

LONG BEACH PUBLIC LIBRARY FOUNDATION  
FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

## CONTENTS

INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 25

# *Guzman & Gray*

Certified Public Accountants

4510 East Pacific Coast Highway, Suite 270  
Long Beach, California 90804  
(562) 498-0997 Fax: (562) 597-7359

Mark Gray, C.P.A.  
Patrick S. Guzman, C.P.A.

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Long Beach Public Library Foundation  
Long Beach, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Long Beach Public Library Foundation (the "Foundation") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

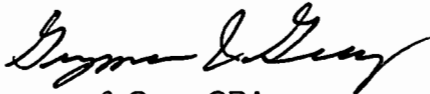
INDEPENDENT AUDITORS' REPORT (Continued)

**Auditors' Responsibility (Continued)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Guzman & Gray, CPAs  
Long Beach, CA  
July 20, 2021

LONG BEACH PUBLIC LIBRARY FOUNDATION  
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

ASSETS

	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,517,559	\$ 2,014,700
Investments	9,116,448	8,028,595
Unconditional promises to give, net	1,045,939	452,488
Prepaid expenses	7,179	22,564
Property and equipment, net	1,146	1,603
<b>TOTAL ASSETS</b>	<b>\$ 12,688,271</b>	<b>\$ 10,519,950</b>

LIABILITIES AND NET ASSETS

<b>LIABILITIES</b>		
Accounts payable	\$ 6,036	\$ 10,008
Accrued expenses	15,839	9,726
Deferred revenue	6,009	8,509
Total Liabilities	27,884	28,243
<b>NET ASSETS</b>		
Without restrictions		
Operations	1,899,891	1,059,945
Board designated	3,309,829	3,036,489
	5,209,720	4,096,434
With restrictions	7,450,667	6,395,273
Total Net Assets	12,660,387	10,491,707
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 12,688,271</b>	<b>\$ 10,519,950</b>

See independent auditors' report and notes to financial statements.

LONG BEACH PUBLIC LIBRARY FOUNDATION  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>			
Grants and contributions	\$ 692,989	\$ 2,059,603	\$ 2,752,592
In-kind goods and services	22,949	11,088	34,037
Paycheck Protection Program	70,653	-	70,653
CARES Act Relief Fund - City of Long Beach	10,000	-	10,000
Economic Injury Disaster Loan	4,000	-	4,000
Investment return, net	741,884	327,440	1,069,324
Gross special events revenue	\$ 208,971		
Less cost of direct benefits to donors	<u>(27,550)</u>		
Net special events revenue	181,421	-	181,421
	1,723,896	2,398,131	4,122,027
NET ASSETS RELEASED FROM RESTRICTION	1,342,737	(1,342,737)	-
Total Revenues and Support	3,066,633	1,055,394	4,122,027
 <b>EXPENSES</b>			
Program services expenses			
Family Learning Centers	398,751	-	398,751
Books and materials	1,169,999	-	1,169,999
Total program expenses	1,568,750	-	1,568,750
General and administrative	106,762	-	106,762
Fundraising	277,835	-	277,835
	1,953,347	-	1,953,347
CHANGE IN NET ASSETS	1,113,286	1,055,394	2,168,680
NET ASSETS, BEGINNING OF YEAR	4,096,434	6,395,273	10,491,707
NET ASSETS, END OF YEAR	\$ 5,209,720	\$ 7,450,667	\$ 12,660,387

See independent auditors' report and notes to financial statements.

LONG BEACH PUBLIC LIBRARY FOUNDATION  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>			
Grants and contributions	\$ 369,210	\$ 1,709,475	\$ 2,078,685
In-kind goods and services	12,779	11,088	23,867
Investment return, net	795,107	346,610	1,141,717
Gross special events revenue	\$ 234,544		
Less cost of direct benefits to donors	<u>(123,038)</u>		
Net special events revenue	111,506	-	111,506
	1,288,602	2,067,173	3,355,775
<b>NET ASSETS RELEASED FROM RESTRICTION</b>	<u>1,485,380</u>	<u>(1,485,380)</u>	<u>-</u>
<b>Total Revenues and Support</b>	<u>2,773,982</u>	<u>581,793</u>	<u>3,355,775</u>
<b>EXPENSES</b>			
Program services expenses			
Family Learning Centers	439,843	-	439,843
Books and materials	1,067,508	-	1,067,508
Total program expenses	<u>1,507,351</u>	<u>-</u>	<u>1,507,351</u>
General and administrative	98,305	-	98,305
Fundraising	351,434	-	351,434
	<u>1,957,090</u>	<u>-</u>	<u>1,957,090</u>
<b>CHANGE IN NET ASSETS</b>	<u>816,892</u>	<u>581,793</u>	<u>1,398,685</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>3,279,542</u>	<u>5,813,480</u>	<u>9,093,022</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 4,096,434</u>	<u>\$ 6,395,273</u>	<u>\$ 10,491,707</u>

See independent auditors' report and notes to financial statements.

