

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

**REVIEW REPORT**

**December 31, 2017**

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>
Greg Berton	President
Dennis Civiello	Vice President
John Collier	Treasurer
Leslie Green - resigned	Secretary
Binaya Dangol	Director
Adrienne Green	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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## 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, 2017, and the related statement 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 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  
Newport, Oregon  
March 30, 2018

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

**STATEMENT OF FINANCIAL POSITION**  
as of December 31, 2017

**ASSETS**

Cash and cash equivalents	\$ 203,499
Accounts receivable	5,800
Deposits	100
Prepaid expense	1,780
Inventory	7,768
Capital assets, net of accumulated depreciation	<u>742,304</u>
 Total assets	 <u><u>\$ 961,251</u></u>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable	\$ 2,541
Payroll liability	<u>178</u>
 Total liabilities	 <u>2,719</u>

**Net Assets**

Unrestricted	757,413
Board designated	
Chessman development fund	41,070
Operating reserve	58,800
Maintenance reserve	<u>20,317</u>
 Total unrestricted	 877,600
 Temporarily restricted	 <u>80,932</u>
 Total net assets	 <u>958,532</u>
 Total liabilities and net assets	 <u><u>\$ 961,251</u></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, 2017

	Unrestricted	Temporarily Restricted	Total
<b>OPERATING REVENUE</b>			
Program services	\$ 138,783	\$ 0	\$ 138,783
Rental income	49,810	0	49,810
Service management fee	32,000	0	32,000
Other income	4,330	0	4,330
Interest income	90	0	90
 Total operating revenue	 225,013	 0	 225,013
<b>OPERATING EXPENSES</b>			
Program services	123,871	0	123,871
General and administrative	311,253	0	311,253
 Total operating expenses	 435,124	 0	 435,124
 Income (loss) from operations	 (210,111)	 0	 (210,111)
<b>OTHER REVENUE AND EXPENSES</b>			
Contributions	64,507	0	64,507
Grants	0	122,343	122,343
Membership dues	21,576	0	21,576
Fundraising, net of expense \$12,068	26,707	0	26,707
Net assets released from restrictions	48,711	(48,711)	0
 Total other revenue and expenses	 161,501	 73,632	 235,133
 Changes in net assets	 (48,610)	 73,632	 25,022
 NET ASSETS - Beginning of year	 926,210	 7,300	 933,510
 NET ASSETS - End of year	 \$ 877,600	 \$ 80,932	 \$ 958,532

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, 2017**

	Program Expenses	General & Administrative	Total
Art gallery	\$ 13,770	\$ 0	\$ 13,770
Classes	566	0	566
Gift shop	25,143	0	25,143
Performing arts	81,710	0	81,710
Community events	2,682	0	2,682
Payroll and payroll taxes	0	147,961	147,961
Advertising	0	30,830	30,830
Awards	0	115	115
Bank charges	0	6,731	6,731
Computer hardware and software	0	2,327	2,327
Depreciation	0	32,426	32,426
Equipment rental	0	4,204	4,204
Information center	0	1,834	1,834
Insurance	0	4,164	4,164
Licenses and permits	0	1,546	1,546
Maintenance	0	21,753	21,753
Memberships	0	1,274	1,274
Office supplies	0	3,439	3,439
Printing and postage	0	4,529	4,529
Professional fees	0	3,450	3,450
Staff development	0	1,263	1,263
Supplies	0	15,016	15,016
Telephone	0	6,120	6,120
Utilities	0	19,675	19,675
Miscellaneous	0	2,596	2,596
<b>Total functional expenses</b>	<b>\$ 123,871</b>	<b>\$ 311,253</b>	<b>\$ 435,124</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, 2017

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 25,022
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:	
Accumulated depreciation adjustment	888
Depreciation	32,426
 (Increase) decrease in operating assets:	
Accounts receivable	(365)
Prepaid expense	2,609
Inventories	(2,106)
Increase (decrease) in operating liabilities:	
Accounts payable	(1,695)
Payroll liabilities	<u>(2,788)</u>
 Net cash provided (used) by operating activities	53,991
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of capital assets	<u>(470)</u>
 Net change in cash	53,521
 CASH AND CASH EQUIVALENTS - Beginning of year	<u>149,978</u>
 CASH AND CASH EQUIVALENTS - End of year	<u>\$ 203,499</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, 2017

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

The following is a summary of significant accounting policies followed in the preparation of these financial statements. The policies conform to accounting principles generally accepted in the United States of America applicable to voluntary health and welfare organizations and have been consistently applied.

**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.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restriction as follows:

*Unrestricted net assets* - Net assets that are not subject to donor-imposed stipulations.

*Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that can be fulfilled by actions of LCCC pursuant to those stipulations, or that expire by the passage of time. LCCC records grants as temporarily restricted funds per the grantors' instructions.

*Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that they be maintained permanently by LCCC. Generally, the doors of such assets permit LCCC to use all or part of the income earned on the assets. LCCC does not currently have permanently restricted funds.

**Functional Allocation of Expenses**

The costs of providing the various programs have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain management and general expenses have been allocated among the program and supporting services benefitted.

**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.

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

**NOTES TO FINANCIAL STATEMENTS**  
**for the Year Ended December 31, 2017**

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- con't**

**Accounts Receivable**

Receivables are accounted for on the accrual basis and become past due after 30 days. No allowance for uncollectible 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.

**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. The cost of repairs and maintenance is expensed when incurred. 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 thirty years for leasehold improvements.

**Revenue Recognition**

Grants and contributions are recognized as revenue when received, or receivables if the amount to be received can be reasonably estimated and collection is reasonably assured, under the accrual method of accounting. All other revenues are recorded when earned.

**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.

**Contributions**

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. A substantial number of volunteers have donated significant amounts of time to LCCC's activities, that is not reflected in the accompanying financial statements because these services did not meet the above criteria.

**Restricted and Unrestricted Revenue**

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, 2017**

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - con't**

**Fair Value Measurements**

FASB ASC 820, Fair Value Measurement 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.

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 the stock investment.

**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, 2014, 2015, 2016, and 2017 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

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

**NOTES TO FINANCIAL STATEMENTS**  
**for the Year Ended December 31, 2017**

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - con't**

**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	\$ 202,639
Cash in hand	<u>860</u>
Total	<u>\$ 203,499</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	\$ 38,203
Leasehold improvements	<u>969,812</u>
	1,008,015
Less - accumulated depreciation	<u>(265,711)</u>
Capital assets, net of accum. depreciation	<u>\$ 742,304</u>

Depreciation expense for the year is \$32,426.

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

**NOTES TO FINANCIAL STATEMENTS**  
**for the Year Ended December 31, 2017**

**NOTE 4 - RESTRICTED NET ASSETS**

There was temporarily restricted net assets representing restricted grants at year end. Below is a summary:

	<u>Balance</u>
OCF	\$ 16,000
Ankeny	11,500
Auditorium doors	982
Wayfinding grant	1,012
Elevator grant	23,000
Marketing grant	22,000
Oneatta Fund	2,500
2018 Studio tour	<u>3,938</u>
Total	<u>\$ 80,932</u>

**NOTE 5 - COMMITMENTS/CONCENTRATIONS**

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 estimated at \$16,000 expiring June 30, 2018.

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 6 - 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 \$30,000.

**NOTE 7 - EVALUATION OF SUBSEQUENT EVENTS**

LCCC has evaluated subsequent events through March 30, 2018 the date which the financial statements were available to be issued.

