February 26, 2025 Finance Commission Handouts and Attachments

CFO Handouts:

CFO-1. Pensions

CFO-2. Finance Commission Items

CFO-3. Finance Commission 2025 Calendar

CFO-4. “Why Do We Need to Rethink Budgeting?” Article

Agenda Attachments:

D1. Mid-Year Budget Adjustments Presentation

D2. Overview of Financial Forecast Model and Fiscal Outlook Presentation (Cain)

D3-1. Pension Letter to City Council (Hamilton)

D3-2. “Lessons Learned from the Detroit Bankruptcy” Article

D4-1. Memo to City Council re Friends of the Library (FOTL) (Lo Grasso)

D4-2. FOTL Financial Summary

D4-3. Friends of the Childrens Library Tax Return

D4-4. FOTL Tax Return

Overview of the California Rule Related to Employee Pensions

The California Rule is a legal doctrine that protects public employee pensions in California. It states that public employees are entitled to the pension benefits that were in place when they were hired.

How does the California Rule work?

- The California Rule treats public employee pension contracts as contracts that protect benefits earned and guarantee at least as generous terms for the duration of employment.
- The California Rule prevents reductions to pension benefits, even for future service, except in limited circumstances.
- The California Rule requires that any modifications to pension benefits be accompanied by comparable new advantages.

How has the California Rule been affected by legislation?

- The Public Employees' Pension Reform Act (PEPRA) of 2013 changed the way CalPERS retirement and health benefits are applied.
- In 2020, the California Supreme Court upheld PEPRA, which reduced the potential retirement income of government employees hired after 2013.

The California Rule is one of the strongest legal protections for public employee pensions in the state.

Overview of California City Bankruptcies Impact on Employee Pensions

Explanation to question about "Did any California Bankruptcies impair employee pensions"?

No, California cities that filed for bankruptcy did not impair pensions in the same way that some other cities did in other states.

San Bernardino

After filing for bankruptcy in 2012, San Bernardino agreed to repay CalPERS with interest and a penalty. The city's exit plan did not include cutting pensions.

Stockton

In 2014, a federal judge ruled that bankruptcy law supersedes California laws that protect pension funds. However, the city was able to reorganize its debt without cutting pensions.

Vallejo
This city cut health-care benefits and laid off public-safety workers to deal with its pension obligations.

In general, bankruptcy law allows cities to reject pension agreements and adjust pensions. However, some cities have been able to avoid cutting pensions through mediation or reorganization.

BK did impair employees retiree medical benefits.

Information provided by City Staff.

Disclaimer: The information here doesn't constitute legal advice or representation.

Commissions Current and Proposed Future Agenda Items

Finance Commission Meeting

February 26, 2025

Finance Commission
Current & Proposed Future Agenda Items

February –

- Est. 1 hr -Presentation of the City's Long-Range Financial Plan – Cain / Jim Morris - UFI
- Est. 5 min - Mid-Year Budget Review & Budget Adjustments – Serna B.
- Commission Items: Pension & Friends of the Library Recommendations –Hamilton / Lo Grasso
- Visit HB Review / Ad Hoc on Financial Reporting / Arcis Status / Leases - Cicerone

March –

- 1.5 hr - Presentation by Operating Departments -- Programs and Department Service Priorities
- Commission members discussion of their top Community Service Priorities
- Report out on Meadowlark Golf Course Task Force February 2025 meeting
- Other Commission Items:

Finance Commission – City Items
Updated 2025 Calendar

1. **January** – Fiscal Year End Audit / Review of ACFR
2. **February** - Mid-Year Budget Adjustments / LRFP Overview
3. **March** – City Service Priorities / Department Overview of Services / Mid-year Budget Review / PAFR Review
4. **April** - Proposed Budget Review
5. **May** – Proposed CIP and Infrastructure Projects and Report Card
6. **June** - Single Audit, and overview of new GASB Standard Requirements
7. **July** - Adopted Budget Review / Long Range Plan Review
8. **August** – Investment Review
9. **September** - Economic Development Review
10. **October** – Pension Update / Debt and Refinancing Opportunities
11. **November** - Finance / Budget Policy Review / Reserves
12. **December** – Legislative Update / Review and Update on CIP Projects

BUDGET CALENDAR

Date	Event
January 31, 2025	All Budget Forms Due back from Departments
February 2025	Department Meetings with the CFO / Budget Team
February 2025	Mid-Year Budget Review by Finance Commission
March 2025	Department Meetings with the City Manager
April 2025	Proposed Budget Review by Finance Commission
May 20, 2025	FY 2025/26 Proposed Budget Study Session
May 2025	Proposed CIP / Infrastructure Projects review by Finance Commission
June 3, 2025	FY 2025/26 Budget City Council Public Hearing
June 17, 2025	FY 2025/26 Budget Adoption (Tentative)
July 1, 2025	Fiscal Year Begins
July 2025	Adopted Budget Review by Finance Commission

Finance Commission
Recurring / Requested / Parking Lot

Recurring

- Friends of the Library – Sub Committee Update
- Meadowlark Golf – Task Force Update (Meets Quarterly)

Requested Items for Future Agenda

- Citywide Leases – Presentation by City Staff
- Visit HB – Presentation and Review

Parking Lot Items – Future Meeting Items

- Pension Overview -
- PAFR Review - March

Finance Commission – City Items

Updated 2025 Calendar

1. **January** – Fiscal Year End Audit / Review of ACFR
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6. **June** - Single Audit, and overview of new GASB Standard Requirements
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8. **August** – Investment Review and Update
9. **September** - Economic Development Review
10. **October** – Pension Update / Debt and Refinancing Opportunities
11. **November** - Finance / Budget Policy Review / Reserves
12. **December** – Legislative Update / Review and Update on CIP Projects

Recurring Agenda Items

Friends of the Library

Meadowlark Golf – Rask Force Update

Requested Future Discussion Items:

Citywide Leases

Visit HB – Presentation and Review

Future Discussion Items:

CalPERS Overview Presentation

Rethinking Reserve Policies

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RETHINKING BUDGETING

WHY DO WE NEED TO RETHINK BUDGETING?

For more information, visit **gfoa.org/rethinking-budgeting**

RETHINKING BUDGETING

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About the Rethinking Budgeting Initiative

Local governments have long relied on incremental, line item budgeting where last year's budget becomes next year's budget with changes around the margin. Though this form of budgeting has its advantages and can be useful under circumstances of stability, it also has important disadvantages. The primary disadvantage is that it causes local governments to be slow to adapt to changing conditions. The premise of the Rethinking Budgeting initiative is that the public finance profession has an opportunity to update local government budgeting practices to take advantage of new ways of thinking, new technologies, and to better meet the changing needs of communities. The Rethinking Budgeting initiative will raise new and interesting ideas like those featured in this paper and will produce guidance for state and local policy makers on how to local government budget systems can be adapted to today's needs. We hope the ideas presented in this paper will spur conversation about the possibilities for rethinking budgeting. The Rethinking Revenue initiative is a collaborative effort between the Government Finance Officers Association (GFOA) and International City/County Management Association (ICMA).