**LONG BEACH PUBLIC LIBRARY FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2020**

	Family Learning Centers	Books and Materials	Total Program Services	General and Administrative	Fundraising	Cost of Goods Sold	Total Expenses
<b>SALARIES AND BENEFITS</b>							
Salaries and payroll taxes	\$ 30,710	\$ 69,484	\$ 100,194	\$ 46,651	\$ 215,250	\$ -	\$ 362,095
Employee benefits	1,357	3,651	5,008	2,406	7,560	-	14,974
Total Salaries and Benefits	32,067	73,135	105,202	49,057	222,810	-	377,069
<b>OTHER EXPENSES</b>							
Bank and credit card fees	-	64	64	879	2,577	-	3,520
Board expense	-	-	-	191	264	-	455
Depreciation	-	-	-	457	-	-	457
Outside services	1,140	1,995	3,135	17,395	9,685	-	30,215
Dictionary day materials	-	26,340	26,340	-	-	-	26,340
Homework helpers	350,936	-	350,936	-	-	-	350,936
In-kind goods and services	-	2,334	2,334	-	9,527	-	11,861
Insurance	-	-	-	5,932	-	-	5,932
City special projects events	-	53,603	53,603	-	-	-	53,603
Office administration, supplies and other	(297)	(69)	(366)	17,951	8,184	-	25,769
Printing and mailing	-	-	-	606	17,567	-	18,173
Cost of direct benefits to donors	-	-	-	-	-	27,550	27,550
Program materials	9,361	1,007,053	1,016,414	-	890	-	1,017,304
Rent	5,544	5,544	11,088	5,544	5,544	-	22,176
Software	-	-	-	-	787	-	787
Bad debts	-	-	-	8,750	-	-	8,750
	398,751	1,169,999	1,568,750	106,762	277,835	27,550	1,980,897
Less expenses included with revenues on the statement of activities							
Cost of direct benefits to donors	-	-	-	-	-	(27,550)	(27,550)
Total expenses included in the expense section on the statement of activities	\$ 398,751	\$ 1,169,999	\$ 1,568,750	\$ 106,762	\$ 277,835	\$ -	\$ 1,953,347

See independent auditors' report and notes to financial statements.



LONG BEACH PUBLIC LIBRARY FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	Family Learning Centers	Books and Materials	Total Program Services	General and Administrative	Fundraising	Cost of Goods Sold	Total Expenses
<b>SALARIES AND BENEFITS</b>							
Salaries and payroll taxes	\$ 26,010	\$ 33,850	\$ 59,860	\$ 40,871	\$ 231,853	\$ -	\$ 332,584
Employee benefits	1,470	2,448	3,918	2,817	9,024	-	15,759
Total Salaries and Benefits	27,480	36,298	63,778	43,688	240,877	-	348,343
<b>OTHER EXPENSES</b>							
Bank and credit card fees	-	-	-	774	2,697	-	3,471
Board expense	-	-	-	4,099	1,773	-	5,872
Depreciation	-	-	-	33	-	-	33
Outside services	1,140	855	1,995	15,118	21,815	-	38,928
Dictionary day materials	-	27,691	27,691	-	-	-	27,691
Homework helpers	344,345	1,721	346,066	-	-	-	346,066
In-kind goods and services	-	-	-	-	1,691	-	1,691
Insurance	-	-	-	5,770	-	-	5,770
Mayor sponsored events	-	233	233	-	21,242	-	21,475
Office administration, supplies and other	-	59	59	17,035	42,209	-	59,303
Printing and mailing	-	-	-	1,161	13,565	-	14,726
Cost of direct benefits to donors	-	-	-	-	-	123,038	123,038
Program materials	61,334	995,107	1,056,441	-	21	-	1,056,462
Rent	5,544	5,544	11,088	5,544	5,544	-	22,176
Software	-	-	-	5,083	-	-	5,083
	439,843	1,067,508	1,507,351	98,305	351,434	123,038	2,080,128
Less expenses included with revenues on the statement of activities							
Cost of direct benefits to donors	-	-	-	-	-	(123,038)	(123,038)
Total expenses included in the expense section on the statement of activities	\$ 439,843	\$ 1,067,508	\$ 1,507,351	\$ 98,305	\$ 351,434	\$ -	\$ 1,957,090

See independent auditors' report and notes to financial statements.

