

Library Foundation

of LOS ANGELES

Providing Support for the Los Angeles Public Library

Financial Statements
June 30, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Library Foundation of Los Angeles

Opinion

We have audited the accompanying financial statements of the Library Foundation of Los Angeles (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year 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 the Library Foundation of Los Angeles (the Foundation) as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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, including omissions, 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 the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Foundation's financial statements as of June 30, 2023, and we expressed an unmodified opinion on those audited financial statements in our report dated February 9, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the 2023 audited financial statements from which it has been derived.



Long Beach, California
February 12, 2025

LIBRARY FOUNDATION OF LOS ANGELES
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

ASSETS

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 5,777,213	\$ 5,481,071
Investments	58,225,159	54,387,586
Pledges receivable	1,684,361	1,144,592
Employee Retention Credit receivable	-	240,962
Library store inventory	122,528	131,817
Property and equipment, net	282,079	306,548
Interest in charitable remainder trust	-	441,554
Prepays and other assets	230,683	139,804
TOTAL ASSETS	\$ 66,322,023	\$ 62,273,934

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	\$ 441,181	\$ 430,885
Total Liabilities	441,181	430,885
NET ASSETS		
Without donor restrictions		
Available for general operations	4,602,806	4,221,536
Board-directed endowment	22,117,934	20,785,801
	26,720,740	25,007,337
With donor restrictions		
Restricted for specific purpose	8,071,534	7,943,679
Endowment earnings for specific purposes	13,679,753	11,642,120
Endowment - perpetually restricted	17,408,815	17,249,913
	39,160,102	36,835,712
Total Net Assets	65,880,842	61,843,049
TOTAL LIABILITIES AND NET ASSETS	\$ 66,322,023	\$ 62,273,934

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, 2024
(WITH COMPARATIVE TOTALS FOR 2023)**

	Without Donor Restrictions		With Donor	Total	
	Undesignated	Board Directed	Restrictions	2024	2023
OPERATING ACTIVITIES:					
SUPPORT AND REVENUE					
Contributions	\$ 1,300,170	\$ 8,232	\$ 5,117,223	\$ 6,425,625	\$ 5,472,870
Fundraising events, net of direct expenses of \$209,402 and \$270,025 for 2024 and 2023, respectively	780,141	-	-	780,141	2,189,140
Store revenue, net of discounts	395,787	-	-	395,787	362,581
	<u>2,476,098</u>	<u>8,232</u>	<u>5,117,223</u>	<u>7,601,553</u>	<u>8,024,591</u>
NET ASSETS RELEASED FROM RESTRICTION/ DESIGNATION					
Endowment appropriations	2,370,999	(1,034,674)	(1,336,325)	-	-
Satisfaction of donor intent	4,928,007	-	(4,928,007)	-	-
	<u>7,299,006</u>	<u>(1,034,674)</u>	<u>(6,264,332)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>9,775,104</u>	<u>(1,026,442)</u>	<u>(1,147,109)</u>	<u>7,601,553</u>	<u>8,024,591</u>
EXPENSES					
Program Services:					
Investing in Lifelong Learning	2,145,245	-	-	2,145,245	1,462,634
Engaging the Imagination	1,253,987	-	-	1,253,987	1,258,795
Helping Students Succeed	2,077,093	-	-	2,077,093	2,023,829
Library Store	669,628	-	-	669,628	611,287
Total Program Services	<u>6,145,953</u>	<u>-</u>	<u>-</u>	<u>6,145,953</u>	<u>5,356,545</u>
Supporting Services:					
General and administrative	1,727,930	-	-	1,727,930	1,997,626
Fundraising	1,958,074	-	-	1,958,074	1,759,121
Total Supporting Services	<u>3,686,004</u>	<u>-</u>	<u>-</u>	<u>3,686,004</u>	<u>3,756,747</u>
TOTAL EXPENSES	<u>9,831,957</u>	<u>-</u>	<u>-</u>	<u>9,831,957</u>	<u>9,113,292</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>(56,853)</u>	<u>(1,026,442)</u>	<u>(1,147,109)</u>	<u>(2,230,404)</u>	<u>(1,088,701)</u>
NON-OPERATING ACTIVITIES:					
Interest and dividends, net of fees	370,108	23,509	35,592	429,209	(7,876)
Net realized and unrealized gain on investments	68,015	2,335,066	3,435,907	5,838,988	3,287,005
	<u>438,123</u>	<u>2,358,575</u>	<u>3,471,499</u>	<u>6,268,197</u>	<u>3,279,129</u>
CHANGE IN NET ASSETS	<u>381,270</u>	<u>1,332,133</u>	<u>2,324,390</u>	<u>4,037,793</u>	<u>2,190,428</u>
BEGINNING NET ASSETS	<u>4,221,536</u>	<u>20,785,801</u>	<u>36,835,712</u>	<u>61,843,049</u>	<u>59,652,621</u>
ENDING NET ASSETS	<u>\$ 4,602,806</u>	<u>\$ 22,117,934</u>	<u>\$ 39,160,102</u>	<u>\$ 65,880,842</u>	<u>\$ 61,843,049</u>

