

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

**REVIEW REPORT**

**December 31, 2018**

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
Binaya Dangol	Secretary
Adrienne Green	Director
Dorcas Holzapfel	Director
Sam Jacobson	Director
Jennifer Norman	Director

**STAFF**

Niki Price	Executive Director
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**REGISTERED OFFICE**

540 NE Hwy 101  
Lincoln City, Oregon 97367

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

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**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

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, 2018, 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  
April 30, 2019

Members:  
AICPA OSCPA & OAIA

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

STATEMENT OF FINANCIAL POSITION  
as of December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 26,030	\$ 93,540	\$ 119,570
Designated cash	114,447	-	114,447
Subtotal cash	140,477	93,540	234,017
Accounts receivable	11,133	-	11,133
Deposits	100	-	100
Prepaid expense	470	-	470
Inventory	10,422	-	10,422
Total current assets	162,602	93,540	256,142
<b>Property and equipment</b>			
Property and equipment, at cost	1,074,377	-	1,074,377
Less: Accumulated depreciation	(305,020)	-	(305,020)
Net fixed assets	769,357	-	769,357
<b>Other assets</b>			
Stock investments	3,800	-	3,800
Total other assets	3,800	-	3,800
Total assets	\$ 935,759	\$ 93,540	\$ 1,029,299
<b>Liabilities and net assets</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 6,707	\$ -	\$ 6,707
Payroll liability	3,248	-	3,248
Deferred revenue	9,492	-	9,492
Total current liabilities	19,447	-	19,447
Total liabilities	19,447	-	19,447
<b>Net assets</b>			
Net assets without donor restrictions	801,865	-	801,865
Designated			
Chessman development fund	29,064	-	29,064
Operating reserve	60,066	-	60,066
Maintenance	25,317	-	25,317
Net assets with donor restrictions	-	93,540	93,540
Total net assets	916,312	93,540	1,009,852
Total liabilities and net assets	\$ 935,759	\$ 93,540	\$ 1,029,299

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

**STATEMENT OF ACTIVITIES**  
for the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support:</b>			
Grants	\$ -	\$ 114,707	\$ 114,707
Contributions	4,028	37,985	42,013
Contributions in-kind	88,510	-	88,510
<b>Total support</b>	<b>92,538</b>	<b>152,692</b>	<b>245,230</b>
<b>Revenues:</b>			
Program services	177,550	-	177,550
Rental income	58,964	-	58,964
Service management fee	32,000	-	32,000
Membership dues	20,281	-	20,281
Concessions and other sales, net	7,721	-	7,721
Other income	958	-	958
Special events, net	30,591	-	30,591
Bank interest	132	-	132
Investment losses	(397)	-	(397)
<b>Total revenues</b>	<b>327,800</b>	<b>-</b>	<b>327,800</b>
<b>Total support and revenues</b>	<b>420,338</b>	<b>152,692</b>	<b>573,030</b>
<b>Reclassifications:</b>			
Net assets with donor restrictions, released from restrictions	63,090	(63,090)	-
<b>Total support, revenues and reclassifications</b>	<b>483,428</b>	<b>89,602</b>	<b>573,030</b>
<b>Expenses:</b>			
<b>Program services:</b>			
Cultural and art events	316,142	-	316,142
<b>Support services:</b>			
Management and general	149,570	-	149,570
Fundraising	45,210	-	45,210
<b>Total expenses</b>	<b>510,922</b>	<b>-</b>	<b>510,922</b>
<b>Change in net assets</b>	<b>(27,494)</b>	<b>89,602</b>	<b>62,108</b>
Net assets at beginning of fiscal year	943,806	3,938	947,744
<b>Net assets at end of fiscal year</b>	<b>\$ 916,312</b>	<b>\$ 93,540</b>	<b>\$ 1,009,852</b>

