

**LONG BEACH COMMUNITY FOUNDATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2020 AND 2019**



**LONG BEACH**  
**COMMUNITY**  
**FOUNDATION**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Long Beach Community Foundation

### Opinion

We have audited the accompanying consolidated financial statements of Long Beach Community Foundation (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2020, and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Long Beach Community Foundation as of December 31, 2020, and 2019, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Long Beach Community 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

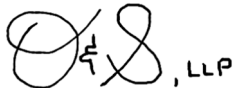
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not 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 consolidated 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 consolidated 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 consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Long Beach Community 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Long Beach Community 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.

A handwritten signature in black ink, appearing to read "OES, LLP". The signature is stylized with a large "O" and "E" connected, and a smaller "S" following. The letters "LLP" are written in a smaller, more standard font to the right of the main signature.

Long Beach, California  
June 14, 2021

**LONG BEACH COMMUNITY FOUNDATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**

**ASSETS**

Cash and cash equivalents held by Greater Horizons	\$ 4,783,567
Cash and cash equivalents	21,748
Investments held by Greater Horizons	54,201,560
Investments	377,165
Contribution receivable	170,586
Beneficial interest in split-interest agreements	472,175
Prepaid expenses	3,724
Property and equipment, net	<u>504,166</u>

<b>TOTAL ASSETS</b>	<b><u><u>\$ 60,534,691</u></u></b>
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**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable and accrued expenses	\$ 10,637
Grants payable	127,600
PPP loan	55,095
Reserve for agency funds	<u>16,436,394</u>
Total Liabilities	<u>16,629,726</u>

**Net Assets**

Without donor restrictions	39,908,326
With donor restrictions	<u>3,996,639</u>
Total Net Assets	<u>43,904,965</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 60,534,691</u></u></b>
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The accompanying notes are an integral part of these consolidated financial statements.

**LONG BEACH COMMUNITY FOUNDATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**

**ASSETS**

Cash and cash equivalents held by Greater Horizons	\$ 4,015,867
Cash and cash equivalents	17,583
Investments held by Greater Horizons	50,827,827
Contribution receivable	10,000
Beneficial interest in split-interest agreements	913,082
Prepaid expenses	2,161
Property and equipment, net	<u>522,852</u>

<b>TOTAL ASSETS</b>	<b><u><u>\$ 56,309,372</u></u></b>
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**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable and accrued expenses	\$ 7,515
Other liabilities	2,164
Reserve for agency funds	<u>14,595,567</u>
Total Liabilities	<u>14,605,246</u>

**Net Assets**

Without donor restrictions	38,243,873
With donor restrictions	<u>3,460,253</u>
Total Net Assets	<u>41,704,126</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 56,309,372</u></u></b>
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The accompanying notes are an integral part of these consolidated financial statements.

**LONG BEACH COMMUNITY FOUNDATION  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 2,794,670	\$ 56,857	\$ 2,851,527
Rental income	79,721	-	79,721
Change in value of split-interest agreements	-	333,269	333,269
Investment gain	4,514,675	294,613	4,809,288
Agency fund administration	151,187	-	151,187
Other income	85,355	-	85,355
Subtotal - support and revenue	7,625,608	684,739	8,310,347
Net assets released from restrictions	148,353	(148,353)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>7,773,961</b>	<b>536,386</b>	<b>8,310,347</b>
<b>EXPENSES</b>			
Program services			
Grants	5,308,181	-	5,308,181
Other program expenses	376,716	-	376,716
Total program services	5,684,897	-	5,684,897
Supporting services			
Management and general	330,236	-	330,236
Fundraising	94,375	-	94,375
Total supporting services	424,611	-	424,611
<b>TOTAL EXPENSES</b>	<b>6,109,508</b>	<b>-</b>	<b>6,109,508</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,664,453</b>	<b>536,386</b>	<b>2,200,839</b>
<b>BEGINNING NET ASSETS</b>	<b>38,243,873</b>	<b>3,460,253</b>	<b>41,704,126</b>
<b>ENDING NET ASSETS</b>	<b>\$ 39,908,326</b>	<b>\$ 3,996,639</b>	<b>\$ 43,904,965</b>

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

**LONG BEACH COMMUNITY FOUNDATION  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 3,001,324	\$ 174,095	\$ 3,175,419
Rental income	82,504	-	82,504
Change in value of split-interest agreements	-	81,058	81,058
Investment gain	5,461,194	368,727	5,829,921
Agency fund administration	133,689	-	133,689
Other income	2,121	-	2,121
Subtotal - support and revenue	8,680,832	623,880	9,304,712
Net assets released from restrictions	170,191	(170,191)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>8,851,023</b>	<b>453,689</b>	<b>9,304,712</b>
<b>EXPENSES</b>			
Program services			
Grants	4,893,582	-	4,893,582
Other program expenses	304,211	-	304,211
Total program services	5,197,793	-	5,197,793
Supporting services			
Management and general	304,571	-	304,571
Fundraising	62,272	-	62,272
Total supporting services	366,843	-	366,843
<b>TOTAL EXPENSES</b>	<b>5,564,636</b>	<b>-</b>	<b>5,564,636</b>
<b>CHANGE IN NET ASSETS</b>	<b>3,286,387</b>	<b>453,689</b>	<b>3,740,076</b>
<b>BEGINNING NET ASSETS</b>	<b>34,957,486</b>	<b>3,006,564</b>	<b>37,964,050</b>
<b>ENDING NET ASSETS</b>	<b>\$ 38,243,873</b>	<b>\$ 3,460,253</b>	<b>\$ 41,704,126</b>