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, 2024
(WITH COMPARATIVE TOTALS FOR 2023)**

	Program Services					Supporting Services		Total	
	Investing in Lifelong Learning	Engaging the Imagination	Helping Students Succeed	Library Store	Total Program	General & Administrative	Fundraising	2024	2023
Collateral material and promotions	\$ 35,259	\$ 58,871	\$ 2,451	\$ 38,526	\$ 135,107	\$ -	\$ 45,553	\$ 180,660	\$ 165,324
Computer equipment, maintenance, and website	122,976	744	20,141	8,388	152,249	44,705	23,519	220,473	235,476
Library collections	98,797	74,828	22,147	-	195,772	-	-	195,772	94,382
Events	61,343	99,068	22,592	-	183,003	1,092	250,913	435,008	624,118
Furniture and fixtures	153,085	2,147	48,090	-	203,322	3,355	-	206,677	78,195
Seminars, exhibits, and workshops	78,296	4,075	8,042	-	90,413	-	3,443	93,856	42,813
Salaries, payroll taxes, and benefits	192,510	564,210	304,279	342,040	1,403,039	1,274,038	1,335,852	4,012,929	3,621,006
Program materials	166,846	19,649	533,537	400	720,432	7	24,048	744,487	519,418
Program presenters	53,836	187,720	319,538	-	561,094	-	500	561,594	447,212
Cost of goods sold	-	-	-	203,651	203,651	-	-	203,651	215,466
Rent	4,892	-	6,975	19,106	30,973	24,000	-	54,973	45,124
Other	27,097	733	2,586	3,173	33,589	27,729	9,045	70,363	279,884
Office administration and supplies	958	21,155	12,090	12,453	46,656	12,503	56,703	115,862	210,630
Consulting and outside services	121,264	121,645	78,960	132	322,001	255,133	91,640	668,774	711,521
Consulting - patron support	999,084	72,625	368,404	-	1,440,113	-	-	1,440,113	1,109,707
Insurance	-	893	-	1,697	2,590	28,704	-	31,294	29,330
Depreciation	-	-	-	23,467	23,467	1,002	-	24,469	24,051
Bank fees	-	-	-	10,223	10,223	-	37,873	48,096	48,979
Donor relations	-	-	-	-	-	59	9,565	9,624	12,241
Travel and related expenses	17,797	23,717	7,020	5,555	54,089	35,046	49,593	138,728	102,907
Dues and subscriptions	11,205	1,907	320,241	817	334,170	20,557	19,827	374,554	495,508
	<u>\$ 2,145,245</u>	<u>\$ 1,253,987</u>	<u>\$ 2,077,093</u>	<u>\$ 669,628</u>	<u>\$ 6,145,953</u>	<u>\$ 1,727,930</u>	<u>\$ 1,958,074</u>	<u>\$ 9,831,957</u>	<u>\$ 9,113,292</u>

