

Library Foundation

of LOS ANGELES

Providing Support for the Los Angeles Public Library

Financial Statements
June 30, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Library Foundation of Los Angeles

Report on the Financial Statements

We have audited the accompanying financial statements of Library Foundation of Los Angeles (the Foundation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 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.

Winder, Inc.

Long Beach, California
March 15, 2022

LIBRARY FOUNDATION OF LOS ANGELES

STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30,	
	2021	2020
ASSETS		
Cash and cash equivalents	\$ 4,729,269	\$ 3,228,129
Investments	55,620,743	44,699,404
Pledges receivable	2,235,462	1,577,150
Library store inventory	158,773	175,226
Property and equipment, net	359,630	396,593
Interests in charitable remainder trusts	593,914	514,038
Prepays and other assets	113,065	274,261
TOTAL ASSETS	\$ 63,810,856	\$ 50,864,801

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 157,447	\$ 149,754
Deferred revenue	20,000	164,500
Paycheck Protection Program loan	498,912	491,943
Total Liabilities	676,359	806,197

COMMITMENTS (Notes 8 and 11)

NET ASSETS

Without donor restrictions		
Available for general operations	2,614,394	976,147
Board-directed endowment	22,638,786	18,462,316
	25,253,180	19,438,463
With donor restrictions		
Restricted for specific purpose	7,705,586	7,669,786
Endowment earnings for specific purposes	13,042,887	7,849,642
Endowment - perpetual restricted	17,132,844	15,100,713
	37,881,317	30,620,141
Total Net Assets	63,134,497	50,058,604

TOTAL LIABILITIES AND NET ASSETS

\$ 63,810,856	\$ 50,864,801
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The accompanying notes are an integral part of these financial statements.

LIBRARY FOUNDATION OF LOS ANGELES

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Board Directed		
OPERATING ACTIVITIES:				
SUPPORT AND REVENUE				
Contributions	\$ 1,842,087	\$ 8,750	\$ 4,212,961	\$ 6,063,798
Fund-raising events - net of direct expenses of \$16,124	371,703	-	260,686	632,389
Store revenue, net of discounts	180,510	-	-	180,510
	2,394,300	8,750	4,473,647	6,876,697
NET ASSETS RELEASED FROM RESTRICTION/DESIGNATION:				
Endowment appropriations	2,022,758	(899,061)	(1,123,697)	-
Satisfaction of donor intent	2,485,592	-	(2,485,592)	-
	4,508,350	(899,061)	(3,609,289)	-
TOTAL SUPPORT AND REVENUE	6,902,650	(890,311)	864,358	6,876,697
EXPENSES				
Program Services:				
Investing in Lifelong Learning	872,163			872,163
Engaging the Imagination	1,027,357			1,027,357
Helping Students Succeed	1,817,279			1,817,279
Library Store	308,224			308,224
Total Program Services	4,025,023			4,025,023
Supporting Services:				
General and administrative	691,150			691,150
Fund-raising	1,040,306			1,040,306
Total Supporting Services	1,731,456			1,731,456
TOTAL EXPENSES	5,756,479	-	-	5,756,479
CHANGE IN NET ASSETS FROM OPERATIONS	1,146,171	(890,311)	864,358	1,120,218
NONOPERATING ACTIVITIES:				
Interest and dividends, net of fees	32,897	142,715	212,815	388,427
Net realized and unrealized gain (loss) on investments	(31,823)	4,924,066	6,104,127	10,996,370
Other adjustments	-	-	79,876	79,876
PPP loan forgiveness income	491,002	-	-	491,002
	492,076	5,066,781	6,396,818	11,955,675
CHANGE IN NET ASSETS FROM OPERATING AND NONOPERATING ACTIVITIES	1,638,247	4,176,470	7,261,176	13,075,893
BEGINNING NET ASSETS	976,147	18,462,316	30,620,141	50,058,604
ENDING NET ASSETS	\$ 2,614,394	\$ 22,638,786	\$ 37,881,317	\$ 63,134,497

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

LIBRARY FOUNDATION OF LOS ANGELES

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Board Directed		
OPERATING ACTIVITIES:				
SUPPORT AND REVENUE				
Contributions	\$ 2,119,653	\$ 793,876	\$ 2,959,562	\$ 5,873,091
Fund-raising events - net of direct expenses of \$328,864	-	-	1,064,135	1,064,135
Store revenue, net of discounts	458,672	-	-	458,672
	2,578,325	793,876	4,023,697	7,395,898
NET ASSETS RELEASED FROM RESTRICTION/DESIGNATION:				
Endowment appropriations	1,882,565	(846,754)	(1,035,811)	-
Satisfaction of donor intent	2,555,852	-	(2,555,852)	-
	4,438,417	(846,754)	(3,591,663)	-
TOTAL SUPPORT AND REVENUE	7,016,742	(52,878)	432,034	7,395,898
EXPENSES				
Program Services:				
Investing in Lifelong Learning	1,241,678			1,241,678
Engaging the Imagination	1,591,199			1,591,199
Helping Students Succeed	1,721,601			1,721,601
Library Store	523,529			523,529
Total Program Services	5,078,007			5,078,007
Supporting Services:				
General and administrative	794,945			794,945
Fund-raising	1,085,249			1,085,249
Total Supporting Services	1,880,194			1,880,194
TOTAL EXPENSES	6,958,201	-	-	6,958,201
CHANGE IN NET ASSETS FROM OPERATIONS	58,541	(52,878)	432,034	437,697
NONOPERATING ACTIVITIES:				
Interest and dividends, net of fees	46,649	22,288	75,436	144,373
Net realized and unrealized gain (loss) on investments	48,504	(15,819)	27,659	60,344
Other adjustments	-	-	3,527	3,527
	95,153	6,469	106,622	208,244
CHANGE IN NET ASSETS FROM OPERATING AND NONOPERATING ACTIVITIES	153,694	(46,409)	538,656	645,941
BEGINNING NET ASSETS	822,453	18,508,725	30,081,485	49,412,663
ENDING NET ASSETS	\$ 976,147	\$ 18,462,316	\$ 30,620,141	\$ 50,058,604