LONG BEACH PUBLIC LIBRARY FOUNDATION  
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,168,680	\$ 1,398,685
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Realized gains on investments	(594,854)	(86,012)
Unrealized gains on investments	(236,918)	(880,157)
Donated stocks received	-	(10,546)
Depreciation	457	33
Paycheck Protection Program	(70,653)	-
(Increase) decrease in assets:		
Unconditional promises to give	(593,451)	(177,378)
Prepaid expenses	15,385	1,063
Increase (decrease) in liabilities:		
Accounts payable	(3,972)	(1,740)
Accrued expenses	6,113	(9,688)
Deferred revenue	(2,500)	(18,391)
Net Cash Provided By Operating Activities	688,287	215,869
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	9,261,033	6,415,476
Purchases of investments	(9,516,521)	(7,216,005)
Reinvested dividends	(593)	(8,299)
Purchase of equipment	-	(1,177)
Net Cash Used For Investing Activities	(256,081)	(810,005)
CASH FLOWS FROM FINANCING ACTIVITIES		
Paycheck Protection Program loan proceeds	70,653	-
Net Cash Provided By Financing Activities	70,653	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	502,859	(594,136)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,014,700	2,608,836
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,517,559	\$ 2,014,700
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	NONE	NONE
Income taxes	NONE	NONE

See independent auditors' report and notes to financial statements.

LONG BEACH PUBLIC LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 1 – ORGANIZATION

The Long Beach Public Library Foundation (the “Foundation”) was incorporated to assist the Long Beach Public Library system in achieving its mission of meeting the information and learning needs of its culturally diverse and dynamic population. The Foundation’s fundraising efforts, grants, and endowed funds provide support to enhance the Long Beach Public Libraries and encourage literacy and education for all members of the community. These enhancements include:

**Family Learning Center Program:** The Family Learning Center Program is the Library and Foundation’s flagship partnership. Learning guides assist students with homework and school projects in language arts, reading, math, science, and technology. They provide guidance, oversight, and free access to computers, printers, and academic resources recommended by the school district that support curriculum. Learning guides also work with the students’ parents, whenever available, to engage them in the learning process. This is one of the city’s best resources in helping to bridge the community’s vast digital divide and provides free after-school homework and academic assistance to students, many of whom come from Title I schools. The Family Learning Center also serves as an entry point to connect patrons with additional services.

**The Makerspace Studio:** The Studio is a digital creativity lab at the Billie Jean King Main Library and Michelle Obama Neighborhood Library which integrates STEAM and Makerspace activities to engage and inspire students to learn 21st century skills. The Studio offers free workshops and classes on cutting-edge technologies, such as 3d printers, robotics, virtual reality, a broad collection of design software and online applications, and video and music editing software designed to teach science and engineering skills to youth. In addition, a mobile studio enables the Library to bring these resources to each of its branches, and to schools, parks and recreation centers, and community organizations.

**Summer Reading Program:** The Summer Reading Program is designed to encourage youth and their families to read regularly each day over school break to prevent “summer slide.” Community outreach events through the Long Beach Department of Parks and Recreation are designed to engage children who are not already coming into the library.

**Dictionary Days:** Through the Dictionary Days Program, the Library Foundation purchases and distributes a dictionary/thesaurus to every 3rd grader (typically between 5,000 – 6,000) in the Long Beach Unified School District. Several children have shared that these dictionaries are the first book they have ever owned.

**Dive into Reading:** Dive into Reading is the Long Beach Public Library’s 1,000 Books Before Kindergarten Program. This is a simple endeavor to encourage parents to read with their children, with the goal of reading 1,000 books before kindergarten. The program works with families one-on-one to keep reading. The single most significant factor influencing a child’s early educational success is an introduction to books and being read to at home to develop vocabulary prior to beginning school.

**Career Online High School:** The Foundation provides scholarships for Career Online High School which provides Long Beach adults with a second chance for free at receiving an accredited high school diploma and a credentialed career certificate. This program helps to prepare Long Beach citizens to obtain employment and provide a stable home for their children.

LONG BEACH PUBLIC LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 1 – ORGANIZATION (Continued)

**LB Reads:** LB Reads is an adult literacy program which was launched in June of 2019. Reading tutors provide year-round, one-on-one literacy lessons that aim to help English speaking adults improve their reading and writing skills so they can reach their potential as workers, parents, community members, and lifelong learners.

**Senior Services:** In addition to workshops designed to support the needs of older adults such as internet safety, the Homebound Reader Program allows library patrons who are unable to leave their homes the opportunity to have personally selected books and materials delivered to their place of residence.

