LONG BEACH PUBLIC LIBRARY FOUNDATION
FINANCIAL STATEMENTS

DECEMBER 31, 2025 and 2024

LONG BEACH PUBLIC LIBRARY FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Long Beach Public Library Foundation

Opinion

We have audited the accompanying financial statements of Long Beach Public Library Foundation (a nonprofit organization) (the "Foundation"), which comprise the statements of financial position as of December 31, 2025 and 2024, 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 (collectively referred to as the "financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



GuzmanGray
Costa Mesa, CA
September 2, 2026

LONG BEACH PUBLIC LIBRARY FOUNDATION
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
Cash and cash equivalents	$ 1,526,632	$ 1,416,849
Short-term investments	55,241	105,154
Investments	11,942,624	11,549,608
Unconditional promises to give, net	593,871	637,438
Prepaid expenses	3,584	2,458
Property and equipment, net	1,057	2,048
TOTAL ASSETS	$ 14,123,009	$ 13,713,555
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 53,369	$ 63,600
TOTAL LIABILITIES	53,369	63,600
Net assets		
Without donor restrictions		
Operations	$ 4,592,816	$ 4,225,382
Board designated	3,663,221	3,507,769
	8,256,037	7,733,151
With donor restrictions	5,813,603	5,916,804
TOTAL NET ASSETS	14,069,640	13,649,955
TOTAL LIABILITIES AND NET ASSETS	$ 14,123,009	$ 13,713,555

The accompanying notes are an integral part of these financial statements.

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

FOR THE YEAR ENDED DECEMBER 31, 2025

		Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT				
Grants and contributions		$ 315,819	$ 510,781	$ 826,600
In-kind rent		14,553	-	14,553
Investment return, net		733,817	476,777	1,210,594
Gross special events revenue	$ 514,965			
Less: cost of direct benefits to donors	(238,763)			
Net special events revenue		276,202	-	276,202
		1,340,391	987,558	2,327,949
NET ASSETS RELEASED FROM DONOR RESTRICTIONS		1,090,759	(1,090,759)	-
Total Revenues and Support		2,431,150	(103,201)	2,327,949
EXPENSES				
Program services expenses				
Family learning centers		204,819	-	204,819
Books and materials		1,243,533	-	1,243,533
Total program expenses		1,448,352	-	1,448,352
Management and general		274,233	-	274,233
Fundraising		185,679	-	185,679
Total expenses		1,908,264	-	1,908,264
CHANGE IN NET ASSETS		522,886	(103,201)	419,685
NET ASSETS, BEGINNING OF YEAR		7,733,151	5,916,804	13,649,955
NET ASSETS, END OF YEAR		$ 8,256,037	$ 5,813,603	$ 14,069,640

The accompanying notes are an integral part of these financial statements.

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

FOR THE YEAR ENDED DECEMBER 31, 2024

		Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT				
Grants and contributions		$ 1,090,541	$ 725,200	$ 1,815,741
In-kind rent		15,766	-	15,766
Investment return, net		1,116,515	760,661	1,877,176
Gross special events revenue	$ 551,163			
Less: cost of direct benefits to donors	(208,121)			
Net special events revenue		343,042	-	343,042
		2,565,864	1,485,861	4,051,725
NET ASSETS RELEASED FROM DONOR RESTRICTIONS		1,145,955	(1,145,955)	-
Total Revenues and Support		3,711,819	339,906	4,051,725
EXPENSES				
Program services expenses				
Family learning centers		216,140	-	216,140
Books and materials		1,100,180	-	1,100,180
Total program expenses		1,316,320	-	1,316,320
Management and general		227,673	-	227,673
Fundraising		167,879	-	167,879
Total expenses		1,711,872	-	1,711,872
CHANGE IN NET ASSETS		1,999,947	339,906	2,339,853
NET ASSETS, BEGINNING OF YEAR		5,733,204	5,576,898	11,310,102
NET ASSETS, END OF YEAR		$ 7,733,151	$ 5,916,804	$ 13,649,955

The accompanying notes are an integral part of these financial statements.

