

LONG BEACH PUBLIC LIBRARY FOUNDATION
FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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LONG BEACH PUBLIC LIBRARY FOUNDATION
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

<u>ASSETS</u>		December 31,	
		<u>2019</u>	<u>2018</u>
ASSETS			
Cash and cash equivalents		\$ 2,014,700	\$ 2,608,836
Investments		8,028,595	6,243,052
Unconditional promises to give, net		452,488	275,110
Property and equipment, net		1,603	459
Prepaid expenses		22,564	23,627
		<u> </u>	<u> </u>
TOTAL ASSETS		<u><u>\$ 10,519,950</u></u>	<u><u>\$ 9,151,084</u></u>
 <u>LIABILITIES AND NET ASSETS</u> 			
LIABILITIES			
Accounts payable		\$ 10,008	\$ 11,748
Accrued expenses		9,726	19,414
Deferred revenue		8,509	26,900
Total Liabilities		<u>28,243</u>	<u>58,062</u>
 NET ASSETS			
Without restrictions			
Operations		1,059,945	479,582
Board designated		3,036,489	2,799,960
		<u>4,096,434</u>	<u>3,279,542</u>
With restrictions		6,395,273	5,813,480
Total Net Assets		<u>10,491,707</u>	<u>9,093,022</u>
		<u> </u>	<u> </u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 10,519,950</u></u>	<u><u>\$ 9,151,084</u></u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
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
	<u>1,288,602</u>	<u>2,067,173</u>	<u>3,355,775</u>
NET ASSETS RELEASED FROM RESTRICTION			
	<u>1,485,380</u>	<u>(1,485,380)</u>	<u>-</u>
Total Revenues and Support	<u>2,773,982</u>	<u>581,793</u>	<u>3,355,775</u>
 EXPENSES			
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	<u>351,434</u>	<u>-</u>	<u>351,434</u>
Total Expenses	<u>1,957,090</u>	<u>-</u>	<u>1,957,090</u>
CHANGE IN NET ASSETS	816,892	581,793	1,398,685
NET ASSETS, BEGINNING OF YEAR	<u>3,279,542</u>	<u>5,813,480</u>	<u>9,093,022</u>
NET ASSETS, END OF YEAR	<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 ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Grants and Contributions	\$ 269,022	\$ 2,905,194	\$ 3,174,216
In-kind goods and services	28,701	11,088	39,789
Change in value of beneficial interest in charitable remainder trust	(2,943)	-	(2,943)
Investment return, net	(214,724)	(164,055)	(378,779)
 Gross special events revenue	 \$ 253,367		
Less cost of direct benefits to donors	(119,382)		
Net special events revenue	133,985	-	133,985
	214,041	2,752,227	2,966,268
 NET ASSETS RELEASED FROM RESTRICTION	 1,445,378	 (1,445,378)	 -
 Total Revenues and Support	 1,659,419	 1,306,849	 2,966,268
 EXPENSES			
Program services expenses			
Family Learning Centers	658,485	-	658,485
Books and materials	929,995	-	929,995
Total program expenses	1,588,480	-	1,588,480
 General and administrative	 145,915	 -	 145,915
Fundraising	265,784	-	265,784
	2,000,179	-	2,000,179
 Total Expenses	 2,000,179	 -	 2,000,179
 CHANGE IN NET ASSETS	 (340,760)	 1,306,849	 966,089
 NET ASSETS, BEGINNING OF YEAR	 3,620,302	 4,506,631	 8,126,933
 NET ASSETS, END OF YEAR	 \$ 3,279,542	 \$ 5,813,480	 \$ 9,093,022

