

LINCOLN CITY CULTURAL CENTER, INC.

LINCOLN CITY, OREGON

REVIEW REPORT

DECEMBER 31, 2019

Prepared by
Signe Grimstad
Certified Public Accountant
530 NW 3rd St., Suite E
PO Box 1930
Newport, OR 97365

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

BOARD OF DIRECTORS

<u>Name</u>	<u>Title</u>
Greg Berton	President
Dennis Civiello	Vice President
John Collier	Treasurer
Binaya Dangol	Secretary
Adrienne Green	Director
Dorcas Holzapfel	Director
Sam Jacobson	Director
Jennifer Norman	Director

STAFF

Niki Price	Executive Director
------------	--------------------

REGISTERED OFFICE

540 NE Hwy 101
Lincoln City, Oregon 93767

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

TABLE OF CONTENTS

INTRODUCTORY SECTION

Title page
Board of Directors
Table of Contents

FINANCIAL SECTION

	<u>Page</u>
Independent Accountant's Review Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses for Program and Support Services	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-16

GRIMSTAD & ASSOCIATES

Certified Public Accountants

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

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

To the Board of Directors and
Niki Price, Executive Director
Lincoln City Cultural Center, Inc.
540 NE Hwy 101
Lincoln City, Oregon 97367

I have reviewed the accompanying financial statements of Lincoln City Cultural Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, 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 entity 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 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.

Accountant's Responsibility

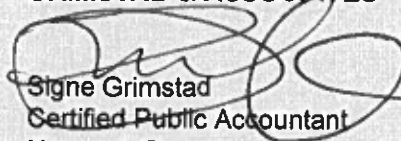
My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting 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.

Sincerely,

GRIMSTAD & ASSOCIATES



Signe Grimstad
Certified Public Accountant

Newport, Oregon
March 18, 2020

Members:
AICPA OSCPA & OAIA

LINCOLN CITY CULTURAL CENTER, INC.
LINCOLN CITY, OREGON

STATEMENT OF FINANCIAL POSITION
as of December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 54,615	\$ 161,160	\$ 215,775
Designated cash	76,418	-	76,418
Subtotal cash	131,033	161,160	292,193
Short-term investments	87,542	197,361	284,903
Accounts receivable	4,534	-	4,534
Promises to give	-	18,236	18,236
Prepaid expense	2,066	-	2,066
Inventory	2,781	-	2,781
Total current assets	227,956	376,757	604,713
Property and equipment			
Property and equipment, at cost	1,223,367	-	1,223,367
Less: Accumulated depreciation	(345,734)	-	(345,734)
Net fixed assets	877,633	-	877,633
Other assets			
Deposits	100	-	100
Total other assets	100	-	100
Total assets	\$ 1,105,689	\$ 376,757	\$ 1,482,446
Liabilities and net assets			
Current liabilities			
Accounts payable	\$ 6,527	\$ -	\$ 6,527
Payroll liability	4,219	-	4,219
Deferred revenue	9,580	-	9,580
Total current liabilities	20,326	-	20,326
Total liabilities	20,326	-	20,326
Net assets			
Net assets without donor restrictions	922,342	-	922,342
Designated			
Chessman development fund	36,036	-	36,036
Operating reserve	40,066	-	40,066
Maintenance reserve	25,731	-	25,731
Cultural Plaza Campaign	61,188	-	61,188
Net assets with donor restrictions	-	376,757	376,757
Total net assets	1,085,363	376,757	1,462,120
Total liabilities and net assets	\$ 1,105,689	\$ 376,757	\$ 1,482,446