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



**LONG BEACH COMMUNITY FOUNDATION**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Total Program Services	Supporting Services			Total
		Management and General	Fundraising	Total Supporting Services	
Grants					
From donor advised funds	\$ 3,616,617	\$ -	\$ -	\$ -	\$ 3,616,617
Other grants and allocations	1,691,564	-	-	-	1,691,564
	<u>5,308,181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,308,181</u>
Other					
Accounting services	-	23,195	-	23,195	23,195
Advertising and marketing	-	-	178	178	178
Building repairs and maintenance	21,210	-	-	-	21,210
Conferences and meetings	-	5,259	-	5,259	5,259
Contract services	-	26,476	-	26,476	26,476
Depreciation	17,911	775	-	775	18,686
Employee benefits	-	17,589	-	17,589	17,589
Information technology	-	34,430	-	34,430	34,430
Insurance	3,578	4,361	-	4,361	7,939
Investment unitization and bookkeeping	-	58,436	-	58,436	58,436
Legal and professional fees	-	1,973	-	1,973	1,973
Miscellaneous	-	4,735	-	4,735	4,735
Occupancy	-	20,884	-	20,884	20,884
Office supplies	-	13,508	-	13,508	13,508
Payroll service	2,160	-	-	-	2,160
Payroll taxes	6,485	12,970	6,485	19,455	25,940
Projects and events	144,846	-	-	-	144,846
Property management fees	-	6,900	-	6,900	6,900
Property taxes	1,873	-	-	-	1,873
Salaries	165,310	98,734	87,712	186,446	351,756
Travel	-	11	-	11	11
Utilities	13,343	-	-	-	13,343
	<u>13,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,343</u>
Total Expenses	<u>\$ 5,684,897</u>	<u>\$ 330,236</u>	<u>\$ 94,375</u>	<u>\$ 424,611</u>	<u>\$ 6,109,508</u>

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

**LONG BEACH COMMUNITY FOUNDATION**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Total Program Services	Supporting Services			Total
		Management and General	Fundraising	Total Supporting Services	
Grants					
From donor advised funds	\$ 4,373,564	\$ -	\$ -	\$ -	\$ 4,373,564
Other grants and allocations	520,018	-	-	-	520,018
	<u>4,893,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,893,582</u>
Other					
Accounting services	-	24,294	-	24,294	24,294
Advertising and marketing	-	-	5,121	5,121	5,121
Building repairs and maintenance	31,383	-	-	-	31,383
Conferences and meetings	-	7,645	-	7,645	7,645
Contract services	-	24,000	-	24,000	24,000
Depreciation	17,911	1,331	-	1,331	19,242
Employee benefits	-	10,630	-	10,630	10,630
Information technology	-	20,540	-	20,540	20,540
Insurance	2,025	3,831	-	3,831	5,856
Investment unitization and bookkeeping	-	57,515	-	57,515	57,515
Legal and professional fees	-	1,398	-	1,398	1,398
Miscellaneous	-	7,670	-	7,670	7,670
Occupancy	-	21,381	-	21,381	21,381
Office supplies	-	12,571	-	12,571	12,571
Payroll service	2,104	-	-	-	2,104
Payroll taxes	6,045	12,091	6,045	18,136	24,181
Projects and events	56,999	-	-	-	56,999
Property management fees	-	6,190	-	6,190	6,190
Property taxes	1,859	-	-	-	1,859
Salaries	169,863	93,077	51,106	144,183	314,046
Travel	-	407	-	407	407
Utilities	16,022	-	-	-	16,022
	<u>4,893,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,893,582</u>
Total Expenses	<u>\$ 5,197,793</u>	<u>\$ 304,571</u>	<u>\$ 62,272</u>	<u>\$ 366,843</u>	<u>\$ 5,564,636</u>

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

**LONG BEACH COMMUNITY FOUNDATION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 2,200,839
Adjustments to reconcile changes in net assets to net cash used by operating activities	
Depreciation	18,686
Donated stocks and investments	(337,316)
Net realized and unrealized gains on investments	(5,540,429)
Receipt of death benefits from split-interest agreements	397,012
Change in value of split-interest agreements	333,269
(Increase) decrease in:	
Contributions receivable	(160,586)
Prepaid expenses	(1,563)
Increase (decrease) in:	
Accounts payable and accrued expenses	3,122
Grants payable	127,600
Reserve for agency funds	1,840,827
Other liabilities	(2,164)
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b><u>(1,120,703)</u></b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sale of investments	12,292,512
Purchases of investments	<u>(10,455,039)</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b><u>1,837,473</u></b>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from PPP loan	<u>55,095</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b><u>55,095</u></b>