**Books, Materials, and Online Resources:** Hundreds of new books are purchased every year to update the Long Beach Public Library's catalog. Online resources supported by the Library Foundation include Brainfuse Job Now which offers free job skills and résumé assistance, Brainfuse Help Now which offers live online homework help, and Brainfuse Vet Now which helps veterans navigate benefits.

**Advocacy Activities:** The Library is a city department and primarily funded by the city's general fund which means building relationships with key city leaders, namely the mayor and city council members, and making public comment at city council meetings, particularly around budget season during which the council votes on the Library budget, helps to ensure the Library is well-funded by the city and open and available to all members of the community.

**Capital Campaigns:** The Foundation's campaign for the new Billie Jean King Main Library which opened on September 21, 2019 has raised over \$3 million to enhance furnishings, technology and equipment at the new Library, including an engaging ocean-themed children's Library and an expanded Family Learning Center and Studio.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Recently Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenues from Contracts with Customers (Topic 606)*. The core principle of the guidance in Topic 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services using a five-step approach. The Foundation's adoption of this new guidance does not have a material impact on the Foundation's financial statements.

In September 2020, the FASB issued ASU 2020-07 (the "Update"), *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU aims to increase transparency of contributed nonfinancial assets, commonly known as gifts-in-kind, through enhancement to presentation and disclosures. Not-for-Profit entities are

LONG BEACH PUBLIC LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements (Continued)

required to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and to disclose the disaggregation of the amount contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets. Each category is subject to certain additional disclosures. The Update should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Foundation's adoption of the Update does not have material impact on the Foundation's financial statements.

Net Asset Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions. The governing board has discretionary control over these resources. Board designated amounts represent those net assets that the board has set aside for a particular purpose.

With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Net Assets Released from Donor Restrictions – Net assets are released by incurring expenses satisfying the restriction or by occurrence of other events specified by donors.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Foundation considers cash on hand and cash in other depository institutions with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are carried at cost or if donated, at the fair market value at date of donation. Depreciation is calculated on the straight-line method over the estimated useful lives of three to seven years. Additions and improvements that increase the capacity or lengthen the useful lives of the assets are capitalized. Repairs and maintenance are expensed as incurred.

LONG BEACH PUBLIC LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Foundation records investments at their fair market value. Contributed securities are stated at their market value on the date of donation. Fair market value is determined from quoted market prices. Realized gains and losses on sale of securities are determined based on the cost of the individual securities and the sale price at the date of sale. Unrealized gains and losses on marketable securities are calculated as the difference between cost and market of all securities on hand from one year to the next and reported in the statements of activities and changes in net assets.

Revenue Recognition

Grants and Contributions

The Foundation recognizes contributions when cash, securities, other assets, or unconditional promise to give are received. Grants and contributions that are not restricted by the grantor or donor are reported as increases in net assets without donor restrictions. All other grantor or donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with grantor or donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The Foundation uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

Donated Services and Goods

The Foundation recognizes the contribution of services if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet the criteria shall not be recognized.

Donated goods are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated goods to a specific purpose.

Paycheck Protection Program Loan Forgiveness

The Foundation has adopted policies to recognize its Paycheck Protection Program ("PPP") loan as revenue after requirements for loan forgiveness, established by the Small Business Administration ("SBA"), have been satisfied. These requirements are discussed in Note 8.

Investment return

Investment return consists of investment earnings. Revenues are recognized when earned or incurred.

LONG BEACH PUBLIC LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Special Events

Special events are organized to raise contributions to support the Foundation's activities. The participants of these events are offered something of value for a sum that exceeds the costs of the benefits provided to the participants. The difference between the amount paid by the donor and the fair value of the benefit received by the donor is considered a contribution. The items of value given to the donor are referred to as "cost of direct benefits to donors." These are the actual costs of the items and services furnished to the donor to attend the special event. The cost of direct benefit to donors is presented as a line item deducted from gross special events revenue in the statement of activities and changes in net assets.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs and expenditures have been allocated among the programs and supporting services benefitted. Salaries, payroll taxes, and employee benefits are allocated based on time and effort. Costs related to occupancy such as rent and utilities are allocated based on a square footage basis. Other costs such as office administration, supplies, printing and mailing are allocated based on estimated usage on programs, general and administration, and fundraising.

Income Tax Status

The Foundation is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue Code Section 23701(d). The Foundation is classified by the Internal Revenue Service as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(c)(2). The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. Management has determined that the Foundation is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Foundation evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the tax positions will more likely than not be sustained upon examination. As of December 31, 2020, management does not believe the Foundation has any uncertain tax positions requiring accrual or disclosure. The Foundation is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) (ASU 2016-02). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement.