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

LIBRARY FOUNDATION OF LOS ANGELES

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services					Supporting Services		
	Investing in Lifelong Learning	Engaging the Imagination	Helping Students Succeed	Library Store	Total	General and Administrative	Fundraising	Total
Collateral material and promotions	\$ 35,090	\$ 18,990	\$ 32,877	\$ -	\$ 86,957	\$ 911	\$ -	\$ 87,868
Computer equipment	68,986	21,723	46,651	-	137,360	17,477	17,477	172,314
Library collections	1,859	-	19,908	-	21,767	-	-	21,767
Events	-	39,947	15,299	-	55,246	-	-	55,246
Furniture and fixtures	133,570	-	524	-	134,094	70	-	134,164
Seminars, exhibits, and workshops	221,044	9,471	696,866	-	927,381	2,052	-	929,433
Salaries, payroll taxes, and benefits	409,568	932,568	1,000,159	155,284	2,497,579	505,481	961,470	3,964,530
Cost of goods sold	-	-	-	99,122	99,122	-	-	99,122
Rent	-	-	-	-	-	24,000	-	24,000
Other	-	-	-	28,898	28,898	5,687	38,221	72,806
Office administration and supplies	3,379	7,694	8,251	24,920	44,244	30,368	25,868	100,480
Consulting and outside services	-	-	-	-	-	108,916	1,082	109,998
Unrelated business income tax credit	(1,333)	(3,036)	(3,256)	-	(7,625)	(3,812)	(3,812)	(15,249)
Travel and related expenses	-	-	-	-	-	-	-	-
	\$ 872,163	\$ 1,027,357	\$ 1,817,279	\$ 308,224	\$ 4,025,023	\$ 691,150	\$ 1,040,306	\$ 5,756,479

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

LIBRARY FOUNDATION OF LOS ANGELES

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Services					Supporting Services		
	Investing in Lifelong Learning	Engaging the Imagination	Helping Students Succeed	Library Store	Total	General and Administrative	Fundraising	Total
Collateral material and promotions	\$ 4,455	\$ 79,186	\$ 25,184	\$ -	\$ 108,825	\$ 1,803	\$ -	\$ 110,628
Computer equipment	94,298	30,131	37,331	-	161,760	5,527	5,527	172,814
Library collections	-	8,979	19,908	-	28,887	-	-	28,887
Events	770	265,202	20,583	-	286,555	-	-	286,555
Furniture and fixtures	37,715	10,275	525	-	48,515	5,122	-	53,637
Seminars, exhibits, and workshops	313,550	216,809	726,902	-	1,257,261	619	-	1,257,880
Salaries, payroll taxes, and benefits	780,818	968,128	879,819	207,263	2,836,028	514,335	939,484	4,289,847
Cost of goods sold	-	-	-	219,196	219,196	-	-	219,196
Rent	-	-	-	22,327	22,327	24,000	-	46,327
Other	-	-	-	49,565	49,565	77,866	105,538	232,969
Office administration and supplies	8,883	11,014	10,009	25,178	55,084	50,357	32,698	138,139
Consulting and outside services	-	-	-	-	-	102,811	-	102,811
Unrelated business income tax	1,189	1,475	1,340	-	4,004	2,002	2,002	8,008
Interest expense	-	-	-	-	-	941	-	941
Travel and related expenses	-	-	-	-	-	9,562	-	9,562
	<u>\$ 1,241,678</u>	<u>\$ 1,591,199</u>	<u>\$ 1,721,601</u>	<u>\$ 523,529</u>	<u>\$ 5,078,007</u>	<u>\$ 794,945</u>	<u>\$ 1,085,249</u>	<u>\$ 6,958,201</u>

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

LIBRARY FOUNDATION OF LOS ANGELES

STATEMENTS OF CASH FLOWS

	For the Year Ended	
	June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 13,075,893	\$ 645,941
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	36,963	55,393
Net realized and unrealized gain on investments	(10,996,370)	(60,344)
Change in value of charitable remainder trusts	(79,876)	(3,527)
Paycheck Protection Program loan forgiveness	(491,002)	-
Paycheck Protection Program loan interest forgiveness	(941)	-
Contributions restricted to endowment funds	2,032,131	22,000
Changes in operating assets and liabilities:		
Pledges receivable	(658,312)	1,149,948
Library store inventory	16,453	(31,957)
Prepays and other assets	161,196	(195,344)
Accounts payable and accrued expenses	7,693	23,534
Deferred revenue	(144,500)	(497,293)
Net Cash Provided By Operating Activities	<u>2,959,328</u>	<u>1,108,351</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale or maturity of investments	2,105,221	22,122,950
Purchases of investments	(2,030,190)	(21,318,601)
Net Cash Provided By Investing Activities	<u>75,031</u>	<u>804,349</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	498,912	491,943
Contributions restricted to endowment funds	(2,032,131)	(22,000)
Net Cash (Used In) Provided By Financing Activities	<u>(1,533,219)</u>	<u>469,943</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,501,140	2,382,643
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>3,228,129</u>	<u>845,486</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 4,729,269</u>	<u>\$ 3,228,129</u>