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

LIBRARY FOUNDATION OF LOS ANGELES

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,037,793	\$ 2,190,428
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	24,469	24,051
Net realized and unrealized gain on investments	(5,838,988)	(3,284,474)
Redemption of charitable remainder trust	740,493	-
Change in value of charitable remainder trust	(298,939)	-
Contributions restricted to endowment funds	(158,902)	(15,000)
Other adjustments	14,135	-
Changes in operating assets and liabilities:		
Pledges receivable	(539,769)	(202,691)
Library store inventory	9,289	(11,469)
Prepays and other assets	(90,879)	(90,934)
Accounts payable and accrued expenses	10,296	133,894
Net Cash Used In Operating Activities	(2,091,002)	(1,256,195)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale or maturity of investments	2,371,031	3,293,393
Purchases of investments	(243,071)	(45,111)
Interest and dividends reinvested	(126,545)	7,876
Purchases of property and equipment	-	(2,512)
Net Cash Provided By Investing Activities	2,001,415	3,253,646
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Employee Retention Credit	226,827	193,173
Contributions restricted to endowment funds	158,902	15,000
Net Cash Provided By Financing Activities	385,729	208,173
NET CHANGE IN CASH AND CASH EQUIVALENTS	296,142	2,205,624
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,481,071	3,275,447
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 5,777,213	\$ 5,481,071

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

LIBRARY FOUNDATION OF LOS ANGELES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 1 – Organization and Programs

Organization

The Library Foundation of Los Angeles (the Foundation or LFLA) 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 (the Library or 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 supporting adults who want to improve essential literacies. The Adult Literacy initiative offers one-on-one tutoring to help adults reading below the sixth-grade equivalency reach their reading goals. The initiative also provides coaching to help adults struggling with literacy support their children's early literacy development. Additional Adult Literacy components include drop-in tutoring, topical workshops and classes, and English-as-another-language services. Career Online High School gives adults another chance to earn an accredited high school diploma. Cybernaut digital navigators stationed at 37 libraries and via a remote service promote digital inclusion by providing on-demand tech support and training and leading digital literacy workshops and classes for small groups. LAPL's Full STEAM Ahead initiative promotes science literacy by offering activities for children, adults, and families to inspire creativity, explore neighborhood science, and solve problems.

LIBRARY FOUNDATION OF LOS ANGELES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

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 into direct conversation with the Library's patrons. The Foundation supports LAPL's L.A. Made series that delivers humanities programming, performances, and activities to the City of L.A.'s diverse communities. LFLA and LAPL exhibition projects highlight LAPL's historic collections, the diverse stories and people of the City of L.A., and contemporary issues that resonate with their lives. In 2023-2024, LFLA and LAPL launched the second cohort of the LAPL Creators in Residence initiative. The fellowship program engaged two creative practitioners, Shing Yin Khor (an author, woodworker, and game designer) and Andy Crocker (a creator and producer of live experiences), who produced unique new work informed by LAPL's collection and services. Their projects, including an exhibit in Central Library's First Floor Galleries and a series of site-responsive experiences available at branch libraries across the city, launched publicly in July/August 2024. Research and planning for a new major exhibition, No Prior Art: Illustrations of Invention, continued throughout 2023-24, culminating with a grand opening in September 2024. 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. With Library Foundation support, LAPL launched the planning phase of "Your Story is Ours: Memory and Belonging in L.A." – the five-year project funded by a Mellon Foundation grant will cultivate community archiving practices and help LAPL enhance its digital special collections related to L.A.'s Black, Latinx, Queer, and Skid Row communities. Finally, the Foundation helped LAPL expand the Octavia Lab at Central Library by adding two podcasting studios and a black-box photo studio.