Local governments have developed their budgets in essentially the same way for decades. The essence of the traditional approach is, first, that the budget is incremental. This means that last year's budget becomes next year's budget with changes at the margin. Second, the budget is built around line items—categories of spending like personnel, commodities, and contractual services, which are then grouped into departments and funds. People have criticized this approach for almost as long as it has been in use with local governments.

One of the most prominent criticisms is that *past decisions are frozen in place past the point at which they are affordable or relevant*. Once a change is made to the budget, the change is carried over to successive budgets. Let's illustrate with an example that is not uncommon in traditional budgeting. If a department gets a grant from, say, state or federal government to increase staffing for a few years, those positions come to be regarded as part of the department's baseline budget. Once the grant ends, the expenditure continues to be funded without an evaluation of whether those positions are creating sufficient value for the community to justify the cost. This same phenomenon occurs more widely but more subtly when entire budgets are carried forward and inflated from year to year without a good understanding of what services are being provided, at what cost, and for what benefit. This "layering on" effect contributes to financial distress and is a suboptimal allocation of resources. There are also more complex examples with further-reaching implications that GFOA has documented elsewhere.[1]

Another criticism is that the *traditional budget is not strategic*. Spending is allocated to line items that concern the day-to-day operations of government. Line items like "travel," "supplies" or "miscellaneous" don't speak to how spending impacts big-picture results like public safety, mobility, health, etc. Also, historical precedent is the primary determinant of how much money is allocated to each line item. This is backward-looking, not forward-looking. All of this means that the budget process is not well suited to handle big-picture and/or emerging issues.

In traditional budgeting, historical precedent is the primary determinant of how much money is allocated to each line item. **This is backward-looking, not forward-looking.**

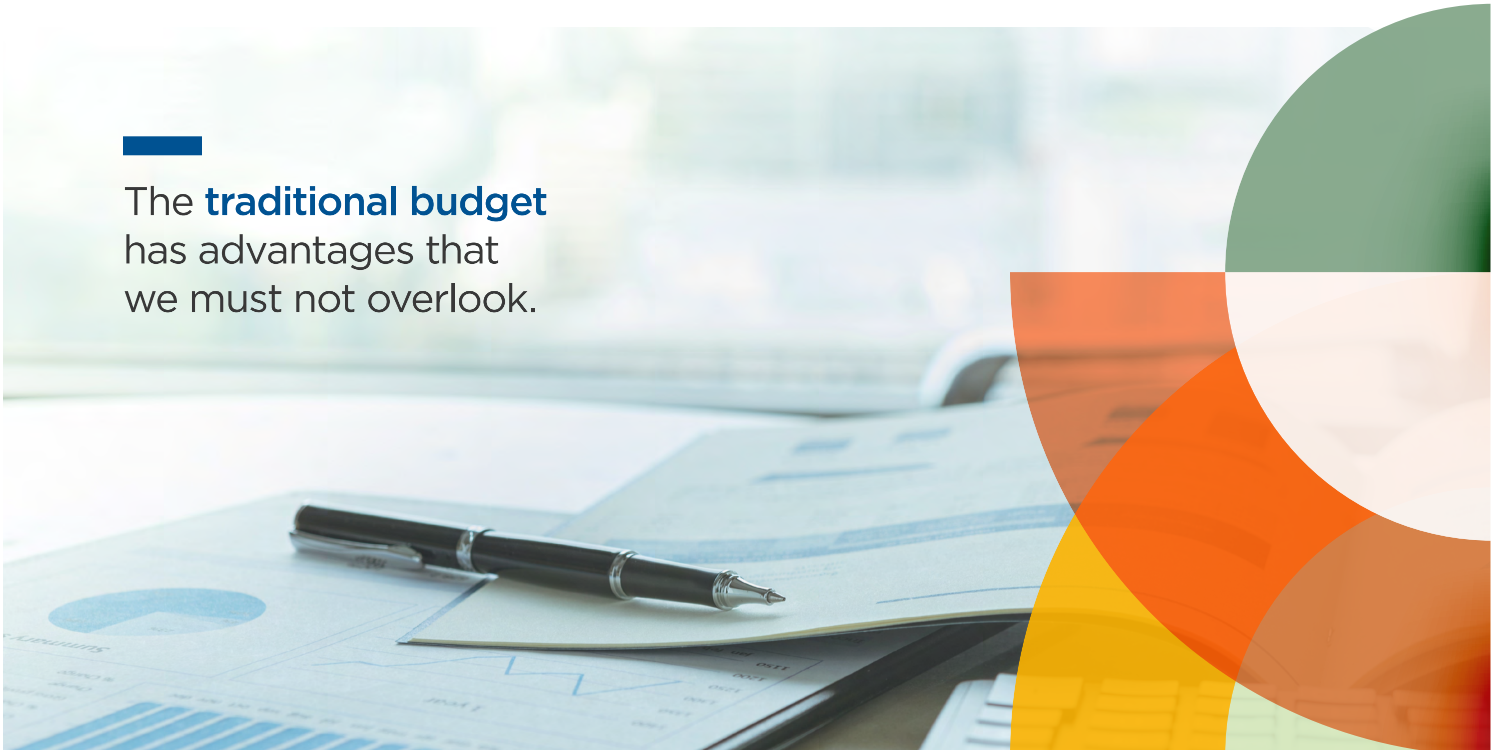
For example, local governments may be slow in adopting new and better methods of operating and have trouble coordinating multidisciplinary solutions to complex problems. This means that the local budget may become increasingly disconnected from evolving community needs and priorities over time. A well known example is that fires are less common than they used to be due to improved building codes and better construction methods. Nevertheless, city governments have been slow to adapt public safety spending away from fire response to more pressing issues. In many communities, a more pressing need is emergency medical services (EMS), due to an aging population. The changing building stock and age of the population unfolded over several years, yet municipal budgets were still slow to respond. We can easily appreciate that the traditional budget would not do any better in responding to more rapidly evolving situations.

If success in the budget "game" is defined by **inputs and outputs (rather than outcomes)**, then self-interested, zero-sum behaviors are likely to result.

A final criticism we will cover is that *traditional budgeting is a "zero-sum game."* This means that for one party to win, someone else must lose. In the context of budgeting, this means, for example, that for one department to get more funding, another department must get less. Critically, in traditional budgeting, this is seen as a win for one department and a loss for the other. A zero-sum game promotes power dynamics that favor maintaining the status quo and encourages self-interested decision-making.

Zero-sum thinking makes it difficult to address problems that require collaboration across participants in the budget. Collaboration is required to accomplish **outcomes** that make life better for communities, like reducing violent crime, increasing economic opportunity, or improving public health. Traditional budgeting focuses participants primarily on **inputs** and secondarily on **outputs**. Inputs are the money in each line item and staffing in each department. Outputs are the services a department produces with the resources they get. If success in the budget "game" is defined by inputs and outputs (rather than outcomes), then self-interested, zero-sum behaviors are likely to result. This game also encourages departmental budget "silos," where departments don't consider the potential to work with people outside of their boundaries and take on an insular attitude about the services (and budget) the department provides.

The **traditional budget** has advantages that we must not overlook.