**INCREASE IN CASH AND CASH EQUIVALENTS**

771,865

**BEGINNING CASH AND CASH EQUIVALENTS**

4,033,450

**ENDING CASH AND CASH EQUIVALENTS**

**\$ 4,805,315**

**RECONCILIATION TO CONSOLIDATED  
STATEMENT OF FINANCIAL POSITION**

Cash and cash equivalents held by Greater Horizons	\$ 4,783,567
Cash and cash equivalents	<u>21,748</u>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b><u><u>\$ 4,805,315</u></u></b>

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

**LONG BEACH COMMUNITY FOUNDATION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 3,740,076
Adjustments to reconcile changes in net assets to net cash used by operating activities	
Depreciation	19,242
Donated insurance policies	30,682
Donated stocks and investments	(346,270)
Net realized and unrealized gains on investments	(6,637,344)
Change in value of split-interest agreements	(81,058)
(Increase) decrease in:	
Contributions receivable	22,000
Prepaid expenses	(12)
Increase (decrease) in:	
Accounts payable and accrued expenses	5,456
Grants payable	(42,755)
Reserve for agency funds	3,135,864
Other liabilities	994
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>(153,125)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sale of investments	31,694,647
Purchases of investments	<u>(30,368,816)</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>1,325,831</u>

<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,172,706
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>2,860,744</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u><u>\$ 4,033,450</u></u>

**RECONCILIATION TO CONSOLIDATED  
STATEMENT OF FINANCIAL POSITION**

Cash and cash equivalents held by Greater Horizons	\$ 4,015,867
Cash and cash equivalents	<u>17,583</u>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u><u>\$ 4,033,450</u></u>

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

**LONG BEACH COMMUNITY FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 and 2019**

**NOTE 1 – ORGANIZATION, MISSION, AND ACTIVITIES**

**Reporting Entity and Nature of Activities**

Long Beach Community Foundation (the "Foundation", "LBCF") was incorporated in the State of California under the Nonprofit Public Benefit Corporation Law in 2006 as a public charity established under the Internal Revenue Service (IRS) Code section 501(c)(3). The Foundation's mission is to initiate positive change for Long Beach through charitable giving, stewardship, and strategic grant making.

To fulfill its mission, the Foundation becomes an enabling vehicle that provides charitable tax deductions for contributions received in connection with individualized giving programs. The Foundation then provides investment management oversight for all funds under its stewardship and assures that such funds receive diversified and comprehensive investment management. Grants to eligible nonprofit agencies and governmental subdivisions are recommended by the Foundation's Board of Directors, donor advisors, and creators of special purpose charitable funds and endowments. Most grants are intended to benefit Long Beach, California. Strict due diligence and review procedures are applied to each grant to assure compliance with federal and state tax laws. Operating expenses of the Foundation are primarily supported through fees charged to each philanthropic fund.

These consolidated financial statements include the accounts of LBCF Properties Foundation, incorporated in 2012, to receive, hold, manage, and administer donations of real estate and certain other non-liquid types of property for the benefit of the Foundation. It is separately recognized by the Internal Revenue Service as a section 501(c)(3) exempt organization and is classified as an IRS Type 1 Supporting Organization under IRS Code section 509(a)(3). LBCF Properties Foundation owns a commercial office building and leases commercial office space to qualified local charitable organizations.

The Foundation partners with Greater Horizons (administered by the Greater Kansas City Community Foundation) for financial management and investment accounting services for all funds under its stewardship. These "Back Office Operations" are covered by a Service Organization Control Report (SOC 1) issued by KPMG LLP. Through the partnership with Greater Horizons, the Foundation pools its assets with other community foundations. Greater Horizons is compensated for these services, and provides fund accounting and enhanced donor services to the Foundation's donors.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

**Basis of Presentation**

The Consolidated Statement of Financial Position does not classify assets and liabilities as current or non-current because the operating cycle of a community foundation is presumed to be *in perpetuity*.

**LONG BEACH COMMUNITY FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 and 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Recent Accounting Standards**

In May 2014, the FASB issued ASU 2014-09, *“Revenue from Contracts with Customers (Topic 606)”*. This ASU replaces nearly all existing U.S. GAAP guidance on revenue recognition. ASU 2014-09 requires entities to recognize revenue in a way that depicts the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. ASU 2014-09 is effective for non-public entities for fiscal years beginning after December 15, 2019, with early adoption permitted.