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
SALARIES AND BENEFITS							
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
OTHER EXPENSES							
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
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Family Learning Centers	Books and Materials	Total Program Services	General and Administrative	Fundraising	Cost of Goods Sold	Total Expenses
SALARIES AND BENEFITS							
Salaries and payroll taxes	\$ 28,583	\$ 37,119	\$ 65,702	\$ 46,615	\$ 226,701	\$ -	\$ 339,018
Employee benefits	475	-	475	16,503	950	-	17,928
Total Salaries and Benefits	<u>29,058</u>	<u>37,119</u>	<u>66,177</u>	<u>63,118</u>	<u>227,651</u>	<u>-</u>	<u>356,946</u>
OTHER EXPENSES							
Bank and credit card fees	-	16	16	624	1,704	-	2,344
Board expense	-	-	-	1,412	-	-	1,412
Depreciation	-	369	369	92	-	-	461
Outside services	1,520	4,318	5,838	14,536	22,205	-	42,579
Dictionary day materials	-	30,608	30,608	663	-	-	31,271
Homework helpers	473,804	-	473,804	-	-	-	473,804
In-kind goods and services	-	13,773	13,773	-	-	-	13,773
Insurance	-	-	-	5,085	-	-	5,085
Mayor sponsored events	-	18,947	18,947	-	-	-	18,947
Office administration, supplies and other	-	3,964	3,964	28,443	3,335	-	35,742
Printing and mailing	-	-	-	8,589	8,117	-	16,706
Cost of direct benefits to donors	-	-	-	-	-	119,382	119,382
Program materials	151,331	820,881	972,212	-	-	-	972,212
Rent	2,772	-	2,772	16,632	2,772	-	22,176
Software	-	-	-	6,721	-	-	6,721
	<u>658,485</u>	<u>929,995</u>	<u>1,588,480</u>	<u>145,915</u>	<u>265,784</u>	<u>119,382</u>	<u>2,119,561</u>
Less expenses included with revenues on the statement of activities							
Cost of direct benefits to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(119,382)</u>	<u>(119,382)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 658,485</u>	<u>\$ 929,995</u>	<u>\$ 1,588,480</u>	<u>\$ 145,915</u>	<u>\$ 265,784</u>	<u>\$ -</u>	<u>\$ 2,000,179</u>

See independent auditors' report and notes to financial statements.

LONG BEACH PUBLIC LIBRARY FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	December 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,398,685	\$ 966,089
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Change in beneficial interest in charitable remainder trust	-	2,943
Realized gains on investments	(86,012)	(18,238)
Unrealized (gains) losses on investments	(880,157)	562,996
Donated stocks received	(10,546)	-
Depreciation	33	461
(Increase) decrease in assets:		
Unconditional promises to give	(177,378)	133,933
Prepaid expenses	1,063	(7,436)
Increase (decrease) in liabilities:		
Accounts payable	(1,740)	904
Accrued expenses	(9,688)	5,487
Deferred revenue	(18,391)	17,400
Net Cash Provided By Operating Activities	215,869	1,664,539
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	6,415,476	1,497,119
Purchases of investments	(7,216,005)	(1,513,723)
Reinvested dividends	(8,299)	(27,644)
Purchase of equipment	(1,177)	-
Net Cash Used For Investing Activities	(810,005)	(44,248)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(594,136)	1,620,291
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,608,836	988,545
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,014,700	\$ 2,608,836
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, 2019 AND 2018

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, 2019 AND 2018

NOTE 1 – ORGANIZATION (Continued)

LB Reads: A brand-new adult literacy program, LB Reads, 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.

Basis of 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.

LONG BEACH PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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.

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 and Revenue Recognition

The Foundation recognizes contributions when cash, securities, other assets, or unconditional promise to give are received. Contributions that are not restricted by the donor are reported as increases in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with 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.

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.

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.

LONG BEACH PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services and Goods (Continued)

Donated goods are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated goods to a specific purpose.

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, 2019, 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.

