

LINCOLN CITY CULTURAL CENTER, INC.

LINCOLN CITY, OREGON

REVIEW REPORT

DECEMBER 31, 2020

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>
Dorcas Holzapfel	President
Adrienne Green	Vice President
Dennis Civiello	Treasurer
Binaya Dangol	Secretary
W. Gregory Berton	Director

STAFF

Niki Price	Executive Director
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REGISTERED OFFICE ADDRESS

540 NE Hwy 101
Lincoln City, Oregon 93767

LINCOLN CITY CULTURAL CENTER, INC.
LINCOLN CITY, OREGON

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GRIMSTAD & ASSOCIATES

Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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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, 2020, 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

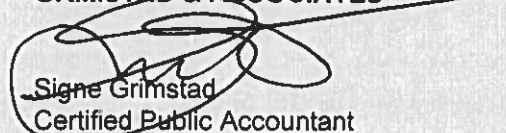
My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting 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
May 18, 2020

Members:
AICPA OSCPA & OAIA

LINCOLN CITY CULTURAL CENTER, INC.
LINCOLN CITY, OREGON

STATEMENT OF FINANCIAL POSITION
as of December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 86,428	\$ 195,813	\$ 282,241
Designated cash	193,609	-	193,609
Subtotal cash	280,037	195,813	475,850
Short-term investments	1,884	202,725	204,609
Accounts receivable	1,179	-	1,179
Grants receivable	3,174	30,951	34,125
Promises to give	-	3,000	3,000
Prepaid expense	990	-	990
Inventory	2,067	-	2,067
Total current assets	289,331	432,489	721,820
Property and equipment			
Property and equipment, at cost	1,265,216	-	1,265,216
Less: Accumulated depreciation	(386,734)	-	(386,734)
Net fixed assets	878,482	-	878,482
Other assets			
Promises to give, long-term portion	-	2,236	2,236
Deposits	100	-	100
Total other assets	100	2,236	2,336
Total assets	<u>\$ 1,167,913</u>	<u>\$ 434,725</u>	<u>\$ 1,602,638</u>
Liabilities and net assets			
Current liabilities			
Accounts payable	\$ 5,110	\$ -	\$ 5,110
Payroll liability	1,466	-	1,466
Deferred revenue	14,447	20,634	35,081
Total current liabilities	21,023	20,634	41,657
Long-term liabilities			
Refundable advance	30,440	-	30,440
Total long-term liabilities	30,440	-	30,440
Total liabilities	51,463	20,634	72,097
Net assets			
Net assets without donor restrictions	922,841	-	922,841
Designated			
Chessman development fund	36,528	-	36,528
Operating reserve	40,083	-	40,083
Maintenance reserve	25,785	-	25,785
Cultural Plaza Campaign	91,213	-	91,213
Net assets with donor restrictions			
Cultural Plaza Campaign	-	316,515	316,515
Other	-	97,576	97,576
Total net assets	1,116,450	414,091	1,530,541
Total liabilities and net assets	<u>\$ 1,167,913</u>	<u>\$ 434,725</u>	<u>\$ 1,602,638</u>