The Foundation adopted this new standard effective January 1, 2020. The adoption of this ASU did not have a significant impact on the Organization’s financial statements. The majority of the Organization’s revenue arrangements generally consist of contributions of cash or stock. Based on the Foundation’s evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

In February 2016, the FASB issued ASU 2016-02 *“Leases (Topic 842)”*, which sets out the principles for the recognition measurement, presentation, and disclosure of leases for both lessees and lessors. ASU 2016-2 requires lessees to recognize the following for all leases with terms longer than 12 months: (a) a lease liability, and (b) a right-of-use asset. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of 12 months or less will be accounted for similarly to existing guidance for operating leases. This standard is effective for non-public entities for fiscal years beginning after December 15, 2021, with early adoption permitted. The Foundation is evaluating the impact the pronouncement may have on the financial statements.

In June 2018, the FASB issued ASU 2018-08 *“Not-for-Profit Entities (Topic 958): Clarifying the Score and the Accounting Guidance for Contributions Received and Contributions Made.”* This update clarifies and improves current guidance about whether a transfer of assets is a contribution or an exchange transaction. The Foundation adopted the standard effective January 1, 2020. The adoption of this accounting standard did not materially impact the Foundation’s financial statements.

**Principles of Consolidation**

The Long Beach Community Foundation and LBCF Properties Foundation are under common management and control. In accordance with generally accepted accounting principles, the financial statements have been prepared on a consolidated basis. All intercompany transactions and balances have been eliminated in consolidation. Each entity holds a separate Internal Revenue Service (IRS) exempt determination letter and is required to file its own IRS Form 990 Informational Return and the corresponding California Form 199. Unless otherwise stated, the two entities are collectively referred to as the “Foundation” in these consolidated financial statements.

**Use of Estimates**

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

**LONG BEACH COMMUNITY FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 and 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Significant Estimates**

The Foundation has been named beneficiary of various estates. Bequests received under such estates are not recorded until the Foundation has a legal right to such assets, the distribution of assets to the Foundation is probable, and the amount of the distribution can be reasonably estimated. The Foundation's estimate of the beneficial interest in split-interest agreements is subject to uncertainty because it involves significant assumptions. The nature of the uncertainty is a result of the lack of information regarding the life expectancies of lead beneficiaries, the remainder amounts of trust assets, and the value of underlying trust assets. It is at least reasonably possible that a change in the estimate will occur in the near term and the effect of the change would be material to the financial statements.

**Cash and Cash Equivalents**

The carrying value of cash and cash equivalents approximates fair value. Cash equivalents consist of highly liquid investments with an initial maturity of three months or less.

**Investments**

Investments in all mutual funds and equity securities with readily determinable market values are recorded at fair market value. Fair market value is determined from quoted market prices. Investments held at Greater Horizons are made according to the Investment Objectives and Policies adopted by the Foundation's Board of Directors. Prairie Capital Management provides independent investment management and consulting.

Investment guidelines provide for investment in equities and fixed income securities with performance measured against appropriate indices. Securities are held in custodial investment accounts administered by certain financial institutions. The Foundation maintains master investment accounts for all the Foundation's accounts including donor-restricted and board-designated endowment accounts.

Realized and unrealized gains and losses from securities in the master investment accounts are allocated monthly to the individual accounts based on the relationship of the market value of each account to the total market value of the master investment accounts. Earnings on short-term, pass-through, and special purpose accounts accrue to the Foundation.

**Contributions and Bequests Receivable**

The Foundation has been named beneficiary of various estates. Bequests received under such estates are not recorded until the Foundation has a legal right to such assets, the distribution of assets to the Foundation is probable, and the amount of the distribution can be reasonably estimated.

**Property and Equipment**

Property and equipment are recorded at cost, if purchased, or at fair value at the date of the gift, if donated and significant. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Depreciation has been recorded using the straight-line method over the estimated useful lives of the assets, generally 10 to 39 years for buildings and improvements, and 5 to 10 years for furniture and equipment. Land has an indefinite useful life and is therefore not depreciated. The acquisition cost or

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

value of property and equipment for LBCF Properties Foundation in excess of \$1,000 is capitalized. Acquisitions of property and equipment for LBCF in excess of \$5,000 are capitalized.

Repairs, maintenance and minor acquisitions are expensed as incurred, and the Foundation uses the direct expense method to account for planned major maintenance activities.

**Reserve for Agency Funds**

The Foundation follows guidance provided by Generally Accepted Accounting Principles (GAAP) which establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to an entity that is specified by the donor. The standards specifically require that if a 501(c)(3) public charity organization establishes a fund at a community foundation with its own funds and specifies itself or its affiliate as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability.

**Financial Statement Presentation**

The Foundation reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions.

- Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.
- With donor restrictions – Net assets subject to donor-imposed restrictions that may be temporary in nature and that may be or will be met by actions of the Foundation or the passage of time. Other donor stipulations may be perpetual in nature, where the donor stipulates that the corpus be maintained intact 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 restrictions.

**Revenue Recognition**

The Foundation recognizes revenue based on the existence or absence of an exchange transaction. The Organization recognizes revenue from exchange transactions when it satisfies a performance obligation by providing a service to a customer or by transferring control over a product to a customer.