New Accounting Pronouncements Implemented

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, with the stated purpose of providing guidance in evaluating whether transactions should be accounted for as contributions or exchanges. In addition, the update introduces the concept of barriers in providing additional guidance on identifying conditions that would preclude the recognition of a contribution as revenue. ASU 2018-08 defines a contribution as “an unconditional transfer of cash or other assets, as well as unconditional promises to give, to an entity, or a reduction, settlement, or cancellation of its liabilities in a voluntary nonreciprocal transfer by another entity acting other than as an owner.” Thus, the transfer of assets or settlement of liabilities must be both voluntary and nonreciprocal in order to be a contribution. These characteristics distinguish contributions from exchanges, which are reciprocal transfers in which each party receives and sacrifices approximate commensurate value. These characteristics also distinguish contributions from involuntary nonreciprocal transfers, such as impositions of taxes or legal judgments, fines, and thefts. The definition also excludes transactions with owners, such as investments by owners and distributions to owners. ASU 2018-08 applies to resource providers and resource recipients.

LONG BEACH PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements Implemented (Continued)

A public company or a not-for-profit organization that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market would apply the new standard for transactions in which the entity serves as a resource recipient to annual reporting periods beginning after June 15, 2018, including interim periods within that annual period. Other organizations would apply the standard to annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019.

A public company or a not-for-profit organization that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market would apply the new standard for transactions in which the entity serves as a resource provider to annual reporting periods beginning after December 15, 2018, including interim periods within that annual period. Other organizations would apply the standard to annual reporting periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020.

Based on the guidance described above, the Foundation adopted FASB ASU 2018-08 for the fiscal year ended December 31, 2019.

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. 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 Organization is currently evaluating the impact of the adoption of the new standard on the financial statements.

In April 2016, the FASB issued ASU 2016-10, Revenue 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. To achieve that core principle, an entity should apply the following steps: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when or as the entity satisfies a performance obligation. Topic 606 also provides guidance on identifying performance obligations and licensing. The effective date of Topic 606 is deferred by one year for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 2020. The Organization is currently evaluating the impact of the adoption of the new standard on the financial statements.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

LONG BEACH PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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 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, 2019 and 2018:

Exchange-traded and closed-end funds; mutual funds: 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.

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>

LONG BEACH PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

The following table presents assets measured at fair value on a recurring basis at December 31, 2018:

	Level 1	Level 2	Level 3	Total
Exchange traded and closed-end funds	\$ 3,897,633	\$ -	\$ -	\$ 3,897,633
Mutual funds	2,345,419	-	-	2,345,419
	<u>\$ 6,243,052</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,243,052</u>

NOTE 4 – INVESTMENTS

Investments consist of the following at December 31, 2019 and 2018:

	2019	2018
Certificates of deposit	\$ 535,571	\$ -
Exchange traded and closed-end funds	4,454,161	3,897,633
Mutual funds	2,778,998	2,345,419
Alternative investments	259,865	-
	<u>\$ 8,028,595</u>	<u>\$ 6,243,052</u>

Net investment return consists of the following for the years ended December 31, 2019 and 2018:

	2019	2018
Interest and dividends	\$ 210,432	\$ 200,413
Realized gains	86,012	18,238
Unrealized gains (losses)	880,157	(562,996)
Investment expenses	(34,884)	(34,434)
	<u>\$ 1,141,717</u>	<u>\$ (378,779)</u>

LONG BEACH PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 5 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are estimated to be collected at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Within one year	\$ 300,912	\$ 198,443
More than one year	162,500	76,667
	<u>463,412</u>	<u>275,110</u>
Less:		
Discount to net present value at 2.31%	(10,924)	-
Allowance for doubtful accounts	-	-
	<u>\$ 452,488</u>	<u>\$ 275,110</u>

NOTE 6 – DEFERRED REVENUE

Grants received in advance are deferred and recognized over the periods to which the grants relate. Deferred revenue totaled \$8,509 and \$26,900 at December 31, 2019 and 2018, respectively

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Property and equipment	\$ 30,910	\$ 29,733
Less: Accumulated depreciation	<u>(29,307)</u>	<u>(29,274)</u>
	<u>\$ 1,603</u>	<u>\$ 459</u>

Depreciation expense totaled \$33 and \$461 for the years ended December 31, 2019 and 2018, respectively.