These criticisms have led to some attempts to do budgeting better. Two widely recognized innovations are zero-base budgeting and priority-based budgeting.* A number of intrepid local governments have tried these methods with varying degrees of success and staying power. Among the majority of local governments, however, the traditional budget has endured…and for good reasons. The traditional budget has advantages that we must not overlook:[2]

- **Simplicity.** Because budgeting is done at the margins, incrementally, it is easier to understand and calculate. Because it does not address larger, strategic issues, the budget process is able to be less demanding of participants' time and attention than a comprehensive process would be.
- **Control.** Individual line items provide easy-to-understand accountability: Did the line item get overspent or not? Also, incrementalism means the budget is not subject to radical changes from year to year. Radical change, almost by definition, risks getting out of control.
- **Predictability.** Historical precedent is often a widely accepted justification for decisions. Relying on historical precedent sets the expectations of participants in the budget process. This attenuates conflict and reduces uncertainty among stakeholders.
- **Flexibility.** Because the budget is not oriented toward overarching strategic objectives, public officials can more easily change their goals. In other words, because the budget has not been committed to any particular strategic direction, public officials have more flexibility to declare new policies.

So what leads us to believe Rethinking Budgeting is a good idea? If prior efforts at new ways of budgeting have met with limited success and the traditional budget has important advantages, why would Rethinking Budgeting be worthwhile?

Let's consider the context in which budgeting takes place today. All the criticisms of traditional budgeting we described earlier are as valid as ever, but there are three forces that make traditional budgeting less tenable than in the past.

*"Budgeting for Outcomes" is a variety of priority-based budgeting that some readers may be familiar with.

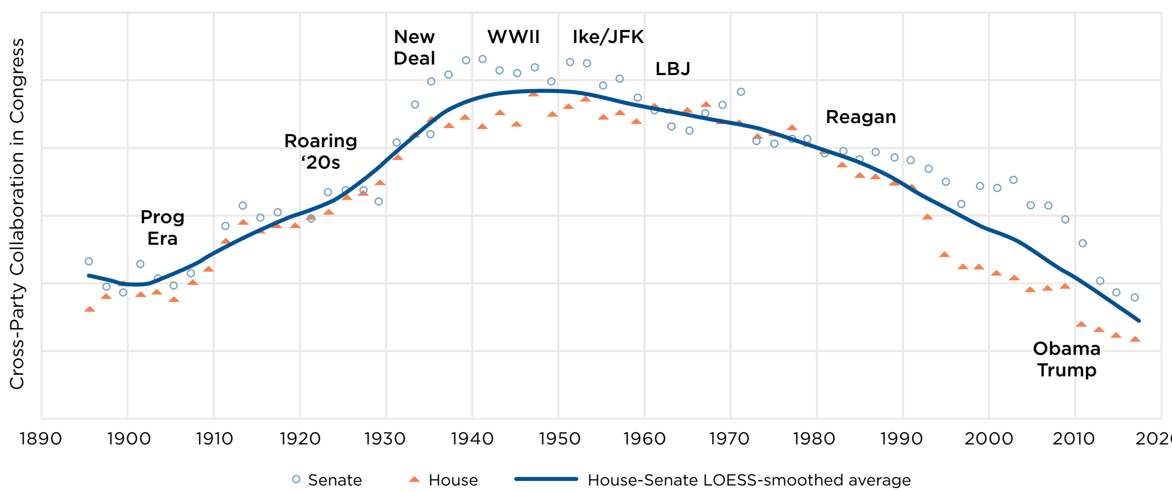
Threats to the Status Quo

First, is *stagnant or diminishing resources available to local governments*. Much of the traditional budget's success rests on distributing budget increases to enough stakeholders to maintain a stable governing coalition. However, the traditional budget does not have a good answer to resource declines. This is why we see across-the-board cuts as a common response to fiscal distress: Everyone is cut evenly. However, this does not optimally size or shape government to the conditions it faces. In fact, the two budgeting innovations we mentioned earlier, zero-base budgeting and priority-based budgeting, were a direct response to the inability of the traditional budget to cope with declining resources. Looking into the future, there are serious questions about local government's ability to raise more revenue: Will the economy support it? Will citizenry support it?*,[3] GFOA's **Rethinking Revenue initiative** is intended to help modernize local government revenue systems, but it is also important that government spending plans be more adaptable to resource-constrained environments.

Conflict is the second force. The defining conflict of our times is political polarization. During the heyday of the traditional budget, the 1950s through the 1970s, cross-party collaboration was almost at an all-time high of modern history (only exceeded by the period during World War II). We see this in Exhibit 1, which shows cross-party collaboration in the U.S. Congress from 1895 to 2017.** We also see today that cross-party collaboration has reached all-time lows.

Political conflict is not limited to federal government officials. It affects the general public, too. As one group of political scientists put it, "the most significant fault line in the second decade of the twenty-first century [in America] is not race, religion, or economic status but political party affiliation."[4] This has expressed itself in civic activities, like a precipitous decline in split-ticket voting,[5] as well as personal choices. For instance, political affiliation is becoming a more important factor in choosing marriage partners than even education or religion.[6] In such an environment, political polarization can't help but threaten local government as well, even if elections are nonpartisan.[7]

EXHIBIT 1 | CROSS-PARTY COLLABORATION IN THE U.S. CONGRESS FROM 1895 TO 2017[8]



Source: Putnam, et al. *The Upswing*. 2020.

* Economic growth rates have slowed significantly after 1970, falling below the long-term rate of 2 percent a year. Thus, steady material progress may no longer be the guarantee it once seemed (see endnote 3 for support). It follows that if economic growth is no longer growing as it once was, then local government revenues will no longer grow as they once did. Further analysis of the limits of the local government revenue system are available in "Rethinking Local Government Revenue Systems: Why is it Necessary?" published by the Government Finance Officers Association (October 2021). https://www.gfoa.org/materials/rethinking-local-government-revenue-systems

**This chart is a synthesis of widely accepted, if imperfect, measures of polarization in the U.S. Congress. For more information, see: Putnam, Robert D.; Romney Garrett, Shaylyn (October 13, 2020). *The upswing: How America came together a century ago and how we can do it again.* Simon & Schuster.

Declining trust has accompanied heightened political conflict. For example, when people in 1964 were asked whether the government was run on behalf of (1) "a few big interests" or (2) "the benefit of all," Americans favored option 2, 64 percent to 29 percent. By 2018, those numbers had more than completely reversed: Option 2 garnered only 21 percent versus 76 percent for option 1.[9] This decline in trust is not limited to the political system. Surveys show that in the early 1960s nearly two-thirds of Americans trusted other people, but by the 2020s only one-third did.[10]

The traditional budget lessens conflict by relying on historical precedent. However, in an environment of markedly lower trust, where many people no longer believe that others have their best interests in mind, people may not be willing to accept historical precedent as a justification for how resources are distributed.