LINCOLN CITY CULTURAL CENTER, INC.
LINCOLN CITY, OREGON

STATEMENT OF ACTIVITIES
for the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support:			
Grants	\$ 1,321	\$ 372,643	\$ 373,964
Contributions	118,569	94,444	213,013
Promises to give	-	18,236	18,236
Contributions in-kind	71,544	-	71,544
Total support	191,434	485,323	676,757
Revenues:			
Program services	188,919	-	188,919
Rental income	44,834	-	44,834
Service management fee	32,000	-	32,000
Membership dues	20,367	-	20,367
Concessions and other sales, net	7,892	-	7,892
Other income	10,097	-	10,097
Special events, net	23,654	-	23,654
Bank interest	717	3,483	4,200
Investment income	318	-	318
Total revenues	328,798	3,483	332,281
Total support and revenues	520,232	488,806	1,009,038
Reclassifications:			
Net assets with donor restrictions, released from restrictions	205,589	(205,589)	-
Total support, revenues and reclassifications	725,821	283,217	1,009,038
Expenses:			
Program services:			
Cultural and art events	325,568	-	325,568
Support services:			
Management and general	126,927	-	126,927
Fundraising	98,475	-	98,475
Total expenses	550,970	-	550,970
Change in net assets	174,851	283,217	458,068
Net assets at beginning of fiscal year	916,312	93,540	1,009,852
Prior period adjustment	(5,800)	-	(5,800)
Net assets at beginning of fiscal year, restated	910,512	93,540	1,004,052
Net assets at end of fiscal year	\$ 1,085,363	\$ 376,757	\$ 1,462,120

LINCOLN CITY CULTURAL CENTER, INC.
LINCOLN CITY, OREGON

STATEMENT OF FUNCTIONAL EXPENSES FOR PROGRAM AND SUPPORT SERVICES
for the Year Ended December 31, 2019

	Program		Fundraising Other	Total Expenses
	Cultural and Art Events	Support Services Management and General		
Salaries and wages	\$ 75,122	\$ 34,625	\$ 39,061	\$ 148,798
Payroll taxes	8,628	2,791	1,269	12,688
Total personnel costs	<u>83,750</u>	<u>37,416</u>	<u>40,320</u>	<u>161,486</u>
Art gallery	\$ 13,624	\$ -	\$ -	\$ 13,624
Classes	26,852	-	-	26,852
Gift shop	20,406	-	-	20,406
Performing arts	79,232	-	-	79,232
Community events	579	-	-	579
Advertising	19,107	1,592	11,146	31,845
Bank charges	-	-	9,461	9,461
Computer hardware and software	-	1,443	-	1,443
Contract services	13,680	3,420	5,700	22,800
Cost of sales	-	-	4,411	4,411
Dues and subscriptions	-	956	-	956
Equipment rental	-	4,545	-	4,545
Information center	832	-	-	832
Insurance	1,094	2,205	1,110	4,409
Licenses and permits	-	1,956	-	1,956
Maintenance	9,322	1,748	583	11,653
Memberships	-	-	697	697
Miscellaneous	-	1,798	-	1,798
Office supplies	878	2,507	1,074	4,459
Printing	863	3,068	-	3,931
Postage	275	1,539	422	2,236
Professional fees, accounting	-	3,200	-	3,200
Receptions	-	-	15,429	15,429
Special event direct costs	-	-	11,457	11,457
Staff development	-	1,034	-	1,034
Supplies	7,541	-	-	7,541
Telephone	2,722	2,721	-	5,443
Utilities	5,441	15,065	1,313	21,819
Subtotal expenses	<u>286,198</u>	<u>86,213</u>	<u>103,123</u>	<u>475,534</u>
Contributions in-kind	39,370	-	11,220	50,590
Depreciation	-	40,714	-	40,714
Less cost of sales	-	-	(4,411)	(4,411)
Less special event direct costs	-	-	(11,457)	(11,457)
Total expenses	<u>\$ 325,568</u>	<u>\$ 126,927</u>	<u>\$ 98,475</u>	<u>\$ 550,970</u>
Percent of total expenses	<u>59%</u>	<u>23%</u>	<u>18%</u>	<u>100%</u>