*Revenue from non-exchange transactions consist of the following:*

Contributions of cash and bequests- gifts received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and report in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All contributions, including bequests and unconditional promises to give, are measured at fair market value and recognized as revenue in the Consolidated Statement of Activities in the period received at estimated net realizable value. Bequests are recognized only when the Foundation's right to receive the proceeds is assured and the value is subject to reasonable estimation.



**LONG BEACH COMMUNITY FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fair Value Measurements and Disclosures**

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. GAAP also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

GAAP emphasizes that fair value is a market-based measurement, not an entity-specific measurement. As a basis for considering market participant assumptions in fair market value measurements, GAAP establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 Inputs utilize quoted prices in active markets for identical assets or liabilities that are able to be accessed.
- Level 2 Inputs utilize data other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly and may include:
  - Quoted prices for similar assets or liabilities in active markets.
  - Quoted prices for identical or similar assets or liabilities in inactive markets.
  - Inputs other than quoted prices that are observable for the asset or liability.
  - Inputs and data that are derived from, or corroborated by, observable market data at commonly quoted intervals or by other means.
- Level 3 Inputs are unobservable inputs for the assets or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Fair value measurements within the fair value hierarchy are based on the lowest level of any input that is significant to the measurement of a particular asset or liability. Valuations will maximize the use of observable inputs and minimize the use of unobservable inputs.

**Variance Power**

The Foundation's governing documents include a variance provision giving the Board of Directors the power to modify any restriction or condition placed on any gift given to the Foundation. This includes funds with donor-imposed restrictions, if, in its sole judgment, the Board determines that the restriction becomes, in effect, incapable of fulfillment or inconsistent with the charitable needs of the community. The Foundation's governing documents further provide that, absent contrary directions given in the transferring instrument regarding the use of the principal, all or part of the principal of any fund may be used subject to certain conditions. Accordingly, such contributions are reported as net assets without donor restrictions.

**LONG BEACH COMMUNITY FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Other Donated Assets, Services and Facilities**

Donated marketable securities are recorded at the mean quoted market price on the active trading day closest to the date received. Other noncash donations are recorded as contributions at their estimated fair values at the date of donation. The Foundation also receives donations of other noncash assets including the use of facilities and ancillary services from its supporters. These donations, if significant, are recorded at estimated fair market value at the date of donation. The Foundation received contributed facilities during the years ended December 31, 2020 and 2019 with a fair value of \$15,780, in each year.

It is the policy of the Foundation to record a value for contributed services when such services require a special skill or enhance a non-financial asset. No amounts have been reflected in the financial statements for donated volunteer time, since no objective basis is available to measure the value of such services; however, volunteers and Board members have donated time in the accomplishment of program objectives.

**Allocation of Expenses by Function**

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on an evaluation by the Foundation's management. The expenses that are allocated are salaries and benefits, which are allocated on the basis of estimates of time and effort. Media and public relations costs incurred to promote the mission and programs of the Foundation are charged to "advertising and marketing" as incurred. Such costs are identified in the Consolidated Statement of Functional Expenses.

**Income Taxes**

The Long Beach Community Foundation and LBCF Properties Foundation are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of the State of California.

The Foundation evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the tax positions will, more likely than not, be sustained upon examination. As of December 31, 2020 and 2019, management does not believe the Foundation has any uncertain tax positions requiring accrual or disclosure. The Foundation is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

**Reporting of Subsequent Events**

The Foundation has evaluated events and transactions for potential recognition or disclosure through June 14, 2021, which represents the date the financial statements were available to be issued.

In February 2021, the Organization received a 2<sup>nd</sup> PPP loan from the bank in the amount of \$55,669. The Foundation will not know, what if any, of the loan is forgivable until such time as an application for forgiveness is submitted to the bank and the bank determines the final amount of the forgiveness. Any loan amounts not forgiven are repayable over five years with interest at 1.00%.

In March 2021, the Organization received notice that its 1<sup>st</sup> PPP loan was fully forgiven.

**LONG BEACH COMMUNITY FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 3 – INVESTMENTS**

Investments consisted of the following at December 31, 2020:

Marketable securities	
Equity pool	\$ 27,935,236
Short-term fixed income pool	10,470,939
Intermediate-term fixed income pool	7,055,925
Other	9,116,625
	<hr/>
Total investments	\$ 54,578,725
	<hr/>

Investment return is summarized as follows at December 31, 2020:

Investment income	\$ 903,519
Net realized and unrealized gains on investments	3,951,098
Advisory fees	(45,329)
	<hr/>
Total investment gain	\$ 4,809,288
	<hr/>

Investments consisted of the following at December 31, 2019:

Marketable securities	
Equity pool	\$ 25,253,389
Short-term fixed income pool	9,741,214
Intermediate-term fixed income pool	6,443,262
Other	9,389,962
	<hr/>
Total investments	\$ 50,827,827
	<hr/>

Investment return is summarized as follows at December 31, 2019:

Investment income	\$ 987,095
Net realized and unrealized gains on investments	4,886,644
Advisory fees	(43,818)
	<hr/>
Total investment gain	\$ 5,829,921
	<hr/>