LONG BEACH PUBLIC LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)

The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within fiscal years beginning after December 15, 2022. The Foundation is currently evaluating the impact of the adoption of the new standard on the financial statements.

NOTE 3 – FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets and liabilities. The fair value hierarchy gives the highest priority to level 1 inputs.

Level 2: Valuations based on other observable inputs, which include quoted prices in active markets for similar assets and liabilities, either directly or indirectly. These inputs may include observable inputs such as interest rates that are observable at commonly quoted intervals.

Level 3: Valuations based on unobservable inputs for assets and liabilities, which are typically based on an organization's own assumptions which are internally developed and estimated.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair measurement in its entirety.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis. There have been no changes in the methodologies used at December 31, 2020 and 2019:

Stocks; exchange-traded and closed-end funds; mutual funds, corporate fixed income; government securities: Valued using readily determinable fair values based on quoted prices in active markets.

Certificates of deposit: Valued using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions.

Alternative investments: Valued at the estimated net asset value of shares held by the Foundation at the end of the year.



LONG BEACH PUBLIC LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

The following table presents assets measured at fair value on a recurring basis at December 31, 2020:

	Level 1	Level 2	Level 3	Total
Stocks	\$ 2,583,529	\$ -	\$ -	\$ 2,583,529
Exchange traded and closed-end funds	2,031,963	-	-	2,031,963
Mutual funds	2,674,005	-	-	2,674,005
Corporate fixed income	653,105	-	-	653,105
Government securities	657,605	-	-	657,605
Alternative investments	-	516,241	-	516,241
	<u>\$ 8,600,207</u>	<u>\$ 516,241</u>	<u>\$ -</u>	<u>\$ 9,116,448</u>

The following table presents assets measured at fair value on a recurring basis at December 31, 2019:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 535,571	\$ -	\$ 535,571
Exchange traded and closed-end funds	4,454,161	-	-	4,454,161
Mutual funds	2,778,998	-	-	2,778,998
Alternative investments	-	259,865	-	259,865
	<u>\$ 7,233,159</u>	<u>\$ 795,436</u>	<u>\$ -</u>	<u>\$ 8,028,595</u>

NOTE 4 – INVESTMENTS

Investments consist of the following at December 31, 2020:

	Cost	Unrealized Gain	Fair Value
Stocks	\$ 1,955,108	\$ 628,421	\$ 2,583,529
Exchange traded and closed-end funds	1,643,545	388,418	2,031,963
Mutual funds	2,533,553	140,452	2,674,005
Corporate fixed income	631,634	21,471	653,105
Government securities	653,703	3,902	657,605
Alternative investments	486,720	29,521	516,241
	<u>\$ 7,904,263</u>	<u>\$ 1,212,185</u>	<u>\$ 9,116,448</u>

LONG BEACH PUBLIC LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 4 – INVESTMENTS (Continued)

Investments consist of the following at December 31, 2019:

	Cost	Unrealized Gain	Fair Value
Certificates of deposit	\$ 535,571	\$ -	\$ 535,571
Exchange traded and closed-end funds	3,567,677	886,484	4,454,161
Mutual funds	2,744,838	34,160	2,778,998
Alternative investments	210,000	49,865	259,865
	<u>\$ 7,058,086</u>	<u>\$ 970,509</u>	<u>\$ 8,028,595</u>

Net investment return consists of the following for the years ended December 31, 2020 and 2019:

	2020	2019
Interest and dividends	\$ 291,221	\$ 210,432
Realized gains	594,854	86,012
Unrealized gains (losses)	236,918	880,157
Investment expenses	(53,669)	(34,884)
	<u>\$ 1,069,324</u>	<u>\$ 1,141,717</u>

NOTE 5 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are estimated to be collected at December 31, 2020 and 2019:

	2020	2019
Within one year	\$ 355,925	\$ 300,912
More than one year	800,000	162,500
	<u>1,155,925</u>	<u>463,412</u>
Less:		
Discount to net present value at 2.31%	(109,986)	(10,924)
Allowance for doubtful accounts	-	-
	<u>\$ 1,045,939</u>	<u>\$ 452,488</u>

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2020 and 2019:

	2020	2019
Property and equipment	\$ 30,910	\$ 30,910
Less: Accumulated depreciation	(29,764)	(29,307)
	<u>\$ 1,146</u>	<u>\$ 1,603</u>

LONG BEACH PUBLIC LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 6 – PROPERTY AND EQUIPMENT (Continued)

Depreciation expense totaled \$457 and \$33 for the years ended December 31, 2020 and 2019, respectively.

