

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

**REVIEW REPORT**

**DECEMBER 31, 2014**

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
Elizabeth Black	Vice-President
John Hurley	Treasurer
Leslie Green	Secretary

**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

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February 18, 2015

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT


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

I have reviewed the accompanying statement of financial position of Lincoln City Cultural Center, Inc. (a nonprofit corporation) as of December 31, 2014, and the related statement of activities, functional expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Lincoln City Cultural Center, Inc.'s 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 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 and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

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 conformity 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, 2014

**ASSETS**

Cash and cash equivalents	\$ 122,373
Accounts receivable	3,469
Deposits	100
Prepaid expense	2,673
Inventory	2,400
Capital assets, net of accumulated depreciation	<u>793,570</u>

Total assets	<u>\$ 924,585</u>
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**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable	<u>\$ 3,193</u>
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**Net Assets**

Unrestricted	811,589
Board designated	
Chessman development fund	50,080
Operating reserve	<u>45,036</u>

Total unrestricted	906,705
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Temporarily restricted	<u>14,687</u>
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Total net assets	<u>921,392</u>
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Total liabilities and net assets	<u>\$ 924,585</u>
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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, 2014

	Unrestricted	Temporarily Restricted	Total
<b>OPERATING REVENUE</b>			
Program services	\$ 95,458	\$ 0	\$ 95,458
Rental income	50,679	0	50,679
Service management fee	24,000	0	24,000
Other income	962	0	962
Interest income	23	0	23
	<u>171,122</u>	<u>0</u>	<u>171,122</u>
<b>OPERATING EXPENSES</b>			
Program services	76,178	0	76,178
General and administrative	217,970	0	217,970
	<u>294,148</u>	<u>0</u>	<u>294,148</u>
Income (loss) from operations	<u>(123,026)</u>	<u>0</u>	<u>(123,026)</u>
<b>OTHER REVENUE AND EXPENSES</b>			
Contributions	34,119	0	34,119
Grants	0	37,027	37,027
Membership dues	16,315	0	16,315
Fundraising, net	4,364	0	4,364
Net assets released from restrictions	34,075	(34,075)	0
	<u>88,873</u>	<u>2,952</u>	<u>91,825</u>
Total other revenue and expenses	<u>88,873</u>	<u>2,952</u>	<u>91,825</u>
Changes in net assets	(34,153)	2,952	(31,201)
NET ASSETS - Beginning of year	<u>940,858</u>	<u>11,735</u>	<u>952,593</u>
NET ASSETS - End of year	<u>\$ 906,705</u>	<u>\$ 14,687</u>	<u>\$ 921,392</u>

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, 2014

	Program Expenses	General & Administrative	Total
Art gallery	\$ 5,338	\$ 0	\$ 5,338
Classes	1,634	0	1,634
Gift shop	15,631	0	15,631
Performing arts	49,409	0	49,409
Community events	4,166	0	4,166
Payroll and payroll taxes	0	111,843	111,843
Advertising	0	6,239	6,239
Awards	0	380	380
Bank charges	0	2,548	2,548
Computer hardware and software	0	2,013	2,013
Depreciation	0	31,992	31,992
Equipment rental	0	1,774	1,774
Information center	0	1,301	1,301
Insurance	0	3,052	3,052
Licenses and permits	0	659	659
Maintenance	0	8,165	8,165
Memberships	0	991	991
Office supplies	0	2,911	2,911
Printing and postage	0	7,587	7,587
Professional fees	0	6,352	6,352
Staff development	0	1,275	1,275
Supplies	0	5,923	5,923
Telephone	0	4,534	4,534
Travel and entertainment	0	178	178
Utilities	0	18,253	18,253
	<u>0</u>	<u>18,253</u>	<u>18,253</u>
Total functional expenses	<u>\$ 76,178</u>	<u>\$ 217,970</u>	<u>\$ 294,148</u>

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, 2014

**CASH FLOW FROM OPERATING ACTIVITIES**

Change in net assets	\$ (31,201)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:	
Depreciation	31,992
(Increase) decrease in operating assets:	
Accounts receivable	(3,469)
Prepaid expense	(93)
Inventories	(13)
Increase (decrease) in operating liabilities:	
Accounts payable	3,193
Deferred revenue	<u>(2,000)</u>
Net cash provided (used) by operating activities	(1,591)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of capital assets	<u>(21,003)</u>
Net change in cash	(22,594)
CASH AND CASH EQUIVALENTS - Beginning of year	<u>144,967</u>
CASH AND CASH EQUIVALENTS - End of year	<u><u>\$ 122,373</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, 2014**

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

**Organization**

Lincoln City Cultural Center, Inc. (LCCC) 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.

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.

**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, 2014**

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

**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	\$ 121,513
Cash in hand	<u>860</u>
Total	<u>\$ 122,373</u>

**Deposits**

At the end of the fiscal year, LCCC's total deposits with financial institutions have a bank value of \$131,016. 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	\$ 14,205
Leasehold improvements	<u>946,086</u>
	960,291
Less - accumulated depreciation	<u>(166,721)</u>
Capital assets, net of accum. depreciation	<u>\$ 793,570</u>

Depreciation expense for the year is \$31,992.

**NOTE 4 - RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	<u>Balance</u>
Capital assets	\$ 1,100
Program Services	<u>13,587</u>
Total	<u>\$ 14,687</u>



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

NOTES TO FINANCIAL STATEMENTS  
for the Year Ended December 31, 2014

**NOTE 5 - OPERATING LEASE**

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

<u>Year end</u>	<u>Balance</u>
2015	\$ 1,452
2016	1,452
2017	<u>121</u>
Total	<u>\$ 3,025</u>

**NOTE 6 - COMMITMENTS/CONCENTRATIONS**

Effective October 2007, LCCC entered 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 original term of the agreement was for three years. The agreement has twice renewed for an additional three years and now expires September 30, 2016. The City compensates LCCC at the rate of \$24,000 per year in quarterly installments.

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 three years. In June 2014, that waiver was extended for another three years.

LCCC has the right of first refusal until August 31, 2014 to purchase the Delake School property from the URA. The purchase price would be \$1,600,000 (the price paid by the URA to acquire the property) plus one-half of the difference between the fair value of the property and the URA's acquisition cost. In no event would the price be less than \$1,600,000.

**NOTE 7 - EVALUATION OF SUBSEQUENT EVENTS**

LCCC has evaluated subsequent events through February 18, 2015, the date which the financial statements were available to be issued.