LONG BEACH PUBLIC LIBRARY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2025

	Family Learning Centers	Books and Materials	Total Program Services	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total Expenses
SALARIES AND BENEFITS							
Salaries and payroll taxes	$ -	$ 426,707	$ 426,707	$ 115,136	$ 115,727	$ -	$ 657,570
Employee benefits	-	25,194	25,194	26,954	11,174	-	63,322
Total salaries and benefits	-	451,901	451,901	142,090	126,901	-	720,892
OTHER EXPENSES							
Bank and credit card fees	-	-	-	-	2,539	-	2,539
Board expense	-	-	-	3,366	-	-	3,366
Depreciation	-	-	-	991	-	-	991
Cost of direct benefits to donors	-	-	-	-	-	238,763	238,763
Insurance	-	-	-	4,449	-	-	4,449
Meals and entertainment	-	-	-	2,181	594	-	2,775
Office administration, supplies and other	-	-	-	69,840	27,786	-	97,626
Outside services	-	-	-	33,328	-	-	33,328
Printing and mailing	-	-	-	10,711	6,620	-	17,331
Program materials	201,181	787,994	989,175	-	-	-	989,175
Rent	3,638	3,638	7,276	7,277	-	-	14,553
Software	-	-	-	-	21,239	-	21,239
	204,819	1,243,533	1,448,352	274,233	185,679	238,763	2,147,027
Less expenses included with revenues on the statement of activities							
Cost of direct benefits to donors	-	-	-	-	-	(238,763)	(238,763)
Total expenses included in the expense section on the statement of activities	$ 204,819	$ 1,243,533	$ 1,448,352	$ 274,233	$ 185,679	$ -	$ 1,908,264

The accompanying notes are an integral part of these financial statements.

LONG BEACH PUBLIC LIBRARY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2024

	Family Learning Centers	Books and Materials	Total Program Services	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total Expenses
SALARIES AND BENEFITS							
Salaries and payroll taxes	$ -	$ 367,617	$ 367,617	$ 88,538	$ 101,277	$ -	$ 557,432
Employee benefits	-	4,621	4,621	27,724	9,153	-	41,498
Total salaries and benefits	-	372,238	372,238	116,262	110,430	-	598,930
OTHER EXPENSES							
Bank and credit card fees	-	-	-	1,862	4,736	-	6,598
Board expense	-	-	-	8,984	848	-	9,832
Depreciation	-	-	-	991	-	-	991
Cost of direct benefits to donors	-	-	-	-	-	208,121	208,121
Insurance	-	-	-	6,538	-	-	6,538
Meals and entertainment	-	22	22	1,895	191	-	2,108
Office administration, supplies and other	-	2,708	2,708	30,525	21,529	-	54,762
Outside services	-	3,024	3,024	45,253	16,236	-	64,513
Printing and mailing	-	291	291	10,609	9,968	-	20,868
Program materials	216,140	714,014	930,154	-	-	-	930,154
Rent	-	7,883	7,883	4,754	3,941	-	16,578
	216,140	1,100,180	1,316,320	227,673	167,879	208,121	1,919,993
Less expenses included with revenues on the statement of activities							
Cost of direct benefits to donors	-	-	-	-	-	(208,121)	(208,121)
Total expenses included in the expense section on the statement of activities	$ 216,140	$ 1,100,180	$ 1,316,320	$ 227,673	$ 167,879	$ -	$ 1,711,872

The accompanying notes are an integral part of these financial statements.

LONG BEACH PUBLIC LIBRARY FOUNDATION
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 419,685	$ 2,339,853
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Realized gain on investments	(364,877)	(583,665)
Unrealized gain on investments	(467,784)	(921,205)
Depreciation	991	991
Operating lease costs	-	1,034
(Increase) decrease in assets:		
Unconditional promises to give, net	43,567	69,136
Prepaid expenses	(1,126)	104
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(10,231)	28,365
Operating lease liability	-	(1,014)
Net cash (used in) provided by operating activities	(379,775)	933,599
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	5,708,642	3,459,411
Redemptions of investments	455,715	223,232
Purchases of investments	(5,619,482)	(4,047,333)
Reinvestments	(55,317)	(401,491)
Net cash provided by (used in) investing activities	489,558	(766,181)
NET INCREASE IN CASH AND CASH EQUIVALENTS	109,783	167,418
CASH AND CASH EQUIVALENTS, BEGINNING	1,416,849	1,249,431
CASH AND CASH EQUIVALENTS, ENDING	$ 1,526,632	$ 1,416,849
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
INTEREST PAID	NONE	NONE
INCOME TAXES	NONE	NONE
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES		
NONCASH CONTRIBUTION	$ 14,553	$ 15,766

The accompanying notes are an integral part of these financial statements.