NOTE 8 – 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 \$3,036,489 and \$2,799,960 at December 31, 2019 and 2018, respectively.

LONG BEACH PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 9 – NET ASSETS WITH RESTRICTIONS

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

	2019	2018
Subject to expenditure for specified purpose:		
Books and Materials	\$ 1,922,748	\$ 1,734,007
Family Learning Centers	373,113	-
Children's Programs	40,380	60,380
Digital Archive	68,702	68,702
Michelle Obama Neighborhood Library	351,013	365,118
Early Childhood Literacy	15,359	7,533
New Main Library	370,885	537,024
Summer Reading Programs	4,283	10,000
Mayor Sponsored Events	12,128	8,603
Library Senior Services	22,525	-
	3,181,136	2,791,367
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
Books and Materials	23,608	6,649
Literacy Programs	78,006	16,761
Family Learning Centers	132,293	86,485
Mark Twain Family Learning Centers	42,981	-
Michelle Obama Neighborhood Library	8,540	385
To Support Operations	37,375	20,999
	322,803	131,279
Subject to foundation endowment spending policy and appropriation:		
Books and Materials	268,648	268,248
Literacy Programs	900,300	900,200
Family Learning Centers	709,679	709,679
Mark Twain Family Learning Centers	651,985	651,985
Michelle Obama Neighborhood Library	76,936	76,936
To Support Operations	283,786	283,786
	2,891,334	2,890,834
Total endowments	3,214,137	3,022,113
Total net assets with restrictions	\$ 6,395,273	\$ 5,813,480

LONG BEACH PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 9 – NET ASSETS WITH RESTRICTIONS (Continued)

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 \$1,485,380 and \$1,445,378 for the years ended December 31, 2019 and 2018, respectively.

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 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.

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.

LONG BEACH PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 10 – ENDOWMENT FUNDS (Continued)

Spending Policy for Endowment Funds

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, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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>

Endowment net assets consist of the following at December 31, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board designated	\$ 2,799,960	\$ -	\$ 2,799,960
Donor restricted	-	3,022,113	3,022,113
	<u>\$ 2,799,960</u>	<u>\$ 3,022,113</u>	<u>\$ 5,822,073</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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 appreciation	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>

LONG BEACH PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 10 – ENDOWMENT FUNDS (Continued)

Changes in endowment net assets for the year ended December 31, 2018 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 3,072,175	\$ 3,207,215	\$ 6,279,390
Contributions	-	69,461	69,461
Appropriations for expenditure	(96,137)	(90,507)	(186,644)
Investment depreciation	<u>(176,078)</u>	<u>(164,056)</u>	<u>(340,134)</u>
 Endowment net assets, end of year	 <u>\$ 2,799,960</u>	 <u>\$ 3,022,113</u>	 <u>\$ 5,822,073</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, 2019 and 2018, there were no deficiencies of this nature.

NOTE 11 – IN-KIND CONTRIBUTIONS

For the years ended December 31, 2019 and 2018, 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 \$1,691 and \$17,613 were recognized for the years ended December 31, 2019 and 2018 respectively. The Foundation recognized in-kind donated auction items of \$53,450 and \$51,849 for the years ended December 31, 2019 and 2018, 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.

NOTE 12 – 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, 2019 are as follows:

<u>Year Ending December 31,</u>	
2020	\$ 4,056
2021	4,056
2022	4,056
2023	4,056
2024	<u>1,014</u>
	 <u>\$ 17,238</u>

LONG BEACH PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 12– COMMITMENTS (Continued)

Lease expenses totaled \$4,872 and \$5,161 for the years ended December 31, 2019 and 2018, respectively. The lease expenses are included in “Office administration, supplies, and other” in the accompanying statements of functional expenses.

