

Financial Statements and Report of
Independent Certified Public Accountants

THE AMERICAN IRELAND FUND

December 31, 2017 and 2016

THE AMERICAN IRELAND FUND

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors

The American Ireland Fund:

Report on the financial statements

We have audited the accompanying financial statements of The American Ireland Fund (the “Fund”), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years 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.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditor’s 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 Fund’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 Fund’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 American Ireland Fund as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Grant Thornton LLP".

Boston, Massachusetts

October 17, 2018

THE AMERICAN IRELAND FUND
Statements of Financial Position
As of December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 10,532,938	\$ 7,719,483
Investment securities, at fair value	12,013,329	9,303,481
Prepaid expenses	317,203	443,120
Contributions receivable, net	1,291,473	3,071,706
Furniture and equipment, net	72,120	79,562
Cash surrender value of life insurance policies	512,973	515,441
Works of art and literature on public display	<u>236,291</u>	<u>219,491</u>
Total assets	<u>\$ 24,976,327</u>	<u>\$ 21,352,284</u>
LIABILITIES AND NET ASSETS		
Grants payable	\$ 9,017,256	\$ 6,331,906
Accounts payable	315,561	534,529
Accrued liabilities	217,516	184,752
Deferred revenue	<u>101,910</u>	<u>189,370</u>
Total liabilities	<u>9,652,243</u>	<u>7,240,557</u>
Commitments		
NET ASSETS		
Unrestricted net assets		
General	3,712,532	3,387,053
Board designated	<u>2,949,624</u>	<u>2,567,945</u>
Total unrestricted net assets	6,662,156	5,954,998
Temporarily restricted	3,457,281	2,952,082
Permanently restricted	<u>5,204,647</u>	<u>5,204,647</u>
Total net assets	<u>15,324,084</u>	<u>14,111,727</u>
Total liabilities and net assets	<u>\$ 24,976,327</u>	<u>\$ 21,352,284</u>

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

THE AMERICAN IRELAND FUND
Statements of Activities
For the years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CHANGES IN UNRESTRICTED NET ASSETS		
Operating activities:		
Revenues and support:		
Contributions	\$ 24,707,610	\$ 9,936,185
Fundraising events	11,262,165	11,473,383
Less: fundraising event expenses	<u>(4,118,326)</u>	<u>(3,700,710)</u>
Net revenues from fundraising events	7,143,839	7,772,673
Investment return designated for current operations	76,767	82,515
Other	(1,671)	37,000
Net gain (loss) on foreign exchange translation	330,345	(139,373)
Net assets released from restrictions	<u>1,018,728</u>	<u>624,052</u>
Total unrestricted revenues and support	<u>33,275,618</u>	<u>18,313,052</u>
Expenses:		
Program services:		
Grant awards	27,232,325	13,403,283
Other program services	2,244,586	2,356,535
Management and general	1,789,120	1,749,065
Fundraising	<u>1,739,404</u>	<u>1,647,699</u>
Total expenses	<u>33,005,435</u>	<u>19,156,582</u>
Change in unrestricted net assets from operations	270,183	(843,530)
Non operating activities:		
Investment return, net of amount designated for current operations	31,046	20,392
Investment gain (loss) on endowment fund	381,679	171,267
Contribution of art and literary collections	<u>16,800</u>	<u>48,250</u>
Change in unrestricted net assets	<u>699,708</u>	<u>(603,621)</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Revenues and support:		
Contributions	511,965	1,047,103
Investment gain (loss) on endowment fund	1,019,412	302,208
Net assets released from restrictions	<u>(1,018,728)</u>	<u>(624,052)</u>
Change in temporarily restricted net assets	<u>512,649</u>	<u>725,259</u>
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS		
Contributions	<u>-</u>	<u>2,385,040</u>
Change in permanently restricted assets	<u>-</u>	<u>2,385,040</u>
Change in total net assets	1,212,357	2,506,678
Net assets, beginning of year	<u>14,111,727</u>	<u>11,605,049</u>
Net assets, end of year	<u>\$ 15,324,084</u>	<u>\$ 14,111,727</u>