NOTE 7 – DEFERRED REVENUE

Grants received in advance are deferred and recognized over the periods to which the grants relate. Deferred revenue totaled \$6,009 and \$8,509 at December 31, 2020 and 2019, respectively.

NOTE 8 – CORONAVIRUS RELIEF FUNDS

Paycheck Protection Program

In April 2020, the Foundation received loan proceeds in the amount of \$70,653 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The Foundation has used all of the proceeds for purposes consistent with the PPP agreement during the year ended December 31, 2020. Because the Foundation believes that its use of the loan proceeds meets the conditions for forgiveness of the loan, the total PPP amount of \$70,653 is reported as revenue in the statement of activities and changes in net assets.

The PPP loan was forgiven by the U.S. Small Business Administration on April 19, 2021.

CARES Act Relief Fund – City of Long Beach

In December 2020, the Foundation received a grant totaling \$10,000 from the City of Long Beach under the CARES Act Relief Fund. The general framework for funding prioritizes COVID-19 emergency response costs, community support, and business recovery and resiliency programs.

Economic Injury Disaster Loan

In April 2020, the Foundation received loan advance of \$4,000 under the Economic Injury Disaster Loan Program (EIDL) which is administered by the Small Business Administration. The loan advance is not required to be repaid.

NOTE 9 – IN-KIND CONTRIBUTIONS

For the years ended December 31, 2020 and 2019, the Foundation received use of its office facilities with an estimated rental value of \$22,176 and \$22,176, respectively. In addition, in-kind goods of \$11,861 and \$1,691 were recognized for the years ended December 31, 2020 and 2019 respectively. The Foundation recognized in-kind donated auction items of \$15,111 and \$53,450 for the years ended December 31, 2020 and 2019, respectively, to support the Foundation’s annual fundraising event. The in-kind donated auction items were included in the cost of direct benefits to donors and netted against gross special events revenue in the accompanying statements of activities and changes in net assets.

LONG BEACH PUBLIC LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 10 – NET ASSETS WITHOUT RESTRICTIONS - BOARD DESIGNATED

In November 2009, the Foundation's board of directors established the Jean and Charles Lane endowment fund in which net investment income generated by the fund may be appropriated by the Board to benefit the Long Beach Public Library's Family Learning Centers. Additional gifts have been designated in a similar manner since 2009.

Undistributed income will remain in the fund as principal. The Foundation may at any time vote to board-designate an unrestricted donor gift, or temporarily set aside a portion of unrestricted funds for a specified purpose. A two-thirds vote (rounded down to the nearest whole number) of approval by the full board of directors is required to board-designate an unrestricted donor gift. The board, by a two-thirds vote of approval, may also vote to reverse the board designated funds to be used for general expenditures, if necessary. Board designated net assets totaled \$3,309,829 and \$3,036,489 at December 31, 2020 and 2019, respectively.

NOTE 11 – NET ASSETS WITH RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2020	2019
Subject to expenditure for specified purpose:		
Books and Materials	\$ 1,289,394	\$ 1,922,748
Family Learning Centers	141,334	373,113
Children's Programs	438,118	40,380
Digital Archive	68,915	68,702
Michelle Obama Neighborhood Library	351,013	351,013
Early Childhood Literacy	33,117	15,359
New Main Library	421,901	370,885
Summer Reading Programs	1,583	4,283
City Special Projects	645	12,128
Library Senior Services	22,798	22,525
	2,768,818	3,181,136
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
Books and Materials	34,213	23,608
Literacy Programs	161,560	78,006
Family Learning Centers	160,768	132,293
Mark Twain Family Learning Centers	71,255	42,981
Michelle Obama Neighborhood Library	16,155	8,540
To Support Operations	65,512	37,375
	509,463	322,803

LONG BEACH PUBLIC LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 11 – NET ASSETS WITH RESTRICTIONS (Continued)

	2020	2019
Subject to foundation endowment spending policy and appropriation:		
Books and Materials	271,890	268,648
Literacy Programs	1,757,738	900,300
Family Learning Centers	733,929	709,679
Mark Twain Family Learning Centers	651,985	651,985
Michelle Obama Neighborhood Library	76,936	76,936
To Support Operations	284,756	283,786
Main Children's Library	395,152	-
	4,172,386	2,891,334
Total endowments	4,681,849	3,214,137
Total net assets with restrictions	\$ 7,450,667	\$ 6,395,273

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the passage of time or other events specified by the donors. Net assets released from restriction totaled \$1,342,737 and \$1,485,380 for the years ended December 31, 2020 and 2019, respectively.