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 K-12 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.

LIBRARY FOUNDATION OF LOS ANGELES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 1 – Organization and Programs (Continued)

Programs (Continued)

Helping Students Succeed (Continued)– 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 and college students with a library card between 11 am and 11 pm every day, Student Zones that provide dedicated and direct access to computers and in-person homework assistance 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 Store – The Foundation has operated a gift shop located in the historic Central Library (the Store) since 1993; store sales support the Foundation. The Store was remodeled in 2016, after 18 years, to refresh its appearance and bring it into full ADA compliance. Historically, the Store is patronized by downtown businesspeople, tourists, and regular Library visitors and staff. Foot traffic in the Store continues to be impacted by reduced office occupancy locally in the post-Covid climate. In response, the Store works actively to mitigate the decline in foot traffic by building its customer marketing list, growing its online presence, sending weekly emails, and maintaining a regular presence on social media. A sign has been erected in the lobby of the Los Angeles Central Library to draw attention to the Store. Two additional signs are positioned throughout the Library in key areas to attract visitors. The Store has engaged the services of a firm to evaluate its eCommerce platforms and provide recommendations for optimizing the user experience; a number of the recommendations have already been implemented, with the ultimate goal of generating increased online revenues. The Store works with the Library's P.R. Department to heighten visibility among LAPL constituents via the LAPL website and social media platforms. The Store works with the Library to promote shopping to all of the City of L.A.'s employees twice yearly. In addition to in store and online sales, the Store procures and sells books for the Foundation and LAPL programming. The Store has expanded the production of branded custom merchandise and continues to offer merchandise related to LAPL, Los Angeles, and reading and writing.

LIBRARY FOUNDATION OF LOS ANGELES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 1 – Organization and Programs (Continued)

Programs (Continued)

Library Store (Continued)– For the 2024 Holiday Season, the Store is working with the DTLA Alliance to send out the Store’s Holiday Gift Guide to 25,000 emails. This partnership should help create awareness with new residents and workers in the area.

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 (U.S. GAAP).

Recently Adopted Accounting Pronouncement

Beginning July 1, 2023, the Foundation adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, and its related amendments, which replaces the incurred loss methodology with an expected loss methodology referred to as the current expected credit loss (CECL) methodology. This ASU requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This ASU also requires the Foundation to use forward-looking information to better formulate its credit loss estimates.

The ASU permits the use of either a prospective transition method or a modified-retrospective transition method with the cumulative-effect adjustment to the opening balance of net assets. The Foundation has elected the use of the modified-retrospective transition method. The transition method selected resulted in no adjustment to the opening balance of net assets.

LIBRARY FOUNDATION OF LOS ANGELES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Leases

The Foundation determines if an arrangement contains a lease at inception based on whether the Foundation has the right to control the asset during the contract period and other facts and circumstances.

The Foundation’s policy for determining its lease discount rate used for measuring lease liabilities is to use the rate implicit in the lease whenever that rate is readily determinable. If the rate implicit in the lease is not readily determinable, then the Foundation has elected to use the risk-free discount rate, as permitted by U.S. GAAP, determined using a period comparable with that of the lease term.

The Foundation has elected a policy to account for short-term leases, defined as any lease with a term less than 12 months, by recognizing all components of the lease payment in the statement of activities in the period in which the obligation for the payments is incurred.

Financial Statement Presentation

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 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 maintained 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 statement of activities as net assets released from restriction/designation.

LIBRARY FOUNDATION OF LOS ANGELES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

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 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.

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 statement of activities as net assets released from restriction/designation.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

LIBRARY FOUNDATION OF LOS ANGELES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

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

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 management of the respective institutional investment fund. U.S. 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.

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 statement 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 statement of financial position.

Pledges Receivable

The Foundation considers all pledges receivable at June 30, 2024 and 2023 to be fully collectible. As of June 30, 2024 and 2023, there is no allowance for credit losses.

