

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

REVIEW REPORT

December 31, 2015

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 |
|------------|--------------------|

REGISTERED OFFICE
540 NE Hwy 101
PO Box 752
Lincoln City, Oregon 97367

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 | 4 |
| Statement of Cash Flows | 5 |
| Notes to Financial Statements | 6-8 |

GRIMSTAD & ASSOCIATES
Certified Public Accountants

February 15, 2016

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

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, 2015, 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 & OAI

LINCOLN CITY CULTURAL CENTER, INC.
Lincoln City, Oregon

STATEMENT OF FINANCIAL POSITION
as of December 31, 2015

ASSETS

| | |
|---|-------------------|
| Cash and cash equivalents | \$ 151,977 |
| Accounts receivable | 751 |
| Deposits | 100 |
| Prepaid expense | 4,389 |
| Inventory | 3,625 |
| Capital assets, net of accumulated depreciation | <u>773,780</u> |
| Total assets | <u>\$ 934,622</u> |

LIABILITIES AND NET ASSETS

Liabilities

| | |
|-------------------|---------------|
| Accounts payable | \$ 9,235 |
| Deferred revenue | <u>2,667</u> |
| Total liabilities | <u>11,902</u> |

Net Assets

| | |
|----------------------------------|-------------------|
| Unrestricted | 872,548 |
| Board designated | |
| Chessman development fund | <u>50,172</u> |
| Total unrestricted | 922,720 |
| Temporarily restricted | <u>0</u> |
| Total net assets | <u>922,720</u> |
| Total liabilities and net assets | <u>\$ 934,622</u> |

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, 2015

| | Unrestricted | Temporarily Restricted | Total |
|---------------------------------------|--------------|---------------------------|------------|
| OPERATING REVENUE | | | |
| Program services | \$ 114,845 | \$ 0 | \$ 114,845 |
| Rental income | 51,216 | 0 | 51,216 |
| Service management fee | 27,333 | 0 | 27,333 |
| Other income | 1,116 | 0 | 1,116 |
| Interest income | 124 | 0 | 124 |
| Total operating revenue | 194,634 | 0 | 194,634 |
| OPERATING EXPENSES | | | |
| Program services | 90,490 | 0 | 90,490 |
| General and administrative | 225,863 | 0 | 225,863 |
| Total operating expenses | 316,353 | 0 | 316,353 |
| Income (loss) from operations | (121,719) | 0 | (121,719) |
| OTHER REVENUE AND EXPENSES | | | |
| Contributions | 43,049 | 0 | 43,049 |
| Grants | 0 | 47,697 | 47,697 |
| Membership dues | 17,850 | 0 | 17,850 |
| Fundraising, net | 14,451 | 0 | 14,451 |
| Net assets released from restrictions | 62,384 | (62,384) | 0 |
| Total other revenue and expenses | 137,734 | (14,687) | 123,047 |
| Changes in net assets | 16,015 | (14,687) | 1,328 |
| NET ASSETS - Beginning of year | 906,705 | 14,687 | 921,392 |
| NET ASSETS - End of year | \$ 922,720 | \$ 0 | \$ 922,720 |

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, 2015

| | Program Expenses | Fundraising Expenses | General & Administrative | Total |
|--------------------------------|---------------------|-------------------------|-----------------------------|-------------------|
| Art gallery | \$ 12,612 | \$ 0 | \$ 0 | \$ 12,612 |
| Classes | 4,115 | 0 | 0 | 4,115 |
| Gift shop | 17,887 | 0 | 0 | 17,887 |
| Performing arts | 47,553 | 0 | 0 | 47,553 |
| Community events | 8,323 | 0 | 0 | 8,323 |
| Fundraising | 0 | 6,577 | 0 | 6,577 |
| Payroll and payroll taxes | 0 | 0 | 121,072 | 121,072 |
| Advertising | 0 | 0 | 6,847 | 6,847 |
| Awards | 0 | 0 | 389 | 389 |
| Bank charges | 0 | 0 | 3,263 | 3,263 |
| Computer hardware and software | 0 | 0 | 980 | 980 |
| Depreciation | 0 | 0 | 33,179 | 33,179 |
| Equipment rental | 0 | 0 | 2,572 | 2,572 |
| Information center | 0 | 0 | 902 | 902 |
| Insurance | 0 | 0 | 854 | 854 |
| Licenses and permits | 0 | 0 | 900 | 900 |
| Maintenance | 0 | 0 | 6,270 | 6,270 |
| Memberships | 0 | 0 | 1,513 | 1,513 |
| Office supplies | 0 | 0 | 3,703 | 3,703 |
| Printing and postage | 0 | 0 | 7,050 | 7,050 |
| Professional fees | 0 | 0 | 2,600 | 2,600 |
| Staff development | 0 | 0 | 1,293 | 1,293 |
| Supplies | 0 | 0 | 10,397 | 10,397 |
| Telephone | 0 | 0 | 4,260 | 4,260 |
| Travel and entertainment | 0 | 0 | 178 | 178 |
| Utilities | 0 | 0 | 17,641 | 17,641 |
| | | | | |
| Total functional expenses | <u>\$ 90,490</u> | <u>\$ 6,577</u> | <u>\$ 225,863</u> | <u>\$ 322,930</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, 2015

| | |
|--|-------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | |
| Change in net assets | \$ 1,328 |
| Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities: | |
| Depreciation | 33,179 |
| (Increase) decrease in operating assets: | |
| Accounts receivable | 2,718 |
| Prepaid expense | (1,716) |
| Inventories | (1,225) |
| Increase (decrease) in operating liabilities: | |
| Accounts payable | 6,042 |
| Deferred revenue | <u>2,667</u> |
| Net cash provided (used) by operating activities | 42,993 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchase of capital assets | <u>(13,389)</u> |
| Net change in cash | 29,604 |
| CASH AND CASH EQUIVALENTS - Beginning of year | <u>122,373</u> |
| CASH AND CASH EQUIVALENTS - End of year | <u>\$ 151,977</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, 2015

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, 2015

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, 2012, 2013, 2014, and 2015 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 | \$ 151,117 |
| Cash in hand | <u>860</u> |
| Total | <u>\$ 151,977</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 | \$ 20,927 |
| Leasehold improvements | <u>952,753</u> |
| | 973,680 |
| Less - accumulated depreciation | <u>(199,900)</u> |
| Capital assets, net of accum. depreciation | <u>\$ 773,780</u> |

Depreciation expense for the year is \$33,179.

NOTE 4 - RESTRICTED NET ASSETS

There were no temporarily restricted net assets at December 31, 2015.

LINCOLN CITY CULTURAL CENTER, INC.
Lincoln City, Oregon

NOTES TO FINANCIAL STATEMENTS
for the Year Ended December 31, 2015

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, 2015. Future minimum payments under the lease are as follows:

| <u>Year end</u> | <u>Balance</u> |
|-----------------|-----------------|
| 2016 | \$ 1,452 |
| 2017 | <u>121</u> |
| Total | <u>\$ 1,573</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, 2016 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 - 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 \$6,847.

NOTE 8 - EVALUATION OF SUBSEQUENT EVENTS

LCCC has evaluated subsequent events through February 15, 2016, the date which the financial statements were available to be issued.