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

THE AMERICAN IRELAND FUND
Statements of Cash Flows
For the years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,212,357	\$ 2,506,678
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Contribution for long term purposes	-	(2,385,038)
Contribution of art and literary collections	(16,800)	(48,250)
Depreciation	16,924	21,830
Realized and unrealized gain on investment securities	(1,370,134)	(433,834)
Non Cash grant of art and literary collections	-	173,675
Changes in operating assets and liabilities		
Contributions receivable	1,780,232	(2,258,027)
Cash surrender value of life insurance policies	2,468	81,496
Prepaid expenses	125,917	(153,015)
Accounts and grants payable	2,466,382	1,689,173
Deferred revenue	(87,460)	128,570
Accrued liabilities	<u>32,765</u>	<u>69,447</u>
Net cash provided by (used in) operating activities	<u>4,162,651</u>	<u>(607,295)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(9,482)	(86,606)
Purchase of investments	(6,958,533)	(3,460,076)
Proceeds from sales and maturities of investments	<u>5,618,819</u>	<u>3,118,937</u>
Net cash used in investing activities	<u>(1,349,196)</u>	<u>(427,745)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contribution restricted for long-term investments	<u>-</u>	<u>2,385,038</u>
Net cash provided by financing activities	<u>-</u>	<u>2,385,038</u>
Net change in cash and cash equivalents	2,813,455	1,349,998
Cash and cash equivalents, beginning of year	<u>7,719,483</u>	<u>6,369,485</u>
Cash and cash equivalents, end of year	<u>\$ 10,532,938</u>	<u>\$ 7,719,483</u>
Noncash activity:		
Contribution received - art and literary collections	\$ (16,800)	\$ (48,250)
Noncash grants given - art and literary collections	-	173,675

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

THE AMERICAN IRELAND FUND

Notes to Financial Statements

December 31, 2017 and 2016

1. ORGANIZATION

The American Ireland Fund (the “Fund”), which also operates under the names The Ireland Funds America and The Ireland Funds, is a publicly supported organization that receives contributions, primarily in the United States, and applies them to the furtherance of peace, culture, charity and education primarily in Ireland. Contributions received by the Fund are distributed through grants to recognized charitable institutions and organizations that provide essential charitable programs or services primarily in Ireland. The Fund’s specific interests in the general program areas of peace, culture, charity and education are continually reevaluated in terms of changing needs and challenges of the times. The Fund is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, as well as state income taxes.

In 2018, the Fund discovered that a former employee in a regional office had misappropriated approximately \$249,000 in 2017 and \$330,000 in 2016. The Audit Committee of the Board of Directors engaged independent counsel to perform a forensic investigation, which has been completed. In addition, the Fund is working with law enforcement and counsel to recover the amounts misappropriated and the associated legal costs. Given the nature of the embezzlement, the amounts involved had been reported primarily as event expenses in the Statement of Activities for each year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Fund classifies net assets, revenues and gains based on the existence or absence of donor-imposed restrictions, as follows:

Unrestricted: Unrestricted net assets are resources over which the Fund has discretionary control. Unrestricted net assets also include funds designated by the Board of Directors.

Temporarily Restricted: Temporarily restricted net assets are those resources with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. In addition, based on the Massachusetts Attorney General’s interpretation of state law, the Fund has classified appreciation on permanently restricted net assets as temporarily restricted until appropriated for expenditure by the Board of Directors.

Permanently Restricted: Permanently restricted net assets are those resources subject to donor-imposed restrictions that they be maintained permanently by the Fund.

Donor-restricted gifts which are received and spent within the same fiscal year are reported as unrestricted contributions. Investment income is reported as an increase or decrease in unrestricted net assets unless its use is restricted by explicit donor stipulation or by law.

Cash and Cash Equivalents

Cash equivalents include amounts invested in money market funds. In addition, the Fund maintains bank accounts in Ireland that are denominated in a foreign currency equivalent to \$5,510,687 and \$2,932,576 at December 31, 2017 and 2016, respectively. These assets are translated using the current exchange rates at the Statement of Financial Position dates.

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At times the Fund maintains cash balances in excess of federally insured limits. The Fund has not experienced any losses in such accounts and does not believe it is exposed to significant credit risks.

Investments

The Fund reports investments at fair value. Changes in fair value are recorded as unrealized gains or losses on investments and reflected within investment gains in the Statements of Activities. Realized gains or losses from the sale of investment securities are computed on the specific-identification cost basis.