LIBRARY FOUNDATION OF LOS ANGELES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

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 consist primarily of furniture and fixtures for the Store and is 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 LAPL are recorded as expenses.

Program Services

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

Functional Allocation of Expenses

The costs of providing the Foundation's various programs and other activities have been summarized on a functional basis in the statement 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.

LIBRARY FOUNDATION OF LOS ANGELES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

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.

In-Kind Contributions

In-kind contributions 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. For both of the years ended June 30, 2024 and 2023, the Foundation recognized in-kind contributions on the statement of activities of \$24,000, which includes donated office space from related parties. (See Note 11.)

Subsequent Events

In preparing these financial statements, the Foundation's management has evaluated events and transactions for potential recognition or disclosure through February 12, 2025, the date the financial statements were available to be issued.

Reclassification

Certain amounts related to the June 30, 2023 financial statements have been reclassified to conform to the current year financial statement presentation.

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NOTE 3 – Liquidity and Funds Available

The Foundation’s financial assets as of June 30, 2024, 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 comprised of the following as of June 30, 2024:

Financial assets as of June 30, 2024:	
Cash and cash equivalents	\$ 5,777,213
Investments	58,225,159
Pledges receivable	<u>1,684,361</u>
	<u>65,686,733</u>
Less those unavailable for general expenditure within one year due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with purpose and time restrictions	(39,160,102)
Board designations:	
Board designated - supporting foundation activities and education	(22,117,934)
Board-approved endowment appropriations	3,543,041
Unrestricted pledges, payment due after a year	<u>(673,369)</u>
	<u>(58,408,364)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ 7,278,369</u></u>

The Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. 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. The Foundation also has a portion of its investment portfolio in non-marketable level 3 illiquid funds. (See Note 5.)

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NOTE 4 – Investments

Investments consists of the following:

	June 30,	
	2024	2023
Investments:		
U.S. Treasury bonds	\$ 3,067,251	\$ 2,727,954
Corporate bonds-domestic	729,804	875,935
Equity funds	27,283,593	23,707,243
Fixed income	11,282,012	9,661,474
Hedge fund strategies	-	1,365,133
Income funds	625,971	1,863,840
Private equity funds	15,236,528	14,186,007
	<u>\$ 58,225,159</u>	<u>\$ 54,387,586</u>

Investment return consists of the following:

	For the Year Ended	
	June 30,	
	2024	2023
Interest and dividends	\$ 531,128	\$ 110,772
Investment management fees	(101,919)	(118,648)
	<u>429,209</u>	<u>(7,876)</u>
Net unrealized gain on investments	2,524,688	2,278,265
Net realized gain on investments	3,314,300	1,008,740
	<u>5,838,988</u>	<u>3,287,005</u>
	<u>\$ 6,268,197</u>	<u>\$ 3,279,129</u>

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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 (FASB) 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, 2024 and 2023.

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.

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NOTE 5 – Fair Value Measurements (Continued)

The following tables set forth by level, within the fair value hierarchy, the Foundation’s assets at fair value at June 30, 2024 and 2023:

	Total Fair Value	Assets at Fair Value as of June 30, 2024		
		Level 1	Level 2	Level 3
Investments:				
U.S. Treasury bonds	\$ 3,067,251	\$ 3,067,251	\$ -	\$ -
Corporate bonds-domestic	729,804	729,804	-	-
Equity funds	27,283,593	-	27,283,593	-
Fixed income	11,282,012	-	11,282,012	-
Income funds	625,971	-	625,971	-
Private equity funds	15,236,528	-	-	15,236,528
	<u>\$ 58,225,159</u>	<u>\$ 3,797,055</u>	<u>\$ 39,191,576</u>	<u>\$ 15,236,528</u>

