses

For the Year Ended December 31, 2007

<u>Event</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Excess of Revenues Over Expenses</u>
St. Patrick's Day	\$ 8,496	\$ 4,682	\$ 3,814
Festival	284,443	9,049	275,394
Golf Tournament	90,657	35,886	54,771
Raffle	132,500	34,606	97,894
Christmas Open House	32,330	16,356	15,974
Sporting events	136,062	47,428	88,634
Other events	<u>54,739</u>	<u>54,631</u>	<u>108</u>
	<u>\$ 739,227</u>	<u>\$ 202,638</u>	<u>\$ 536,589</u>

# IRISH CULTURAL CENTRE, INC.

## Schedule of Grant Expenses

For the Years Ended December 31,

	<u>2008</u>	<u>2007</u>
Salaries and wages	\$ 45,359	\$ -
Membership	8,058	-
Office costs	4,058	-
Consulting services	54,951	-
Program expenses	<u>21,680</u>	<u>-</u>
	<u>\$ 134,106</u>	<u>\$ -</u>

# IRISH CULTURAL CENTRE, INC.

## Schedule of General and Administrative Expenses

For the Years Ended December 31,

	<u>2008</u>	<u>2007</u>
Professional fees	\$ 228,624	\$ 15,888
Depreciation	205,098	196,544
Building repairs and maintenance	141,585	16,337
Salaries and wages	126,748	113,497
Utilities	74,729	69,129
Interest	36,859	45,592
Insurance	30,938	20,730
Landscaping	28,249	17,306
Payroll taxes	18,019	9,269
Equipment rental	17,630	2,182
Equipment repairs	14,302	4,385
Miscellaneous	14,070	12,529
Advertising	13,337	16,487
Telephone	12,909	7,224
Office costs	11,139	5,836
Printing	8,457	8,171
Displays	6,500	3,524
Materials and supplies	4,819	3,082
Rubbish removal	4,316	3,951
Charitable contributions	3,840	5,135
Postage	3,796	2,615
Credit card payment costs	2,915	1,874
Licenses and permits	2,105	2,140
Bad debt expense	1,870	-
Dues and subscriptions	1,480	1,807
Gifts	1,360	1,774
Security	1,225	475
Bank fees	31	49
Consulting services	-	48,890
Library	-	47
	<u>\$ 1,016,950</u>	<u>\$ 636,469</u>