NOTE 13 – CONTINGENCY AND CONCENTRATION

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

Credit Risks

Cash deposits in financial institutions may exceed federally insured limits at times during the year. Uninsured balances totaled \$388,763 and \$2,110,404, at December 31, 2019 and 2018, respectively. Cash deposited in financial institutions differs from cash presented in the statements of financial position due to timing differences.

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.

NOTE 14 – 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, 2019, comprise of the following:

Total financial assets:	
Cash and cash equivalents	\$ 2,014,700
Investments	8,028,595
Unconditional promises to give, net	<u>452,488</u>
Financial assets, at year end	10,495,783
Less:	
Deferred revenue	(8,509)
Board designated restrictions	(3,036,489)
Donor-imposed restrictions	<u>(6,395,273)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,055,512</u>

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

LONG BEACH PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 14 – LIQUIDITY AND AVAILABILITY (Continued)

The Foundation's board of directors has designated \$3,036,489 of financial assets for future expenditures as described in Note 8. Because of the board of directors' designation, these financial assets are not available for general expenditures within one year. However, as stated in Note 8, 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.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated events and transactions that would require recognition or disclosure through July 9, 2020, which was the date the financial statements were available to be issued.

In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state, and local authorities resulting in an overall decline in economic activity. Even though the COVID-19 outbreak has not created any significant financial impact on the Foundation at this time, any future cancellation of major fundraising events and unforeseen business interruptions caused by the outbreak could have an adverse effect on the Foundation's operations and cash flow.

In April 2020, the Foundation received loan proceeds of \$70,653 under the Paycheck Protection Program ("PPP"). The PPP, which was established as part of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES" Act), can loan a qualifying organization up to 2.5 times the qualifying organization's average monthly payroll expenses. The loan and accrued interest are forgivable after twenty-four weeks as long as the Foundation uses the loan proceeds for payroll, benefits, rent, utilities, and interest on loans incurred after February 15, 2020. Additionally the Foundation must maintain its payroll levels in order for the loan to be forgiven. The amount of loan forgiveness will be reduced if the Foundation terminates employees or reduces salaries during the twenty-four week period.

The unforgiven portion of the PPP loan is payable over two years with an interest rate of 1% and a deferral of payments for the first seven months. Since the Foundation is treating the potential forgiveness of debt as a contingency gain, no income will be recognized until the Small Business Administration's conditions for debt forgiveness are met.

In addition, the Foundation received loan proceeds of \$4,000 under the Economic Injury Disaster Loan Program (EIDL) which is administered by the Small Business Administration. To be eligible for EIDL assistance, an organization must have sustained economic injury and be located in a disaster declared county or contiguous county. The repayment term will be determined by an organization's ability to repay the loan.

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

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

We have audited the financial statements of Long Beach Public Library Foundation (the "Foundation") for the year ended December 31, 2019, and we will issue our report thereon dated July 9, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 17, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the allowance to determine uncollectible unconditional promises to give is based on prior years' experience and management's analysis of specific promises made. We evaluated the key factors and assumptions used to develop the estimate for the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

To the Board of Directors and
Management of the Long Beach
Public Library Foundation

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statement was:

The disclosure of Liquidity and Availability in Note 14 to the financial statements which discusses financial assets available to meet cash needs for general expenditures within one year.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 9, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

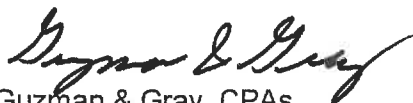
To the Board of Directors and
Management of the Long Beach
Public Library Foundation

Other Matters

Matters and recommendations to improve operating procedures and administrative efficiency and to strengthen internal accounting controls are described in the memorandum that accompanies this letter.

This information is intended solely for the use of the board of directors and management of the Foundation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Guzman & Gray, CPAs
Long Beach, CA
July 9, 2020

LONG BEACH PUBLIC LIBRARY FOUNDATION
RECOMMENDATIONS TO IMPROVE
OPERATING PROCEDURES AND ADMINISTRATIVE EFFICEINCY
AND TO STRENGTHEN INTERNAL ACCOUNTING CONTROLS

MINUTES

In reviewing the board minutes, we noted that the approval of the 990 was not documented. We recommend that board approval of the 990 be documented in the minutes.