LINCOLN CITY CULTURAL CENTER, INC.
LINCOLN CITY, OREGON

STATEMENT OF ACTIVITIES
for the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support:			
Grants	\$ 75,931	\$ 82,969	\$ 158,900
City of Lincoln City	9,790	-	9,790
Contributions	46,339	14,425	60,764
Contributions in-kind	58,205	-	58,205
Total support	<u>190,265</u>	<u>97,394</u>	<u>287,659</u>
Revenues:			
Program services	69,275	-	69,275
Rental income	18,037	-	18,037
Service management fee	16,000	-	16,000
Membership dues	16,670	-	16,670
Concessions and other sales, net	5,420	-	5,420
Other income	10,298	-	10,298
Special events, net	25,187	-	25,187
Bank interest	4,760	-	4,760
Investment income	1,174	-	1,174
Total revenues	<u>166,821</u>	<u>-</u>	<u>166,821</u>
Total support and revenues	<u>357,086</u>	<u>97,394</u>	<u>454,480</u>
Reclassifications:			
Net assets with donor restrictions, released from restrictions	<u>60,060</u>	<u>(60,060)</u>	<u>-</u>
Total support, revenues and reclassifications	<u>417,146</u>	<u>37,334</u>	<u>454,480</u>
Expenses:			
Program services:			
Cultural and art events	246,120	-	246,120
Support services:			
Management and general	99,558	-	99,558
Fundraising	40,381	-	40,381
Total expenses	<u>386,059</u>	<u>-</u>	<u>386,059</u>
Change in net assets	<u>31,087</u>	<u>37,334</u>	<u>68,421</u>
Net assets at beginning of fiscal year	<u>1,085,363</u>	<u>376,757</u>	<u>1,462,120</u>
Net assets at end of fiscal year	<u>\$ 1,116,450</u>	<u>\$ 414,091</u>	<u>\$ 1,530,541</u>

LINCOLN CITY CULTURAL CENTER, INC.
LINCOLN CITY, OREGON

STATEMENT OF FUNCTIONAL EXPENSES FOR PROGRAM AND SUPPORT SERVICES
for the Year Ended December 31, 2020

	Program Services	Support Services		Total Expenses
	Cultural and Art Events	Management and General	Fundraising Other	
Salaries and wages	\$ 76,216	\$ 35,296	\$ 19,095	\$ 130,607
Payroll taxes	6,255	2,897	1,567	10,719
Total personnel costs	82,471	38,193	20,662	141,326
Art gallery	7,648	-	-	7,648
Classes	9,058	-	-	9,058
Gift shop	5,844	-	-	5,844
Performing arts	31,102	-	-	31,102
Community events	1,657	-	-	1,657
Advertising	-	19,721	4,375	24,096
Bad debt	-	-	256	256
Bank and credit card fees	-	109	5,146	5,255
Computer hardware and software	-	6,255	-	6,255
Contract services	11,541	-	4,584	16,125
Cost of sales	-	-	2,916	2,916
Dues and subscriptions	-	189	-	189
Equipment rental	-	5,576	-	5,576
Information center	88	-	-	88
Insurance	929	1,870	942	3,741
Licenses and permits	-	1,706	-	1,706
Maintenance	6,903	1,294	432	8,629
Memberships	-	-	746	746
Miscellaneous	-	20	-	20
Printing	560	981	368	1,909
Postage	1	1,151	208	1,360
Professional fees, accounting	-	5,718	-	5,718
Special event direct costs	-	-	6,776	6,776
Staff development	-	261	-	261
Supplies	4,290	1,691	-	5,981
Telephone	3,437	1,108	739	5,284
Utilities	7,691	9,615	1,923	19,229
Subtotal expenses	173,220	95,458	50,073	318,751
Contributions in-kind	36,000	-	-	36,000
Depreciation	36,900	4,100	-	41,000
Less cost of sales	-	-	(2,916)	(2,916)
Less special event direct costs	-	-	(6,776)	(6,776)
Total expenses	\$ 246,120	\$ 99,558	\$ 40,381	\$ 386,059
Percent of total expenses	63.75%	25.79%	10.46%	100.00%