NOTE 1 - ORGANIZATION

The Long Beach Public Library Foundation (the "Foundation") was founded in 1996 as an independent 501(c)(3) nonprofit charitable organization established to procure funds and provide support for the Long Beach Public Library (the "Library"). The Foundation's mission is to enhance the Library and encourage literacy, education, and access to information for all members of the community.

The Foundation supports a variety of Library programs and services focused on education, literacy, technology access, and community engagement. These include the Family Learning Center Program, which provides homework assistance, computer-based learning, educational resources, and support for students, families, adult learners, and job-seekers. The Foundation also supports the Center for Adaptive Technology, which provides adaptive hardware, software, library materials, and staff assistance to individuals living with physical, visual, hearing, and developmental disabilities.

In addition, the Foundation supports The Studios, community makerspaces and technology labs located at the Billie Jean King Main Library and Michelle Obama Neighborhood Library. The Studios provide access to technology and creative learning tools, including laptops, tablets, 3D printing, sewing machines, robotics, coding, graphic design, and audio and visual recording resources. The Mobile Studio expands access to these programs by bringing technology classes and workshops to Library branches throughout the city.

The Foundation's literacy and educational support also includes the purchase of books and digital materials, early literacy programs in English and Spanish, the Summer Reading Program, LB Reads adult literacy tutoring, Homebound Reader Services, Career Online High School scholarships, online educational databases, and programs designed to help children prepare for school. The Foundation also helps bridge the digital divide by supporting access to computers, laptops, internet lending devices, adaptive technologies, and other technology resources available to Library cardholders.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Foundation uses the accrual basis of accounting in conformity with GAAP.

Basis of Presentation

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

Net assets 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.

Net assets 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, whereby 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 the occurrence of other events specified by donors or grantors.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents
The Foundation considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Such investments are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. The cash equivalents totaled $601,420 and $528,376 at December 31, 2025 and 2024, respectively. Cash equivalents consist of money market funds held at Northern Trust.

Unconditional Promises to Give
Promises to give are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, donor restrictions are reclassified to net assets without donor restrictions. The Foundation uses the allowance method to determine uncollectible unconditional promises to give.

Property and Equipment
Property and equipment are carried at cost or if donated, at the fair market value at the 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, lengthen the useful lives of the assets, or are expenditures in excess of $5,000 are capitalized. Repairs and maintenance are expensed as incurred.

Investments
Investments consist of short-term investments, certificates of deposit, marketable securities, and alternative investments. Short-term investments consist of certificates of deposit and other investments with original maturities greater than three months but less than one year from the statement of financial position date. Certificates of deposit are carried at amortized cost, which approximates fair value. Certificates of deposit with maturities greater than one year from the statement of financial position date are classified as long-term investments.

Marketable securities are recorded at fair value based on quoted market prices and other observable inputs in accordance with the fair value hierarchy. Alternative investments are valued based on the net asset value (“NAV”) reported by the fund manager or external source as a practical expedient for fair value. Investments measured using NAV as a practical expedient are not categorized within Levels 1, 2, or 3 of the fair value hierarchy.

Realized and unrealized gains and losses are included in the statement of activities. Interest and dividend income are recognized when earned.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present expenses by natural classification and function. Expenses directly identifiable with a specific program or supporting service are charged directly to that function. Shared costs are allocated among the programs and supporting services benefited using reasonable allocation methods. Salaries, payroll taxes, and employee benefits are allocated based on time and effort. Occupancy-related costs, including depreciation and rent are allocated based on square footage. Other shared costs, including bank and credit card fees, board expenses, insurance, meals and entertainment, office administration, supplies and other expenses, outside services, printing and mailing, and software are allocated based on estimated usage by programs, management and general, and fundraising.

Income Taxes

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 are more likely than not to be sustained upon examination. At December 31, 2025 and 2024, 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.