Contributions and Contributions Receivable

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily or permanently restricted support.

Gifts of non-cash assets are recorded at their fair value at the date of contribution.

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on those amounts are computed based upon the risk free rate adjusted for any market factors associated with the nature of the contribution receivable. Amortization of the discounts is included within contributions revenue.

Conditional promises to give are not included as support until the conditions are substantially met.

Furniture and Equipment

Furniture and equipment, including computer hardware and software, are stated at cost and are depreciated using the straight-line method based on estimated useful lives. Computer software, computer equipment and furniture and fixtures are depreciated over three, five and seven years, respectively. Maintenance and repair expenditures are charged to expense as incurred. The cost and accumulated depreciation of assets retired or sold are removed from the accounts, and any gain or loss is included in the accompanying Statements of Activities.

Works of Art and Literature on Public Display

Accessions of collection items are capitalized at cost, if the items were purchased, or at their appraised or fair value on the accession date (the date on which the item is accepted by the Board of Directors) if the items were contributed. Gains or losses from de-accessions of these items (if any) are reflected in the Statements of Activities as changes in the appropriate net asset classes, depending on the existence and type of donor-imposed restrictions. The Fund's policy is to review its collections for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. There were no impairments recognized in 2017 or 2016.

Fundraising Events

The direct costs of fundraising events that provide a benefit to the contributors are deducted from the gross revenues raised at such events.

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Notes to Financial Statements

December 31, 2017 and 2016

Net fundraising revenue from two events represented approximately 12% and 19% of total revenues for the years ended December 31, 2017 and 2016, respectively.

Functional Allocation of Expenses

The costs of providing the various programs have been summarized on a functional basis in the accompanying Statements of Activities. Accordingly, certain common costs have been allocated among the programs and supporting services benefited based upon headcount, time allocated, and other criteria.

Operating and Nonoperating Activities

The Statements of Activities report the change in net assets from operating and non-operating activities. Non-operating activities consist of investment income, net of amounts appropriated for operations, non-operating contributions, and contributions of art and literary collections. All other activities are reported as operating.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“US GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant estimates in the financial statements include the valuation of any contributed artwork.

Income Taxes

The Fund is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code, as amended (the “Code”), and is generally exempt from income taxes pursuant to Section 501(a) of the Code. The Fund is required to assess uncertain income tax positions and has determined that there were no such positions that are material to the financial statements.

Donated Goods and Services

Contributed goods and services are reflected in the accompanying financial statements at their estimated fair value, if reasonable determined. The contributions of services are recognized if the services received (a) created or enhance non-financial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations. Donated goods and services totaled \$150,183 and \$149,981 in 2017 and 2016, respectively.

Related Party Transactions

A member of the Fund’s Board of Directors is an attorney that represents the Fund periodically for certain types of legal matters. Legal fees incurred by the Fund for these services totaled \$98,700 and \$102,000 in 2017 and 2016, respectively.

Accounting Pronouncements Effective in Future Years

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This standard intends to

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make certain improvements to the current reporting requirements for not-for-profit entities including: (1) the presentation for two classes of net assets at the end of the period, rather than the currently required three classes, as well as the annual change in each of the two classes; (2) the removal of the requirement to present or disclose the indirect method (reconciliation) when using the direct method for the statement of cash flows; and (3) the requirement to provide various enhanced disclosures relating to various not-for-profit specific topics. The new standard is effective for annual financial statements beginning after December 15, 2017 (fiscal year ending December 31, 2018 for the Fund). Although the changes will impact the Funds' reporting method, there are no changes to the current accounting for transactions, therefore, this ASU will impact financial statement presentation and disclosures, but not the underlying accounting for balances and activities presented within the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires that most leased assets be recognized on the balance sheet as assets and liabilities for the rights and obligations created by these leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019 for non-public entities (fiscal year ending December 31, 2020 for the Fund). Early application is permitted.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable, as presented in the accompanying Statements of Financial Position, consisted of the following unconditional promises to give as of December 31:

	<u>2017</u>	<u>2016</u>
Amounts due		
Within one year	\$ 874,490	\$ 2,336,985
Between one and five years	<u>446,722</u>	<u>785,015</u>
	1,321,212	3,122,000
Less: unamortized discount	<u>(29,739)</u>	<u>(50,294)</u>
Net unconditional promises to give	<u>\$ 1,291,473</u>	<u>\$ 3,071,706</u>

The discount rates used in measuring the present value of these contribution receivables range from 0.8% to 1.9%.