LINCOLN CITY CULTURAL CENTER, INC.
LINCOLN CITY, OREGON

STATEMENT OF CASH FLOWS
for the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Cash flows from operating activities			
Change in net assets	\$ 31,087	\$ 37,334	\$ 68,421
Adjustment to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	41,000	-	41,000
In-kind contributions of stocks	(22,205)	-	(22,205)
Realized gain on sale of stocks	(183)	-	(183)
Unrealized gain on stocks	(20)	-	(20)
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	3,355	-	3,355
Grants receivable	(3,174)	(30,951)	(34,125)
Promises to give	-	13,000	13,000
Prepaid expenses	1,076	-	1,076
Inventory	714	-	714
Increase (decrease) in:			
Accounts payable	(1,417)	-	(1,417)
Payroll liability	(2,753)	-	(2,753)
Deferred revenue	4,867	20,634	25,501
Net cash provided by operating activities	<u>52,347</u>	<u>40,017</u>	<u>92,364</u>
Cash flows from investing activities			
Purchases of property and equipment	(41,849)	-	(41,849)
Proceeds from sales of stocks	20,525	-	20,525
Investments in bank certificates of deposit	-	(202,725)	(202,725)
Redemptions of bank certificates of deposit	87,541	197,361	284,902
Net cash provided (used) by investing activities	<u>66,217</u>	<u>(5,364)</u>	<u>60,853</u>
Cash flows from financing activities			
Refundable advance proceeds	30,440	-	30,440
Net cash provided by financing activities	<u>30,440</u>	<u>-</u>	<u>30,440</u>
Net increase in cash and equivalents	149,004	34,653	183,657
Cash and cash equivalents at beginning of year	131,033	161,160	292,193
Cash and cash equivalents at end of year	<u>\$ 280,037</u>	<u>\$ 195,813</u>	<u>\$ 475,850</u>
Supplemental cash flow information:			
Schedule of noncash transactions:			
In-kind contributions of stocks	\$ (22,205)		
Noncash investment in stocks	22,205		
Net noncash transactions	<u>\$ -</u>		

LINCOLN CITY CULTURAL CENTER, INC.
LINCOLN CITY, OREGON

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended December 31, 2020

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, 2020

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 15.

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, 2020 totaled \$1,179.

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, 2020

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, 2020.

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 29 volunteers donated 2,884 hours of work to LCCC's activities, valued at \$78,445 for the year ended December 31, 2020. 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, 2020

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, 2020

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 May 18, 2021, 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, 2020 are presented below.

Financial assets:	Amount
Cash	\$ 86,428
Designated cash	193,609
Cash, restricted	195,813
Short-term investments	204,609
Accounts and grants receivable	35,304
Promises to give	3,000
Prepaid expenses	990
Inventory	2,067
Total financial assets	<u>721,820</u>
Less financial assets held to meet donor-imposed restrictions:	
Cash, restricted	(195,813)
Short-term investments, restricted	(202,725)
Promises to give, restricted	(3,000)
Less financial assets not available within one year:	
Promises to give	(3,000)
Inventory	(372)
Total restricted financial assets	<u>(404,910)</u>
Amount available for general expenditures within one year	<u>\$ 316,910</u>

The above table lists donor-restricted assets as unavailable because donor restricted amounts cannot be spent for general expenditures. Promises to give of \$3,000 will be received in 2022. Of inventory 18% is listed as not available within one year since inventory turns over slowly for concessions and gift items. LCCC has a \$90,000 bank line of credit to supplement cash flow when needed.

LINCOLN CITY CULTURAL CENTER, INC.
LINCOLN CITY, OREGON

Notes to the Financial Statements
for the Year Ended December 31, 2020

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, 2020 are as follows:

Cash in banks at December 31, 2020:	Cash in Banks	Insured	Uninsured
US Bank checking	\$ 101,143	\$ 70,904	\$ 30,239
US Bank, operating reserve	40,088	40,088	-
US Bank, maintenance reserve	25,785	25,785	-
US Bank, money market, restricted	113,223	113,223	-
Oregon Coast Bank checking, Cultural Plaza	194,187	47,275	146,912
Oregon Coast Bank CD, Cultural Plaza	50,681	50,681	-
Oregon Coast Bank CD, Cultural Plaza	50,681	50,681	-
Oregon Coast Bank CD, Cultural Plaza	50,681	50,681	-
Oregon Coast Bank CD, Cultural Plaza	50,682	50,682	-
Total	<u>\$ 677,151</u>	<u>\$ 500,000</u>	<u>\$ 177,151</u>

Cash and cash equivalents are summarized in the accompanying statement of financial position from the following accounts:

	Cash and Cash Equivalents			
	Operating	Designated	Restricted	Total
US Bank money market	\$ -	\$ 107,304	\$ 1,126	\$ 108,430
US Bank checking	82,254	20,432	-	102,686
US Bank reserve funds	-	65,873	-	65,873
Oregon Coast Bank, Cultural Plaza	-	-	194,687	194,687
Cash not yet deposited	3,435	-	-	3,435
Petty cash	739	-	-	739
Total cash	<u>\$ 86,428</u>	<u>\$ 193,609</u>	<u>\$ 195,813</u>	<u>\$ 475,850</u>

Short-term investments are classified as follows:

	Short-term Investments (Fair Value Level 1)			
	Operating	Designated	Restricted	Total
Oregon Coast Bank CD, Cultural Plaza	\$ -	\$ -	\$ 50,681	\$ 50,681
Oregon Coast Bank CD, Cultural Plaza	-	-	50,681	50,681
Oregon Coast Bank CD, Cultural Plaza	-	-	50,681	50,681
Oregon Coast Bank CD, Cultural Plaza	-	-	50,682	50,682
Edward Jones money market	1,884	-	-	1,884
Total short-term investments	<u>\$ 1,884</u>	<u>\$ -</u>	<u>\$ 202,725</u>	<u>\$ 204,609</u>

NOTE 5 - CONCENTRATIONS

Concentrations of accounts and grants receivable at December 31, 2020 are as follows:

	Receivables		% of Total	
	Accounts	Grants	Accounts	Grants
All Ways Traveling	\$ 830	\$ -	70%	-
Oregon Community Foundation	349	-	30%	-
Oregon Cultural Trust	-	30,951	-	91%
Oregon Arts Commission	-	3,174	-	9%
Total accounts receivable	<u>\$ 1,179</u>	<u>\$ 34,125</u>	<u>100%</u>	<u>100%</u>

LINCOLN CITY CULTURAL CENTER, INC.
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Notes to the Financial Statements
for the Year Ended December 31, 2020

NOTE 5 - CONCENTRATIONS (continued)

Concentrations of support and revenues for the year ended December 31, 2020 are as follows:

	Amount	Percentage
Grants	\$ 158,900	34.96%
City of Lincoln City	9,790	2.15%
Contributions	60,764	13.37%
Contributions in-kind	58,205	12.81%
Program services	69,275	15.24%
Rental income	18,037	3.97%
Service management fee	16,000	3.52%
Membership dues	16,670	3.67%
Special events, net	25,187	5.54%
Other income	21,652	4.77%
Total support and revenues	<u>\$ 454,480</u>	<u>100.00%</u>

NOTE 6 - PROMISES TO GIVE

Promises to give consists of one pledge of \$9,000 of which \$3,000 was collected in 2020 and \$3,000 is due in both 2021 and 2022. The pledge is discounted at 3%. Activity for promises to give is as follows:

	Short-term	Long-term	Discount Long-term	Net Long-term	Total
Promises to give	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ (764)</u>	<u>\$ 2,236</u>	<u>\$ 5,236</u>

NOTE 7 - PREPAID EXPENSES

Prepaid expenses consisted of prepaid insurance totaling \$990 at December 31, 2020.

NOTE 8 - INVENTORY

Inventory consisted of concession items at December 31, 2020, as follows:

	Amount
Food	\$ 64
Beer and wine	2,003
Total inventory	<u>\$ 2,067</u>

NOTE 9 - PROPERTY AND EQUIPMENT

Property and equipment activity for the year ended December 31, 2020, is detailed in the following schedule.