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

LIBRARY FOUNDATION OF LOS ANGELES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 – Organization and Programs

Organization

The Library Foundation of Los Angeles (the Foundation) was founded in 1992 as a California public benefit corporation to encourage private support through memberships, corporate sponsorships, gifts, trusts, and bequests for the benefit of the Los Angeles Public Library (LAPL). The Foundation seeks to provide a continuous and dependable source of funding for long- and short-term projects that help students succeed, invest in lifelong learning, and engage the imagination of the people of Los Angeles (the City of L.A.) and beyond.

Programs

The following is a description of the Foundation’s program categories:

Investing in Lifelong Learning – The Foundation is committed to breaking cycles of low literacy in its multitude of forms. The Adult Literacy initiative offers one-on-one tutoring to adults reading below the sixth-grade equivalency. The initiative also provides coaching to help adults who struggle with literacy support their children’s early literacy development. Additional Adult Literacy components include drop-in tutoring, topical seminars and classes, and English-as-another-language services to help adults increase English-language fluency or become literate in their native language. Like nearly all LAPL services, Adult Literacy was offered virtually during the COVID-19 pandemic. Career Online High School gives adults another chance to earn an accredited high-school diploma. Cybernauts at 38 libraries promote digital literacy to help patrons use computers to find information and complete tasks. The Foundation supports LAPL’s efforts to address digital equity citywide by circulating high-speed mobile hotspots and laptops at no cost to those who need digital access. Also, LAPL’s Full STEAM Ahead initiative promotes science literacy by offering children, adults, and families activities to inspire their creativity, explore neighborhood science, and problem solve.

LIBRARY FOUNDATION OF LOS ANGELES

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NOTE 1 – Organization and Programs (Continued)

Programs (Continued)

Engaging the Imagination – Through its acclaimed ALOUD cultural programming series, LFLA brings renowned and emerging literary artists, filmmakers, scientists, musicians, policymakers, and other luminous minds in direct conversation with Library patrons. The Foundation supports LAPL’s L.A. Made series that delivers humanities programming, performances, and activities to the City’s diverse communities. The Foundation and LAPL’s exhibitions highlight LAPL’s historic collections, the diverse stories and people of L.A., and contemporary issues that resonate with our lives. In May of 2021, the Foundation presented an online and in-person exhibition titled “Stories and Voices from L.A. Chinatown” with the Huntington Library and LAPL. The exhibition celebrated and highlighted the history, vision, and resilience of New Chinatown, the first community in the U.S. to be planned and owned by people of Chinese descent. The Foundation also supports digitization projects at LAPL that archive and preserve collections of photos, ephemera, maps, and other items so that they can be accessed online by researchers, students, and any other curious minds. Finally, the Foundation helps LAPL develop new spaces to help L.A. residents make and create using state-of-the-art modeling and fabrication tools and audio/visual recording equipment in areas like the Octavia Lab at the downtown Central Library.

Helping Students Succeed – The Foundation helps LAPL present a range of public services and programs to support early literacy and social development for children ages 0-5, academic support for children and teens, civic learning and experiences for teens, and college preparatory resources for youth and their families. LAPL’s We Read Together initiative provides information, resources, and activities for parents and caregivers to learn and practice early literacy techniques with children ages 0-5. With the Foundation’s support, LAPL offers daily story times where librarians model how to read aloud, workshops that help parents integrate early literacy into their children’s daily lives, and an outreach service called Read Baby Read that delivers critical information and resources to new and expectant parents on the importance of literacy from birth. The Foundation supports school-age youth in multiple ways, including helping LAPL deliver expert online private tutoring to all K-12 youth with a Library card between 11 am and 11 pm, daily, Student Zones that provide dedicated and direct access to computers and in-person homework at 38 local libraries in low-income communities, and college-prep services to help youth and families prepare for college. The Teens Leading Change program provides LFLA-funded mini-grants to groups of youth and librarians to research and pilot strategies to address social issues in their communities.

LIBRARY FOUNDATION OF LOS ANGELES

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

NOTE 1 – Organization and Programs (Continued)

Programs (Continued)

Library Store – The Foundation operates a gift store located in the historic Los Angeles Central Library. The Library Store was remodeled in 2016, after 18 years, in order to refresh the appearance and bring it into full ADA compliance. The Library Store sales support the Los Angeles Public Library. As a result of COVID-19, the Library Store was closed for 2 months and transitioned to online sales in the Spring. The Library Store has worked diligently through the fall of 2020 to spread the word about the Library Store’s offerings, of partner with neighborhood organizations, and to use close partnerships to reach new audiences. The Library Store launched an online campaign and sent target emails through the Library’s Public Relations department to promote online sales in response to COVID-19 for the holiday season. In December 2020, the store participated in an event with the Los Angeles Philharmonic, Museum of Contemporary Art, and The Broad Museum to encourage shopping and supporting these Organizations which have been significantly impacted by COVID-19.