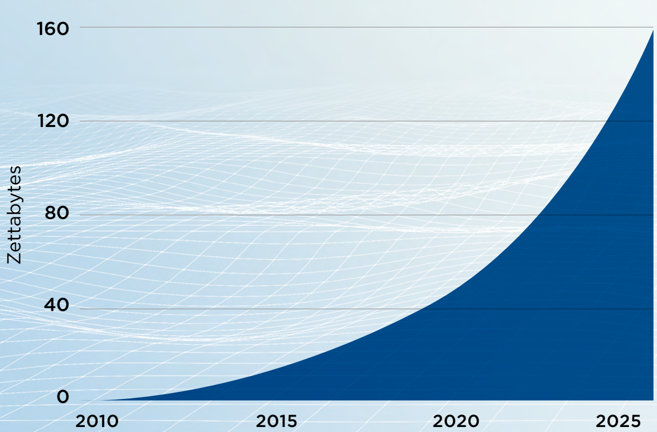
The third force is *volatility*. Perhaps the most important source of volatility that the modern budget must contend with is information. The amount of information and access to it has been increasing exponentially over the past decades. The year 2001 produced double the amount of data* that had been produced in the history of mankind. 2002 doubled 2001.[11] These nonlinear increases have continued since then, and the trend is expected to continue into the future, as shown in Exhibit 2.[12]

In recent years, this phenomenon seems to have reached a threshold point, where new ideas and organizational forms** can rapidly spread to a point where they are adopted by a critical mass of people. The result is rapid changes in public opinion and consequent demands on institutions. For instance, the role of social media in catalyzing social unrest and coordinating protest organizations has been well documented.[13] This *volatility* challenges the stability of established organizations. For example, the average life span of a company on the S&P 500 has shrunk from almost 60 years in the 1950s down to around 20 years currently.[14]

*Includes all sources of data: electronic, paper, stone tablets, etc.

**Primarily, this refers to network organizations. These are organizations that don't have a hierarchical structure.

EXHIBIT 2 | DIGITAL DATA GENERATED

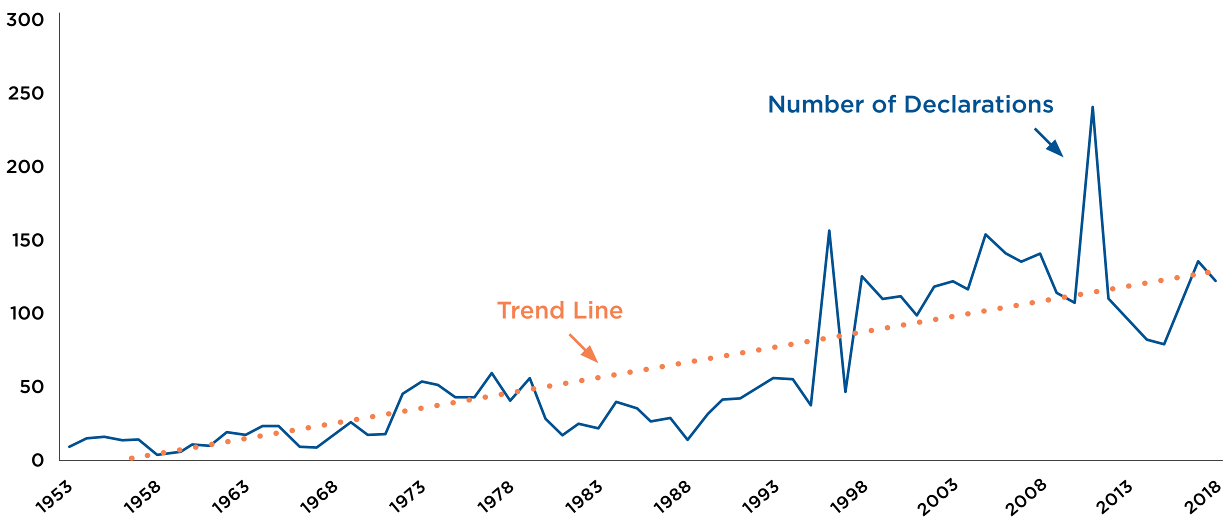


In recent years, this phenomenon seems to have reached a threshold point, where **new ideas and organizational forms** can rapidly spread to a point where they are adopted by a critical mass of people.

Source: IDC's Data Age 2025 study, sponsored by Seagate, April 2017

Of course, local governments can't go "out of business" like private firms. But local governments still require legitimacy to accomplish their mission. If they lose legitimacy, then they may risk being displaced by alternatives, like privatization, nonprofits, or other organizational forms.* The traditional budget is unsuited to provide legitimacy in this new and volatile information environment.[15] First, the traditional budget relies on historical precedent for much of its legitimacy. **New** information and ideas, by definition, do not defer to historical precedent. Second, the traditional budget does not have a good means for getting feedback from an environment that is subject to rapid change, much less a means for changing if and when the need to do so is identified. For example, the traditional budget is organized by line items and departments, which are intended primarily to facilitate control of traditional spending plans.

EXHIBIT 3 | **NUMBER OF U.S. PRESIDENTIALLY DECLARED DISASTERS**



Not all *volatility* is caused by the "information tsunami" we just described.[16] The increasing frequency of literal extreme weather events (see Exhibit 3),** for example, challenge local budgets and introduce new sources of instability into financial planning. The number of declared disasters has increased faster than the rate of population growth. Additionally, research shows that there is also a trend of increasing aggregate financial losses from disasters.[17] COVID-19 is another example of volatility, where increased global connectedness aided the spread of the disease and disrupted supply chains. Traditional budgets that assume the future will always look like the past are not well suited to volatile conditions.

* This is not to suggest that other organizational forms are "bad" or somehow undesirable. In fact, GFOA has written extensively about the value communities can realize by pursuing new and better forms of governance that combine the strengths of government with the strengths of other sectors. However, we suggest that a thoughtful, intentional evolution toward these different forms is preferable to government being displaced by them due to loss of legitimacy.

**The authors of the study used to create Exhibit 3 believe that increase in the number of presidentially declared disasters has several causes, including global climate change, increased urbanization, and increased asset values in risky geographic areas.