	Total Fair Value	Assets at Fair Value as of June 30, 2023		
		Level 1	Level 2	Level 3
Investments:				
U.S. Treasury bonds	\$ 2,727,954	\$ 2,727,954	\$ -	\$ -
Corporate bonds-domestic	875,935	875,935	-	-
Equity funds	23,707,243	-	23,707,243	-
Fixed income	9,661,474	-	9,661,474	-
Hedge fund strategies	1,365,133	-	1,365,133	-
Income funds	1,863,840	-	1,863,840	-
Private equity funds	14,186,007	-	-	14,186,007
	<u>54,387,586</u>	<u>3,603,889</u>	<u>36,597,690</u>	<u>14,186,007</u>
Interest in charitable remainder trusts	<u>441,554</u>	<u>-</u>	<u>-</u>	<u>441,554</u>
	<u>\$ 54,829,140</u>	<u>\$ 3,603,889</u>	<u>\$ 36,597,690</u>	<u>\$ 14,627,561</u>

LIBRARY FOUNDATION OF LOS ANGELES
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NOTE 5 – Fair Value Measurements (Continued)

Within the level 3 investment funds, certain investments are not considered liquid funds. Private equity investments are investments in limited partnerships, which the Foundation is not readily able to liquidate.

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 private equity assets:

Balance, June 30 2023	\$ 14,186,007
Commitments	<u>1,050,521</u>
Balance, June 30, 2024	<u><u>\$ 15,236,528</u></u>

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

Balance, June 30, 2022	\$ 441,554
Redemptions	<u>-</u>
Balance, June 30, 2023	441,554
Redemptions	<u>(441,554)</u>
Balance, June 30, 2024	<u><u>\$ -</u></u>

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NOTE 6 – Pledges Receivable

Pledges receivable outstanding at June 30, 2024 are expected to be collected as follows:

Within one year	\$ 1,010,992
Between two and five years	643,500
Over five years	<u>29,869</u>
	<u>\$ 1,684,361</u>

NOTE 7 – Employee Retention Credits

The Employee Retention Credit (ERC) was enacted in March 2020 by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and amended in December 2020, by the Taxpayer Certainty and Disaster Tax Relief Act (TCDTR Act). The ERC is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer paid to employees in calendar year 2020 (between March 2020 and before January 2021) and 70% of the qualified wages in calendar year 2021.

During the year ended June 30, 2022, the Foundation recognized \$580,000 of refundable ERCs claimed under provisions of the CARES Act and TCDTR Act on the accompanying statement of activities. As of June 30, 2023, the Foundation has collected \$339,038 and has recognized a receivable of \$240,962 on the accompanying statement of financial position. As of June 30, 2024, the Foundation has collected \$226,827 of the receivable and has written off the remaining balance of \$14,135 on the accompanying statement of financial position.

NOTE 8 – Interest in Charitable Remainder Trust

The Foundation is the beneficiary of a charitable remainder trust 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 statement of activities as changes in value of charitable remainder trust reported within other adjustments.

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NOTE 8 – Interest in Charitable Remainder Trust (Continued)

Beneficial interests in the charitable remainder trust totaled \$0 and \$441,554, as of June 30, 2024 and 2023, respectively. The balance represents the portion of the charitable remainder trusts for which the Foundation is the designated beneficiary. During the year ended June 30, 2024, a final distribution of \$740,493 was received from the trust. The additional \$298,939 was recognized as income in the current year on the accompanying statement of activities.