NOTE 2 – Summary of Significant Accounting Policies

Method 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. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). ASC 958-205 was effective January 1, 2018. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

LIBRARY FOUNDATION OF LOS ANGELES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Basis of Financial Statement Presentation

Under the provisions of the Guide, the Foundation reports information regarding its financial position and activities according to two classes of net assets (without donor restrictions and with donor restrictions) based upon the existence and nature of donor-imposed restrictions.

Net assets without donor restrictions – Net assets without donor restrictions represent net assets that are not subject to donor-imposed restrictions and that may be expendable for any purpose in performing the primary objectives of the Foundation. The Foundation’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions – Net assets with donor restrictions represent net assets subject to donor-imposed restrictions that may or will be met either by actions of the Foundation or the passage of time. Perpetuity restricted net assets include gifts and pledges, which require, by donor restriction, that the corpus be invested in perpetuity. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions support depending on the existence and nature of any donor restrictions. Upon expiration of the restriction, the contributions are reclassified to unrestricted net assets. Unconditional pledges are recognized as revenue when a written pledge is made.

Store Revenue

The Library Store (the Store) sells gifts and library-related items to promote awareness of the Library. The Foundation recognizes revenue when the products are sold at the store or shipped when purchased online, persuasive evidence of an arrangement exists, the price is fixed and collection is reasonably assured.

Deferred Revenue

Contributions related to special events are deferred as revenue until the special event occurs. Deferred revenue relates primarily to the Foundation’s Literary Awards Celebration, Literary Feasts and the Young Literati Toast.

LIBRARY FOUNDATION OF LOS ANGELES

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Recognition of Donor Restrictions

All donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor-restricted net assets are reclassified to without donor-restricted net assets and reported in the statements of activities as net assets released from restriction/designation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Certain significant items in the financial statements subject to such use of estimates include the accounting for pledges receivable and contributions receivable from charitable remainder trusts.

Cash and Cash Equivalents – Concentrations of Credit Risk

The Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

At June 30, 2021 and throughout the year, the Foundation has maintained cash in its financial institutions in excess of federally insured limits.

Investment Valuation and Market Risk

Investments are reported at fair value based on quotations obtained from national securities exchanges. Alternative investments, which are not readily marketable, are carried at estimated fair value using the net asset value (NAV) as reported by the management of the respective institutional investment fund. GAAP provides for the use of NAV as a practical expedient for estimating fair value for alternative investments. The Foundation reviews and evaluates the NAV provided by the funds and believes the valuation methods and assumptions used in determining the fair value of the investment funds are appropriate.

LIBRARY FOUNDATION OF LOS ANGELES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Investment Valuation and Market Risk (Continued)

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of changes in net assets as reported in the accompanying statements of activities.

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that significant changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Pledges Receivable

The Foundation considers all pledges receivable at June 30, 2021 and 2020 to be fully collectible. As of June 30, 2021 and 2020, there is no allowance for doubtful accounts.

Library Store Inventory

Inventory is stated at the lower of cost or net realizable value determined principally by use of the first-in, first-out method.

Property and Equipment

Property and equipment consists primarily of Library Store furniture and fixtures and are stated at cost, with the exception of donated equipment, which is recorded at fair market value on the date received. Depreciation and amortization have been provided using the straight-line method over the assets' estimated useful lives, ranging from five to twenty years. Property and equipment purchased on behalf of the Los Angeles Public Library are recorded as expenses.

Program Services

When the Foundation expends assets for program services in accordance with donor designations, those with donor-restricted net assets are released from restriction/designation. (See Note 9.) In addition, the Foundation also expends unrestricted net assets for program services.

LIBRARY FOUNDATION OF LOS ANGELES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing various programs and other activities of the Foundation have been summarized on a functional basis in the statements of activities. Therefore, certain costs have been allocated among the programs and supporting services benefited based on the judgment of management. The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly.

Income Taxes

The Foundation is exempt from federal income taxes and California franchise taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding California Revenue and Taxation Code sections. The Foundation recognizes the financial statement benefit of a tax position, such as its filing status as tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. 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 purposes is three years and for California purposes is four years.

Board-Directed Endowment

The board-directed endowment is composed of funds which are internally designated and used at the discretion of the governing board to achieve core mission initiatives. The endowment is used to build capacity, strengthen programs, and leverage philanthropy.

Donated Goods and Services

Donated goods are recorded at their fair value when an unconditional promise to give has been made or when goods have been received. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Included in contribution revenue is \$25,092 and \$83,280 of donated goods and professional services for the years ended June 30, 2021 and 2020, respectively. Included in these amounts are legal services from related parties. Such in-kind support is offset by like amounts included in program and administrative expenses.

LIBRARY FOUNDATION OF LOS ANGELES

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, “Leases” (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments be recorded. The ASU is effective for the Foundation’s fiscal years beginning after June 30, 2022. The new lease standard requires a modified-retrospective approach for all leases existing at, or entered into after, the date of initial adoption, with an option to elect the use of certain transition relief. The Foundation does not anticipate a significant impact of the adoption of the new standard on the financial statements.

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which requires a not-for-profit to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. Additionally, the standard requires a not-for-profit to disclose a disaggregation of the amount of contributed nonfinancial assets by category that depicts the type of nonfinancial assets and additional information related to the monetization, utilization, and valuation of the contributed nonfinancial assets. The ASU is effective for annual reporting periods beginning after June 15, 2021. The Foundation is currently evaluating the impact of the adoption of the new standard on the financial statements.