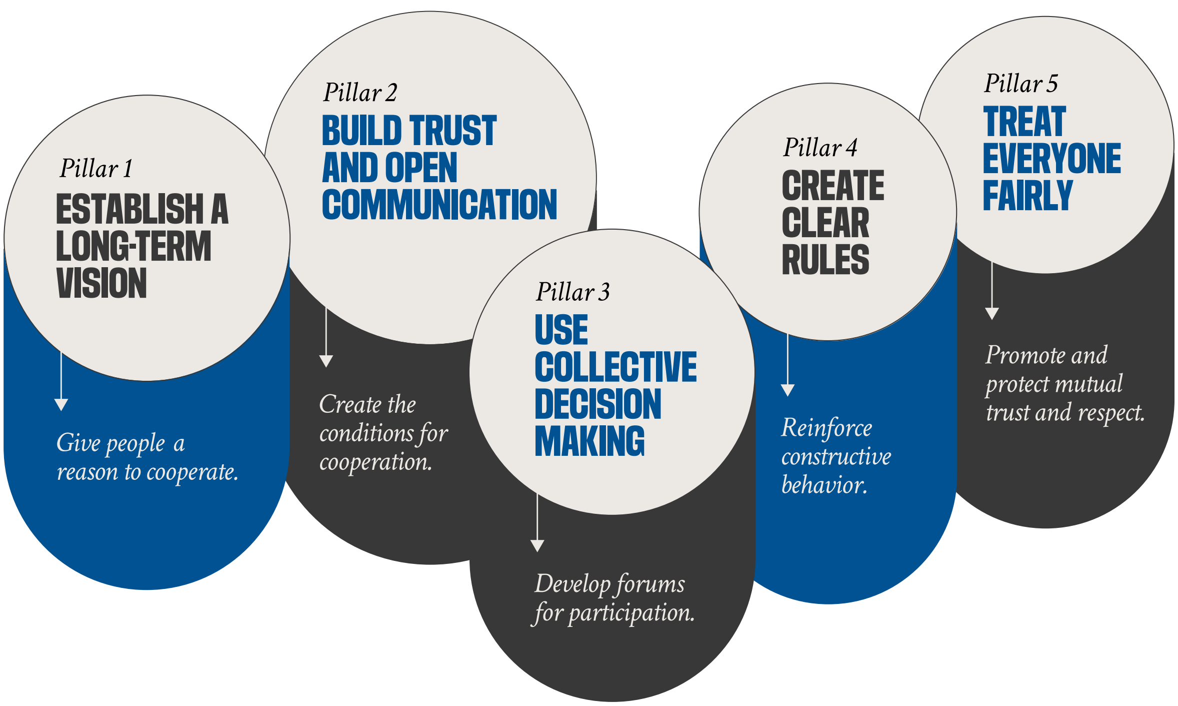
Positive Forces for Change

Not all developments that favor a rethinking of the traditional budget are threats. There have been several positive developments that give us a greater chance of success than budget reformers in decades past. Four things we know to be different today could be important levers for making change.

- **We have different mental models.** A mental model is a representation of how something works.[18] The common mental model for traditional budgeting is the zero-sum game, where for one person to win, another must lose. This will lead to predictable and undesirable behaviors, such as padding budgets or exaggerating the risks of budget reductions or the resources needed to accomplish some task. GFOA's Financial Foundations for Thriving Communities body of research offers a new mental model that suggests different, more adaptive behaviors. The Financial Foundations Framework is based on a Nobel Prize-winning body of work about how to solve the challenges inherent in managing shared, publicly owned resources like a local government budget.[19] It offers five "pillars" for thinking through shared resource problems like those commonly found in public budgeting (see Exhibit 4) and reaching sustainable decisions. The Financial Foundations mental model isn't "new" to the world. The underlying ideas have been widely used in other fields, like natural resource management. It is, though, new to public finance. This new model can help us understand the problems involved in budgeting by uncovering blind spots we may have and revealing the forces underlying the problems.

- **We have a better understanding of how people make decisions.** Primarily, this means we have a better understanding of the limits of rationality. All people engage in predictably irrational decision-making, commonly called "cognitive biases." Scientific research on this topic has gained a lot of attention in recent years (including two Nobel Prizes[20]), bringing more recognition of the role of irrationality in decision-making and the settings that might encourage or discourage irrationality. For example, one of the more important types of cognitive biases is

EXHIBIT 4 | THE FINANCIAL FOUNDATIONS FRAMEWORK



"overconfidence bias." This means that we underestimate future uncertainty, leading us to fail to question the assumptions behind our budget plans or look for reasons why our plans might be flawed. Another example is overestimating our ability to get X done with only Y dollars.

By understanding cognitive biases and harnessing the power of behavioral science, we can design better decision-making systems. Because our faculties for rational decision-making are limited, a comprehensively rational approach to budgeting will be difficult to implement, much less maintain over multiple years. Zero-base budgeting, for example, attempts make budgeting comprehensively rational, and, predictably, has met with limited success.[21] As an alternative to comprehensively rational decision-making, people tend to rely more on decision-making rules of thumb. One common rule of thumb or mental shortcut used in all walks of life is to piggyback on what you already know. Hence, the traditional budget asks, "What worked last year?" Knowing that the mind works this way allows us to ask, "What might the new but better mental shortcut be to support good budgeting decisions?"

Technology reduces communication and production costs. Technology makes it easier to move information around networks of people and cheaper to produce that information. Technology has grown in power and availability over the years.

Technology can be used to create interactive simulations of budgeting decisions. For example, participants in the budget process could see how much different combinations of public services cost and what benefits would be produced. Or simulations could be used to show uncertainty in revenue forecasts and help participants better understand the risk of running a deficit under various spending scenarios. Interactivity helps people get their minds around complex phenomena more easily.[22] Simulations might help engage our rational thinking capacity and, ultimately, shape our intuitions. Simulation also might help reduce overconfidence about how the future will turn out.

Also, technology can communicate information instantly and at a low cost. Large numbers of people (inside or outside of government) can get access to the same information at the same time.

As a final example, technology can reduce the cost of administering the budget. A big point in favor of line-item incremental budgeting, historically, was that the paperwork required was much less than the alternatives. "Paperwork" should not be an issue today. This is not to say line items are obsolete—just that technology does not **necessitate** line-item budgeting. Technology allows calculations to be made more easily now.

More awareness of issues of fairness in the budget. The conventional budget decreases or avoids conflict by relying on historical precedent. In decades past, however, income inequalities were far less and median real wages had been growing for many years.[23] Also, back then, people were not as aware of (or perhaps less concerned about) racial disparities.[24] So, in the past, some potential conflicts were less acute and/or local governments were comfortable ignoring them. Today, it seems more people are interested in addressing these conflicts and are less willing to accept conditions that are regarded as unfair. Therefore, avoiding conflict is not really an option. The only good option is to handle it constructively. Hence, better budgeting and more attention to fairness in the budget could play a role in positively influencing some of the most important potential conflicts of our time.

More attention to **fairness in the budget** could play a role in positively influencing some of the most important potential conflicts of our time.

What is Our Plan for Rethinking Budgeting?

The budget is, arguably, the most important policy a local government produces. It describes how government's limited resources will be used and who gets those resources. A policy that important can be difficult and complicated to do well. A time-honored method for tackling a difficult problem is to break it down into smaller parts. Hence, we will break budgeting down into three parts:

- **Planning** is articulating a desired future state for the organization.
- **Budgeting** is allocating a local government's limited resources.
- **Monitoring/reporting** is making sure that the commitments made during planning and budgeting are lived up to and maintaining an understanding of the environment.

We have convened a group of officials from local governments of all types and sizes across North America. They are joined by leading academics who study public budgeting. Along with GFOA staff, they will conduct a deep investigation of key weaknesses of the conventional local government approach to planning, budgeting, and monitoring/reporting. They will then seek innovative alternatives by using design methods commonly used in other fields, where innovation is a requirement for survival, and by looking outside of public finance, to other disciplines and fields of study, for inspiration.

Perhaps the most important of these design methods is called "first principles thinking." First principles thinking means we base our ideas on the most essential elements of what we know to be true (first principles) about planning, budgeting, and monitoring. Breaking the problem of Rethinking Budgeting down to essentials and then rethinking from the ground up is one of the best ways to find new, creative solutions. The three bullets about planning, budgeting, and monitoring are first principles. We can start with these premises and remove the conventions that have built up around them over time. To that, we bring into consideration what we know to be true, based on evidence. This includes things we described earlier, like the four positive forces for change, threats to the status quo, and features of the traditional budget that account for its staying power. First principles thinking has been used to solve difficult problems from the time of Aristotle to the giants of technology and finance in today's world.[25]

The alternative to first principles thinking is reasoning by analogy. An example is to ask: "What have we done traditionally?" An important premise of this project is that what we have done traditionally is of limited usefulness for finding our way forward. By first describing what is different today and by defining the core elements of the budget (planning, budgeting, and monitoring), we have the building blocks for our recommendations.