4. GRANT AWARDS

Grants awarded by the Fund vary in amounts according to the needs of each recipient organization. Grants awarded are classified as program services in the accompanying Statement of Activities and totaled \$27,232,325 for 2017 and \$13,403,283 for 2016.

Grants awarded and unpaid at December 31, 2017 and 2016 totaled \$9,017,256 and \$6,331,906, respectively, and are included in grants payable in the accompanying Statements of Financial Position.

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Notes to Financial Statements
December 31, 2017 and 2016

5. INVESTMENTS

Investments held by the Fund as of December 31, are as follows:

	<u>2017</u>	<u>2016</u>
U.S. government obligations	\$ 787,819	\$ 958,515
Corporate bonds	2,251,094	1,870,951
Mutual funds	877,597	490,242
Equity securities	7,166,686	4,885,183
Money market funds	<u>930,133</u>	<u>1,098,590</u>
Total investments	<u>\$ 12,013,329</u>	<u>\$ 9,303,481</u>

The Fund's investments include a separate account which acts as an endowment. The Fund's total endowment account includes permanently restricted net assets and related appreciation, which is included in temporarily restricted net assets, as well as unrestricted Board designated amounts.

Investment income, including interest, dividends, realized and unrealized gains and losses in excess of amounts designated for current operations, is shown in the accompanying Statements of Activities as a non-operating activity.

The Funds' investment return for the years ended December 31 consisted of the following:

	<u>2017</u>	<u>2016</u>
Investment return		
Interest and dividends	\$ 141,238	\$ 99,476
Change in value of cash surrender value of life insurance	(2,468)	81,496
Net realized gain on investments	140,465	223,354
Net unrealized gain on investments	<u>1,229,669</u>	<u>172,056</u>
Total return on investments	<u>\$ 1,508,904</u>	<u>\$ 576,382</u>
As reported in the Statement of Activities		
Unrestricted operations		
Investment return designated for current operations	\$ 76,767	\$ 82,515
Non-operating activities		
Investment return, net of amount designated for current operations	31,046	20,392
Investment gain on endowment fund	381,679	171,267
Changes in temporarily restricted net assets		
Investment gain on endowment fund	<u>1,019,412</u>	<u>302,208</u>
Total return on investments	<u>\$ 1,508,904</u>	<u>\$ 576,382</u>

Investment management fees which are netted in the above amounts were \$123,000 and \$103,000 for the years ended December 31, 2017 and 2016, respectively.

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Notes to Financial Statements

December 31, 2017 and 2016

Investment management fees which are netted in the above amounts were \$123,000 and \$103,000 for the years ended December 31, 2017 and 2016, respectively.

6. ENDOWMENTS

The Fund's endowment consists of funds established for the purpose of creating unencumbered funds that will provide annual monies to support the ongoing work of The American Ireland Fund in Ireland and worldwide. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as quasi-endowments.

Interpretation of Relevant Law

Under the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), the Board of Directors is permitted to determine a prudent payout amount, even if the market value of the fund is below the historic-dollar-value. There is an expectation that, over time, the permanently restricted amount will generally remain intact. This perspective is aligned with the accounting standards definition that permanently restricted funds are those that must be held in perpetuity even though the historic-dollar-value may be spent on a temporary basis. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets and is regarded as net appreciation is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the Fund's spending policy.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the "historic dollar value." Deficiencies of this nature are reported by a charge to unrestricted net assets and a corresponding increase to temporarily restricted net assets. There were no such deficiencies as of December 31, 2017 or 2016.

Endowment Investment Policy

The Fund has adopted an investment philosophy that attempts to provide long-term returns that match or exceed the specified minimum obligations of the endowment, provide growth at a rate in excess of inflation and to diversify the endowment assets in order to reduce the risk of incurring large losses or wide swings in market value from year to year and to achieve investment results over the long term that compare favorably with those of foundations and of appropriate market indexes. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds.