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

**STATEMENT OF FUNCTIONAL EXPENSES FOR PROGRAM AND SUPPORT SERVICES**  
**for the Year Ended December 31, 2018**

	Program		Fundraising Other	Total Expenses
	Services Cultural and Art Events	Support Services Management and General		
Salaries and wages	\$ 86,798	\$ 36,337	\$ 19,112	\$ 142,247
Payroll taxes	7,391	3,094	1,628	12,113
Total personnel costs	94,189	39,431	20,740	154,360
Art gallery	\$ 24,360	\$ -	\$ -	\$ 24,360
Classes	16,637	-	-	16,637
Gift shop	26,657	-	-	26,657
Performing arts	76,174	-	-	76,174
Community events	1,469	-	2,702	4,171
Advertising	772	16,387	780	17,939
Awards	-	40	-	40
Bank changes	-	-	8,260	8,260
Computer hardware and software	-	967	-	967
Contract services	-	18,100	-	18,100
Cost of sales	-	-	5,308	5,308
Dues and subscriptions	-	709	-	709
Equipment rental	-	4,404	-	4,404
Information center	1,102	-	-	1,102
Insurance	1,284	1,605	321	3,210
Licenses and permits	-	1,228	-	1,228
Maintenance	15,373	2,882	961	19,216
Memberships	-	-	3,616	3,616
Miscellaneous	-	816	-	816
Office supplies	836	2,212	1,475	4,523
Printing	1,475	1,308	1,960	4,743
Postage	19	334	501	854
Professional fees, accounting	-	3,000	-	3,000
Professional fees, consulting	-	5,850	-	5,850
Special event direct costs	-	-	8,573	8,573
Staff development	-	1,275	-	1,275
Supplies	12,070	-	-	12,070
Telephone	1,655	278	-	1,933
Utilities	15,752	4,500	2,250	22,502
Subtotal expenses	289,824	105,326	57,447	452,597
Contributions in-kind, rent	26,318	4,935	1,644	32,897
Depreciation	-	39,309	-	39,309
Less cost of sales	-	-	(5,308)	(5,308)
Less special event direct costs	-	-	(8,573)	(8,573)
Total expenses	\$ 316,142	\$ 149,570	\$ 45,210	\$ 510,922
Percent of total expenses	62%	29%	9%	100%

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

**STATEMENT OF CASH FLOWS**  
for the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Cash flows from operating activities</b>			
Change in net assets	\$ (27,494)	\$ 89,602	\$ 62,108
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:			
Depreciation	39,309	-	39,309
In-kind contributions of stocks	(17,445)	-	(17,445)
Loss on sale of stocks	249	-	249
Unrealized loss on stocks	148	-	148
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(5,333)	-	(5,333)
Prepaid expenses	1,310	-	1,310
Inventory	(2,654)	-	(2,654)
Increase (decrease) in:			
Accounts payable	4,166	-	4,166
Payroll liability	3,070	-	3,070
Deferred revenue	(1,296)	-	(1,296)
Net cash provided (used) by operating activities	(5,970)	89,602	83,632
<b>Cash flows from investing activities</b>			
Purchases of property and equipment	(66,362)	-	(66,362)
Proceeds from sales of stocks	13,248	-	13,248
Net cash used by investing activities	(53,114)	-	(53,114)
Net increase (decrease) in cash and equivalents	(59,084)	89,602	30,518
Cash and cash equivalents at beginning of year	199,561	3,938	203,499
Cash and cash equivalents at end of year	\$ 140,477	\$ 93,540	\$ 234,017
<b>Supplemental cash flow information:</b>			
Schedule of noncash transactions:			
In-kind contributions of stocks	\$ (17,445)		
Noncash investment in stocks	17,445		
Net noncash transactions	\$ -		



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

**NOTES TO THE FINANCIAL STATEMENTS**  
for the Year Ended December 31, 2018

**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, 2018

**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 11.

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.

**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. There were no receivables aged 90 days or more at December 31, 2018.

**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 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.

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

NOTES TO THE FINANCIAL STATEMENTS  
for the Year Ended December 31, 2018

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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, 2018.

**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 125 volunteers donated 9,477 hours of work to LCCC's activities, valued at \$233,987 for the year ended December 31, 2018. This amount is not reflected in the accompanying financial statements because these services did not meet the above criteria.

**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:

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

**NOTES TO THE FINANCIAL STATEMENTS**  
for the Year Ended December 31, 2018

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Expense recognition and allocation (continued)**

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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
for the Year Ended December 31, 2018

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fair value measurements (continued)**

Level 2. Inputs to the valuation methodology include (continued):

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 April 30, 2019, which was the date the financial statements were available to be issued.

**Change in accounting principles**

LCCC implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

- Temporarily restricted net assets have been renamed net assets with donor restrictions.
- Unrestricted net assets have been renamed net assets without donor restrictions.
- The financial statements include a disclosure about liquidity and availability of resources in Note 3.