LINCOLN CITY CULTURAL CENTER, INC.
LINCOLN CITY, OREGON

STATEMENT OF CASH FLOWS
for the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Cash flows from operating activities			
Change in net assets	\$ 174,851	\$ 283,217	\$ 458,068
Adjustment to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	40,714	-	40,714
In-kind contributions of stocks	(20,954)	-	(20,954)
Realized gain on sale of stocks	(297)	-	(297)
Unrealized gain on stocks	(148)	-	(148)
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	799	-	799
Promises to give	-	(18,236)	(18,236)
Prepaid expenses	(1,596)	-	(1,596)
Inventory	7,641	-	7,641
Increase (decrease) in:			
Accounts payable	(180)	-	(180)
Payroll liability	971	-	971
Deferred revenue	88	-	88
Net cash provided by operating activities	201,889	264,981	466,870
Cash flows from investing activities			
Purchases of property and equipment	(148,990)	-	(148,990)
Proceeds from sales of stocks	25,199	-	25,199
Investments in bank certificates of deposit	(87,542)	(197,361)	(284,903)
Net cash used by investing activities	(211,333)	(197,361)	(408,694)
Net increase (decrease) in cash and equivalents	(9,444)	67,620	58,176
Cash and cash equivalents at beginning of year	140,477	93,540	234,017
Cash and cash equivalents at end of year	\$ 131,033	\$ 161,160	\$ 292,193
 Supplemental cash flow information:			
Schedule of noncash transactions:			
In-kind contributions of stocks	\$ (20,954)		
Noncash investment in stocks	20,954		
Net noncash transactions	\$ -		

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

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended December 31, 2019**

NOTE 1 - DESCRIPTION OF ORGANIZATION

Nature of operations

Lincoln City Cultural Center, Inc. (LCCC) is an Oregon nonprofit corporation established in 1996. The organization began as the Lincoln City Arts Forum in 1992, then the Cultural Communities Cultural Center in 1996. In September 2006 LCCC leased the Delake School from the city of Lincoln City and adopted its present name in 2007. Since 1929, historic Delake School has been a center for education for the children of Lincoln City and LCCC continues this tradition of people of all ages, offering classes in art, dance, music, literature, and theater. LCCC also sponsors play writing contests, fundraisers, and activities to encourage artists of all ages.

LCCC's mission is to enrich its community through art and cultural events in the historic Delake School and to support community economic development by promoting a successful center for the visual and performing arts. LCCC is supported primarily from program service revenue, contributions, grants, fundraising, rentals and management service income.

Description of programs

Cultural and art events program - uses the Delake School as a center for learning, with gallery exhibitions, dance and musical performances, poetry readings, film festivals, creative classes, activities, exhibits and other forms of family entertainment.

Management and general - Includes the functions necessary to maintain LCCC's support program; ensure an adequate working environment; provide coordination and articulation of LCCC's program strategy through the office of the executive director; secure proper administrative functioning of the board of directors; maintain competent legal services for the program administration of LCCC; and manage the financial and budgetary responsibilities of LCCC.

Fundraising - Provides the structure necessary to encourage and secure private financial support from individuals, governmental units, and businesses.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

LCCC prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S.GAAP) for nonprofit entities. The significant accounting and reporting policies used by LCCC are described subsequently to enhance the usefulness and understandability of the financial statements.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other accruals.

Use of estimates

The preparation of financial statements in conformity with U.S.GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. On an ongoing basis, LCCC's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. LCCC's management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Net assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it

LINCOLN CITY CULTURAL CENTER, INC.
LINCOLN CITY, OREGON

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended December 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets without donor restrictions (continued)

operates, the purposes specified in its corporate documents and its application for tax-exempt status, plus any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions

Net assets with donor restrictions are resources that are restricted by donors for use for specified purposes or in certain future periods. Some donor-imposed restrictions are temporary in nature, and the restrictions expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; LCCC must continue to use the resources in accordance with the donors' instructions.

LCCC's unspent contributions are included in this class if the donors limited their use. Currently LCCC has restricted grants and contributions which are detailed in Note 13.

When donors' restrictions are satisfied, either by using the resources in the manner specified by the donors or by the passage of time, the expiration of the restrictions are reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified assets are placed in service by LCCC, unless the donors provide more specific instructions about the period of the assets' use.

Classification of transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of purchase.

Short-term Investments

LCCC invests cash in excess of its immediate needs in money market funds and bank certificates of deposit presented at the amount invested plus accrued interest.

Accounts receivable

Receivables are accounted for on the accrual basis and become past due after 30 days. No allowance for uncollectable accounts has been provided, as LCCC typically collects all outstanding amounts. Trade receivables are written off if all efforts at collection have failed and management determines that collection is unlikely. Receivables aged 90 days or more at December 31, 2019 totaled \$1,050.

