

LONG BEACH PUBLIC LIBRARY FOUNDATION
FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Long Beach Public Library Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Long Beach Public Library Foundation as of December 31, 2021 and 2020, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Long Beach Public Library 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 Long Beach Public Library Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT (Continued)

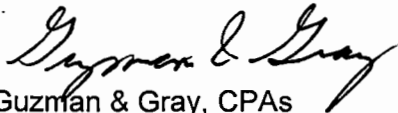
Auditors' Responsibilities for the Audit of the Financial Statements

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 auditors' 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.

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 Long Beach Public Library 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 Long Beach Public Library 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.


Guzman & Gray, CPAs
Long Beach, CA
November 7, 2022

LONG BEACH PUBLIC LIBRARY FOUNDATION
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

ASSETS

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 1,634,277	\$ 2,517,559
Investments	10,607,572	9,116,448
Unconditional promises to give, net	739,918	1,045,939
Prepaid expenses	2,243	7,179
Property and equipment, net	754	1,146
TOTAL ASSETS	\$ 12,984,764	\$ 12,688,271

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 54,390	\$ 6,036
Accrued expenses	7,990	15,839
Deferred revenue	2,382	6,009
Total Liabilities	64,762	27,884
NET ASSETS		
Without restrictions		
Operations	1,927,874	1,899,891
Board designated	3,852,635	3,309,829
	5,780,509	5,209,720
With restrictions	7,139,493	7,450,667
Total Net Assets	12,920,002	12,660,387
TOTAL LIABILITIES AND NET ASSETS	\$ 12,984,764	\$ 12,688,271

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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Grants and contributions	\$ 489,448	\$ 20,004	\$ 509,452
In-kind goods and services	15,003		15,003
Paycheck Protection Program	64,045		64,045
Investment return, net	527,460	463,276	990,736
Gross special events revenue	\$ 291,710		
Less cost of direct benefits to donors	<u>(82,104)</u>		
Net special events revenue	209,606	-	209,606
	1,305,562	483,280	1,788,842
NET ASSETS RELEASED FROM RESTRICTION	<u>794,454</u>	<u>(794,454)</u>	<u>-</u>
Total Revenues and Support	<u>2,100,016</u>	<u>(311,174)</u>	<u>1,788,842</u>
EXPENSES			
Program services expenses			
Family Learning Centers	356,026	-	356,026
Books and materials	<u>742,312</u>	<u>-</u>	<u>742,312</u>
Total program expenses	1,098,338	-	1,098,338
General and administrative	146,751	-	146,751
Fundraising	<u>284,138</u>	<u>-</u>	<u>284,138</u>
Total Expenses	<u>1,529,227</u>	<u>-</u>	<u>1,529,227</u>
CHANGE IN NET ASSETS	570,789	(311,174)	259,615
NET ASSETS, BEGINNING OF YEAR	<u>5,209,720</u>	<u>7,450,667</u>	<u>12,660,387</u>
NET ASSETS, END OF YEAR	<u>\$ 5,780,509</u>	<u>\$ 7,139,493</u>	<u>\$ 12,920,002</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, 2020

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

See independent auditors' report and notes to financial statements.

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

YEAR ENDED DECEMBER 31, 2021

	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	\$ 29,438	\$ 92,090	\$ 121,528	\$ 46,536	\$ 214,646	\$ -	\$ 382,710
Employee benefits	787	2,236	3,023	3,546	11,351	-	17,920
Total Salaries and Benefits	30,225	94,326	124,551	50,082	225,997	-	400,630
OTHER EXPENSES							
Bank and credit card fees	-	2,864	2,864	2,261	1,987	-	7,112
Board expense	-	-	-	402	1,806	-	2,208
Depreciation	-	-	-	392	-	-	392
Outside services	1,280	2,240	3,520	42,291	5,380	-	51,191
Dictionary day materials	-	-	-	-	294	-	294
Homework helpers	103,247	-	103,247	-	-	-	103,247
In-kind goods and services	-	-	-	2,705	450	-	3,155
Insurance	-	-	-	6,241	-	-	6,241
City special projects events	-	627	627	-	-	-	627
Office administration, supplies and other	-	695	695	24,851	22,584	-	48,130
Printing and mailing	-	-	-	1,347	363	-	1,710
Cost of direct benefits to donors	-	-	-	-	-	82,104	82,104
Program materials	217,635	637,922	855,557	9,651	463	-	865,671
Rent	3,639	3,638	7,277	3,638	3,638	-	14,553
Software	-	-	-	2,890	21,176	-	24,066
Bad debts	-	-	-	-	-	-	-
	356,026	742,312	1,098,338	146,751	284,138	82,104	1,611,331
Less expenses included with revenues on the statement of activities							
Cost of direct benefits to donors	-	-	-	-	-	(82,104)	(82,104)
Total expenses included in the expense section on the statement of activities	\$ 356,026	\$ 742,312	\$ 1,098,338	\$ 146,751	\$ 284,138	\$ -	\$ 1,529,227

See independent auditors' report and notes to financial statements.