The changes have the following effect on net assets at January 1, 2018:

	As Originally Presented	After adoption of ASU 2016-14
Net asset class		
Unrestricted net assets	\$ 943,806	\$ -
Temporarily restricted net assets	3,938	-
Net assets without donor restrictions	-	943,806
Net assets with donor restrictions	-	3,938
Total net assets	\$ 947,744	\$ 947,744

**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, 2018 are presented in the schedule on the following page.

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

Notes to the Financial Statements  
for the Year Ended December 31, 2018

**NOTE 3 - LIQUIDITY AND AVAILABILITY (continued)**

	Amount
Financial assets:	
Cash	\$ 26,030
Designated cash	114,447
Cash, restricted	93,540
Accounts receivable	11,133
Prepaid expenses	470
Inventory	10,422
Stock investments	3,800
Total financial assets	259,842
Less financial assets held to meet donor-imposed restrictions:	
Cash, restricted	(93,540)
Less financial assets not available within one year:	
Inventory	(1,900)
Total restricted financial assets	(95,440)
Amount available for general expenditures within one year	\$ 164,402

The above table lists donor-restricted as unavailable because donor restricted amounts cannot be spent general expenditures. Of inventory 18% is listed as not available within one year since inventory turns over slowly for concessions and gift items.

**NOTE 4 - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are held in separate bank accounts. All cash deposits were insured by federal depository insurance at December 31, 2018, and consisted of the following:

	Amount
US Bank money market	\$ 122,605
US Bank checking	25,170
US Bank reserve fund	85,382
Petty cash	860
Total cash	234,017
Less designated cash	
Chessman development fund	29,064
Operating reserve	60,066
Maintenance	25,317
Subtotal designated cash	114,447
Cash with donor restrictions	93,540
Total operating cash	\$ 26,030

**NOTE 5 - CONCENTRATIONS**

Concentrations of accounts receivable at December 31, 2018 are as follows:

	Amount	% of Total
City of Lincoln City	\$ 9,333	84%
Walter R. Behren	1,800	16%
Total accounts receivable	\$ 11,133	100%

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

Notes to the Financial Statements  
for the Year Ended December 31, 2018

**NOTE 5 - CONCENTRATIONS (continued)**

Concentrations of support and revenues for the year ended December 31, 2018 are as follows:

	<u>Amount</u>	<u>Percentage</u>
Grants	\$ 114,707	20.02%
Contributions	42,013	7.33%
Contributions in-kind	88,510	15.45%
Program services	177,550	30.98%
Rental income	58,964	10.29%
Service management fee	32,000	5.58%
Membership dues	20,281	3.54%
Special events, net	30,591	5.34%
Other income	8,414	1.47%
Total support and revenues	<u>\$ 573,030</u>	<u>100.00%</u>

**NOTE 6 - PREPAID EXPENSES**

Prepaid expenses consisted of prepaid insurance totaling \$470 at December 31, 2018.

**NOTE 7 - INVENTORY**

Inventory consisted of concession items at December 31, 2018, as follows:

	<u>Amount</u>
Food	\$ 5,339
Beer and wine	5,083
Total inventory	<u>\$ 10,422</u>

**NOTE 8 - PROPERTY AND EQUIPMENT**

Property and equipment activity for the year ended December 31, 2018, is detailed in the following schedule.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Leasehold improvements	\$ 969,812	\$ 56,434	\$ -	\$ 1,026,246
Equipment and furnishings	38,203	5,928	-	44,131
Cultural Plaza Campaign CIP	-	4,000	-	4,000
Property and equipment at cost	<u>1,008,015</u>	<u>66,362</u>	<u>-</u>	<u>1,074,377</u>
Less: Accumulated depreciation	265,711	39,309	-	305,020
Net property and equipment	<u>\$ 742,304</u>	<u>\$ 27,053</u>	<u>\$ -</u>	<u>\$ 769,357</u>

**NOTE 9 - STOCK INVESTMENTS**

Stock investments consist of stocks donated to LCCC and held in an investment account at year end. Both stocks were donated to LCCC in December 2018. The stocks' basis or cost was recorded at the closing price of the stocks on the date of the donations. The stocks are presented at fair value in the accompanying statement of financial position, and the realized and unrealized losses on the stock investments are presented in the statement of activities. Details for the stock investments are as detailed on the following page.

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Notes to the Financial Statements  
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**NOTE 9 - STOCK INVESTMENTS (continued)**

	Cost	Level 1 Fair Value
Stock investments:		
Lord Abbett Value Opportunities Fund A, 180 shares	\$ 3,003	\$ 2,893
Columbia Banking System, Inc., 25 shares	945	907
Total	<u>3,948</u>	<u>\$ 3,800</u>
Allowance to reduce stocks investments to fair value	(148)	
Total stock investments at fair value	<u>\$ 3,800</u>	
Stock investment income:		
Realized losses	\$ (249)	
Unrealized losses	(148)	
Net losses	<u>\$ (397)</u>	

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 at December 31, 2018.