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,	
	2024	2023
Undesignated	\$ 4,602,806	\$ 4,221,536
Board-designated endowment fund supporting priority program and foundation activities	16,414,102	15,442,238
Victoria E. Foote endowment fund	4,182,942	3,935,684
Janice McCoy Miller endowment fund	1,005,300	939,412
Jack G. Waldron endowment fund	427,657	386,911
Council of the Library endowment fund	87,933	81,556
	\$ 26,720,740	\$ 25,007,337

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NOTE 9 – Net Assets (Continued)

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

	June 30,	
	2024	2023
Investing in Lifelong Learning	\$ 1,410,373	\$ 1,805,998
Engaging the Imagination	2,639,645	1,641,376
Helping Students Succeed	611,707	1,091,835
Library Programming	2,126,838	2,243,737
Jon D. Waldron Quasi Endowment	855,314	773,822
Jack G. Waldron Quasi Endowment	427,657	386,911
	8,071,534	7,943,679
Earnings on endowments	13,679,753	11,642,120
	\$ 21,751,287	\$ 19,585,799

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,	
	2024	2023
Investing in Lifelong Learning	\$ 2,392,279	\$ 1,754,398
Engaging the Imagination	1,611,861	1,406,947
Helping Students Succeed	2,231,658	2,031,798
Library Programming	28,534	171,825
	\$ 6,264,332	\$ 5,364,968
	\$ 6,264,332	\$ 5,364,968

Jon D. Waldron Quasi Endowment are donor directed funds to be used to expand resources at the Venice branch of LAPL. The Foundation has elected to preserve the funds as a quasi endowment.

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NOTE 9 – Net Assets (Continued)

Jack G. Waldron Quasi Endowment are donor directed funds to be used for outreach programs for youth and young adults to stimulate creativity, education enhancement, and the acquisition of books. The Foundation has elected to preserve the funds as a quasi endowment.

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

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Caroline Singleton Audit 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	2,000,000
Future Leaders the Democracy Project Endowments	1,500,000	1,500,000
Edythe Broad Technology Endowment	1,000,000	1,000,000
Flora L. Thornton Endowment	1,000,000	1,000,000
Future Leaders Summer Reading Endowments	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 Patterson-Hutto Endowment	250,000	250,000
Lynn Strasburg Miller Endowment	150,200	138,200
Dean Hansell Endowment	95,000	70,000
Norman Kane ZL Inst of Jewish Ed Yiddish Culture Endowment Fund	65,000	-
Evelyn Hoffman Memorial Endowment Fund for Children's Lit Programs	56,902	-
Gajin and Angela Fujita Endowment	53,000	53,000
Sharon Oxborough ALOUD Endowment	50,000	50,000
Sharon Oxborough Audit Literacy Endowment	50,000	50,000
Rosalind Jarrett and Lamar Sepulveda Endowment	50,000	50,000
	<u>50,000</u>	<u>50,000</u>
	<u>\$ 17,408,815</u>	<u>\$ 17,249,913</u>

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NOTE 9 – Net Assets (Continued)

Earnings from the Caroline Singleton Adult Literacy Endowment Fund are designated to maintain and expand the Foundation’s programs that address the problem of adult literacy in the City of L.A.

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

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

Earnings from the Flora L. Thornton Endowment Funds are designated to maintain and expand the Foundation’s programs that address the problem of literacy in the City of L.A.

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

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

Earnings from the Gluck Endowment Fund are designated to purchase books for the Library.

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NOTE 9 – Net Assets (Continued)

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

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

The Lynn Strasburg Miller Endowment Fund was established for the purpose of supporting the Library’s Student Zones program.

The Dean Hansell Endowment Fund was established for the purpose of supporting the Library’s Adult Literacy program.

The Norman Kane ZL Inst. Of Jewish Ed Yiddish Culture Endowment Fund was established for the purpose of producing public programming associated with the Library’s Yiddish collection.

The Evelyn Hoffman Memorial Endowment Fund for Children’s Lit Programs was established for the purpose of supporting children’s literacy programs.

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

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

NOTE 10 – Endowment

The Foundation’s endowment consists of board-designated funds and nineteen 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.

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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 its 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.

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NOTE 10 – Endowment (Continued)

Spending Policy and the Related Investment Objectives

The Foundation has set policies for appropriating expenditures each year at 4 to 6% of the endowment fund's average fair value over the preceding 12 quarters, subject to maintaining certain minimum fund balances. For both of the years ended June 30, 2024 and 2023, the Foundation's board approved a 5% appropriation rate. For June 30, 2024, the Foundation's board approved an additional 5% for the board-directed endowment. However, the Foundation did not take the additional appropriation. 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, 2024 and 2023.