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

YEAR ENDED DECEMBER 31, 2020

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

See independent auditors' report and notes to financial statements.

LONG BEACH PUBLIC LIBRARY FOUNDATION
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 259,615	\$ 2,168,680
Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities:		
Realized gains on investments	(162,304)	(594,854)
Unrealized gains on investments	(652,822)	(236,918)
Depreciation	392	457
Paycheck Protection Program	(64,045)	(70,653)
(Increase) decrease in assets:		
Unconditional promises to give	306,021	(593,451)
Prepaid expenses	4,936	15,385
Increase (decrease) in liabilities:		
Accounts payable	48,354	(3,972)
Accrued expenses	(7,849)	6,113
Deferred revenue	(3,627)	(2,500)
Net Cash Provided By (Used For) Operating Activities	(271,329)	688,287
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	1,586,931	9,261,033
Redemptions of investments	82,551	-
Purchases of investments	(2,309,280)	(9,516,521)
Reinvestments	(36,200)	(593)
Net Cash Used For Investing Activities	(675,998)	(256,081)
CASH FLOWS FROM FINANCING ACTIVITIES		
Paycheck Protection Program loan proceeds	64,045	70,653
Net Cash Provided By Financing Activities	64,045	70,653
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(883,282)	502,859
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,517,559	2,014,700
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,634,277	\$ 2,517,559
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, 2021 AND 2020

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, 2021 AND 2020

NOTE 1 – ORGANIZATION (Continued)

LB Reads: LB Reads is an adult literacy program. 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.

Campaigns: The Foundation has various campaigns which consist of the following:

Carnegie 49: Carnegie49 honors those who care deeply about the future of Long Beach's public libraries, and named the Foundation as a beneficiary of their estate. The society is named after Andrew Carnegie because of his generous work spreading literacy across the country by building libraries from New York to California. His library in Long Beach was the 49th Carnegie library in California.

Fund for Race, Equity, and Justice Resources: The Foundation has partnered with the African American Heritage Society of Long Beach and the local faith community to create a fund for public library materials and programs related to race, equity, and justice.

Fund for Asian American & Pacific Islander Voices: The Foundation funds public library materials that promote the voices, narratives, and histories of Asian Americans and Pacific Islanders.

Gutenberg Society: The Gutenberg Society is made up of donors to an endowed fund creating a legacy of books for the Long Beach Public Library. The books purchased with these funds come from the Library's wish lists, and are eagerly reserved by library patrons when they become available. The Gutenberg Society offers an opportunity to touch lives now and long into the future.

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.

LONG BEACH PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Presentation

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

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

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

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

Accounting Estimates

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

Cash and Cash Equivalents

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

Property and Equipment

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

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.

LONG BEACH PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Foundation applies the five-step model to contracts when it is probable that the Foundation will collect the consideration it is entitled. To determine revenue recognition for arrangements within the scope of ASC Topic 606, Revenue from Contracts with Customers, the Foundation performs the following five 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 Foundation satisfies a performance obligation. The Foundation then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied.

A summary of significant revenue recognition policies is as follows:

Grants and Contributions

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

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

Donated Services and Goods

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

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

Paycheck Protection Program Loan Forgiveness

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

Investment return

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

LONG BEACH PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Special Events

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

Functional Allocation of Expenses

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

Income Tax Status

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

The Foundation evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the tax positions will more likely than not be sustained upon examination. As of December 31, 2021, management does not believe the Foundation has any uncertain tax positions requiring accrual or disclosure. The Foundation is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Recently Issued Accounting Pronouncements

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

LONG BEACH PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)

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

In November 2021, the FASB issued ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*, which allows lessees that are not public business entities to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases. ASU 2021-09 allows those lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose which asset classes it has elected to apply a risk-free rate. ASU 2021-09 requires that when the rate implicit in the lease is readily determinable for any individual lease, the lessee use that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of whether it has made the risk-free rate election. Entities that have not yet adopted ASU 2016-02, *Leases (Topic 842)* as of November 11, 2021, are required to adopt ASU 2021-09 at the same time they adopt ASU 2016-02, *Leases (Topic 842)*. For entities that have adopted ASU 2016-02, *Leases (Topic 842)* as of November 11, 2021, ASU 2021-09 is effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Earlier application is permitted. The Foundation is currently evaluating the impact of the adoption of ASU 2021-09 on the financial statements.