**NOTE 10 - 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	<u>\$ 10,788</u>	<u>\$ 18,985</u>	<u>\$ (20,281)</u>	<u>\$ 9,492</u>

**NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS**

Activity for temporarily restricted net assets consisted of the following for the year ended December 31, 2018.

	Beginning Balance	Received	Released	Ending Balance
Restricted grants:				
Oregon Cultural Trust; Cultural Plaza Campaign	\$ -	\$ 27,056	\$ -	\$ 27,056
Contributions; Cultural Plaza Campaign	-	27,050	(850)	26,200
City of Lincoln City VCB; Facilities	-	11,144	(9,180)	1,964
City of Lincoln City VCB; Marketing grant	-	23,650	(15,565)	8,085
City of Lincoln City; Elevator	-	10,000	(10,000)	-
Lincoln County Cultural Coalition; future project	-	1,300	-	1,300
IBM Matching Grant: Volunteerism	-	2,000	(2,000)	-
Ford Family Foundation: Capital Campaign				
Board training	-	5,000	(5,000)	-
James F. & Marion L. Miller Foundation;				
Marketing consultant	-	14,000	-	14,000
Oregon Arts Commission; Operations	-	4,257	(4,257)	-
Sponenburgh Memorial Trust; SONSOA	-	1,300	(1,300)	-
Ankeny Family Foundation; Programs	-	10,000	(8,000)	2,000
Oregon Coast Council for the Arts;				
Sunday market music	-	1,300	(1,300)	-
Oregon Cultural Trust; future board training	-	2,000	-	2,000
Contributions; Restricted	-	9,935	-	9,935
2019 Theaterworks deposit	-	1,000	-	1,000
City of Lincoln City VCB; 2018 Studio tour	3,938	1,700	(5,638)	-
Total temporarily restricted net assets	<u>\$ 3,938</u>	<u>\$ 152,692</u>	<u>\$ (63,090)</u>	<u>\$ 93,540</u>



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**NOTE 12 - NET ASSETS WITHOUT DONOR RESTRICTIONS; DESIGNATED**

At December 31, 2018, unrestricted net assets includes cash designated for investment in certificates of deposit as follows:

	Beginning Balance	Additions	Used	Ending Balance
Chessman development fund	\$ 41,070	\$ 166	\$ (12,172)	\$ 29,064
Operating reserve	58,800	1,266	-	60,066
Maintenance	20,317	5,000	-	25,317
Total designated net assets	<u>\$ 120,187</u>	<u>\$ 6,432</u>	<u>\$ (12,172)</u>	<u>\$ 114,447</u>

**NOTE 13 - CONTRIBUTIONS IN-KIND**

Contributions in-kind consisted of the following for the year ended December 31, 2018.

	Amount
Stock donations	\$ 17,445
Special event auction items	38,168
Office building lease	32,897
Total contributions in-kind	<u>\$ 88,510</u>

In addition to the in-kind contributions listed above, LCCC's approximately 125 volunteers contributed 9,477 hours of service, for the year ended December 31, 2018, which did not meet the criteria for inclusion in the statement of activities as defined in Note 1.

**NOTE 14 - 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, 2018 are detailed in the following schedule.

Special event:	Special Events		
	Receipts	Direct Costs	Net Income
Culture, Of Course	\$ 32,159	\$ (7,050)	\$ 25,109
Rummage sale	7,005	(1,523)	5,482
Total	<u>\$ 39,164</u>	<u>\$ (8,573)</u>	<u>\$ 30,591</u>

**NOTE 15 - SALES AND COST OF SALES**

Sales for the current year are summarized in the following schedule.

Sales:	Sales	Cost of Sales	Net Income
Performance concessions, beer and wine	\$ 11,921	\$ (5,308)	\$ 6,613
Gift Shop concessions	320	-	320
Information Center sales	788	-	788
Total	<u>\$ 13,029</u>	<u>\$ (5,308)</u>	<u>\$ 7,721</u>

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**NOTE 16 - 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 \$367. Equipment rent for 2018 totaled \$4,404.

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

Year Ending June 30,	Rents		
	Total	Forgiven	Due
2019	\$ 38,417	\$ (33,720)	\$ 4,697
2020	39,259	(34,562)	4,697
2021	40,123	(35,426)	4,697
2022	39,024	-	39,024
Total	\$ 156,823	\$ (103,708)	\$ 53,115

**NOTE 17 - COMMITMENTS**

LCCC renewed a personal services agreement with the City of Lincoln 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 \$32,000 expiring June 30, 2019.

**NOTE 18 - 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.