Subsequent Events

In preparing these financial statements, the Foundation’s management has evaluated events and transactions for potential recognition or disclosure through March 15, 2022, the date the financial statements were available to be issued.

LIBRARY FOUNDATION OF LOS ANGELES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 – Liquidity and Funds Available

The following reflects the Foundation’s financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions. Amounts not available include amounts set aside for long-term investing for board-designated activities that could be drawn upon if the governing board approves that action.

	June 30,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 4,729,269	\$ 3,228,129
Investments	55,620,743	44,699,404
Pledges receivable	2,235,462	1,577,150
Charitable remainder trusts	593,914	514,038
	63,179,388	50,018,721
Less those unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose and time restrictions	(37,881,317)	(30,620,141)
Board designations:		
Board designated - supporting foundation activities and education	(22,638,786)	(18,462,316)
Unrestricted pledges, payment due after a year	(550,000)	(550,000)
	(61,070,103)	(49,632,457)
Board-approved endowment appropriations	2,074,566	2,025,472
Financial assets available to meet cash needs for general expenditure within one year	\$ 4,183,851	\$ 2,411,736

LIBRARY FOUNDATION OF LOS ANGELES

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 4 – Investments

Investments consists of the following:

	June 30,	
	2021	2020
Investments:		
US Treasury bonds	\$ 2,231,987	\$ 1,350,816
Corporate bonds – domestic	992,374	955,413
Mortgage securities	514,286	744,264
Foreign bonds	92,579	286,240
Equity funds	29,766,722	22,981,810
Fixed income	9,227,115	5,952,939
Hedge fund strategies	7,645,951	4,267,169
Income funds	5,149,729	8,160,753
	<u>\$ 55,620,743</u>	<u>\$ 44,699,404</u>

Investment return consists of the following:

	For the Year Ended June 30,	
	2021	2020
Interest and dividends	\$ 505,092	\$ 227,586
Investment management fees	<u>(116,665)</u>	<u>(83,213)</u>
	<u>388,427</u>	<u>144,373</u>
Net unrealized (loss) gain on investments	9,220,258	(668,759)
Net realized gain on investments	1,776,112	729,103
	<u>10,996,370</u>	<u>60,344</u>
	<u>\$ 11,384,797</u>	<u>\$ 204,717</u>

LIBRARY FOUNDATION OF LOS ANGELES

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NOTE 5 – Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses various valuation approaches based on assumptions that market participants would use in pricing an asset or liability.

The Financial Accounting Standards Board has established a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are other observable inputs, such as quoted prices for similar instruments or quoted prices in markets that are not active.
- Level 3 inputs are unobservable inputs for the asset or liability.

Following is a description of valuation methodologies used for assets recorded at fair value. There have been no changes in methodologies used at June 30, 2021 and 2020.

Investments: Where quoted prices are available in active markets, investments are classified within level 1 of the valuation hierarchy. Level 1 securities include exchange-traded equity and fixed income funds. If quoted market prices are not available for investments, then fair values are estimated using direct or indirect observations other than quoted market prices. These investments, recorded in level 2, include those in which the Foundation is a unit of account holder within a fund that holds underlying assets that are traded in active exchange markets with readily available pricing.

Contributions receivable from charitable remainder trusts: The fair value of the contributions receivable from charitable remainder trusts is estimated as the present value of the projected proceeds that will be received from the charitable remainder trust. The value of these trusts relies on the Foundation's own assumptions and, therefore, is classified within level 3 of the fair value hierarchy.

LIBRARY FOUNDATION OF LOS ANGELES

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 5 – Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation’s assets at fair value at June 30, 2021 and 2020:

	Total Fair Value	Assets at Fair Value as of June 30, 2021		
		Level 1	Level 2	Level 3
Investments:				
US Treasury bonds	\$ 2,231,987	\$ 2,231,987	\$ -	\$ -
Corporate bonds-domestic	992,374	992,374	-	-
Mortgage securities	514,286	514,286	-	-
Foreign bonds	92,579	92,579	-	-
Equity funds	29,766,722	-	29,766,722	-
Fixed income	9,227,115	-	9,227,115	-
Hedge fund strategies	7,645,951	-	7,645,951	-
Income funds	5,149,729	-	5,149,729	-
	<u>55,620,743</u>	<u>3,831,226</u>	<u>51,789,517</u>	<u>-</u>
Interests in charitable remainder trusts				
	<u>593,914</u>	<u>-</u>	<u>-</u>	<u>593,914</u>
	<u>\$ 56,214,657</u>	<u>\$ 3,831,226</u>	<u>\$ 51,789,517</u>	<u>\$ 593,914</u>
	Total Fair Value	Assets at Fair Value as of June 30, 2020		
		Level 1	Level 2	Level 3
Investments:				
US Treasury bonds	\$ 1,350,816	\$ 1,350,816	\$ -	\$ -
Corporate bonds-domestic	955,413	955,413	-	-
Mortgage securities	744,264	744,264	-	-
Foreign bonds	286,240	286,240	-	-
Equity funds	22,981,810	-	22,981,810	-
Fixed income	5,952,939	-	5,952,939	-
Hedge fund strategies	4,267,169	-	4,267,169	-
Income funds	8,160,753	-	8,160,753	-
	<u>44,699,404</u>	<u>3,336,733</u>	<u>41,362,671</u>	<u>-</u>
Interests in charitable remainder trusts				
	<u>514,037</u>	<u>-</u>	<u>-</u>	<u>514,038</u>
	<u>\$ 45,213,441</u>	<u>\$ 3,336,733</u>	<u>\$ 41,362,671</u>	<u>\$ 514,038</u>