An Illustration of a First Principles Inquiry into the Purpose of Budgeting:

- What does the **society need** that local government decides it can produce on its own or in partnership with others?
- How far can **current resources** go to pursue those needs?
- Where can the local government go to identify and bring in **new resources**, if needed?
- What is the **investment plan** that produces the intended outcomes?

By identifying and considering these basic questions, we can find new answers.

Also, as we rethink the budget, we must remain mindful of the advantages of the traditional budget. If a "rethought" approach does not compare favorably to the traditional budget on the characteristics of simplicity, control, predictability, and flexibility, then that rethought approach will not get far.

As of this writing, the Rethinking Budgeting team has already articulated three ideas for rethinking the "planning" aspect of budgeting. Below is a short description of each idea and a link to additional resources on the idea.

- **Define the problem.** The traditional budget and planning process is ill-equipped to deal with the complex problems created by volatility and conflict. We show why complex problems frustrate traditional budgeting and planning, outline the principles for designing a process to define problems more deeply, and, finally, provide an illustration of a process to define problems before solutions. Defining problems more deeply helps people feel a greater sense of *control* and *predictability* over complex problems.
- **Rethinking strategic planning.** Strategic planning is a long-standing "best practice" in public finance. However, strategic planning, as it is commonly practiced, has significant limitations. We highlight the flaws in some of the basic underlying assumptions of traditional strategic planning and propose a new approach that is better able to meet the challenges faced by governments today. The approach we suggest promotes more *adaptability* in strategic plans, which might serve as a substitute for the *flexibility* of the traditional budget.
- **Rethinking public engagement.** Public engagement is essential for gathering feedback to inform the size and shape of the budget. However, public engagement as it is conventionally practiced is too little, too late. It happens at the end of the budget process when decisions have already been made and it is limited to a public hearing or two, which often amounts to little more than an opportunity for citizens to air their grievances at a microphone. We suggest a new set of principles to design better public engagement that happens early enough to provide feedback that can influence later resource allocation decisions. More public engagement, at first, would seem to work against *simplicity* and, perhaps, *control*. However, building more feedback into the budget process should better align the budget with public sentiment. This should, ultimately, reduce conflict and give government officials more predictability in how the public will react to government's spending plans.

HOW CAN YOU STAY INVOLVED?

If you'd like to be kept abreast of the latest developments and join the discussion about Rethinking Budgeting, join the GFOA community forum or join our mailing list. We will announce new research reports, web conferences, events and resources, and how you can get directly involved. We believe the local government is at a crossroads. The path of the status quo seems increasingly untenable. A new path, however, offers the potential for local governments to help their communities thrive in our rapidly changing world.

ENDNOTES

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[2] Wildavsky, Aaron (Nov.–Dec. 1978). A budget for all seasons? Why the traditional budget lasts. *Public Administration Review*, 38(6): 501–509.

[3] According to: Putnam, Robert D.; Romney Garrett, Shaylyn (October 13, 2020). *The upswing: How America came together a century ago and how we can do it again*. Simon & Schuster. And: Deaton, Angus (2013). *The great escape: Health, wealth, and the origins of inequality*. Princeton: Princeton University Press. And: Gordon, Robert J. *The rise and fall of American growth* have offered abundant evidence for the post-1970 falloff in the long-term annual growth rate.

[4] Iyengar, Shanto; Konitzer, Tobias; Tedin, Kent (October 2018). The home as a political fortress: Family agreement in an era of polarization. *The Journal of Politics*. 80(4).

[5] Fiorina, Morris P. (2017). *Unstable majorities: Polarization, party sorting, and political stalemate*. Chicago: Hoover Institution Press, p. 163, chap. 7. See also: Hopkins, Daniel J. (2018). *The increasingly United States: How and why American political behavior nationalized*, Chicago Studies in American Politics. Chicago: University of Chicago Press.

[6] Iyengar, Shanto; Konitzer, Tobias; Tedin, Kent (October 2018). The home as a political fortress: Family agreement in an era of polarization. *The Journal of Politics*. 80(4).

[7] Kettl, Donald F. (June 15, 2021). The growing threat to trust in local government. *Governing*.

[8] Adapted from: Putnam, Robert D.; Romney Garrett, Shaylyn (October 13, 2020). *The upswing: How America came together a century ago and how we can do it again*. Simon & Schuster.

[9] Putnam, Robert D.; Romney Garrett, Shaylyn (October 13, 2020). *The Upswing: How America came together a century ago and how we can do it again*. Simon & Schuster.

[10] Ibid.

[11] Lyman, Peter; Varian, Hal R. (2003). How much information 2003? School of Information Management and Systems, University of California at Berkeley. http://www2.sims.berkeley.edu/research/projects/how-much-info-2003 as cited in: Gurri, Martin (2018). *The revolt of the public and the crisis of authority in the new millennium*. Stripe Press.

[12] Reinsel, David; Gantz, John; Rydning, John (November 2018). Data age 20205: The digitization of the world from edge to core. An IDC Whitepaper #US44413318.

[13] Tufekci, Zeynep (2017). *Twitter and tear gas: The power and fragility of networked protest*. Yale University Press.

[14] Analysts from Credit Suisse are quoted by: Sheetz, Michael (August 24, 2017). Technology killing off corporate America: Average life span of companies under 20 years. CNBC. https://www.cnbc.com/2017/08/24/technology-killing-off-corporations-average-lifespan-of-company-under-20-years.html

[15] The arguments in this paragraph were inspired by: Gurri, Martin (2018). *The revolt of the public and the crisis of authority in the new millennium*. Stripe Press.

[16] The term "information tsunami" coined by: Gurri, Martin (2018). *The revolt of the public and the crisis of authority in the new millennium*. Stripe Press.

[17] Information and exhibit on trends in disasters are from: Brusentsev, Vera; Vroman, Wayne (2017). Disasters in the United States: Frequency, costs, and compensation. W.E. Upjohn Institute for Employment Research.

[18] Parrish, Shane; Beaubien, Rhiannon (2019). *The great mental models Volume 1: General thinking concepts*. Latticework Publishing Inc.

[19] The Nobel Prize was won by Elinor Ostrom in 2009 for her work on common pool resource theory.

[20] This includes Daniel Kahneman in 2002 and Richard Thaler in 2017.

[21] GFOA research has found that "text book" implementations of Zero-base budgeting (ZBB) are almost unheard of. Less rational, comprehensive methods inspired by ZBB are more common but still relatively rare. See: Kavanagh, Shayne (2011). Zero-base budgeting: Modern experiences and current perspectives. Government Finance Officers Association.

[22] Hogarth, Robin M.; Soyer, Emre (Winter 2015). Using simulated experience to make sense of big data. *Special Collection of MIT Sloan Management Review: Making Better Decisions*.