NOTE 3 – FAIR VALUE MEASUREMENTS

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

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value, on a recurring basis. There have been no changes in the methodologies used at December 31, 2021 and 2020:

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

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NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

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, 2021:

	Level 1	Level 2	Level 3	Total
Stocks	\$ 2,942,995	\$ -	\$ -	\$ 2,942,995
Exchange traded and closed-end funds	2,728,522	-	-	2,728,522
Mutual funds	2,794,006	-	-	2,794,006
Corporate fixed income	613,963	-	-	613,963
Government securities	896,837	-	-	896,837
Alternative investments	-	631,249	-	631,249
	<u>\$ 9,976,323</u>	<u>\$ 631,249</u>	<u>\$ -</u>	<u>\$ 10,607,572</u>

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

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

NOTE 4 – INVESTMENTS

Investments consist of the following at December 31, 2021:

	Cost	Unrealized Gain (Loss)	Fair Value
Stocks	\$ 1,997,563	\$ 945,432	\$ 2,942,995
Exchange traded and closed-end funds	1,963,020	765,502	2,728,522
Mutual funds	2,767,613	26,393	2,794,006
Corporate fixed income	618,866	(4,903)	613,963
Government securities	906,764	(9,927)	896,837
Alternative investments	488,739	142,510	631,249
	<u>\$ 8,742,565</u>	<u>\$ 1,865,007</u>	<u>\$ 10,607,572</u>

LONG BEACH PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 4 – INVESTMENTS (Continued)

Investments consist of the following at December 31, 2020:

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

Net investment return consists of the following for the years ended December 31, 2021 and 2020:

	2021	2020
Interest and dividends	\$ 243,924	\$ 291,221
Realized gains	162,304	594,854
Unrealized gains (losses)	652,822	236,918
Investment expenses	(68,314)	(53,669)
	<u>\$ 990,736</u>	<u>\$ 1,069,324</u>

NOTE 5 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are estimated to be collected at December 31, 2021 and 2020:

	2021	2020
Within one year	\$ 134,900	\$ 355,925
More than one year	700,000	800,000
	<u>834,900</u>	<u>1,155,925</u>
Less:		
Discount to net present value at 2.31%	(94,982)	(109,986)
Allowance for doubtful accounts	-	-
	<u>\$ 739,918</u>	<u>\$ 1,045,939</u>

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2021 and 2020F:

	2021	2020
Property and equipment	\$ 30,910	\$ 30,910
Less: Accumulated depreciation	(30,156)	(29,764)
	<u>\$ 754</u>	<u>\$ 1,146</u>

LONG BEACH PUBLIC LIBRARY FOUNDATION
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DECEMBER 31, 2021 AND 2020

NOTE 6 – PROPERTY AND EQUIPMENT (Continued)

Depreciation expense totaled \$392 and \$457 for the years ended December 31, 2021 and 2020, respectively.

NOTE 7 – DEFERRED REVENUE

Grants received in advance are deferred and recognized over the periods to which the grants relate. Deferred revenue totaled \$2,382 and \$6,009 at December 31, 2021 and 2020, respectively.

NOTE 8 – PAYCHECK PROTECTION PROGRAM

In January 2021, the Foundation received a Second Draw Paycheck Protection Program (“PPP”) loan in the amount of \$64,045 which is administered by the U.S. Small Business Administration (“SBA”). The Second Draw PPP loan has the same general terms as the First Draw PPP loan, which is forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The Foundation has used all of the Second Draw PPP loan during the year ended December 31, 2021 in accordance with the PPP agreement and believes that its use of the Second Draw PPP meets the conditions for forgiveness of the loan. The PPP loan was forgiven by the SBA on June 22, 2021 and is recognized as revenue for the year ended December 31, 2021.

NOTE 9 – IN-KIND CONTRIBUTIONS

For the years ended December 31, 2021 and 2020, the Foundation received use of its office facilities with an estimated rental value of \$14,553 and \$22,176, respectively. In addition, in-kind goods of \$450 and \$11,861 were recognized for the years ended December 31, 2021 and 2020, respectively. The Foundation recognized in-kind donated auction items of \$15,111 for the year ended December 31, 2020 which supported 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 10 – NET ASSETS WITHOUT RESTRICTIONS - BOARD DESIGNATED

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

Undistributed income will remain in the fund as principal. The Foundation may at any time vote to board-designate an unrestricted donor gift, or temporarily set aside a portion of unrestricted funds for a specified purpose. A two-thirds vote (rounded down to the nearest whole number) of approval by the full board of directors is required to board-designate an unrestricted donor gift. The board, by a two-thirds vote of approval, may also vote to reverse the board designated funds to be used for general expenditures, if necessary. Board designated net assets totaled \$3,852,635 and \$3,309,829 at December 31, 2021 and 2020, respectively.