**LONG BEACH COMMUNITY FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 and 2019**

**NOTE 3 – INVESTMENTS (continued)**

Because of the “pooling” of investments with Greater Horizons, the Foundation does not disclose the carrying amounts of investments by major types of security; however, the pools are generally invested as follows:

- Equity Pool – The goal of the Equity Pool is to provide a broad market exposure with passive, cost effective investments in segmented and indexed stock mutual funds that diversify across market capitalizations and regions.
- Short-Term and Intermediate-Term Fixed Income Pools – The purpose of the Fixed Income Pools is to provide capital preservation and current income in using passive, cost effective investments in U.S. Treasury notes and bonds, corporate bonds, bank loans, mortgage backed securities and U.S. Treasury Inflation Protected Securities.
- Separately Managed Accounts (Other) – The Foundation allows donors to use their own trusted financial advisor to manage a customized charitable investment portfolio under the umbrella of the Foundation. These separately managed accounts are able to make use of any of the above types of investments.

**NOTE 4 – BENEFICIAL INTEREST IN SPLIT-INTEREST AGREEMENTS**

In January 2010 the Foundation received notice that a \$100,000 cash gift from a revocable trust became irrevocable. The Foundation will receive the distribution upon the death of the surviving spouse.

In May 2010 the Foundation received information necessary to record the value of a beneficial interest in six charitable remainder trusts. Upon the death of each trust’s noncharitable lead beneficiary, the Foundation will receive a distribution equal to twenty percent of each trust’s remaining assets. Annually the assets are re-measured at fair market value based on the noncharitable lead beneficiaries’ life expectancies. The asset is measured at the present value of the expected future cash flows, using an expected payout rate of 6% and applicable mortality tables.

Changes in the value of these assets are recorded as increases or decreases to the assets with a corresponding amount recorded in the consolidated statement of activities and changes in net assets. The beneficial interest in these split-interest agreements at December 31, 2020 and 2019 were determined to be \$472,175 and \$913,082, respectively.

**NOTE 5 – RETIREMENT PLAN**

The Foundation has a defined contribution retirement plan under a Simple IRA in which all eligible employees may participate. The Foundation makes matching contributions up to 3% of employee salaries. Matching contributions for the year ended December 31, 2020 and 2019 were \$10,280 and \$9,344, respectively.

**LONG BEACH COMMUNITY FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 and 2019**

**NOTE 6 – PROPERTY AND EQUIPMENT**

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

Land	\$ 235,800
Building and improvements	371,168
Furniture and equipment	47,694
	<hr/> 654,662
Less accumulated depreciation	(150,496)
	<hr/>
Total property and equipment, net	<u>\$ 504,166</u>

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

Land	\$ 235,800
Building and improvements	371,168
Furniture and equipment	47,694
	<hr/> 654,662
Less accumulated depreciation	(131,810)
	<hr/>
Total property and equipment, net	<u>\$ 522,852</u>

Depreciation expense was \$18,686 and \$19,242 for the years ended December 31, 2020 and 2019.

**NOTE 7 – PROGRAM SERVICES**

Program service expenses consisting of grants and philanthropic distributions and other program expenses for the years ended December 31, 2020 and 2019 totaled \$5,684,897 and \$5,197,793, respectively.

**NOTE 8 – RESERVE FOR AGENCY FUNDS**

Unaffiliated nonprofit organizations have set up funds with the Foundation for their own benefit under agency agreements. The net investment activity and related management fees are allocated on a prorated basis to each separate fund account. Assets related to agency agreements are held in cash and investments. The balance of such funds at December 31, 2020 and 2019 was \$16,436,394 and \$14,595,567, respectively.

**NOTE 9 – PPP LOAN**

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Securities (CARES) Act was signed into law including the Payroll Protection Program (PPP), a new forgivable loan product offered through the SBA. In May 2020, the Foundation received a PPP loan in the amount of \$55,095. The Foundation will not know, what if any, of the loan is forgivable until such time as an application for forgiveness is submitted to the bank and the bank determines the final amount of the forgiveness. Any loan amounts not forgiven are repayable over two years with interest at 1.00%. See Note 2.

**LONG BEACH COMMUNITY FOUNDATION**  
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**NOTE 10 – FAIR VALUE MEASUREMENTS**

The following table summarizes the valuation of the Foundation's fair value measurements at December 31, 2020:

	Level 1	Level 2	Level 3	Total
Equity pool	\$27,935,236	\$ -	\$ -	\$27,935,236
Short-term fixed income pool	10,470,939	-	-	10,470,939
Intermediate-term fixed income pool	7,055,925	-	-	7,055,925
Other	8,739,460	-	-	8,739,460
Split-interest agreements	-	-	472,175	472,175
LLC Interest	-	-	377,165	377,165
Total	<u>\$54,201,560</u>	<u>\$ -</u>	<u>\$ 849,340</u>	<u>\$55,050,900</u>

The following table summarizes the valuation of the Foundation's fair value measurements at December 31, 2019:

	Level 1	Level 2	Level 3	Total
Equity pool	\$25,253,389	\$ -	\$ -	\$25,253,389
Short-term fixed income pool	9,741,214	-	-	9,741,214
Intermediate-term fixed income pool	6,443,262	-	-	6,443,262
Other	9,389,962	-	-	9,389,962
Split-interest agreements	-	-	913,082	913,082
Total	<u>\$50,827,827</u>	<u>\$ -</u>	<u>\$ 913,082</u>	<u>\$51,740,909</u>

Fair values for the beneficial interest in split-interest agreements are determined by calculating the present value of the estimated future interest expected to be received by the Foundation. The units in limited partnerships were received as a contribution during the year, and recorded at fair market value as of the date of donation, less a management determined discount. Alternative investments are recorded at the net asset value.

The following tables reconciles beginning and ending balances for these Level 3 assets for the year ended December 31, 2020 and 2019:

	Split-interest agreements
Balance, January 1, 2019	\$ 862,706
Disposal of life insurance policies	(30,682)
Change in value of split-interest agreements	<u>81,058</u>
Balance, December 31, 2019	<u>\$ 913,082</u>

**LONG BEACH COMMUNITY FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 10 – FAIR VALUE MEASUREMENTS (continued)**

	Split-interest agreements	LLC interest
Balance, January 1, 2020	\$ 913,082	\$ -
Distribution due to death of beneficiaries	(774,176)	-
Change in value of split- interest agreements	333,269	-
Receipt of LLC interest	-	377,165
Balance, December 31, 2020	<u>\$ 472,175</u>	<u>\$ 377,165</u>

**NOTE 11 – NET ASSETS**

**Without donor restrictions**

Undesignated

Undesignated net assets are available for operating and grant making purposes.

Donor Advised Funds

Donor advised funds represent undesignated net assets even though grant recommendations are accepted from donors or other advisors of most donor advised funds. The Foundation is the owner of all such funds and has the ultimate authority and approval regarding the use of those funds.

Board-Designated

Board-designated net assets consist of Board designated funds in which the principal and earnings are to be available for unrestricted grants to the community. The Board has also designated any net investment earnings to be included as part of those funds. The purpose of the board-designated net assets without donor restrictions are as follows:

	2020	2019
General grant making in Long Beach	\$ 2,619,194	\$ 1,651,650
Child health care needs	287,453	264,934
Child camp programs	251,434	221,810
Scholarships	209,175	186,225
Education	56,940	52,611
Purchase of medical books	6,024	5,819
	<u>\$ 3,430,220</u>	<u>\$ 2,383,049</u>

**LONG BEACH COMMUNITY FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 11 – NET ASSETS (continued)**

Net assets without donor restrictions are summarized as follows:

	2020	2019
Donor advised funds	\$ 32,095,390	\$ 31,402,617
Undesignated	4,382,716	4,446,864
Board-designated - endowed	3,430,220	2,383,049
Board-designated - non-endowed	-	11,343
Total without donor restrictions	<u>\$ 39,908,326</u>	<u>\$ 38,243,873</u>

**With donor restrictions – temporary restrictions**

Net assets which are restricted, primarily for the passage of time, are summarized as follows:

	2020	2019
Split-interest agreements	\$ 1,196,352	\$ 863,083
Time restricted earnings on endowment	692,506	502,142
Purpose restricted contributions	77,466	22,827
Total net assets with donor restrictions - temporary restrictions	<u>\$ 1,966,324</u>	<u>\$ 1,388,052</u>

Temporarily restricted assets, consisting of the following, are presented as net assets with donor restrictions as of:

	2020	2019
Cash	\$ 151,843	\$ 317,606
Investments	618,130	79,972
Split-interest agreements	1,196,351	990,474
	<u>\$ 1,966,324</u>	<u>\$ 1,388,052</u>

**With donor restrictions – permanent restrictions**

Net assets with permanent donor restrictions consist of donor-restricted endowment funds, of which the earnings are restricted in accordance with donor stipulations. The balance of net assets with permanent donor restrictions at December 31, 2020 and 2019 was \$2,030,315 and \$2,072,201, respectively.

Permanently restricted assets, consisting of the following, are presented as net assets with donor restrictions as of December 31, 2020 and 2019:

	2020	2019
Investments	\$ 1,980,315	\$ 2,022,201
Split-interest agreements	50,000	50,000
	<u>\$ 2,030,315</u>	<u>\$ 2,072,201</u>



**LONG BEACH COMMUNITY FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 12 – ENDOWMENTS**

The Foundation's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

General Board Policy on Administration of Endowment Funds

The Foundation has determined the majority of the Foundation's contributions are subject to its governing documents. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Foundation. The Foundation has interpreted the California Uniform Prudent Management of Institutional Funds Act (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 net assets with donor restrictions:

- (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.

