

**LINCOLN CITY CULTURAL CENTER, INC.  
LINCOLN CITY, OREGON**

**REVIEW REPORT**

**December 31, 2016**

Prepared By  
**SIGNE GRIMSTAD**  
Certified Public Accountant  
530 NW 3rd, Suite E  
PO Box 1930  
Newport, Oregon 97365

**LINCOLN CITY CULTURAL CENTER, INC.**  
Lincoln City, Oregon

**BOARD OF DIRECTORS**

<u>Name</u>	<u>Title</u>
John Collier	President
Greg Berton	Vice President
John Hurley	Treasurer
Leslie Green	Secretary
Dennis Civiello	Director
Dorcas Holzapfel	Director
Susan Lazott	Director

**STAFF**

Niki Price	Executive Director
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**REGISTERED OFFICE**  
540 NE Hwy 101  
PO Box 752  
Lincoln City, Oregon 97367

**LINCOLN CITY CULTURAL CENTER, INC.**  
**Lincoln City, Oregon**

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**GRIMSTAD & ASSOCIATES**  
Certified Public Accountants

March 29, 2017

**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

Newport Office:  
P.O. Box 1930  
530 N.W. 3rd St. Ste E  
Newport, OR 97365  
(541) 265-5411  
Fax (541) 265-9255  
info@grimstad-assoc.com

Board of Directors  
Lincoln City Cultural Center, Inc.  
Lincoln City, Oregon

Lincoln City Office:  
1349 N.W. 15th Street  
Lincoln City, OR 97367  
(541) 994-5252  
Fax (541) 994-2105

I have reviewed the accompanying financial statements of Lincoln City Cultural Center, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2016, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement whether due to fraud or error.

**Accountant's Responsibility**

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Service Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

**Accountant's Conclusion**

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



**SIGNE GRIMSTAD**  
Certified Public Accountant

Members:  
AICPA OSCP & OAIA

**LINCOLN CITY CULTURAL CENTER. INC.**  
**Lincoln City, Oregon**

**STATEMENT OF FINANCIAL POSITION**  
as of December 31, 2016

**ASSETS**

Cash and cash equivalents	\$ 149,978
Accounts receivable	5,435
Deposits	100
Prepaid expense	4,389
Inventory	5,662
Capital assets, net of accumulated depreciation	<u>775,148</u>

Total assets \$ 940,712

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable	\$ 4,236
Payroll liability	<u>2,966</u>

Total liabilities 7,202

**Net Assets**

Unrestricted	811,904
Board designated	
Chessman development fund	66,721
Operating reserve	<u>47,585</u>

Total unrestricted 926,210

Temporarily restricted 7,300

Total net assets 933,510

Total liabilities and net assets \$ 940,712

See accompanying notes to financial statements and independent accountant's review report.

**LINCOLN CITY CULTURAL CENTER, INC.**  
**Lincoln City, Oregon**

STATEMENT OF ACTIVITIES for the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
<b>OPERATING REVENUE</b>			
Program services	\$ 106,954	\$ 0	\$ 106,954
Rental income	48,560	0	48,560
Service management fee	32,000	0	32,000
Other income	852	0	852
Interest income	48	0	48
 Total operating revenue	 188,414	 0	 188,414
<b>OPERATING EXPENSES</b>			
Program services	79,780	0	79,780
General and administrative	236,838	0	236,838
 Total operating expenses	 316,618	 0	 316,618
 Income (loss) from operations	 (128,204)	 0	 (128,204)
<b>OTHER REVENUE AND EXPENSES</b>			
Contributions	54,933	0	54,933
Grants	0	43,910	43,910
Membership dues	20,084	0	20,084
Fundraising, net	20,067	0	20,067
Net assets released from restrictions	36,610	(36,610)	0
 Total other revenue and expenses	 131,694	 7,300	 138,994
 Changes in net assets	 3,490	 7,300	 10,790
 NET ASSETS - Beginning of year	 922,720	 0	 922,720
 NET ASSETS - End of year	 \$ 926,210	 \$ 7,300	 \$ 933,510

See accompanying notes to financial statements and independent accountant's review report.

**LINCOLN CITY CULTURAL CENTER, INC.**  
**Lincoln City, Oregon**

**STATEMENT OF FUNCTIONAL EXPENSES**  
for the Year Ended December 31, 2016

	Program Expenses	Fundraising Expenses	General & Administrative	Total
Art gallery	\$ 8,790	\$ 0	\$ 0	\$ 8,790
Classes	18	0	0	18
Gift shop	19,966	0	0	19,966
Performing arts	50,016	0	0	50,016
Community events	990	0	0	990
Fundraising	0	11,534	0	11,534
Payroll and payroll taxes	0	0	105,317	105,317
Advertising	0	0	3,090	3,090
Awards	0	0	363	363
Bank charges	0	0	3,913	3,913
Computer hardware and software	0	0	1,039	1,039
Depreciation	0	0	32,497	32,497
Equipment rental	0	0	2,674	2,674
Information center	0	0	708	708
Insurance	0	0	2,964	2,964
Licenses and permits	0	0	1,785	1,785
Maintenance	0	0	12,476	12,476
Memberships	0	0	587	587
Office supplies	0	0	3,490	3,490
Printing and postage	0	0	5,537	5,537
Professional fees	0	0	8,338	8,338
Rental expense	0	0	19,798	19,798
Staff development	0	0	1,210	1,210
Supplies	0	0	6,334	6,334
Telephone	0	0	5,126	5,126
Travel and entertainment	0	0	157	157
Utilities	0	0	19,435	19,435
<b>Total functional expenses</b>	<b>\$ 79,780</b>	<b>\$ 11,534</b>	<b>\$ 236,838</b>	<b>\$ 328,152</b>

See accompanying notes to financial statements and independent accountant's review report.