Revenue Recognition

The Foundation accounts for contributions in accordance with FASB ASC Topic 958, Not-for-Profit Entities, including the guidance for contributions received and donor restrictions. A summary of significant revenue recognition policies under this guidance is as follows:

Grants and Contributions

The Foundation recognizes contributions when cash, securities, other assets, or an unconditional promise to give is 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. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports that support as an increase in net assets without donor restrictions.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

In-kind contributions
The Foundation recognizes contributed services as revenue when the services received require specialized skills, are provided by individuals possessing those skills, and would otherwise need to be purchased if not provided by donation. Contributed services that do not meet these criteria are not recognized in the financial statements.

Donated goods are recorded as contributions at their estimated fair value on the date of donation. The Foundation determines the fair value of donated goods using approximate prices in California, which represents the principal market. Such donations are reported as increases in net assets without donor restrictions unless the donor restricts the use of the donated goods for a specific purpose.

Donated facilities and use of space are recorded at estimated fair rental value based on comparable space in the applicable market and are recognized as in-kind contribution revenue and expense in the period received.

In-kind contributions subject to donor-imposed restrictions are reported as increases in net assets without donor restrictions when the restrictions are met in the same reporting period in which the contribution revenue is recognized.

The Foundation recognizes revenue in accordance with FASB ASC Topic 606, *Revenue from Contracts with Customers*. A summary of significant revenue recognition policies under this guidance is as follows:

Special Events
The Foundation recognizes revenue from special events that may include both exchange and contribution elements. For the exchange component, the Foundation applies the revenue recognition guidance under ASC 606 using the five-step model. First, a contract is established when a participant registers for or purchases a ticket to the event. Second, the performance obligation is identified as providing access to the event and related direct benefits (e.g. meals, entertainment, or other goods and services). Third, the transaction price is determined based on the gross proceeds received from participants. Fourth, the transaction price is allocated between the exchange component and the contribution component based on the relative fair value of the direct benefits provided to participants. Finally, revenue related to the exchange component is recognized at a point in time when the event occurs and the performance obligation is satisfied.

The contribution component represents the excess of the gross proceeds over the fair value of the direct donor benefits and is recognized in accordance with contribution accounting guidance. The costs of direct benefits to donors are presented as a reduction of gross special events revenue in the statement of activities.

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.

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

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 value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Stocks, exchange-traded funds, corporate fixed income securities, including certificates of deposit, and real estate securities are valued using quoted prices in active markets when available. Certificates of deposit are generally carried at amortized cost, which approximates fair value, unless quoted market prices or other observable inputs are available and used to determine fair value.

Alternative investments consist of an investment in a private real assets fund. The investment is valued using the net asset value ("NAV") reported by the fund manager or other external sources as a practical expedient for fair value. NAV represents the fund's assets less liabilities on a per-share or per-unit basis. Because the investment is not traded on an active market, is illiquid, and may not be valued daily, the reported NAV may not represent the amount that could be realized upon liquidation. Investments measured using NAV as a practical expedient are not categorized within Levels 1, 2, or 3 of the fair value hierarchy.

Short-term investments are presented separately on the statements of financial position and are not included in the investment tables below. Short-term investments consist primarily of certificates of deposit carried at amortized cost, which approximates fair value.

The following table presents assets measured at fair value and NAV on a recurring basis at December 31, 2025:

	Level 1	Level 2	Level 3	Measured by NAV	Total
Stocks	$ 2,633,321	$ -	$ -	$ -	$ 2,633,321
Exchange traded	7,546,778	-	-	-	7,546,778
Corporate fixed income	1,330,540	55,317	-	-	1,385,857
Real estate	250,031	-	-	-	250,031
Alternative investments	-	-	-	126,637	126,637
	$ 11,760,670	$ 55,317	$ -	$ 126,637	$ 11,942,624

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

The following table presents assets measured at fair value and NAV on a recurring basis at December 31, 2024:

	Level 1	Level 2	Level 3	Measured by NAV	Total
Stocks	$ 2,471,513	$ -	$ -	$ -	$ 2,471,513
Exchange traded	6,453,124	-	-	-	6,453,124
Corporate fixed income	1,719,109	-	-	-	1,719,109
Real estate	224,803	-	-	-	224,803
Alternative investments	-	-	-	681,059	681,059
	$ 10,868,549	$ -	$ -	$ 681,059	$ 11,549,608