Inventory

Inventory consists of concession items valued at cost on the first-in-first-out (FIFO) basis. Cost is determined by average cost in the accompanying financial statements.

Property and equipment

Purchases of property and equipment costing \$3,000 or more are capitalized. Donated property and equipment valued at \$3,000 or more are capitalized and recorded at fair value at the time of receipt. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of property

LINCOLN CITY CULTURAL CENTER, INC.
LINCOLN CITY, OREGON

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended December 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment (continued)

sold or retired is removed from the related asset and accumulated depreciation accounts and any resulting gain or loss is recorded in the fiscal year of disposal. Depreciation is calculated utilizing the straight-line method over the estimated useful lives of the assets, that range from five to ten years for furniture and equipment, and ten years for leasehold improvements.

Donations of property and equipment

Donations of property and equipment (long-lived assets) that do not have donor imposed stipulations about how long the property must be used are recorded as contributions without donor restrictions in the fiscal year received.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If any long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis or other valuation technique. There was no impairment loss recognized during the year ended December 31, 2019.

Deferred revenue

Membership dues, service fees and special events receipts are recognized as revenue in the fiscal year they are earned. Amounts collected or billed for future fiscal years are recorded as deferred revenue.

Accounting for contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Contributions in-kind

LCCC sometimes receives contributions in a form other than cash. Donated supplies are recorded as contributions at the date of the gift and as expenses when the donated items are placed into service or distributed. If LCCC receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of the gift, provided that the value of the asset and its estimated useful life meets LCCC's capitalization policy. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the contribution is reported as a contribution and an unconditional promise to give at the date of the gift, and the expense is reported over the term of use.

LCCC benefits from personal services provided by many volunteers. Those volunteers have donated regular amounts of time and services in LCCC's program operations and in its fundraising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in the financial statements. LCCC records the fair value of contributed services in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills; are provided by persons possessing those skills; and would need to be purchased if they were not donated as required by ASC 958. Approximately 99 volunteers donated 7,439 hours of work to LCCC's activities, valued at \$152,429 for the year ended December 31, 2019. This amount is not reflected in the accompanying financial statements because these services did not meet the above criteria.

LINCOLN CITY CULTURAL CENTER, INC.
LINCOLN CITY, OREGON

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended December 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense recognition and allocation

The cost of providing LCCC's programs and other activities is summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefitted using a reasonable allocation method that is consistently applied, as follows:

Salaries, wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.

Occupancy costs such as utilities, depreciation, and rent are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.

Insurance, internet, telephone, some supplies and miscellaneous expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

Every 3 years, or more often when new space or programs are added, the bases on which costs are allocated are evaluated.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of LCCC.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. LCCC generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs are allocated between fundraising and management and general expenses in accordance with U.S. GAAP for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Advertising costs

Advertising costs are recorded as expenses of the applicable program in the period incurred.

Shipping and handling costs

Shipping and handling costs are included in cost of sales.

Income taxes

LCCC has been determined to be exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. LCCC qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The preparation of financial statements in conformity with U.S. GAAP requires LCCC to report information regarding its exposure to various tax positions taken by LCCC. LCCC has determined whether any tax positions have met the recognition threshold and has measured any entity exposure to those tax positions. Management believes that all relevant tax positions have been adequately addressed and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed.

Fair value measurements

FASB ASC 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure 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 under FASB ASC 820 are described as follows:

Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that LCCC has the ability to access.

LINCOLN CITY CULTURAL CENTER, INC.
LINCOLN CITY, OREGON

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended December 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurements (continued)

Level 2. Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets.

Quoted prices for identical or similar assets or liabilities in inactive markets.

Inputs other than quoted prices that are observable for the asset or liability.

Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3. Inputs to valuation methodology are unobservable and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. However, level 1 inputs are not available for some of the assets that the organization is required to measure at fair value (for example, in-kind contributions).

The primary uses of fair value measures in LCCC's financial statements are as follows:

Initial measurement of in-kind contributions.

Recurring measurement of any stock investments.