[23] For historical trends in income inequality, see: Piketty, Thomas; Saez, Emmanuel; Zucman, Gabriel (May 2018). Distributional national accounts: Methods and estimates for the United States. *The Quarterly Journal of Economics*, 133(2): 553–609.

[24] Public support for racial equality in schools, transportation, public accommodations, residential choice, black presidential candidates, interracial marriage, and other realms of life have gone steadily upward since the 1950s and 60s. For a summary, see: Putnam, Robert D.; Romney Garrett, Shaylyn (October 13, 2020). *The upswing: How America came together a century ago and how we can do it again*. Simon & Schuster.

[25] For more information on first principles thinking, see: First principles: The building blocks of true knowledge. A blog post at https://fs.blog/first-principles/.

RETHINKING BUDGETING

gfoa.org/rethinking-budgeting

Government Finance Officers Assocation
203 N. LaSalle Street, Suite 2700
Chicago, IL 60601
312-977-9700 | **gfoa.org**

FY 2024/25 Mid-Year Budget Requests

City Council Meeting
February 18, 2025

1

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FY 2024/25 Mid-Year Budget Requests

- The Finance Department conducted a mid-year budget review for Fiscal Year 2024/25, which began on July 1, 2024
- Budget requests were assessed across all City departments and certain adjustments are being recommended based on available resources in the General Fund, enterprise funds, grants and/or restricted funds

2

2

Inter-Fund Transfers

Park Acquisition & Development and Park Development Impact Fee – Residential Funds (209 & 228)

- **$6,488** – transfer the remaining $6,488 balance in the Park Acquisition & Development Fund (209) to the Park Development Impact Fee – Residential Fund to close out the Park Acquisition & Development Fund. All park development fees are now deposited into Fund 228, so Fund 209 is no longer needed.

Total Inter-Fund Transfer Adjustments - $6,488

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Appropriation Increases – General Fund

Fire Department

- **$1,200,000** for Strike Team costs incurred assisting with major fires, including the Palisades and Eaton fires, as part of the City's participation in the California Fire and Rescue Emergency Mutual Aid System. The State of California will fully reimburse the City for all allowable Strike Team expenditures for a **net zero impact**.
- **$291,000** for emergency medical supplies and billing costs resulting from increased call volumes and higher vendor prices. The appropriation will be offset by additional anticipated emergency medical services revenues for a **net zero impact**.
- **$145,685** for participation in the Voluntary Rate Range Intergovernmental Transfer Program (VRRP IGT). Based on final calculations, the City's up front match was $145,685 higher than initially anticipated and is fully offset by additional reimbursement revenue for a **net zero impact**.

The requested General Fund appropriations total $1,636,685 and are offset by anticipated revenues of $1,636,685, for a net zero impact.

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Appropriation Increases – Other Funds

Infrastructure Fund (314)

- **$30,000** to conduct an underground investigation of the Sports Complex driveway. Over the past year, the sinking driveway has gotten much worse due to rainwater erosion. Based on the results of the investigation, the cost for stabilization and repairs will be included in the FY 2025/26 CIP Budget. There is sufficient available fund balance in the Infrastructure Fund to support this request.

Water and Sewer Funds (506 and 511)

- **$734,480** for the Warner Avenue emergency sinkhole repair. In June 2024, a sinkhole collapsed and damaged the sewer pipeline between Magnolia and Ross on Warner Avenue. Emergency repair work for the pipeline and street began in September 2024 and was completed within six weeks. The costs will be split between the Water and Sewer Funds ($367,240 appropriation in each fund). There is sufficient available fund balance in each fund to support the request.

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Appropriation Increases – Other Funds

Sewer Fund (511)

- **$90,000** to cover remaining costs related to the Edinger Avenue Sewer Project. Once the project started, it was found that a materials testing company and construction management consultant were needed to ensure timely completion. The work has been finished and additional funding is needed to cover the remaining costs and close out the project. There is sufficient available fund balance in the Sewer Fund to support this request.

Supplemental Law Enforcement Services Fund (984)

- **$120,00** for the purchase and installation of a searchlight for one helicopter. The current searchlight is over ten years old and is failing on a consistent basis. Searchlights are essential for officer safety when performing public safety functions during nighttime hours. There is sufficient available fund balance in the Supplemental Law Enforcement Services Fund to support this request.

6

6

Appropriation Increases – Other Funds

SB Local Assistance OWR1 Fund (1276)

- **$54,762** to reimburse CalRecycle for unspent grant funds received as part of the SB 1383 Local Assistance Grant. This was a one-time, non-competitive grant to assist local jurisdictions with the implementation of their SB 1383 programs. The City received the grant revenues up front, and there is sufficient available fund balance to support this request.

Lot BB Buffer Maintenance Fund (1287)

- **$31,500** for maintenance costs for Lot BB of Tract Map No. 15549. In 2003, the City entered into a Buffer Area Maintenance Reimbursement Agreement for Lot BB of Tract Map No. 15549. The Homeowner's Association (HOA) reimburses the City annually for the City's maintenance costs. There is sufficient available fund balance to support the request.

Total Other Funds Appropriation Increases - $1,060,742

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Capital Improvement Program Adjustment

Park Development Impact Fee – Residential (228)

- The FY 2024-25 Adopted Capital Improvement Program (CIP) Budget includes a **$600,000** budget for playground improvements at Pleasant View Park in the Park Development Impact Fee – Residential Fund.
- Staff has learned that the Ocean View School District is considering the potential sale of Pleasant View School. As such, staff would like to reassign the Pleasant View Park Playground Improvements budget for playground improvements at Robinwood Park, which is also in need of replacement. There is no change to the overall budget with this request, for a **net zero impact**.

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Council Action Requested

- Approve FY 2024/25 mid-year inter-fund transfers in the amount of **$6,488**
- Approve FY 2024/25 mid-year appropriation increases in the amount of **$2,697,427**
  - The General Fund requests total **$1,636,685** and are fully offset by anticipated additional revenues, for a **net zero impact**
- Approve the transfer of the Pleasant View Park Playground Improvements Project budget of **$600,000** to a new project for Robinwood Park Playground Improvements, for a **net zero impact**

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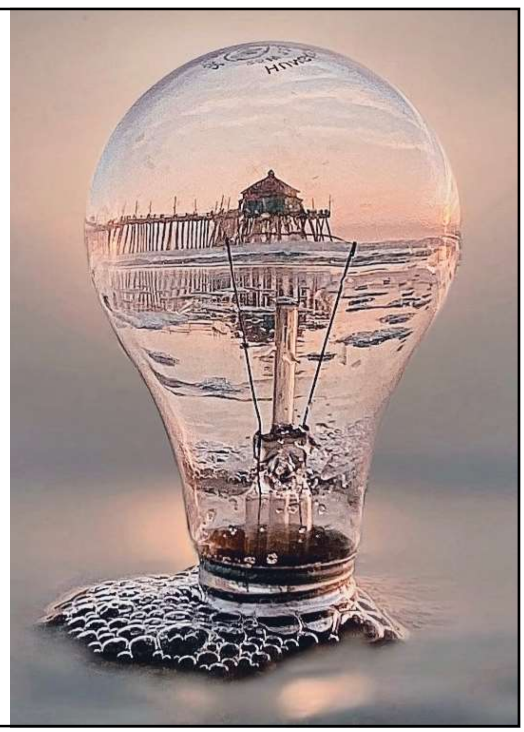
Questions?