BANK RECONCILIATIONS

The Foundation has controls and procedures in place wherein bank reconciliations are reviewed by appropriate personnel. However, we noted that the bank reconciliations were not initialed and dated by the reviewer. We recommend that the reviewer initial and date the bank reconciliations as evidence that the bank reconciliations were reviewed on a timely basis.

INVESTMENT RECONCILIATIONS

During our audit, we noted that there are no investment reconciliation procedures in place. The investment activity is recorded on a monthly basis by booking journal entries to reflect the activities in the investment account. The general ledger balance at the end of each month reflects the same balance as the monthly investment statement. Any discrepancy is attributed to the adjustment in fair market value (unrealized gain or loss).

Investment reconciliations can highlight and assist with issues by:

1. Detecting missing, duplicated, or untimely transactions.
2. Monitoring the investment activities
3. Tracking various regulatory compliance items, such as permitted investment holdings

We recommend that investment reconciliations be prepared, completed, and reviewed on a monthly basis to ensure that the Foundation's investment account is accurate.

CREDIT CARD RECONCILIATION

During our audit, we noted that the Foundation has three credit card accounts. Two of the three credit card accounts were reconciled. No reconciliation was provided for the third credit card account.

Credit card reconciliations verify the integrity of data between credit card statements and an organization's internal financial records by reviewing transactions between credit card statements and the associated transactions within the various accounts in an organization's general ledger. This ensures that credit card statements and balances are correct and accurate.

We recommend that credit card reconciliations be prepared, completed, and reviewed on a monthly basis for the Foundation's third credit card account. We already discussed this matter with Foundation personnel, and the credit card reconciliation is in process.

LONG BEACH PUBLIC LIBRARY FOUNDATION
RECOMMENDATIONS TO IMPROVE
OPERATING PROCEDURES AND ADMINISTRATIVE EFFICEINCY
AND TO STRENGTHEN INTERNAL ACCOUNTING CONTROLS (CONTINUED)

SPECIAL EVENTS REPORT

The Foundation has controls and procedures in place wherein special events reports are reviewed by appropriate personnel. However, we noted that the reports were not initialed and dated by the reviewer. We recommend that the reviewer initial and date the reports as evidence that the reports were reviewed on a timely basis.

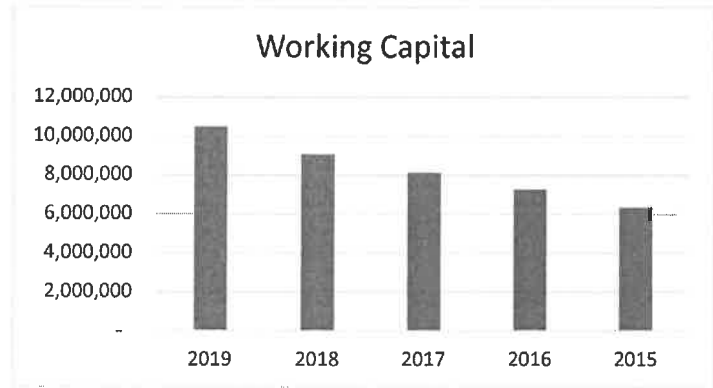
FUNDS IN EXCESS OF FDIC LIMIT

At December 31, 2019, funds in excess of the \$250,000 FDIC insurance limit were \$388,763. We recommend that the Foundation keep funds at different financial institutions that offer FDIC insurance to ensure that all funds are adequately insured.