Subsequent events

Management has evaluated subsequent events through March 18, 2020, which was the date the financial statements were available to be issued.

Note 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2019 are presented in the schedule on the following page.

Financial assets:	Amount
Cash	\$ 54,615
Designated cash	76,418
Cash, restricted	161,160
Short-term investments	284,903
Accounts receivable	4,534
Promises to give	18,236
Prepaid expenses	2,066
Inventory	2,781
Total financial assets	604,713
Less financial assets held to meet donor-imposed restrictions:	
Cash, restricted	(161,160)
Short-term investments, restricted	(197,361)
Promises to give, restricted	(18,236)
Less financial assets not available within one year:	
Promises to give	(6,000)
Inventory	(501)
Total restricted financial assets	(383,258)
Amount available for general expenditures within one year	\$ 221,455

The above table lists donor-restricted assets as unavailable because donor restricted amounts cannot be spent general expenditures. Promises to give of \$6,000 will be received in 2021 and 2022. Of inventory 18% is listed as not available within one year since inventory turns over slowly for concessions and gift items.

LINCOLN CITY CULTURAL CENTER, INC.
LINCOLN CITY, OREGON

Notes to the Financial Statements
for the Year Ended December 31, 2019

NOTE 4 - CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

LCCC's consolidated cash deposits fluctuate during each year. Accordingly, the amount of cash deposits covered by federal depository insurance also fluctuated, at times some cash deposits may be uninsured. Total cash deposits excluding reconciling items, and short-term investments in bank certificates of deposit (CDs) and the amounts of cash insured and uninsured at December 31, 2019 are as follows:

Cash in banks at December 31, 2019:	<u>Cash in Banks</u>	<u>Insured</u>	<u>Uninsured</u>
US Bank money market, Cultural Plaza	\$ 196,301	\$ 196,301	\$ -
US Bank checking	55,785	53,699	2,086
US Bank operating reserve fund	40,393	-	40,393
US Bank CD1, operating reserve	61,188	-	61,188
US Bank CD2, maintenance reserve	25,414	-	25,414
US Bank CD3, Cultural Plaza	20,332	-	20,332
US Bank CD4, Cultural Plaza	151,962	-	151,962
US Bank CD5, Cultural Plaza	25,068	-	25,068
Edward Jones money market	939	939	-
Total	<u>\$ 577,382</u>	<u>\$ 250,939</u>	<u>\$ 326,443</u>

Cash and cash equivalents is classified in the accompanying statement of financial position in a few line items which are summarized as follows:

	<u>Cash and Cash Equivalents</u>			
	<u>Operating</u>	<u>Designated</u>	<u>Restricted</u>	<u>Total</u>
US Bank money market	\$ 1,351	\$ 36,036	\$ 161,160	\$ 198,547
US Bank checking	52,390	-	-	52,390
US Bank operating reserve fund	14	40,382	-	40,396
Petty cash	860	-	-	860
Total cash	<u>\$ 54,615</u>	<u>\$ 76,418</u>	<u>\$ 161,160</u>	<u>\$ 292,193</u>

Short-term investments are classified as follows:

	<u>Short-term Investments</u>			
	<u>Operating</u>	<u>Designated</u>	<u>Restricted</u>	<u>Total</u>
Short-term investments				
US Bank CD1, Cultural Plaza	\$ -	\$ 61,188	\$ -	\$ 61,188
US Bank CD2, maintenance reserve	-	25,415	-	25,415
US Bank CD3, Cultural Plaza	-	-	20,331	20,331
US Bank CD4, Cultural Plaza	-	-	151,962	151,962
US Bank CD5, Cultural Plaza	-	-	25,068	25,068
Edward Jones money market	939	-	-	939
Total short-term investments	<u>\$ 939</u>	<u>\$ 86,603</u>	<u>\$ 197,361</u>	<u>\$ 284,903</u>

NOTE 5 - CONCENTRATIONS

Concentrations of accounts receivable at December 31, 2019 are as follows:

	<u>Amount</u>	<u>% of Total</u>
City of Lincoln City	\$ 2,667	59%
Oregon Home Commissions Office	818	18%
Chinook Winds Casino Resort	500	11%
All other	549	12%
Total accounts receivable	<u>\$ 4,534</u>	<u>100%</u>