Investment Policy for Endowment Funds

The remaining portion of donor-restricted endowment funds, which is generally composed of investment income from the endowed investment, will be classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA, which became effective in California on January 1, 2009. When appropriated for expenditure, such assets will be reclassified to net assets without donor restrictions. Under the policy adopted by the Foundation, the Foundation has the ability to distribute as much of the corpus of any trust or separate gift, devise, bequest or fund as the Board of Directors in their sole discretion shall determine. As a result, all contributions not classified as net assets with donor restriction are classified as net assets without donor restrictions for financial statement purposes.

Although the Foundation retains variance power over the distributions from these net assets without donor restrictions, to the extent that the donors or boards of directors have recommended that certain funds function as endowment funds, the Foundation manages these funds as endowments.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for operations and granting. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under the investment policy, as approved by the Foundation's Board of Directors, the endowment assets are invested in a manner which attempts to achieve over time, after fees and expenses, a reasonable rate of return consistent with the risk levels established by the investment committee for all permanently restricted endowment assets. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation focused on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**LONG BEACH COMMUNITY FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 12 – ENDOWMENTS (continued)**

Spending Policy for Endowment Funds

The Foundation has a policy of appropriating a spendable amount for distribution as of January 1 of each year (currently four percent) of each endowment fund's average fair value over the prior twelve quarters. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to maintain the purchasing power of the endowment assets held in perpetuity.

Endowment net assets consisted of the following as of December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment	\$ -	\$ 2,722,820	\$ 2,722,820
Board-designated endowment	3,430,217	-	3,430,217
	<u>\$ 3,430,217</u>	<u>\$ 2,722,820</u>	<u>\$ 6,153,037</u>

Endowment net assets consisted of the following as of December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment	\$ -	\$ 2,574,343	\$ 2,574,343
Board-designated endowment	2,383,049	-	2,383,049
	<u>\$ 2,383,049</u>	<u>\$ 2,574,343</u>	<u>\$ 4,957,392</u>

**LONG BEACH COMMUNITY FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 12 – ENDOWMENTS (continued)**

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, beginning of year	<u>\$ 1,986,880</u>	<u>\$ 2,205,569</u>	<u>\$ 4,192,449</u>
Investment return:			
Investment income	54,258	57,709	111,967
Net appreciation (realized and unrealized)	<u>322,733</u>	<u>345,406</u>	<u>668,139</u>
Total investment return	<u>376,991</u>	<u>403,115</u>	<u>780,106</u>
Investment fees	(27,250)	(32,227)	(59,477)
Contributions	110,532	87,077	197,609
Amounts appropriated	<u>(64,104)</u>	<u>(89,191)</u>	<u>(153,295)</u>
Endowment assets, end of year	<u>\$ 2,383,049</u>	<u>\$ 2,574,343</u>	<u>\$ 4,957,392</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, beginning of year	<u>\$ 2,383,049</u>	<u>\$ 2,574,343</u>	<u>\$ 4,957,392</u>
Investment return:			
Investment income	58,255	50,467	108,722
Net appreciation (realized and unrealized)	<u>366,046</u>	<u>279,070</u>	<u>645,116</u>
Total investment return	<u>424,301</u>	<u>329,537</u>	<u>753,838</u>
Investment fees	(34,128)	(33,256)	(67,384)
Contributions	338,393	550	338,943
Amounts appropriated	<u>318,602</u>	<u>(148,354)</u>	<u>170,248</u>
Endowment assets, end of year	<u>\$ 3,430,217</u>	<u>\$ 2,722,820</u>	<u>\$ 6,153,037</u>

**LONG BEACH COMMUNITY FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 13 – CONCENTRATIONS**

**Cash**

The Foundation maintains cash balances in a financial institution. Accounts at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash balances maintained by the Foundation as of December 31, 2020 and 2019 are less than the FDIC insurance limit.

The Foundation also has cash balances held by Greater Horizons. Greater Horizons maintains cash balances in financial institutions and in money market funds. As of December 31, 2020 and 2019, the uninsured cash balances totaled \$4,609,344 and \$3,788,277, respectively.

**Support**

Five donors contributed 36% of contribution support for the year ended December 31, 2020. Three donors contributed 39% of contribution support for the year ended December 31, 2019

**Market and Interest Rate Risks**

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the Consolidated Statement of Financial Position.

**NOTE 14 – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

During the year ended December 31, 2020, the Foundation paid no interest and no income taxes. The Foundation received non-monetary contributions during the years ended December 31, 2020 and 2019 of \$337,316 and \$346,270, respectively, which are comprised of stock donations received.

**NOTE 15 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following represents financial assets that could readily be made available within one year at December 31, 2020 and 2019 for general expenditures:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 380,314	\$ 287,095
Investments	<u>273,027</u>	<u>247,559</u>
	<u>\$ 653,341</u>	<u>\$ 534,654</u>

In addition to financial assets available to meet general expenditures over the year, the Foundation operates with a balanced budget and anticipates covering its general expenditures by collection of sufficient donations and administrative fees. The Foundation reviews its cash position on a regular basis to ensure adequate funds are on hand to meet expenses. At December 31, 2020 and 2019, approximately \$36 million and \$35 million, was available for grant making, as needed.