

**The Irish Pastoral Centre of the
Archdiocese of Boston, Inc.**

Financial Statements

Eighteen Months Ended June 30, 2021

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Independent Auditors' Report

To the Board of Trustees of
The Irish Pastoral Centre of the Archdiocese of Boston, Inc.

We have audited the accompanying financial statements of The Irish Pastoral Centre of the Archdiocese of Boston, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the eighteen months then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted 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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Irish Pastoral Centre of the Archdiocese of Boston, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the eighteen months then ended in accordance with accounting principles generally accepted in the United States of America.



February 21, 2022

The Irish Pastoral Centre of the Archdiocese of Boston, Inc.

Statement of Financial Position

June 30, 2021

Assets

Current assets	
Cash	\$ 237,837
Prepaid expense	563
Total current assets	<u>238,400</u>
Property and equipment, net	3,080
Prepaid expense	4,250
Total assets	<u>\$ 245,730</u>

Liabilities and Net Assets

Current liabilities	
Accounts payable	\$ 1,935
Accrued expenses	31,579
Refundable advances	15,000
Current portion of long-term debt	1,291
Total current liabilities	<u>49,805</u>
Long-term debt, less current portion	<u>57,871</u>
Total liabilities	<u>107,676</u>
Net assets	
Without donor restrictions	99,463
With donor restrictions	38,591
Total net assets	<u>138,054</u>
Total liabilities and net assets	<u>\$ 245,730</u>

The Irish Pastoral Centre of the Archdiocese of Boston, Inc.

Statement of Activities
Eighteen Months Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Contributions	\$ 312,091	\$ 172,645	\$ 484,736
Government of Ireland: Emigrant Support Programme	-	356,720	356,720
Gain on forgiveness of debt	59,164	-	59,164
Other income	3,275	-	3,275
Interest income	1,219	-	1,219
	<u>375,749</u>	<u>529,365</u>	<u>905,114</u>
Net assets released from restrictions	520,618	(520,618)	-
Total revenues and support	<u>896,367</u>	<u>8,747</u>	<u>905,114</u>
Expenses and losses			
Program services			
Information services	221,104	-	221,104
Immigration, detention, and U.S. citizenship	172,913	-	172,913
COVID-19 emergency relief	163,898	-	163,898
Social work, counselling, and family outreach	161,870	-	161,870
Senior outreach	132,314	-	132,314
Management and general	80,574	-	80,574
Total expenses	<u>932,673</u>	<u>-</u>	<u>932,673</u>
Loss from misappropriation	4,503	-	4,503
Total expenses and losses	<u>937,176</u>	<u>-</u>	<u>937,176</u>
Increase (decrease) in net assets	(40,809)	8,747	(32,062)
Net assets, beginning of period	140,272	29,844	170,116
Net assets, end of period	<u>\$ 99,463</u>	<u>\$ 38,591</u>	<u>\$ 138,054</u>

The Irish Pastoral Centre of the Archdiocese of Boston, Inc.

Statement of Functional Expenses
Eighteen Months Ended June 30, 2021

	Program Services						Total
	Information Services	Immigration, Detention, and U.S. Citizenship	COVID-19 Emergency Relief	Social Work, Counselling, and Family Outreach	Senior Outreach	Management and General	
Salaries and payroll taxes	\$ 213,807	\$ 119,742	\$ -	\$ 77,656	\$ 49,048	\$ 33,850	\$ 494,103
Donations and direct client assistance	-	-	152,610	9,233	75	-	161,918
Rent	-	10,000	4,500	30,506	25,750	3,005	73,761
Professional fees	-	35,385	4,550	18,952	10,642	2,888	72,417
Office expense and supplies	300	1,986	1,483	5,795	4,622	10,573	24,759
Group insurance	5,882	-	-	199	5,164	12,493	23,738
Events programming	7	613	355	2,588	14,554	1,198	19,315
Real estate taxes	-	1,511	-	5,290	3,891	455	11,147
Telephone and internet	-	1,189	-	4,598	4,789	-	10,576
Insurance	88	-	-	96	103	8,575	8,862
Printing and reproduction	-	1,299	-	2,056	1,332	3,676	8,363
Utilities	-	-	-	1,143	4,601	-	5,744
Advertising	-	848	-	1,612	3,238	-	5,698
Postage and delivery	-	228	-	1,443	2,478	-	4,149
Repairs and maintenance	-	-	400	250	1,600	231	2,481
Travel	51	112	-	213	243	1,645	2,264
Retirement plan contributions	969	-	-	240	184	646	2,039
Depreciation	-	-	-	-	-	1,137	1,137
Bank charges and other processing fees	-	-	-	-	-	202	202
Total expenses	<u>\$ 221,104</u>	<u>\$ 172,913</u>	<u>\$ 163,898</u>	<u>\$ 161,870</u>	<u>\$ 132,314</u>	<u>\$ 80,574</u>	<u>\$ 932,673</u>

The Irish Pastoral Centre of the Archdiocese of Boston, Inc.