Strategies Employed for Achieving Objectives

The primary objective is to utilize a total return approach with a cross section of investments that combine income and dividend growth for inflation protection, and earnings growth for wealth accumulation.

Spending Policy

The spending policy for the endowment fund requires that the fund (including Board designated funds) reach a balance of \$10 million prior to distribution of any earnings. Distributions from earnings will be made using the total return method. Although the fund exceeded \$10 million in fiscal year 2017, the Board

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determined that there would be no amounts appropriated in fiscal year 2017. To date, no funds have been distributed from the endowment fund.

The Fund's Board of Directors has approved a spending policy for the non-endowment investments whereby a predetermined amount (defined as 5% of the average investment balance) of investment income earned by these investments is appropriated to fund current operations. Investment return designated for operations, as reflected in the accompanying Statements of Activities, reflects a 5% return based on the Fund's three year average investment balance.

	As of December 31, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ -	\$ 2,765,809	\$ 4,604,647	\$ 7,370,456
Board-designated funds	<u>2,949,624</u>	<u>-</u>	<u>-</u>	<u>2,949,624</u>
Total funds	<u>\$ 2,949,624</u>	<u>\$ 2,765,809</u>	<u>\$ 4,604,647</u>	<u>\$ 10,320,080</u>

	As of December 31, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ -	\$ 1,746,397	\$ 3,299,647	\$ 5,046,044
Board-designated funds	<u>2,567,945</u>	<u>-</u>	<u>-</u>	<u>2,567,945</u>
Total funds	<u>\$ 2,567,945</u>	<u>\$ 1,746,397</u>	<u>\$ 3,299,647</u>	<u>\$ 7,613,989</u>

Endowment Fund Activity

	Year Ended December 31, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	\$ 2,567,945	\$ 1,746,397	\$ 3,299,647	\$ 7,613,989
Investment return				
Investment income	33,975	91,853	-	125,828
Net appreciation	<u>347,704</u>	<u>927,559</u>	<u>-</u>	<u>1,275,263</u>
Total investment return	381,679	1,019,412	-	1,401,091
Transfers to endowment	<u>-</u>	<u>-</u>	<u>1,305,000</u>	<u>1,305,000</u>
Net assets, end of year	<u>\$ 2,949,624</u>	<u>\$ 2,765,809</u>	<u>\$ 4,604,647</u>	<u>\$ 10,320,080</u>

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Notes to Financial Statements
December 31, 2017 and 2016

Endowment Fund Activity

	Year Ended December 31, 2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Net assets, beginning of year	\$ 2,393,781	\$ 1,447,066	\$ 2,690,609	\$ 6,531,456
Investment return				
Investment income	35,087	53,924	-	89,011
Net depreciation	<u>139,077</u>	<u>245,407</u>	<u>-</u>	<u>384,484</u>
Total investment return	174,164	299,331	-	473,495
Transfers to endowment	<u>-</u>	<u>-</u>	<u>609,038</u>	<u>609,038</u>
Net assets, end of year	<u>\$ 2,567,945</u>	<u>\$ 1,746,397</u>	<u>\$ 3,299,647</u>	<u>\$ 7,613,989</u>

7. FURNITURE AND EQUIPMENT

Furniture and equipment consisted of the following at December 31:

	2017	2016
Computer equipment	\$ 63,128	\$ 63,128
Furniture and fixtures	107,252	97,770
Software	<u>2,523</u>	<u>2,523</u>
	172,903	163,421
Accumulated depreciation	<u>(100,783)</u>	<u>(83,859)</u>
Net furniture and equipment	<u>\$ 72,120</u>	<u>\$ 79,562</u>

During 2016, the Fund disposed of \$350,388 of fully depreciated furniture and equipment. Depreciation expense recorded in the Statement of Financial Position is \$16,924 and \$21,830 in 2017 and 2016, respectively.

8. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Fund leases certain office space under non-cancelable leases. Total rental expense under such arrangements amounted to \$293,462 in 2017 and \$265,974 in 2016.

In May 2016, the Fund entered into a facility lease agreement for office space which commenced August 2016 and expires December 31, 2021. The Fund has the option to extend the lease for a period of five years at the fair market rate at the time of renewal.