LONG BEACH PUBLIC LIBRARY FOUNDATION
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NOTE 11 – NET ASSETS WITH RESTRICTIONS

Net assets with donor restrictions consist of the following December 31, 2021 and 2020:

	2021	2020
Subject to expenditure for specified purpose:		
Books and Materials	\$ 869,199	\$ 1,289,394
Family Learning Centers	5,000	141,334
Children's Programs	368,118	438,118
Digital Archive	68,915	68,915
Michelle Obama Neighborhood Library	351,013	351,013
Early Childhood Literacy	35,915	33,117
New Main Library	421,130	421,901
Summer Reading Programs	-	1,583
City Special Projects	18	645
Library Senior Services	22,866	22,798
	2,142,174	2,768,818
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
Books and Materials	42,250	34,213
Literacy Programs	265,006	161,560
Family Learning Centers	224,659	160,768
Mark Twain Family Learning Centers	126,834	71,255
Michelle Obama Neighborhood Library	22,714	16,155
To Support Operations	89,787	65,512
	771,250	509,463
Subject to foundation endowment spending policy and appropriation:		
Books and Materials	275,219	271,890
Literacy Programs	1,757,738	1,757,738
Family Learning Centers	765,017	733,929
Mark Twain Family Learning Centers	651,985	651,985
Michelle Obama Neighborhood Library	76,936	76,936
To Support Operations	284,756	284,756
Main Children's Library	414,418	395,152
	4,226,069	4,172,386
Total endowments	4,997,319	4,681,849
Total net assets with restrictions	\$ 7,139,493	\$ 7,450,667

LONG BEACH PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 11 – 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 \$794,454 and \$1,342,737 for the years ended December 31, 2021 and 2020, respectively.

NOTE 12 – ENDOWMENT FUNDS

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

General Board Policy on Administration of Endowment Funds

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

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, 2021 AND 2020

NOTE 12 – ENDOWMENT FUNDS (Continued)

Spending Policy for Endowment Funds

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

Management Fees

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

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

Inflation Adjustment to Preserve the Principal

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

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

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

Spendable Income for Program Support

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

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

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

LONG BEACH PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 12 – ENDOWMENT FUNDS (Continued)

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, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board designated	\$ 3,852,635	\$ -	\$ 3,852,635
Donor restricted	-	4,997,319	4,997,319
	<u>\$ 3,852,635</u>	<u>\$ 4,997,319</u>	<u>\$ 8,849,954</u>

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

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

Changes in endowment net assets for the year ended December 31, 2021 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 3,309,829	\$ 4,681,849	\$ 7,991,678
Contributions	-	15,004	15,004
Reclassifications	250,000	-	250,000
Appropriations for expenditure	-	(27,260)	(27,260)
Investment income allocation	292,806	327,726	620,532
Endowment net assets, end of year	<u>\$ 3,852,635</u>	<u>\$ 4,997,319</u>	<u>\$ 8,849,954</u>

LONG BEACH PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

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NOTE 12 – ENDOWMENT FUNDS (Continued)

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

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

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, 2021 and 2020, there were no deficiencies of this nature.

NOTE 13 – COMMITMENTS

Operating Lease

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

The remaining minimum future lease payments under the lease agreement at December 31, 2021 are as follows:

<u>Year Ending December 31,</u>	
2022	\$ 4,056
2023	4,056
2024	<u>1,014</u>
	<u>\$ 9,126</u>

Lease expenses totaled \$4,363 and \$4,795 for the years ended December 31, 2021 and 2020, respectively. The lease expenses are included in "Office administration, supplies, and other" in the accompanying statements of functional expenses.

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

LONG BEACH PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

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NOTE 14 – CONCENTRATION, RISKS, AND UNCERTAINTIES

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 \$301,377 and \$580,931, at December 31, 2021 and 2020, 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.

Uncertainties

As the COVID-19 pandemic is continually causing enormous consequences across the globe, the impact of the pandemic continues to evolve. As such, it is uncertain as to the full magnitude of the effect that the pandemic will have on the Foundation's financial condition and results of operations. Management is actively monitoring the impact of the pandemic on its financial condition and results of operations.

NOTE 15 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2021, comprise of the following:

Total financial assets:	
Cash and cash equivalents	\$ 1,634,277
Investments	10,607,572
Unconditional promises to give - due within one year	<u>134,900</u>
Financial assets, at year end	12,376,749
Less:	
Deferred revenue	(2,382)
Board designated restrictions	(3,852,635)
Donor-imposed restrictions	<u>(7,139,493)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,382,239</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, 2021 AND 2020

NOTE 15 – LIQUIDITY AND AVAILABILITY (Continued)

The Foundation's board of directors has designated \$3,852,635 of financial assets for future expenditures as described in Note 10. Because of the board of directors' designation, these financial assets are not available for general expenditures within one year. However, as stated in Note 10, the board of directors could reverse the board designated funds to be used for general use, if necessary.

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

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated events and transactions that would require recognition or disclosure through November 7, 2022, which was the date the financial statements were available to be issued.