LONG BEACH PUBLIC LIBRARY FOUNDATION

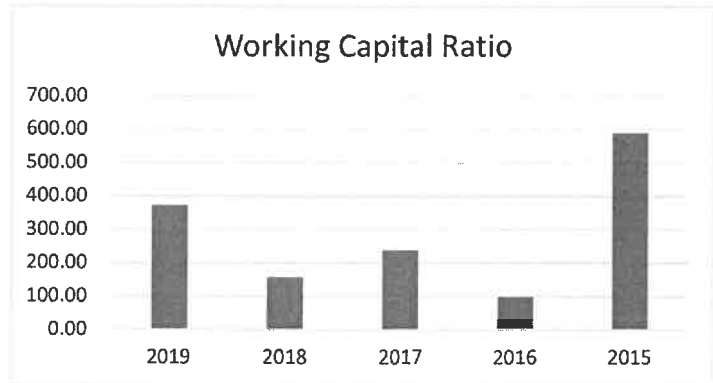
Working Capital

2019	10,490,104
2018	9,093,021
2017	8,126,933
2016	7,260,795
2015	6,330,211



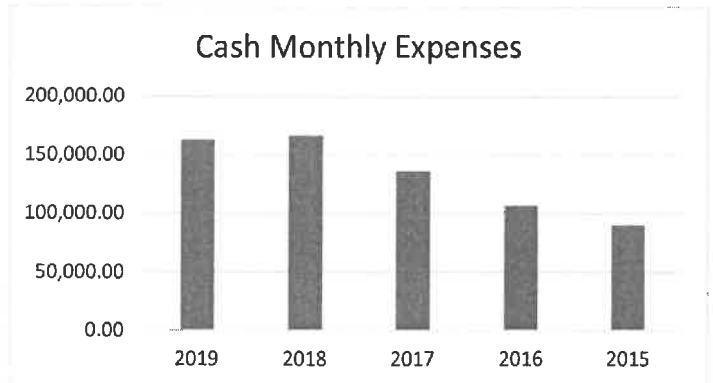
Working Capital Ratio

2019	372.42
2018	157.61
2017	238.14
2016	98.72
2015	588.55



Cash Monthly Expenses

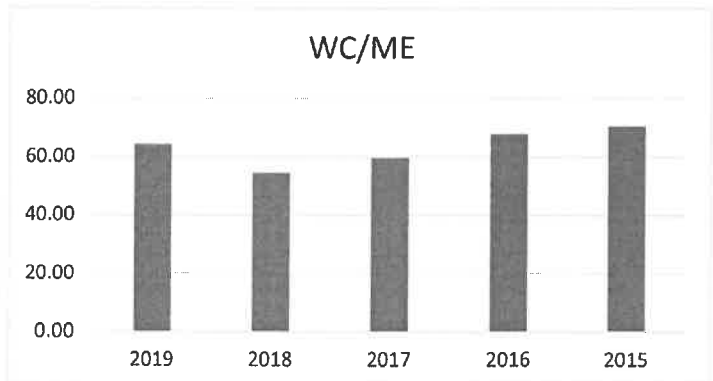
2019	163,088.08
2018	166,643.17
2017	136,090.92
2016	106,930.67
2015	89,792.00



Monthly Expenses and Working Capital

Working Capital/(Monthly Expenses less Depreciation)

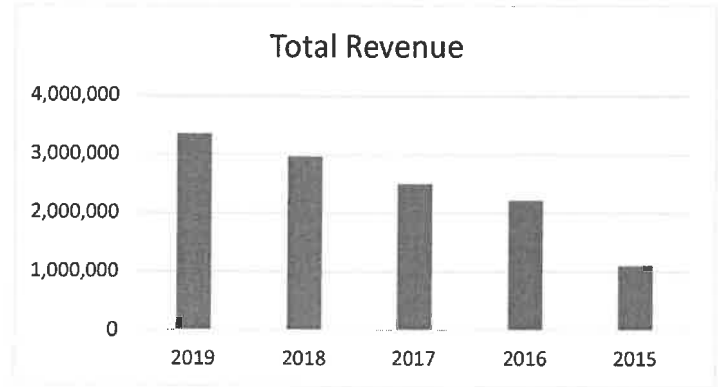
2019	64.32
2018	54.57
2017	59.72
2016	67.90
2015	70.50