Statement of Cash Flows
Eighteen Months Ended June 30, 2021

Cash Flows from Operating Activities	
Decrease in net assets	\$ (32,062)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:	
Depreciation	1,137
Changes in certain assets and liabilities:	
Decrease in other receivables	42
Increase in prepaid expense	(563)
Decrease in accounts payable	(2,949)
Increase in accrued expenses	982
Decrease in refundable advances	(97,970)
Net cash used in operating activities	<u>(131,383)</u>
Cash Flows from Financing Activities	
Proceeds from long-term debt	<u>59,162</u>
Net cash provided by financing activities	<u>59,162</u>
Decrease in cash	(72,221)
Cash, beginning of period	<u>310,058</u>
Cash, end of period	<u>\$ 237,837</u>

Notes to Financial Statements

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of operations: The Irish Pastoral Centre of the Archdiocese of Boston, Inc. (the "Organization") is a nonprofit organization that was founded in 1987 and formally organized on March 3, 2008. The Organization's mission is as follows: *The Irish Pastoral Centre is committed to welcoming the 'stranger among us'. We believe in justice for all, solidarity in the face of hardship, and that the bonds of community are rooted in the best of what it means to be Irish. We provide a grass roots response to individuals in need offering spiritual, social, legal, and educational support. We are a 'parish without boundaries'.*

The Organization is an authorized ethnic ministry of Roman Catholic Archbishop of Boston, a Corporation Sole ("RCAB"). RCAB, the sole member of the Organization, may dissolve the Organization at any time, although there are no current plans to do so. Upon dissolution, the real and personal property and all other assets of the Organization shall be conveyed to RCAB to be used in support of the pastoral needs of Irish emigrants within the Roman Catholic Archdiocese of Boston.

There were five programs during the eighteen months ended June 30, 2021. The senior outreach program aims to decrease social isolation among vulnerable seniors, actively improve the mental and physical health of the senior population, facilitate access to voluntary services, facilitate intergenerational interaction between Irish age cohorts, and foster a more vibrant sense of Irish identity and culture in the community. The social work, counselling, and family outreach program involves casework with individuals and families in crisis, including substance abuse, domestic violence, homelessness, depression, and other issues that arise among the diverse and evolving needs of Irish emigrants. The immigration, detention, and U.S. citizenship program hosts clinics where the Organization's team of pro bono attorneys ensures that people receive professional, person-centered responses to their crises and involves visits to both long-term prisoners and short-term detainees awaiting trial and deportation. The information services program provides drop-in, telephone, one-to-one Facebook, and email information to people in Ireland and the United States with regard to immigration, employment, accommodations, etc. to ensure smooth transitions from Ireland and for those preparing to repatriate to Ireland. The COVID-19 emergency relief program helped to address food insecurity issues and support stable housing for those in the community, particularly undocumented individuals and families.

The Organization's programs are funded primarily by donations from the Irish and Irish American communities in the greater Boston area and by a grant from the Government of Ireland: Emigrant Support Programme.

Effective in April 2020, the Organization changed its year end from December 31 to June 30.

Financial statement presentation: Net assets and revenues and support are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as:

Without donor restrictions – Those resources not subject to donor-imposed restrictions. The Board of Trustees has discretionary control over these resources.

With donor restrictions – Those resources subject to donor-imposed restrictions that will be satisfied by action of the Organization or by the passage of time.

Basis of accounting: The Organization's policy is to prepare its financial statements in accordance with accounting principles generally accepted in the United States of America under the accrual basis of accounting.

Notes to Financial Statements

Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Use of estimates: The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and equipment: Items capitalized as property and equipment are stated at cost, if purchased, or fair value, if donated. Additions are capitalized if the cost, if purchased, or fair value, if donated, exceeds \$1,000. Maintenance and routine repairs are charged to operations when incurred while betterments and renewals which exceed \$1,000 are capitalized. Depreciation is computed using the straight-line method, calculated to amortize the cost of the assets over their estimated useful lives.

Income taxes: RCAB is entitled to exemption from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Organization, as an authorized ethnic ministry of RCAB, relies upon the 501(c)(3) status of RCAB and is therefore exempt from federal and state income taxes except for net revenue derived from any unrelated business activities. Management has evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition in the financial statements. Any changes in tax positions will be recorded when the ultimate outcome becomes known.