NOTE 12 – ENDOWMENT FUNDS

The Foundation's endowment consists of several individual donor-restricted funds and board-designated funds established for a variety of purposes, including support for library books and materials, senior services, Family Learning Centers, and Foundation operations. As required by GAAP, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

General Board Policy on Administration of Endowment Funds

The Foundation has interpreted the California Uniform Prudent Management of Institutional Funds Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity: (a) the original value of the gift, (b) the original value of subsequent gifts donated to the endowment and (c) accumulations made to the endowment in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund, which is generally composed of investment income from the endowed investment, will be classified as with donor restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA, which became effective in California on January 1, 2009. When appropriated for expenditure, such assets will be reclassified to net assets without restrictions.

LONG BEACH PUBLIC LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 12 – ENDOWMENT FUNDS (Continued)

Investment Policy for Endowment Funds

The Foundation has utilized investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

As a result, the endowment assets are invested in a manner that is intended to produce results that, over the long-term, allow it to grow at a rate exceeding expected inflation.

This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy for Endowment Funds

On May 21, 2020, the Board approved the following endowment spending policy which applies when a donor or the Board has not already indicated a separate fund-specific spending policy.

Management Fees

In accordance with the state of California and the federal Uniform Prudent Management of Institutional Funds Act, a 3% administrative fee will be collected from any program related endowment gifts. This 3% fee will be collected when the gift is received and moved to the Foundation Operations Endowment. In addition, a 3% fee will also be deducted from the amounts appropriated for expenditure from each program endowment on an annual basis. The annual fee is intended to cover the administrative costs incurred by the Foundation in managing the program endowments and will be available for unrestricted use each year.

The Foundation employs a third-party investment manager and fees are paid quarterly based on the Foundation's Investment Policy. These fees will be pro-rated among the various funds before the gains or losses are returned to the individual Endowment Funds. If there is not enough earned income to pay these fees, the Board may have to pay the fees from the operating budget.

Inflation Adjustment to Preserve the Principal

The Foundation will pay an inflation adjustment out of the total investment account, after the investment service fees are paid and before the gains or losses are returned to the various endowment funds.

The Foundation will calculate the inflation adjustment by determining the current CPI rate and will put a pro-rated percentage (with a goal of 2%) back into the investment account to preserve the value of all the Foundation's Endowment Funds.

LONG BEACH PUBLIC LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 12 – ENDOWMENT FUNDS (Continued)

Spending Policy for Endowment Funds

Inflation Adjustment to Preserve the Principal (Continued)

The purpose of the inflation adjustment is to assure that the value of all the endowments keeps up with the rate of inflation and the funds do not lose value over time.

Spendable Income for Program Support

As soon as possible after year-end, and after the Foundation has paid the management fees and made the inflation adjustment, the Foundation will calculate the total investment gains/losses based on a twelve-quarter rolling average.

The proposed Spendable Income is to be liquidated from the investment portfolio and kept in a temporarily restricted account within a reasonable timeframe in order to ensure liquidity and eliminate investment risk or, it shall remain invested as part of the total investment portfolio, if the Foundation does not have the current need to make the program expenditures.

To the extent any individual donor designated Endowment Fund is in a deficit balance position, all income generated from the fund will be reinvested in order to help the fund grow to the minimum level required to be retained by the Foundation.

Donor restricted

Certain endowment funds have donor stipulations requiring a portion of the investment return to be added to the endowment to maintain its purchasing power. The Foundation utilizes the Consumer Price Index (CPI) as a guideline for determining this portion in periods where the endowment assets have generated investment income. Historically, the Foundation has expended annually all endowment investment earnings (excluding any funds with deficiencies due to unfavorable market fluctuations) in excess of the portion added to the endowment to support the programs specified by the donors.

Board designated

The Foundation's board may appropriate, from net investment income, support for the Library's Family Learning Centers. But if the funds produce a net loss at the end of the year, the board will not appropriate any funds from principal for distribution.