LINCOLN CITY CULTURAL CENTER, INC.
LINCOLN CITY, OREGON

Notes to the Financial Statements
for the Year Ended December 31, 2019

NOTE 5 - CONCENTRATIONS (continued)

Concentrations of support and revenues for the year ended December 31, 2019 are as follows:

	<u>Amount</u>	<u>Percentage</u>
Grants	\$ 373,964	37.06%
Contributions	213,013	21.11%
Contributions in-kind	71,544	7.09%
Program services	188,919	18.72%
Rental income	44,834	4.44%
Service management fee	32,000	3.17%
Membership dues	20,367	2.02%
Special events, net	23,654	2.34%
Other income	40,743	4.05%
Total support and revenues	<u>\$ 1,009,038</u>	<u>100.00%</u>

In addition to the above concentrations by income category, the City of Lincoln City and Oregon Community Foundation accounted for 50.5% of total support and revenue at 38.5% and 12% respectively.

NOTE 6 - PROMISES TO GIVE

Promises to give consists of 2 pledges; a pledge of \$10,000 to be collected in 2020 and a pledge of \$9,000 to be collected in 3 payments of \$3,000 in 2020, 2021 and 2022. The \$9,000 pledge is discounted at 3%. Activity for promises to give is as follows:

	<u>Short-term</u>	<u>Long-term</u>	<u>Discount Long-term</u>	<u>Net Long-term</u>	<u>Total</u>
Promises to give	<u>\$ 13,000</u>	<u>\$ 6,000</u>	<u>\$ (764)</u>	<u>\$ 5,236</u>	<u>\$ 18,236</u>

NOTE 7 - PREPAID EXPENSES

Prepaid expenses consisted of prepaid insurance totaling \$948 plus prepaid credit card charges of \$1,118 for total prepaid expenses of \$2,066 at December 31, 2019.

NOTE 8 - INVENTORY

Inventory consisted of concession items at December 31, 2019, as follows:

	<u>Amount</u>
Food	\$ 175
Beer and wine	2,606
Total inventory	<u>\$ 2,781</u>

NOTE 9 - PROPERTY AND EQUIPMENT

Property and equipment activity for the year ended December 31, 2019, is detailed in the following schedule.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Leasehold improvements	\$ 1,026,246	\$ 9,940	\$ -	\$ 1,036,186
Equipment and furnishings	44,131	7,513	-	51,644
Cultural Plaza Campaign CIP	4,000	131,537	-	135,537
Property and equipment at cost	<u>1,074,377</u>	<u>148,990</u>	<u>-</u>	<u>1,223,367</u>
Less: Accumulated depreciation	305,020	40,714	-	345,734
Net property and equipment	<u>\$ 769,357</u>	<u>\$ 108,276</u>	<u>\$ -</u>	<u>\$ 877,633</u>

LINCOLN CITY CULTURAL CENTER, INC.
LINCOLN CITY, OREGON

Notes to the Financial Statements
for the Year Ended December 31, 2019

NOTE 10 - STOCK INVESTMENTS

Stock investments consist of stocks donated to LCCC and held in an investment account at year end. The stocks donated to LCCC in December 2018 were sold in July 2019 for a net gain of \$186. Securities donated to LCCC in 2019 totaled \$20,954. These stocks were sold in 2019 for a net gain of \$111. Donated securities are valued at the closing price of the stocks on the date of donation. Any stocks that remain in the investment account at year end are presented at fair value in the accompanying statement of financial position, while realized and unrealized gains or losses on the stock investments are presented in statement of activities. All stocks were sold prior to year end, leaving only cash in the investment account. 2019 activity follows.

Stock investments:	Cost	Sale Proceeds	Gain (Loss)
Lord Abbett Value Opportunities Fund A, 180 shares	\$ 3,003	\$ 3,283	\$ 280
Columbia Banking System, Inc., 25 shares	945	851	(94)
Rockwell Automation, Inc., 118 shares	19,964	20,126	162
Boeing Company, 3 shares	990	939	(51)
Total	24,902	\$ 25,199	\$ 297
 Stock investment income:			
Realized gains	\$ 297		
Dividends	21		
Net investment income	\$ 318		

As discussed in Note 1 under fair value measurements, LCCC's stock investments are considered level 1 assets which use unadjusted quoted closing prices for identical shares of stocks publicly traded in the stock markets to determine fair value.