NOTE 4 – INVESTMENTS

Investments consist of the following at December 31, 2025:

	Cost	Unrealized Gain (Loss)	Fair Value
Stocks	$ 2,304,261	$ 329,060	$ 2,633,321
Exchange traded	6,355,209	1,191,569	7,546,778
Corporate fixed income	1,360,494	25,363	1,385,857
Real estate	277,953	(27,922)	250,031
Alternative investments	155,664	(29,027)	126,637
	$ 10,453,581	$ 1,489,043	$ 11,942,624

Investments consist of the following at December 31, 2024:

	Cost	Unrealized Gain (Loss)	Fair Value
Stocks	$ 2,422,283	$ 49,230	$ 2,471,513
Exchange traded	5,515,884	937,240	6,453,124
Corporate fixed income	1,720,826	(1,717)	1,719,109
Real estate	240,213	(15,410)	224,803
Alternative investments	629,143	51,916	681,059
	$ 10,528,349	$ 1,021,259	$ 11,549,608

Investment return, net consists of the following for the years ended December 31, 2025 and 2024:

	2025	2024
Interest and dividends	$ 421,848	$ 401,491
Realized gain	364,877	583,665
Unrealized gain	467,784	921,205
Investment expenses	(43,915)	(29,185)
	$ 1,210,594	$ 1,877,176

NOTE 5 – UNCONDITIONAL PROMISES TO GIVE, NET

Unconditional promises to give, net are estimated to be collected at December 31, 2025 and 2024:

	2025	2024
Within one year	$ 215,946	$ 170,303
More than one year	400,000	500,000
	615,946	670,303
Less:		
Discount to net present value at 2.31%	(22,075)	(32,865)
Allowance for doubtful accounts	-	-
	$ 593,871	$ 637,438

Promises to give due in more than one year are discounted to present value using a risk-adjusted discount rate of 2.31% which approximates the rate applicable when the promises were made.

NOTE 6 – PROPERTY AND EQUIPMENT, NET

	2025	2024
Property and equipment	$ 35,305	$ 35,305
Less: Accumulated depreciation	(34,248)	(33,257)
	$ 1,057	$ 2,048

For the years ended December 31, 2025 and 2024, depreciation expense totaled $991 and $991, respectively.

NOTE 7 – IN-KIND RENT

The Foundation received in-kind rent for the years ended December 31, 2025 and 2024:

	2025	2024
In-kind rent	$ 14,553	$ 15,766

On May 5, 2020, the Foundation was granted a permit for the use of office space in the Billie Jean King Main Library by the City of Long Beach. For the years ended December 31, 2025 and 2024, the rental value is $14,553 and $15,766, respectively. 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 are credited against annual rent due throughout the lease term.

The Foundation uses the donated office space for program and administrative activities and values the space based on the estimated fair rental value of comparable office space in the Long Beach area.

In-kind rent received by the Foundation during the years ended December 31, 2025 and 2024 was unrestricted and available for use in the Foundation’s programs and operations.

NOTE 8– NET ASSETS WITH DONOR RESTRICTIONS

A summary of donor-restricted net asset activity occurring during the year ended December 31, 2025 consisted of the following:

	2024	Additions (Valuation Adjustments)	Net assets released from restrictions	2025
Subject to expenditure for specified purposes:				
Books and Materials	$ 162,890	$ 86,265	$ (212,475)	$ 36,680
Family Learning Centers	-	233,208	(201,181)	32,027
Children's Programs	14,138	-	(14,138)	-
Digital Archive	58,915	-	(58,915)	-
Michelle Obama Neighborhood Library	80,622	5,231	(85,853)	-
Early Childhood Literacy	12,888	21,000	(33,888)	-
New Main Library	235,529	12,095	(125,000)	122,624
Summer Reading Programs	7,898	52,500	(45,398)	15,000
Cultural Programming	-	55,000	(50,000)	5,000
Mobile Studios	-	420	(420)	-
Mark Twain Family Learning Centers	87,094	43,552	-	130,646
Library Senior Services	17,689	35,543	(53,232)	-
	677,663	544,814	(880,500)	341,977
Endowments:				
Subject to appropriation and expenditure when a specified event occurs:				
Books and Materials	34,407	24,696	(13,192)	45,911
Literacy Programs	248,801	169,343	(95,786)	322,358
Family Learning Centers	175,374	100,394	(44,805)	230,963
Mark Twain Family Learning Centers	88,944	61,759	(34,936)	115,767
Michelle Obama Neighborhood Library	15,184	7,288	(4,391)	18,081
To Support Operations	64,651	32,431	(17,149)	79,933
	$ 627,361	$ 395,911	$ (210,259)	$ 813,013
Subject to foundation endowment spending policy and appropriation:				
Books and Materials	$ 303,031	$ 42	$ -	$ 303,073
Literacy Programs	1,757,738	-	-	1,757,738
Family Learning Centers	1,054,848	10,000	-	1,064,848
Mark Twain Family Learning Centers	651,985	-	-	651,985
Michelle Obama Neighborhood Library	76,936	-	-	76,936
To Support Operations	341,878	26,000	-	367,878
Main Children's Library	425,364	10,791	-	436,155
	4,611,780	46,833	-	4,658,613
Total endowments	5,239,141	442,744	(210,259)	5,471,626
Total net assets with donor restrictions	$ 5,916,804	$ 987,558	$ (1,090,759)	$ 5,813,603

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

A summary of donor-restricted net asset activity occurring during the year ended December 31, 2024 consisted of the following:

	2023	Additions (Valuation Adjustments)	Net assets released from restrictions	2024
Subject to expenditure for specified purposes:				
Books and Materials	$ 413,287	$ 47,808	$ (298,205)	$ 162,890
Family Learning Centers	1,000	215,222	(216,222)	-
Children's Programs	164,138	1,781	(151,781)	14,138
Digital Archive	58,915	9,662	(9,662)	58,915
Michelle Obama Neighborhood Library	131,384	21,759	(72,521)	80,622
Early Childhood Literacy	37,483	61,531	(86,126)	12,888
New Main Library	221,787	51,109	(37,367)	235,529
Summer Reading Programs	450	12,597	(5,149)	7,898
Cultural Programming	-	30,000	(30,000)	-
Mobile Studios	-	360	(360)	-
Mark Twain Family Learning Centers	43,851	53,982	(10,739)	87,094
Library Senior Services	18,444	2,951	(3,706)	17,689
	1,090,739	508,762	(921,838)	677,663
Endowments:				
Subject to appropriation and expenditure when a specified event occurs:				
Books and Materials	9,144	38,330	(13,067)	34,407
Literacy Programs	67,406	277,365	(95,970)	248,801
Family Learning Centers	77,914	150,593	(53,133)	175,374
Mark Twain Family Learning Centers	23,578	100,925	(35,559)	88,944
Michelle Obama Neighborhood Library	7,775	12,703	(5,294)	15,184
To Support Operations	33,466	52,279	(21,094)	64,651
	$ 219,283	$ 632,195	$ (224,117)	$ 627,361
Subject to foundation endowment spending policy and appropriation:				
Books and Materials	$ 275,953	$ 27,078	$ -	$ 303,031
Literacy Programs	1,757,738	-	-	1,757,738
Family Learning Centers	791,257	263,591	-	1,054,848
Mark Twain Family Learning Centers	651,985	-	-	651,985
Michelle Obama Neighborhood Library	76,936	-	-	76,936
To Support Operations	287,643	54,235	-	341,878
Main Children's Library	425,364	-	-	425,364
	4,266,876	344,904	-	4,611,780
Total endowments	4,486,159	977,099	(224,117)	5,239,141
Total net assets with donor restrictions	$ 5,576,898	$ 1,485,861	$(1,145,955)	$ 5,916,804

NOTE 9 – NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED

A summary of net assets without donor-restrictions – board designated at December 31, 2025 and 2024, consisted of the following:

	2025	2024
Mark Twain Family Learning Centers	$ 190,299	$ 182,076
Board Endowment (Redesignated to Operations)	64,327	61,646
Brenneman Family Learning Center	71,250	68,171
Michelle Obama Neighborhood Library - FLC	268,222	256,631
Board Endowment Operations	2,012,935	1,928,870
Patricia Andrews Senior Services	788,024	753,843
Patricia Andrews New Main Library	268,164	256,532
Total net assets without donor restrictions - board designated	$ 3,663,221	$ 3,507,769

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.