Endowment net assets consist of the following at December 31, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board designated	\$ 3,309,829	\$ -	\$ 3,309,829
Donor restricted	-	4,681,849	4,681,849
	<u>\$ 3,309,829</u>	<u>\$ 4,681,849</u>	<u>\$ 7,991,678</u>

LONG BEACH PUBLIC LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 12 – ENDOWMENT FUNDS (Continued)

Endowment net assets consist of the following at December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated	\$ 3,036,489	\$ -	\$ 3,036,489
Donor restricted	-	3,214,137	3,214,137
	<u>\$ 3,036,489</u>	<u>\$ 3,214,137</u>	<u>\$ 6,250,626</u>

Changes in endowment net assets for the year ended December 31, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,036,489	\$ 3,214,137	\$ 6,250,626
Contributions	-	1,090,536	1,090,536
Reclassifications	(25,928)	49,736	23,808
Investment income allocation	299,268	327,440	626,708
Endowment net assets, end of year	<u>\$ 3,309,829</u>	<u>\$ 4,681,849</u>	<u>\$ 7,991,678</u>

Changes in endowment net assets for the year ended December 31, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 2,799,960	\$ 3,022,113	\$ 5,822,073
Contributions	-	500	500
Appropriations for expenditure	(94,629)	(155,086)	(249,715)
Investment income allocation	331,158	346,610	677,768
Endowment net assets, end of year	<u>\$ 3,036,489</u>	<u>\$ 3,214,137</u>	<u>\$ 6,250,626</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. For the years ended December 31, 2020 and 2019, there were no deficiencies of this nature.



LONG BEACH PUBLIC LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 13 – COMMITMENTS

Operating Lease

The Foundation is obligated under an operating lease for use of copier equipment. The lease term is for five years and commenced March 2019.

The remaining minimum future lease payments under the lease agreement at December 31, 2020 are as follows:

<u>Year Ending December 31,</u>	
2021	\$ 4,056
2022	4,056
2023	4,056
2024	<u>1,014</u>
	<u>\$ 13,182</u>

Lease expenses totaled \$4,795 and \$4,872 for the years ended December 31, 2020 and 2019 respectively. The lease expenses are included in "Office administration, supplies, and other" in the accompanying statements of functional expenses.

On May 5, 2020, the Foundation was granted a permit of use of office space in the Billie Jean King Main Library by the City of Long Beach. The previous permit expired on November 30, 2019. The annual rent due from the Foundation is \$14,553. Rent will be due in arrears. In consideration of the financial assistance and community services provided annually to the Long Beach community by the Foundation, the financial assistance and community services may be credited against annual rent due only within the lease year in which the services were provided.

NOTE 14 – CONCENTRATION, RISKS, AND UNCERTAINTIES

The Foundation is located in Long Beach, California, and its operations are largely dependent upon the local economy.

The Foundation received airline noise abatement fees totaling \$235,200 and \$384,000 for the years ended December 31, 2020 and 2019, respectively. The airline pulled its operations from Long Beach Airport effective October 6, 2020. Consequently, the Foundation will no longer receive noise abatement fees from the airline.

Credit Risks

Cash deposits in financial institutions may exceed federally insured limits at times during the year. Uninsured balances totaled \$580,931 and \$388,763, at December 31, 2020 and 2019, respectively. Cash deposited in financial institutions differs from cash presented in the statements of financial position due to timing differences.

LONG BEACH PUBLIC LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 14 – CONCENTRATION, RISKS, AND UNCERTAINTIES (Continued)

Market and Interest Rate Risks

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Uncertainties

On June 15, 2021, the California Governor temporarily lifted certain COVID-19 restrictions and put in place a new public health order. However, any changes in the COVID-19 pandemic could be subject to the Governor reinstating certain public restrictive guidelines including shuttering public events and other services. The effect of any changes could have an uncertain impact on the Foundation's financial position and net activities.

NOTE 15 – 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, comprise of the following:

Total financial assets:	
Cash and cash equivalents	\$ 2,517,559
Investments	9,116,448
Unconditional promises to give, net	<u>1,045,939</u>
Financial assets, at year end	12,679,946
Less:	
Deferred revenue	(6,009)
Board designated restrictions	(3,309,829)
Donor-imposed restrictions	<u>(7,450,667)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,913,441</u>

The Foundation maintains a policy of structuring its financial assets to be available as general expenditures, liabilities, and other obligations come due.

The Foundation's board of directors has designated \$3,309,829 of financial assets for future expenditures as described in Note 10. Because of the board of directors' designation, these financial assets are not available for general expenditures within one year. However, as stated in Note 10, the board of directors could reverse the board designated funds to be used for general use, if necessary.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-imposed restrictions.

LONG BEACH PUBLIC LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated events and transactions that would require recognition or disclosure through July 20, 2021, which was the date the financial statements were available to be issued.

In January 2021, the Foundation received a Second Draw Paycheck Protection Program (“PPP”) Loan in the amount of \$64,045. Second Draw PPP loans qualify for loan forgiveness if during the 8 to 24-week covered period following loan disbursement:

- employee and compensation levels are maintained in the same manner as required for the First Draw PPP Loan;
- the loan proceeds are spent on payroll costs and other eligible expenses, and;
- at least 60% of the proceeds are spent on payroll costs.