NOTE 11 - DEFERRED REVENUE

Deferred revenue consisted of annual membership dues collected in the current fiscal year for the following fiscal year. Deferred revenue activity is as follows:

	Beginning Balance	Dues Received	Dues Earned	Ending Balance
Membership dues	\$ 9,492	\$ 20,455	\$ (20,367)	\$ 9,580

NOTE 12 - NET ASSETS WITHOUT DONOR RESTRICTIONS; DESIGNATED

At December 31, 2019, net assets without donor restrictions includes cash designated for investment in certificates of deposits as follows:

Designated net assets:	Beginning Balance	Additions	Used	Ending Balance
Chessman development fund	\$ 29,064	\$ 6,972	\$ -	\$ 36,036
Operating reserve	60,066	41,188	(61,188)	40,066
Maintenance	25,317	414	-	25,731
Cultural Plaza Campaign	-	61,188	-	61,188
Total designated net assets	\$ 114,447	\$ 109,762	\$ (61,188)	\$ 163,021

LINCOLN CITY CULTURAL CENTER, INC.
LINCOLN CITY, OREGON

Notes to the Financial Statements
for the Year Ended December 31, 2019

NOTE 13 - NET ASSETS WITH DONOR RESTRICTIONS

Activity for net assets with donor restrictions consisted of the following for the year ended December 31, 2019.

Restricted grants:	Beginning Balance	Received	Released	Ending Balance
Oregon Cultural Trust; Cultural Plaza Campaign	\$ 27,056	\$ 314,000	\$ (140,369)	\$ 200,687
Contributions; Cultural Plaza Campaign	26,200	94,444	-	120,644
City of Lincoln City VCB; Facilities grant	1,964	21,530	(982)	22,512
City of Lincoln City VCB; Marketing grant	8,085	3,432	(11,517)	-
Lincoln County Cultural Coalition; future project	1,300	-	(1,300)	-
JF & ML Miller Foundation; marketing consultant	14,000	7,000	(21,000)	-
Contributions; Restricted	13,935	-	(13,935)	-
2019 Theaterworks deposit	1,000	-	(1,000)	-
Oregon Community Foundation; programs	-	30,000	(1,886)	28,114
IBM matching grants	-	2,000	(2,000)	-
US Bank Foundation	-	7,500	(7,500)	-
Oneatta Fund; programs	-	5,000	(2,500)	2,500
Sponenburgh Memorial Trust; programs	-	2,600	(300)	2,300
Oregon Coast Council for the Arts; programs	-	1,300	(1,300)	-
Total temporarily restricted net assets	<u>\$ 93,540</u>	<u>\$ 488,806</u>	<u>\$ (205,589)</u>	<u>\$ 376,757</u>

NOTE 14 - CONTRIBUTIONS IN-KIND

Contributions in-kind consisted of the following for the year ended December 31, 2019.

	Amount
Stock donations	\$ 20,954
Office building lease	36,000
Special event auction items	7,434
Household goods	3,370
Campaign signage services	3,118
Food and furniture	668
Total contributions in-kind revenue	71,544
Less stock investments	(20,954)
Total contributions in-kind expense	<u>\$ 50,590</u>

NOTE 15 - SPECIAL EVENTS

LCCC conducted its annual special events during the year as part of its fundraising efforts. Special event receipts consist of ticket sales and other revenue excluding contributions. Special events for the year ended December 31, 2019 are detailed in the following schedule.

Special event:	Special Events		
	Receipts	Direct Costs	Net Income
Culture, Of Course	\$ 35,111	\$ (11,457)	\$ 23,654

NOTE 16 - SALES AND COST OF SALES

Sales for the 2019 are summarized in the following schedule.