**LINCOLN CITY CULTURAL CENTER, INC.**  
**Lincoln City, Oregon**

STATEMENT OF CASH FLOWS for the Year Ended December 31, 2016

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 10,790
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:	
Depreciation	32,497
(Increase) decrease in operating assets:	
Accounts receivable	(4,684)
Inventories	(2,037)
Increase (decrease) in operating liabilities:	
Accounts payable	(3,113)
Payroll liabilities	1,080
Deferred revenue	<u>(2,667)</u>
Net cash provided (used) by operating activities	31,866
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of capital assets	<u>(33,865)</u>
Net change in cash	(1,999)
CASH AND CASH EQUIVALENTS - Beginning of year	<u>151,977</u>
CASH AND CASH EQUIVALENTS - End of year	<u><u>\$ 149,978</u></u>

See accompanying notes to financial statements and independent accountant's review report.



**LINCOLN CITY CULTURAL CENTER, INC.**  
**Lincoln City, Oregon**

**NOTES TO FINANCIAL STATEMENTS**  
for the Year Ended December 31, 2016

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Lincoln City Cultural Center, Inc. (LCCC), a non profit corporation, was established in 1996. Its mission is to foster an environment conducive to the enhancement of the cultural, artistic, educational, literary, and creative talents of artists, artisans, musicians, and performers desiring to display, create, perform, or otherwise contribute to the cultural development of the central Oregon coast. LCCC is supported primarily from program services, contributions, grants, rental and management service income.

**Basis of Accounting and Presentation**

The accounts are maintained on an accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred. The LCCC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, LCCC considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Accounts Receivable**

Receivables are reported at the amount anticipated to be collected at year end. The direct write-off method is utilized.

**Capital Assets**

Assets are stated at cost or, if donated, at approximate fair value at the date of donation. It is LCCC's policy to capitalize expenditures in excess of \$3,000. Assets are being depreciated over the estimated useful lives of five to thirty years using the straight-line method. The cost of repairs and maintenance is expensed when incurred.

**Contributions**

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a 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.

**Inventory**

Inventory of concession items are valued at cost computed on the first in first-out (FIFO) basis.

**LINCOLN CITY CULTURAL CENTER, INC.**  
**Lincoln City, Oregon**

**NOTES TO FINANCIAL STATEMENTS**  
for the Year Ended December 31, 2016

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Income Tax Status**

LCCC is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. LCCC's Forms 990, Return of Organization Exempt from Income Tax, for the years ended December 31, 2013, 2014, 2015, and 2016 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

**Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

Deposits and investments at the end of the year consist of the following:

	<u>Balance</u>
Deposits with financial institutions	\$ 149,118
Cash in hand	<u>860</u>
Total	<u>\$ 149,978</u>

**Deposits**

At the end of the fiscal year, LCCC's total deposits with financial institutions have a bank value of \$152,667. All covered by federal depository insurance.

**NOTE 3 - CAPITAL ASSETS**

The following is a summary of equipment as of December 31:

	<u>Balance</u>
Furniture & fixtures	\$ 30,935
Leasehold improvements	<u>976,610</u>
	1,007,545
Less - accumulated depreciation	<u>(232,397)</u>
Capital assets, net of accum. depreciation	<u>\$ 775,148</u>

Depreciation expense for the year is \$32,497.

**NOTE 4 - RESTRICTED NET ASSETS**

There was temporarily restricted net assets representing restricted grants at year end.

**LINCOLN CITY CULTURAL CENTER, INC.**  
**Lincoln City, Oregon**

**NOTES TO FINANCIAL STATEMENTS**  
for the Year Ended December 31, 2016

**NOTE 5 - OPERATING LEASE**

In February 2014, LCCC entered into a lease for a copier. The term of the lease is three years at a monthly payment of \$121. Expense under the lease was \$1,452 for the year ended December 31, 2016. Future minimum payments under the lease are as follows:

<u>Year end</u>	<u>Balance</u>
2017	<u>\$ 121</u>

**NOTE 6 - COMMITMENTS/CONCENTRATIONS**

In June 2016, LCCC renewed into a personal services agreement with the City of Lincoln City to operate a welcome center at the Delake School property in Lincoln City. The term of the agreement is for one year. The City compensates LCCC at a rate not to exceed \$32,000 per year.

Effective August 1, 2006, LCCC entered into a 25 year lease with the Lincoln City Urban Renewal Agency (URA) for the use of the Delake School property in Lincoln City. The lease calls for base monthly payments of \$2,250 indexed to the consumer price index each year. Effective December 1, 2010, the monthly payment was waived for six years. In July 2016, that waiver was extended for another five years to December 31, 2021.

**NOTE 7 - ADVERTISING**

LCCC uses advertising to promote its programs among the audience it serves. The costs of advertising are expensed as occurred. Advertising costs for the year were \$3,090.

**NOTE 8 - EVALUATION OF SUBSEQUENT EVENTS**

LCCC has evaluated subsequent events through March 29, 2017, the date which the financial statements were available to be issued.