LIBRARY FOUNDATION OF LOS ANGELES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5 – Fair Value Measurements (Continued)

Investments classified in level 2 consist of units in investment funds as opposed to direct investments in the funds’ underlying holdings, which may be marketable. As the NAV reported by each fund is used as a practical expedient to estimate the fair value of the Foundation’s interest therein, its classification in level 2 is based on the Foundation’s ability to redeem its interest at or near the date of the statement of financial position. If the interest can be redeemed in the near term, the investment is classified in level 2. The Foundation is invested in funds which generally trade on a monthly basis and require a week’s notice to liquidate. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment’s underlying assets.

Changes in Fair Value of Level 3 Assets

The following table sets forth a summary of changes in the fair value of the Foundation’s level 3 assets:

Balance, June 30, 2019	\$ 510,511
Unrealized gains relating to instruments still held at the reporting date	<u>3,527</u>
Balance, June 30, 2020	<u>514,038</u>
Unrealized gains relating to instruments still held at the reporting date	<u>79,876</u>
Balance, June 30, 2021	<u>\$ 593,914</u>

NOTE 6 – Pledges Receivable

Pledges receivable outstanding at June 30, 2021 are expected to be collected as follows:

Within one year	\$ 1,685,462
Between two and five years	-
Over five years	<u>550,000</u>
	<u>\$ 2,235,462</u>

LIBRARY FOUNDATION OF LOS ANGELES

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NOTE 7 – Interests in Charitable Remainder Trusts

The Foundation is the beneficiary of two charitable remainder trusts for which the Foundation is not the trustee. The Foundation recognizes the present value of the estimated future benefits to be received when the trust assets are distributed as with donor restricted contribution revenue and as a receivable. Adjustments to the receivable to reflect amortization of the discount and revaluation of the present value of the estimated future payments to the lifetime beneficiary are recognized in the statements of activities as changes in value of charitable remainder trusts reported within other adjustments.

Beneficial interests in charitable remainder trusts totaled \$593,914 and \$514,038 at June 30, 2021 and 2020, respectively, representing the portion of the charitable remainder trusts for which the Foundation is the designated beneficiary.

NOTE 8 – Paycheck Protection Program Loan

In March 2020, Congress passed the Paycheck Protection Program, authorizing loans to small businesses for use in paying employees that they continue to employ throughout the COVID-19 pandemic and for rent, utilities, and interest on mortgages. In April 2020, the Foundation successfully secured a \$491,002 Small Business Association (“SBA”) loan under the Paycheck Protection Program. Per the terms of the loan, the full amount will be forgiven as long as loan proceeds are used to cover payroll costs and other specified non-payroll costs (provided any non-payroll costs do not exceed 40% of the forgiven amount) over a 24-week period after the loan is made; and employee and compensation levels are maintained. The Foundation complied with the above terms to qualify for full loan forgiveness. In June 2021, the Library received notification the loan was forgiven and recognized PPP loan forgiveness income on the accompanying statement of activities for the year ended June 30, 2021.

In January 2021, the SBA announced a second draw of PPP loans for eligible entities. In April 2021, the Foundation was approved to receive \$498,912 of PPP funds. Per the terms of the loan, the full amount will be forgiven as long as loan proceeds are used to cover payroll costs and other specified nonpayroll costs (provided any nonpayroll costs do not exceed 40% of the forgiven amount) over a 24-week period after the loan is made; and employee and compensation levels are maintained. The Foundation intends to comply with the above terms in order to qualify for full or partial loan forgiveness. To the extent it is not forgiven, the Foundation would be required to repay that portion at an interest rate of 1% over a period of five years. As of issuance of the financial statements, the Foundation has not applied for forgiveness.

LIBRARY FOUNDATION OF LOS ANGELES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 9 – Net Assets

The following is a summary of the Foundation’s net assets:

Net assets without donor restrictions are as follows:

	June 30,	
	2021	2020
Undesignated	\$ 2,614,394	\$ 976,147
Board-designated endowment fund supporting priority program and foundation activities	17,215,214	14,078,509
Victoria E. Foote endowment fund supporting students pursuing their educational goals	4,386,979	3,581,918
Janice McCoy Miller endowment fund supporting programs in underserved branch libraries	972,516	759,971
Council of the Library endowment fund supporting purchases of children’s content	<u>64,077</u>	<u>41,918</u>
	<u>\$ 25,253,180</u>	<u>\$ 19,438,463</u>

Net assets with donor restrictions restricted for a specific purpose are as follows:

	June 30,	
	2021	2020
Investing in Lifelong Learning	\$ 1,276,018	\$ 1,531,012
Engaging the Imagination	2,469,193	2,299,581
Helping Students Succeed	1,945,400	2,190,029
Literary and other programs	2,014,975	1,649,164
Earnings on endowments	<u>13,042,887</u>	<u>7,849,642</u>
	<u>\$ 20,748,473</u>	<u>\$ 15,519,428</u>

LIBRARY FOUNDATION OF LOS ANGELES

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 9 – Net Assets (Continued)

Net assets were released from donor restrictions on contributions satisfying the restricted purposes specified by the donors as follows:

	For the Year Ended June 30,	
	2021	2020
Investing in Lifelong Learning	\$ 1,209,968	\$ 828,907
Engaging the Imagination	1,052,916	1,098,846
Helping Students Succeed	1,267,207	1,444,273
Literary and other programs	79,198	219,637
	\$ 3,609,289	\$ 3,591,663

Perpetuity restricted net assets consists of amounts designated for the following endowment funds:

	June 30,	
	2021	2020
Caroline Singleton Adult Literacy Endowment	\$ 5,062,352	\$ 5,062,352
National Endowment for Humanities	3,000,000	3,000,000
The Library Fellowship Program	2,000,000	-
Future Leaders The Democracy Project Endowment	1,500,000	1,500,000
Edythe Broad Technology Endowment	1,000,000	1,000,000
Thornton Endowment	1,000,000	1,000,000
Future Leaders Summer Reading Endowment	1,000,000	1,000,000
Gregory Peck Literary Endowment	833,949	833,949
Estella Fregoso de Garcia Endowment	692,412	692,412
Gluck Endowment	500,000	500,000
Claire Hutto-Patterson Endowment	250,000	250,000
Lynn Strasburg Miller Endowment	114,000	102,000
Dean Hansell Endowment	70,000	60,000
Sharon Oxborough ALOUD Endowment	50,000	50,000
Sharon Oxborough Adult Literacy Endowment	50,000	50,000
Rosalind Jarrett and Lamar Sepulveda Endowment	5,131	-
Gajin and Angela Fujita Endowment	5,000	-
	\$ 17,132,844	\$ 15,100,713

LIBRARY FOUNDATION OF LOS ANGELES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 9 – Net Assets (Continued)

Earnings from the Caroline Singleton Adult Literacy Endowed Fund is designated to maintain and expand the Foundation’s programs that address the problem of adult literacy in the city of Los Angeles.

The National Endowment for Humanities Fund has designated that earnings on the endowment are to be spent for humanities and related materials.

The Library Fellowship Program was established for the purpose of launching a new interdisciplinary residency program at the Los Angeles Public Library. The program will recognize a wide array of practitioners taking on projects that will inform or enhance the work of the library and the ways the public understands and interacts with it.

The Future Leaders Endowed Funds were established for the purpose of bringing noted authors to the branches of the Los Angeles Public Library’s children and teen Summer and Winter Reading programs as well as creating a Civics Engagement program that will enhance the Los Angeles Public Library’s Future Ready Teens and Teens Leading Change programs.

The Edythe Broad Technology Endowed Fund for Students was established for the purpose of supporting the Los Angeles Public Library’s technology programs within Student Zones.

Earnings from the Thornton Endowed Funds are designated to maintain and expand the Foundation’s programs that address the problem of literacy in the city of Los Angeles.

The Gregory Peck Literary Endowed Fund was established for the purpose of building the necessary financial resources to maintain literary readings and cultural programs in the Los Angeles Public Library in perpetuity, and to honor Mr. Peck for his work on behalf of the Los Angeles Public Library.

The Estella Fregoso de Garcia Endowed Fund was established for the purpose of supporting the Los Angeles Public Library’s Spanish and French collections.

Earnings from the Gluck Endowed Fund are designated to purchase books for the Los Angeles Public Library.

LIBRARY FOUNDATION OF LOS ANGELES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 9 – Net Assets (Continued)

The Clare Hutto-Patterson Endowed Fund was established for the purpose of supporting the Los Angeles Public Library’s Live Homework Help program.

The Sharon Oxborough Endowed Fund was established for the purpose of supporting the Foundation’s signature literary series, ALOUD. A second Sharon Oxborough Endowed Fund was established for the purpose of supporting the Los Angeles Public Library’s Adult Literacy program.

The Lynn Strasburg Miller Endowed Fund was established for the purpose of supporting the Los Angeles Public Library’s Student Zones program.

The Dean Hansell Endowed Fund was established for the purpose of supporting the Los Angeles Public Library’s Adult Literacy program.

The Rosalind Jarrett and Lamar Sepulveda Endowment was established for the purpose of supporting the Los Angeles Public Library’s Adult Literacy and other Lifeline Learning programs.

The Gajin and Angela Fujita Endowment was established for the purpose of supporting the Los Angeles Public Library’s Full Steam Ahead programs.

NOTE 10 – Endowment

The Foundation’s endowment consists of board-designated funds and several individual donor-designated funds to support a variety of purposes including literacy, humanities, and literary programs. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

LIBRARY FOUNDATION OF LOS ANGELES

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

NOTE 10 – Endowment (Continued)

The Foundation's management and investment of donor-restricted endowment funds is subject to the provisions of the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA). The Foundation has interpreted California's enacted version of UPMIFA 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 classifies as perpetuity restricted net assets: (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made 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 that is not classified in perpetually restricted net assets is classified as with donor restricted for specific purpose net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

Return Objectives and Risk Parameters

The Foundation's endowment funds are invested and managed according to their investment and spending policies. These policies attempt to provide a consistent return on assets in order to achieve a stable stream of funding for programs supported by the Foundation's 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, meet or exceed the spending policy rate, plus the rate of inflation.

Strategies Employed for Achieving Objectives

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 employs a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

The Foundation maintains an advisory services agreement with Commonfund's Strategic Solutions program. This program diversifies the Foundation's investment portfolio into emerging markets, global and private equity, and alternatives.