Sales:	Sales	Cost of Sales	Net Income
Performance concessions, beer and wine	\$ 11,045	\$ (3,965)	\$ 7,080
Catering	321	(446)	(125)
Information Center sales	937	-	937
Total	<u>\$ 12,303</u>	<u>\$ (4,411)</u>	<u>\$ 7,892</u>

LINCOLN CITY CULTURAL CENTER, INC.
LINCOLN CITY, OREGON

Notes to the Financial Statements
for the Year Ended December 31, 2019

NOTE 17 - OPERATING LEASES

LCCC leases its land and building from the Lincoln City Urban Renewal Agency (URA) for the Delake School property under a non-cancelable lease agreement that expires on December 31, 2021. The lease began in August 2006. In December 2016 the monthly rent was waived for six years. In July 2016 the waiver of rent was extended for another five years to December 31, 2021. Monthly payments under the lease total \$2,250 indexed to the consumer price index each year. The rental maturity schedule below estimates rent increase at 2.5% each year.

On July 1, 2018, the URA lease was replaced by a lease from the City of Lincoln City (City) containing revised terms and continuing the abatement of rent until January 1, 2022. The City lease requires a deposit of \$3,000 on July 1, 2019 unless the City waives such deposit in writing prior to that date. LCCC has 6 months to pay the deposit if it is not waived by the City. The lease has 5 conditional options to extend which must be requested in writing within 90 days of lease expiration in 2023, 2028, 2033, 2038, and 2043. Accordingly, the lease may mature on June 30 of any of these years or on June 30, 2048. The City will conduct an annual review of LCCC's operations and finances each April through June to determine if rent will be abated. The first such review will commence in April 2020 regarding rent abatement for 2022. As a result, rent for 2022 of \$36,000 is included in the lease maturity schedule below. Rents will increase by 2% each year after 2022, if rent is required by the City.

In addition, LCCC leases kitchen and office equipment under non-cancelable lease agreements that expire in 2021 and 2022 with total monthly payments of \$371. Equipment rent for 2019 totaled \$4,545.

The rental maturity schedule, and rent forgiven each year, is as follows:

Year Ending June 30,	Rents		
	Total	Forgiven	Due
2020	\$ 40,561	\$ (36,000)	\$ 4,561
2021	40,560	(36,000)	4,560
2022	38,990	-	38,990
2023	36,720	-	36,720
2024	37,454	-	37,454
Thereafter	872,568	-	872,568
Total	<u>\$ 1,066,853</u>	<u>\$ (72,000)</u>	<u>\$ 994,853</u>

NOTE 18 - COMMITMENTS

LCCC renewed 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. Compensation is \$32,000 and the agreement expires June 30, 2019.

NOTE 19 - CONCENTRATIONS OF RISK

Amounts held in financial institutions may at times be in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits during the year. LCCC deposits its cash with high quality financial institutions and management believes LCCC is not exposed to significant credit risk on those amounts.

The majority of LCCC's income is received from grants, contributions, and program service fees (see Note 5). As such, LCCC's ability to generate resources via special events, service fees, grants and contributions is dependent upon the economic health of the governmental agencies, visitors and tourists, and area businesses. An economic downturn could cause a decrease in income that coincides with an increase in demand for LCCC's services.

LCCC's stock investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could affect the amounts reported in the financial statements.

LINCOLN CITY CULTURAL CENTER, INC.
LINCOLN CITY, OREGON

Notes to the Financial Statements
for the Year Ended December 31, 2019

NOTE 20 - SUBSEQUENT EVENTS

In January 2020, landscape architect Shapiro Didway provided a cost estimate for completion of the Cultural Plaza including bid management and contingency for \$2,229,069. Project completion is expected in 2021.

In January 2020, LCCC received a \$30,000 grant from Oneatta Fund.

NOTE 21 - PRIOR PERIOD ADJUSTMENT

The beginning accounts receivable balance was decreased by \$5,800 to eliminate unreversed corrections to this account made in past years. Net assets without donor restrictions was also reduced by the same amount as follows:

	Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
Net assets beginning balance	\$ 916,312	\$ 93,540	\$ 1,009,852
Accounts receivable adjustment	(5,800)	-	(5,800)
Net assets beginning balance, restated	\$ 910,512	\$ 93,540	\$ 1,004,052