Forgivable loans – Paycheck Protection Program (PPP): The Organization's policy is to account for forgivable loans received through the Small Business Administration (SBA) under the Coronavirus Aid, Relief and Economic Security Act (CARES Act) PPP as debt in accordance with Accounting Standards Codification (ASC) 470, *Debt*, and other related accounting pronouncements. The forgiveness of debt, in whole or in part, is recognized once the debt is extinguished, which occurs when the Organization is legally released from the liability by the SBA. Any portion of debt forgiven, adjusted for accrued interest forgiven, is recorded as a gain on forgiveness of debt and presented in the statement of activities.

Revenue recognition: Contributions and unconditional promises to give are recognized at fair values and recorded as made. A conditional promise to give is not reported in the financial statements unless funds have been received related to the conditional promise to give, in which case the amounts received are accounted for as refundable advances. Certain grants, including those from the Government of Ireland: Emigrant Support Programme, are conditional promises to give; see Note 4.

All contributions are considered to be without donor restriction unless specifically communicated by the donor. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When these restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenues from special events are recognized when the events take place.

Donated materials and services: The Organization records various types of in-kind contributions. Contributions of tangible assets are recognized at fair value at the date of donation. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Advertising: Advertising costs are expensed when incurred. Advertising expense totaled \$5,698 for the eighteen months ended June 30, 2021.

Notes to Financial Statements

Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Allocation of expenses: Expenses directly related to program services are classified to that program, while other expenses are allocated based on management's estimates of the percentage attributable to the program.

Change in accounting principle: In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The change in accounting principle was adopted on a modified prospective basis in the eighteen months ended June 30, 2021. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of January 1, 2020. In comparison to the year ended December 31, 2019, there was no effect of adopting the new accounting principle in the eighteen months ended June 30, 2021.

Note 2. Concentrations

The Organization maintains its cash balances with two banks. The balances at the banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 and by the Depositors Insurance Fund (DIF) for amounts greater than \$250,000. At June 30, 2021, the Organization had no uninsured cash balances.

A grantor or donor is considered significant if the revenue and support recognized from the grantor or donor in the eighteen months ended June 30, 2021 exceeds 10% of total revenues and support reflected on the statement of activities. The Organization had one significant grantor which accounted for 48% of total revenues and support and one significant donor which accounted for 11% of total revenues and support.

Note 3. Property and Equipment, Net

Property and equipment, net consists of the following as of June 30, 2021:

Furniture and equipment	\$	26,281
Less accumulated depreciation		23,201
		<u>3,080</u>
	\$	<u>3,080</u>

Depreciation expense was \$1,137 for the eighteen months ended June 30, 2021.

Note 4. Refundable Advances

During the eighteen months ended June 30, 2021, the Organization received a grant totaling \$243,750 from the Government of Ireland: Emigrant Support Programme that contained donor conditions. The grant's term was July 1, 2020 through June 30, 2021. Of the \$243,750, \$68,000 was approved for the senior outreach program, \$57,500 was approved for the immigration, detention, and U.S. citizenship program, \$70,000 was approved for the information services program, and \$48,250 was approved for the social work, counselling, and family outreach program. Since this grant is a promise, conditioned on future uncertain events, it is not recorded as contribution revenue until donor conditions are met. Funds received from the grantor in advance of the conditions being met are recorded as refundable advances in the statement of financial position and are subsequently recognized as contribution revenue when donor conditions are met.

The Irish Pastoral Centre of the Archdiocese of Boston, Inc.

Notes to Financial Statements

Note 4. Refundable Advances (Continued)

During the eighteen months ended June 30, 2021, the Organization also received a \$15,000 grant from Catholic Health Foundation that contained donor conditions.

The activity in the refundable advances account is reported as follows:

	<u>Government of Ireland</u>	<u>Catholic Health Foundation</u>	<u>Total</u>
Refundable advances, beginning of period	\$ 112,970	\$ -	\$ 112,970
Grant awards received	243,750	15,000	258,750
Grant expenditures	(356,720)	-	(356,720)
Refundable advances, end of period	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>

Note 5. Long-Term Debt

Long-term debt consists of the following as of June 30, 2021:

Note balance	\$ 59,162
Less current portion	1,291
Long-term debt, less current portion	<u>\$ 57,871</u>

As of June 30, 2021, the Organization has an unsecured loan outstanding in the amount of \$59,162, due to the SBA and administered by a local bank, as part of the CARES Act PPP, which is a second draw PPP loan. Under the terms of the note dated February 18, 2021, loan payments are deferred until the Organization receives notification from the SBA as to the amount of the loan forgiven. Thereafter, monthly payments are due in the amount of \$1,340, including interest at 1% per annum. The note is due on February 18, 2026. The loan terms provide that a portion or all of the loan is forgivable to the extent that the Organization uses loan proceeds to fund qualifying payroll and other expenses during a designated period. On October 20, 2021, the Organization received notification from the SBA that the entire second draw PPP loan balance of \$59,162 has been forgiven.