Amounts Appropriated for Expenditure

The amounts appropriated for expenditure during the year ended June 30, 2024, were \$1,034,674 from the board-directed endowment funds and \$1,336,325 from donor-designated endowment funds. The amounts appropriated for expenditure during the year ended June 30, 2023, were \$1,989,023 from the board-directed endowment funds and \$1,253,007 from donor-designated endowment funds. These amounts are reflected in the accompanying statement of activities within net assets released from restriction/designation.

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NOTE 10 – Endowment (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, 2024			
Board-designated	\$ 22,117,934	\$ -	\$ 22,117,934
Donor-designated:			
Donor endowed fund earnings restricted	-	13,679,753	13,679,753
Quasi endowment funds	-	1,282,971	1,282,971
Perpetuity restricted	-	17,408,815	17,408,815
Total endowment funds	<u>\$ 22,117,934</u>	<u>\$ 32,371,539</u>	<u>\$ 54,489,473</u>
At June 30, 2023			
Board-designated	\$ 20,785,801	\$ -	\$ 20,785,801
Donor-designated:			
Donor endowed fund earnings restricted	-	11,642,120	11,642,120
Quasi endowment funds	-	1,160,733	1,160,733
Perpetuity restricted	-	17,249,913	17,249,913
Total endowment funds	<u>\$ 20,785,801</u>	<u>\$ 30,052,766</u>	<u>\$ 50,838,567</u>

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NOTE 10 – Endowment (Continued)

Amounts Appropriated for Expenditure (Continued)

Changes in endowment net assets for the year ended June 30, 2024 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Beginning of year	\$ 20,785,801	\$ 30,052,766	\$ 50,838,567
Investment return:			
Interest and dividends, net of fees	23,509	35,592	59,101
Net appreciation	<u>2,335,066</u>	<u>3,435,907</u>	<u>5,770,973</u>
Total investment return	<u>2,358,575</u>	<u>3,471,499</u>	<u>5,830,074</u>
Contributions	<u>8,232</u>	<u>183,599</u>	<u>191,831</u>
Amounts appropriated for expenditures	<u>(1,034,674)</u>	<u>(1,336,325)</u>	<u>(2,370,999)</u>
End of year	<u>\$ 22,117,934</u>	<u>\$ 32,371,539</u>	<u>\$ 54,489,473</u>

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NOTE 10 – Endowment (Continued)

Amounts Appropriated for Expenditure (Continued)

Changes in endowment net assets for the year ended June 30, 2023 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Beginning of year	\$ 21,411,215	\$ 29,374,321	\$ 50,785,536
Investment return:			
Interest and dividends, net of fees	240,631	379,316	619,947
Net appreciation	<u>1,122,978</u>	<u>1,537,136</u>	<u>2,660,114</u>
Total investment return	<u>1,363,609</u>	<u>1,916,452</u>	<u>3,280,061</u>
Contributions	<u>-</u>	<u>15,000</u>	<u>15,000</u>
Amounts appropriated for expenditures	<u>(1,989,023)</u>	<u>(1,253,007)</u>	<u>(3,242,030)</u>
End of year	<u>\$ 20,785,801</u>	<u>\$ 30,052,766</u>	<u>\$ 50,838,567</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 years ended June 30, 2024 and 2023, amounted to \$19,107 and \$17,885, respectively.

The Library provides office space at no charge to the Foundation. The Foundation has recorded in-kind contributions of \$24,000 for both the years ended June 30, 2024 and 2023, for the donated space. Such in-kind support is offset by like amounts included in expenses.

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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 \$109,612 and \$95,707 for the years ended June 30, 2024 and 2023, respectively.