LONG BEACH PUBLIC LIBRARY FOUNDATION

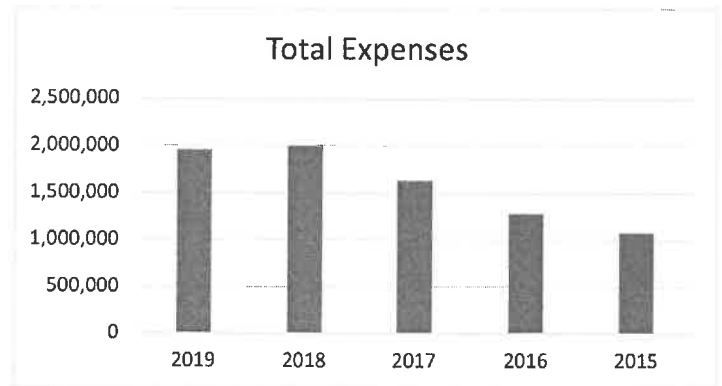
Total Revenue

2019	3,355,775
2018	2,966,267
2017	2,499,690
2016	2,213,752
2015	1,103,262



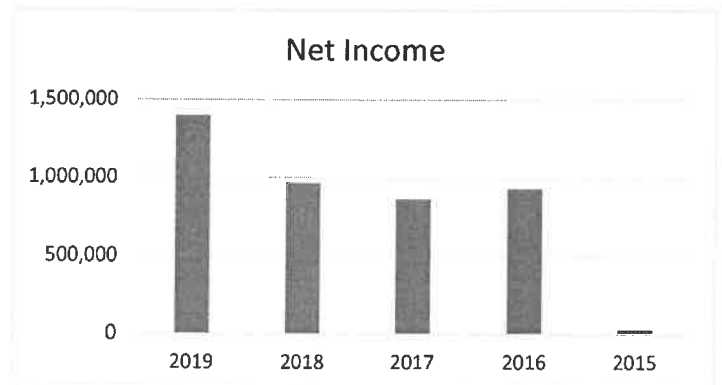
Total Expenses

2019	1,957,090
2018	2,000,179
2017	1,633,552
2016	1,283,168
2015	1,077,504



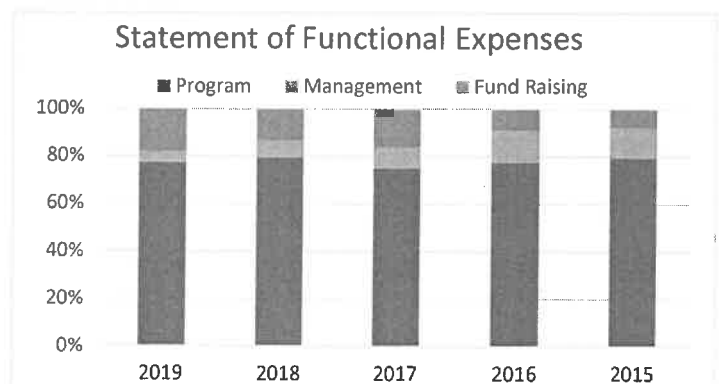
Net Income

2019	1,398,685
2018	966,088
2017	866,138
2016	930,584
2015	25,758



Statement of Functional Expenses

	Program	Management	Fund Raising
2019	1,507,351	98,305	351,434
2018	1,588,101	145,915	266,163
2017	1,225,856	144,510	263,186
2016	992,431	179,134	111,603
2015	853,205	140,228	84,071



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COMMUNICATION OF NO MATERIAL WEAKNESS


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

In planning and performing our audit of the financial statements of Long Beach Public Library Foundation (the "Foundation") as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Foundation, and is not intended to be, and should not be, used by anyone other than these specified parties


Guzman & Gray CPAs
Long Beach, CA
July 9, 2020