At June 30, 2021, long-term debt matures as follows:

2022	\$ 1,291
2023	15,573
2024	15,730
2025	15,888
2026	10,680
	<u>\$ 59,162</u>

On May 17, 2021, the Organization received notification from the SBA that the entire first draw PPP loan balance of \$59,164 has been forgiven. This is recorded as a gain on forgiveness of debt and presented in the statement of activities. The note was dated April 28, 2020, had a maturity date of April 28, 2022, and bore interest at 1% per annum.

Notes to Financial Statements

Note 6. Net Assets with Donor Restrictions

As of June 30, 2021, \$20,000 from The Ireland Funds America is restricted for private counseling space, \$9,696 from Catholic Health Foundation is restricted for mental health support for undocumented and uninsured individuals, \$148 from Charitable Irish Society is restricted for client assistance, and \$8,747 from various donors is restricted for COVID-19 emergency relief.

Note 7. Related Party Transactions

The Organization pays RCAB for group insurance and insurance (including liability and workers' compensation) coverage. Amounts paid to RCAB for group insurance and insurance during the eighteen months ended June 30, 2021, totaled \$27,535 (before employee payroll deductions of \$3,797) and \$7,737, respectively. The Organization also paid RCAB \$381 during the eighteen months ended June 30, 2021, for 401(k) plan administration.

Included in contributions are revenues from three members of the Board of Trustees totaling \$16,750 during the eighteen months ended June 30, 2021.

Note 8. Leasing Arrangements

The Organization began leasing office space in September 2019 from an unrelated party under a noncancelable operating lease expiring in July 2022. There are two options to renew the lease for three years each at an increased monthly rental. Rent expense under this lease was \$73,761 during the eighteen months ended June 30, 2021.

The Organization began leasing office equipment in 2019 under an operating lease expiring in December 2022. Rent expense under this lease was \$6,288 during the eighteen months ended June 30, 2021.

The following is a schedule of future minimum rental payments required under the above operating leases as of June 30, 2021:

Year ending June 30,		
2022	\$	55,134
2023		6,317
	\$	<u>61,451</u>

Note 9. Retirement Plan

The Organization's employees are covered under the Roman Catholic Archdiocese of Boston 401(k) Retirement Savings Plan, which is a safe harbor defined contribution plan covering all eligible employees who are scheduled to work a minimum weekly hour threshold established by each employer. The plan provides for voluntary pre-tax and/or Roth 401(k) salary deferrals for eligible employees. For those eligible employees who have completed a year of service, the Organization will make a safe harbor matching contribution each pay period equal to 100% of the first 3% of contributed compensation and 50% of the next 2% of contributed compensation. The Organization's contributions to the plan totaled \$2,039 for the eighteen months ended June 30, 2021.

Notes to Financial Statements

Note 10. Donated Services

During the 18-month period, the Organization received non-cash donations of professional services in the amount of \$31,695 that have been recognized as revenues and expenses in the financial statements of the Organization. Such expenses have been classified as program expenses, under immigration, detention, and U.S. citizenship.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with the operation of its programs and support services. Management estimates that volunteers donated services with a value of \$13,000 for the eighteen months ended June 30, 2021. These contributions are not reflected in the financial statements since these services do not meet the criteria for recognition.

Note 11. Noncompliance with Grantor Restrictions

Financial awards from the Government of Ireland and other organizations in the form of grants are subject to audit by the grantors. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since management believes the Organization has met the requirements of the grants.

Note 12. Liquidity and Availability of Financial Assets

The Organization has \$237,837 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash of \$237,837. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. As part of its liquidity management, the Organization invests cash in excess of daily requirements in a money market savings account.

Note 13. Loss from Misappropriation

During the eighteen months ended June 30, 2021, the Organization discovered that an employee had misappropriated \$4,503. Subsequently the employee resigned. Management and the Board of Trustees conducted an investigation and does not expect there to be an impact on the Organization in the future.

Note 14. Subsequent Events

Management has evaluated subsequent events through February 21, 2022, the date the Organization's financial statements were available to be issued.

As discussed in Note 5, on October 20, 2021, the Organization received notification from the SBA that the entire second draw PPP loan balance of \$59,162 has been forgiven.

On December 1, 2021, the Organization executed a new lease for office space. The term will begin August 1, 2022, and expire July 31, 2027, with a monthly rent of \$3,942. There are two options to renew the lease for five years each at an increased monthly rent. The Organization does not plan to renew the office space lease discussed in Note 8, which expires on July 31, 2022.