NOTE 10 – 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 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.

Investment Policy for Endowment Funds

The Foundation has adopted 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 them to grow at a rate exceeding expected inflation.

NOTE 10 – ENDOWMENT FUNDS (Continued)

Investment Policy for Endowment Funds (Continued)
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 prorated 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 prorated percentage (with a goal of 2%) back into the investment account to preserve the value of all the Foundation's endowment funds.

The purpose of the inflation adjustment is to ensure 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 remain invested as part of the total investment portfolio, if the Foundation does not have the current need to make the program expenditures.

NOTE 10 – ENDOWMENT FUNDS (Continued)

Spending Policy for Endowment Funds (Continued

Spendable Income for Program Support (Continued)
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. 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, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 3,507,769	$ 5,239,141	$ 8,746,910
Contributions	-	46,833	46,833
Appropriations for expenditure	(168,825)	(210,259)	(379,084)
Investment income allocation	324,277	395,911	720,188
Endowment net assets, end of year	$ 3,663,221	$ 5,471,626	$ 9,134,847

Endowment net assets consist of the following at December 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 3,200,041	$ 4,486,159	$ 7,686,200
Contributions	-	344,904	344,904
Appropriations for expenditure	(169,556)	(204,997)	(374,553)
Investment income allocation	477,284	613,075	1,090,359
Endowment net assets, end of year	$ 3,507,769	$ 5,239,141	$ 8,746,910

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, 2025 and 2024, there were no deficiencies of this nature.

NOTE 11 – CREDIT RISKS AND UNCERTAINTIES

The Foundation maintains cash deposit accounts at Farmers and Merchants Bank and Morgan Stanley. Cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per institution. At December 31, 2025 and 2024, cash deposits at Farmers and Merchants Bank exceeded federally insured limits by approximately $727,975 and $634,431, respectively. At December 31, 2025 and 2024, cash deposits at Morgan Stanley totaled $5,000 and $0, respectively.

The Foundation also maintains cash equivalent accounts at Northern Trust. Cash equivalent balances of approximately $601,420 and $528,376 at December 31, 2025 and 2024, respectively, are not FDIC insured Insured.

Cash deposit balances used to determine FDIC insurance coverage may differ from cash balances presented in the statement of financial position due to outstanding checks, deposits in transit, and other timing differences.

Management monitors the financial condition of the institutions in which cash and cash equivalents are maintained and believes that the Foundation is not exposed to significant credit risk related to these balances.

The Foundation maintains investment accounts with Morgan Stanley and Northern Trust. Securities held in brokerage accounts are protected by the Securities Investor Protection Corporation (SIPC) up to applicable limits, including up to $500,000 of coverage per customer, subject to SIPC rules and limitations. SIPC protection does not protect against losses resulting from market fluctuations. Accordingly, investment securities are exposed to various risks, including interest rate risk and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

NOTE 12 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	2025	2024
Total financial assets:		
Cash and cash equivalents	$ 1,526,632	$ 1,416,849
Short-term investments	55,241	105,154
Investments	11,942,624	11,549,608
Unconditional promises to give - due within one year	215,946	170,303
Financial assets, at year end	13,740,443	13,241,914
Less:		
Board designated restrictions	(3,663,221)	(3,507,769)
Donor-imposed restrictions	(5,813,603)	(5,916,804)
Financial assets available to meet cash needs for general expenditures within one year	$ 4,263,619	$ 3,817,341

NOTE 12 – LIQUIDITY AND AVAILABILITY (Continued)

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 $3,663,221 and $3,507,769 of financial assets for future expenditures as described in Notes 9 and 10 at December 31, 2025 and 2024, respectively. Because of the board of directors' designation, these financial assets are not available for general expenditures within one year. However, as stated in Note 9, the board of directors could reverse the designation of 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.

NOTE 13 – SUBSEQUENT EVENTS

The Foundation evaluated subsequent events through September 2, 2026, the date the financial statements were available to be issued, and determined that no subsequent events occurred that require recognition or disclosure in the financial statements.