	Beginning Balance	Additions	Disposals	Ending Balance
Leasehold improvements	\$ 1,036,186	\$ -	\$ -	\$ 1,036,186
Equipment and furnishings	51,644	9,790	-	61,434
Cultural Plaza Campaign CIP	135,537	32,059	-	167,596
Property and equipment at cost	1,223,367	41,849	-	1,265,216
Less: Accumulated depreciation	345,734	41,000	-	386,734
Net property and equipment	<u>\$ 877,633</u>	<u>\$ 849</u>	<u>\$ -</u>	<u>\$ 878,482</u>

LINCOLN CITY CULTURAL CENTER, INC.
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Notes to the Financial Statements
for the Year Ended December 31, 2020

NOTE 10 - STOCK INVESTMENTS

Stock investments consist of stocks donated to LCCC and held in an investment account at year end. Stocks donated to LCCC in 2020 totaled \$22,205. Most of these stocks were sold in 2020 as detailed below. 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 the statement of activities. Five shares of Costco Wholesale Corporation were donated on December 29 and were not sold before the end of 2020 remaining in the investment account. 2020 activity follows.

Stock investments received and sold:	Cost	Sale Proceeds	Realized Gain(Loss)
Lord Abbett Value Opportunities Fund A, 145 shares	\$ 2,550	\$ 2,547	\$ (3)
Lord Abbett Value Opportunities Fund A, 930 shares	17,791	17,977	186
Total stock investments sold	20,341	\$ 20,524	\$ 183
Stock investments received and retained:		Fair Value Level 1	Unrealized Gain
Costco Wholesale Corporation, 5 shares	1,864	\$ 1,884	\$ 20
Total stock investments at donated value	\$ 22,205		
Stock investment income:			
Realized gains	\$ 183		
Unrealized gains	20		
Dividends and capital gains distributions	971		
Net investment income	\$ 1,174		

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 the following at December 31, 2020:

Deferred revenue source:	Beginning Balance	Revenue		Ending Balance
		Received	Earned	
Membership dues	\$ 9,580	\$ 23,760	\$ (26,250)	\$ 7,090
Rent	-	25,756	(20,106)	5,650
Grants	-	22,221	-	22,221
Gift certificates	-	200	(80)	120
Membership dues	\$ 9,580	\$ 71,937	\$ (46,436)	\$ 35,081

NOTE 12 - BANK LINE OF CREDIT

LCCC has a \$90,000 bank line of credit with Oregon Coast Bank dated April 11, 2020, maturing April 15, 2021, requiring monthly payments of interest at 4% with all outstanding principal and interest due on the maturity date. There was no outstanding balance on the line of credit at December 31, 2020.

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Notes to the Financial Statements
for the Year Ended December 31, 2020

NOTE 13 - REFUNDABLE ADVANCE

LCCC received a Paycheck Protection Program (PPP) loan through the Small Business Administration (SBA) of the United States providing operating funds during the COVID-19 pandemic. The loan is dated May 13, 2020, and totaled \$30,440 with interest at 1%, maturing May 13, 2022. No payments were due on the loan in 2020. Forgiveness of the loan depends upon the forgiveness application. If not forgiven the loan is to be repaid over 18 months with all interest and outstanding principal due May 13, 2022.

NOTE 14 - NET ASSETS WITHOUT DONOR RESTRICTIONS; DESIGNATED

At December 31, 2020, net assets without donor restrictions includes cash designated for investment in certificates of deposit as follows:

Designated net assets:	Beginning Balance	Additions	Used	Ending Balance
Chessman development fund	\$ 36,036	\$ 492	\$ -	\$ 36,528
Operating reserve	40,066	17	-	40,083
Maintenance	25,731	54	-	25,785
Cultural Plaza Campaign	61,188	30,025	-	91,213
Total designated net assets	<u>\$ 163,021</u>	<u>\$ 30,588</u>	<u>\$ -</u>	<u>\$ 193,609</u>

NOTE 15 - NET ASSETS WITH DONOR RESTRICTIONS

Activity for net assets with donor restrictions consisted of the following for the year ended December 31, 2020.