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Notes to Financial Statements
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Future minimum lease rentals are as follows:

Years Ending December 31,

2018	\$ 283,146
2019	277,281
2020	160,122
2021	<u>157,964</u>
	<u>\$ 878,513</u>

9. LIFE INSURANCE PROGRAM

The Fund and the members of its Board of Directors approved, in a prior year, a program to purchase life insurance policies for up to 28 board members in the form of a maximum of 14 policies, each insuring two board members. The face value of the one policy currently in force as of December 31, 2017 is \$291,000. The Fund is the sole beneficiary of the proceeds upon the death of the last surviving director under the policy. One-time premiums for these policies are shared equally by the board members. The amounts received for Trustee premiums are reflected as contributions when received. Premium payments, if any, are reflected as management and general expense as incurred. Proceeds from these policies will be recognized as revenue upon receipt by the Fund.

Since 2006, four insurance policies were contributed to the Fund with a total face value of \$1,295,760. The total cash surrender value of all policies is \$512,973 and \$515,441 at December 31, 2017 and 2016, respectively, and is reflected as cash surrender value of life insurance policies in the accompanying Statements of Financial Position.

10. EMPLOYEE BENEFITS

The Fund sponsors a qualified 401(k) retirement plan (the "Plan") covering substantially all of its employees over the age of 21. Employees may set aside a portion of their income through salary deductions on a before-tax basis up to the deferral limit as specified by the Internal Revenue Service.

The Fund also contributes ten percent of each employee's annual salary to this plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act (ERISA). Costs of the Plan, in the form of contributions, totaled \$227,593 in 2017 and \$208,748 in 2016.

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11. RESTRICTED NET ASSETS

The Fund's restricted net assets are available for and consist of the following as of December 31:

	<u>2017</u>	<u>2016</u>
Temporarily restricted:		
Contributions receivable, net	\$ 691,472	\$ 1,205,686
Appreciation on permanently restricted net assets	<u>2,765,809</u>	<u>1,746,396</u>
Total	<u>\$ 3,457,281</u>	<u>\$ 2,952,082</u>
Permanently restricted:		
Contributions receivable, net	\$ 600,000	\$ 1,905,000
Endowment	<u>4,604,647</u>	<u>3,299,647</u>
Total	<u>\$ 5,204,647</u>	<u>\$ 5,204,647</u>

Net assets released from donor restrictions were \$1,018,728 and \$624,052 for the years ended December 31, 2017 and 2016, respectively. The releases were all based on satisfaction of time restrictions.

12. CONTRIBUTIONS OF ART WORK

During 2017, the Fund received literary publications with an appraised value of \$16,800 on the date of acceptance of the gift. The Fund signed a Loan and Display agreement for 3 years with University College Dublin for purposes of public display. During 2016, the Fund received literary publications with an appraised value of \$46,750 on the date of acceptance of the gift. The Fund signed a Loan and Display agreement for 3 years with University College Dublin for purposes of public display. In addition, during 2016 the Fund received a gift with an appraised value of \$1,500 on the date of acceptance of the gift. The Fund signed a Loan and Display agreement for 3 years with The National Maritime Museum of Ireland for purposes of public display.

13. FAIR VALUE MEASUREMENTS

The Fund follows the provisions for fair value measurements as outlined in generally accepted accounting principles where fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value accounting establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

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Level 2 - Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following table sets forth the Fund's financial assets that were accounted for at fair value on a recurring basis by level within the fair value hierarchy:

Description	December 31, 2017	
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)
U.S. government obligations	\$ 787,819	\$ -
Corporate bonds	-	2,251,094
Mutual funds	877,597	-
Equity securities	7,166,686	-
Money market funds	930,133	-
	<u>\$ 9,762,235</u>	<u>\$ 2,251,094</u>

Description	December 31, 2016	
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)
U.S. government obligations	\$ 958,515	\$ -
Corporate bonds	-	1,870,951
Mutual funds	490,242	-
Equity securities	4,885,182	-
Money market funds	1,098,591	-
	<u>\$ 7,432,530</u>	<u>\$ 1,870,951</u>

14. SUBSEQUENT EVENTS

The Funds has evaluated subsequent events through October 17, 2018, the date that the financial statements were available for issuance.