LIBRARY FOUNDATION OF LOS ANGELES

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 10 – Endowment (Continued)

Spending Policy and the Related Investment Objectives

The Foundation has set policies for appropriating for expenditure each year 4 to 6% of the endowment fund's average fair value over the preceding 12 quarters, subject to maintaining certain minimum fund balances. For the years ended June 30, 2020 and 2019, the Foundation's board approved a 5% and 4% appropriation rate, respectively. For the fiscal year ending June 30, 2021, the Board approved a 5% appropriation rate. The spending policies are consistent with the Foundation's objectives 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. In establishing these policies, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policies to allow for an accumulation of earnings over time that will create endowment growth sufficient to preserve or increase the purchasing power of its endowment funds. The net accumulation of investment earnings under this policy for restricted endowment funds is classified within with donor restricted net assets.

Funds with Deficiencies

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. No such deficiencies existed as of June 30, 2021 and 2020.

Amounts Appropriated for Expenditure

The amounts appropriated for expenditure during the year ended June 30, 2021 were \$899,061 from the Board Directed Endowment funds and \$1,123,697 from Donor Designated Endowment funds. The amounts appropriated for expenditure during the year ended June 30, 2020 were \$846,754 from the Board Directed Endowment funds and \$1,035,811 from Donor Designated Endowment funds. These amounts are reflected in the accompanying statement of activities within net assets released from restriction/designation.

LIBRARY FOUNDATION OF LOS ANGELES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 10 – Endowment (Continued)

Amounts Appropriated for Expenditure (Continued)

Endowment net asset composition by type of fund is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
At June 30, 2021:			
Board-designated	\$ 22,638,786	\$ -	\$ 22,638,786
Donor-designated:			
Donor endowed fund earnings restricted	-	13,042,887	13,042,887
Perpetuity restricted	<u>-</u>	<u>17,132,844</u>	<u>17,132,844</u>
Total endowment funds	<u>\$ 22,638,786</u>	<u>\$ 30,175,731</u>	<u>\$ 52,814,517</u>
At June 30, 2020:			
Board-designated	\$ 18,462,316	\$ -	\$ 18,462,316
Donor-designated:			
Donor endowed fund earnings restricted	-	7,849,642	7,849,642
Perpetuity restricted	<u>-</u>	<u>15,100,713</u>	<u>15,100,713</u>
Total endowment funds	<u>\$ 18,462,316</u>	<u>\$ 22,950,355</u>	<u>\$ 41,412,671</u>

LIBRARY FOUNDATION OF LOS ANGELES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 10 – Endowment (Continued)

Amounts Appropriated for Expenditure (Continued)

Changes in endowment net assets for the year ended June 30, 2021 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Beginning of year	\$ 18,462,316	\$ 22,950,355	\$ 41,412,671
Investment return:			
Interest and dividends	142,715	212,815	355,530
Net appreciation	<u>4,924,066</u>	<u>6,104,127</u>	<u>11,028,193</u>
Total investment return	<u>5,066,781</u>	<u>6,316,942</u>	<u>11,383,723</u>
Contributions	<u>8,750</u>	<u>2,032,131</u>	<u>2,040,881</u>
Amounts appropriated for expenditure	<u>(899,061)</u>	<u>(1,123,697)</u>	<u>(2,022,758)</u>
End of year	<u>\$ 22,638,786</u>	<u>\$ 30,175,731</u>	<u>\$ 52,814,517</u>

LIBRARY FOUNDATION OF LOS ANGELES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 10 – Endowment (Continued)

Amounts Appropriated for Expenditure (Continued)

Changes in endowment net assets for the year ended June 30, 2020 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Beginning of year	\$ 18,508,725	\$ 23,953,453	\$ 42,462,178
Investment return:			
Interest and dividends	22,288	29,911	52,199
Net depreciation	<u>(15,819)</u>	<u>(19,198)</u>	<u>(35,017)</u>
Total investment return	<u>6,469</u>	<u>10,713</u>	<u>17,182</u>
Contributions	<u>793,876</u>	<u>22,000</u>	<u>815,876</u>
Amounts appropriated for expenditure	<u>(846,754)</u>	<u>(1,035,811)</u>	<u>(1,882,565)</u>
End of year	<u>\$ 18,462,316</u>	<u>\$ 22,950,355</u>	<u>\$ 41,412,671</u>

NOTE 11 – Los Angeles Public Library

The Foundation has an agreement with the Library to pay rent for the Library Store at the rate of 5% of gross Library Store sales. The rent expense incurred for the year ended June 30, 2020 amounted to \$22,327 . There was no rent expense incurred for the year ended June 30, 2021 as a result of the closure of the Library store during the COVID-19 pandemic.

The Library provides office space at no charge to the Foundation. The Foundation has recorded in-kind contributions of \$24,000 in the years ended June 30, 2021 and 2020, for the donated space. Such in-kind support is offset by like amounts included in expenses.

LIBRARY FOUNDATION OF LOS ANGELES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 12 – Retirement Plan

The Foundation has a defined contribution 401(k) plan covering all of its eligible employees. The plan is subject to limitations set forth by the Internal Revenue Code. Eligible employees can contribute up to 28% of their gross compensation, not to exceed amounts provided by law. The Plan includes a Safe Harbor feature, where eligible employees receive a 100% vested matching contribution up to 3% of the employee's deferral and an additional 50% vested matching contribution on the next 2% of the employee's deferral. Matching contributions amounted to \$82,917 and \$81,176 in 2021 and 2020, respectively.