Restricted grants:	Beginning Balance	Received	Released	Ending Balance
Oregon Cultural Trust; Cultural Plaza Campaign	\$ 200,687	\$ 12,817	\$ -	\$ 213,504
Contributions; Cultural Plaza Campaign (CPC)	120,644	14,425	(32,058)	103,011
Oregon Cultural Trust; CPC grant writing	-	2,000	(2,000)	-
City of Lincoln City VCB; Facilities grant	22,512	-	-	22,512
Oregon Community Foundation (OCF); programs	28,114	-	-	28,114
OCF; Echo Mountain Art Fund	-	25,000	(780)	24,220
Layoff Aversion grant	-	3,250	(3,250)	-
IBM matching grants	-	5,732	-	5,732
Rental brochure and website improvements	-	4,870	(916)	3,954
Marketing grant	-	20,000	(13,100)	6,900
Oneatta Fund; programs	2,500	-	(1,855)	645
Oneatta Fund; children's programming	-	5,000	(3,501)	1,499
Sponenburgh Memorial Trust; programs	2,300	300	(2,600)	-
US Bank 2020 grant	-	4,000	-	4,000
Total temporarily restricted net assets	<u>\$ 376,757</u>	<u>\$ 97,394</u>	<u>\$ (60,060)</u>	<u>\$ 414,091</u>

NOTE 16 - CONTRIBUTIONS IN-KIND

Contributions in-kind consisted of the following for the year ended December 31, 2020.

	Amount
Stock donations	\$ 22,205
Office building lease	36,000
Total contributions in-kind revenue	58,205
Less stock investments	(22,205)
Total contributions in-kind expense	<u>\$ 36,000</u>

LINCOLN CITY CULTURAL CENTER, INC.
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Notes to the Financial Statements
for the Year Ended December 31, 2020

NOTE 17 - SPECIAL EVENTS

LCCC conducted 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, 2020 are detailed in the following schedule.

Special event:	Special Events		
	Receipts	Direct Costs	Net Income
Culture, Of Course	\$ 27,786	\$ (6,542)	\$ 21,244
Rummage sale	3,853	(134)	3,719
Car Show	324	(100)	224
Total special events	<u>\$ 31,963</u>	<u>\$ (6,776)</u>	<u>\$ 25,187</u>

NOTE 18 - SALES AND COST OF SALES

Sales for 2020 are summarized in the following schedule.

Sales:	Sales	Cost of Sales	Net Income
Performance concessions, beer and wine	\$ 2,489	\$ (1,148)	\$ 1,341
Catering	5,661	(1,768)	3,893
Information Center sales	186	-	186
Total	<u>\$ 8,336</u>	<u>\$ (2,916)</u>	<u>\$ 5,420</u>

NOTE 19 - 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 required a deposit of \$3,000 on July 1, 2019 unless the City waives such deposit in writing prior to that date. LCCC had 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 \$430. Equipment rent for 2020 totaled \$5,576.

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

Year Ending June 30,	Rents		
	Total	Forgiven	Due
2021	\$ 40,640	\$ (36,000)	\$ 4,640
2022	37,194	-	37,194
2023	36,720	-	36,720
2024	37,454	-	37,454
2025	38,203	-	38,203
Thereafter	834,365	-	834,365
Total	<u>\$ 1,024,576</u>	<u>\$ (36,000)</u>	<u>\$ 988,576</u>

LINCOLN CITY CULTURAL CENTER, INC.
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Notes to the Financial Statements
for the Year Ended December 31, 2020

NOTE 20 - 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 \$16,000 and the agreement expired June 30, 2020.

NOTE 21 - 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.

In July 2020, LCCC lost \$1.5 million in State of Oregon lottery bond funding promised for the Cultural Plaza Center construction. LCCC continues to look for replacement funding for the Plaza.

NOTE 22 - SUBSEQUENT EVENTS

In January 2021, the State of Oregon postponed state lottery funding totaling \$1,500,000 due to COVID-19. This postponement of funding delayed construction to begin in 2022.

In March 2021, LCCC renewed its \$90,000 bank line of credit with Oregon Coast Bank, with interest at 4%, and maturing on May 15, 2022.

On April 26, 2021, the U.S. SBA forgave the PPP refundable advance (see Note 13) of \$30,440 plus accrued interest of \$294.