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Overview of Financial Forecast Model and Fiscal Outlook

February 4, 2025

UFI Financial Solutions

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Presentation – Table of Contents

Understanding the City's Forecast Model	• Purpose of a Forecast Model • Baseline Forecast & Model Assumptions • Major Drivers & Indexes
10-Year Baseline Forecast	• Revenue & Expense Trends • Annual Operating Surplus/Deficit • Fund Balance
Scenario Forecast	• Changed Assumptions • Baseline vs. Scenario Comparison
Fiscal Outlook	• Strengths & Opportunities • Challenges & Concerns

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2

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UFI – Financial Advisors & Consultants

UFI Financial Solutions

Financial Forecast Modeling

- Forecast modeling for California municipalities since 2012.
- UFI currently provides active forecasting services to fifteen municipalities in California, including the following:
  - City of Alameda
  - City of Corona
  - City of Culver City
  - City of El Segundo
  - City of Ontario
  - City of Pomona

Financial Advisory Services

- UFI is a full-service financial advisory firm that has served California municipalities since 1972.
- The leading municipal advisor since 2011 based on number financings

Top Municipal Advisors for CA Municipal Bonds 2018 - 2022

Rank	Firm	No. of Issues	Par ($MM)
1	**Urban Futures Inc**	**687**	**$15,632.3**
2	Fieldman Rolapp & Associates	454	16,621.9
3	KNN Public Finance	348	37,123.4
4	PFM Financial Advisors LLC	309	31,395.9
5	Public Resources Advisory Group	208	64,907.3

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UNDERSTANDING CITY'S FORECAST MODEL

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Developing a Forecast Model

- ✓ **Standardized Revenue & Expense Categories.** Model uses standardized revenue and expense categories that correlate with available economic data, projections, and variables appropriate for driving municipal forecasts.
- ✓ **Integration of City's Historical Financial Data.** Model integrates 10 years of annual financial data from the City's general ledger.
- ✓ **Baseline Forecast with Fund Balance Allocation.** Model produces a 10-year baseline forecast of revenues, expenses, cash flows and fund balance for purposes of analysis and comparison with "what-if" scenario forecasts.
- ✓ **"What-if" Scenario Forecasts, Including Built-in Modules.** Model enables the City to create "what-if" scenario forecasts to compare against the baseline, allowing the City to make more informed and fiscally sustainable financial decisions.

Tailored Forecasting Algorithms

UFI uses econometric data from Moody's Analytics, U.S. Précis® Metro forecast service, combined with a variety of city, regional and state financial projections and indicators to create forecasting algorithms that drive each revenue and expense category in the City's baseline forecast.

The econometric data is statistically correlated with outputs from the City's historical financial data to create four custom forecast trendlines (aggressive, average, conservative and pessimistic).

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Huntington Beach Forecast – General Assumptions

- **City's baseline forecast built around FY 2025 General Fund budget adopted by the City Council.**
- **Base Salaries.** Includes current MOUs with long-term assumption that average annual growth aligns with CalPERS growth assumption (2.85% per annum).
- **CalPERS UAL.** Incorporates amortized loss basis from FY22 (-6.2% return) and gain basis from FY23 (+9.5%).
- **Homeless Program.** Assumes General Fund will pickup program costs beginning FY26.
- **ROPS Waterfront Revenues.** Treated as one-time revenues used for one-time expenses.

What is a "Baseline" Forecast?

Neutral, fiscal assessment and decision-making tool that establishes a common understanding of the City's status quo fiscal outlook:

"If the City makes no changes to its organization, operations or service levels, and there are no significant external economic impacts to the City (other than what's known today), what is the predicted condition of the City's finances over the next ten years?"

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Huntington Beach Forecast – Fiscal Issues Not In Model

- **Underfunding of Equip. Replacement**. City's projected schedule for annual equipment replacement is currently underfunded.
- **Underfunding of Critical Infrastructure**. City's recent Infrastructure Report Card identified critical infrastructure projects that are currently unfunded.
- **Restoration of Departmental Cuts**. In prior years, operating cuts have been made to various departments affecting service delivery and/or quality.
- **EMS Revenue Risks.** Revenues from the Voluntary Rate Range Intergovt. Transfer Program (VRRP IGT) that helps offset EMS service costs to Medi-Cal patients is vulnerable to changes in federal appropriations and addtl. participants.

What-If Forecasting Enhances Prioritization & Accountability

California cities operate within a highly-constrained revenue environment. With no rate-making authority and no taxing authority without voter approval, cities must largely operate within an existing revenue structure. This makes revenue forecasting essential for good fiscal management.

However, revenue forecasting alone is insufficient. Forecast modeling with "what-if" scenario capacity enables cities to evaluate and align competing community priorities with constrained revenue capacity, enhancing accountability based on transparent and deliverable outcomes.

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Huntington Beach Forecast - Major Drivers & Indexes

Key Categories & % of Total	Historical AAGR	Forecast Trendline	Forecast AAGR
Revenues	**4.18%**		**3.03%**
Property Taxes (35%)	*5.41%*	*average*	*3.96%*
Sales & Use Tax (17%)	*3.72%*	*average*	*3.10%*
Cost Recovery & Earnings (12%)	*2.74%*	*average*	*2.62%*
Permits, Fees & Charges (11%)	*2.84%*	*average/consv.*	*1.26%*
Utility User Tax (7%)	*1.76%*	*average*	*1.74%*
Expenses	**4.34%**		**2.70%**
Salaries & Wages (40%)	*2.83%*	*MOU or 2.85%*	*2.95%*
Transfers Out (17%)*	*27.77%*	*--*	*2.43%*
Pension (Normal & UAL) (12%)	*0.87%*	*average*	*3.26%*
Benefits (excl. pension) (11%)	*4.71%*	*2 x CPI*	*4.11%*
Supplies & Equipment (8%)	*2.00%*	*average*	*2.61%*

* Transfers Out include Equipment Fund, Infrastructure Fund, Self-Insurance Fund and Homeless Program

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10-YEAR BASELINE FORECAST

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Baseline Forecast – 10-Year Projections (2025-35)

BASELINE FORECAST					CURRENT FISCAL YEAR	FORECAST FISCAL YEARS									
				-1	0	1	2	3	4	5	6	7	8	9	10
	Category/Type	Trendline (expand columns to include prior fiscal years)	Forecast AAGR	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
REVENUES															
1	Property Taxes (incl. VLF In-Lieu)		4.05%	$ 105,665,647	$ 108,087,472	$ 112,722,110	$ 117,364,341	$ 121,975,344	$ 126,428,753	$ 131,721,180	$ 137,128,896	$ 142,826,281	$ 148,434,943	$ 154,411,518	$ 160,732,255
2	Sales & Use Taxes		3.10%	51,421,440	53,488,453	55,254,756	56,976,501	58,694,841	60,431,265	62,306,990	64,208,970	66,230,964	68,192,651	70,309,115	72,569,839
3	Utility User Tax (UUT)		1.74%	23,282,648	23,000,000	23,398,448	23,794,717	24,176,558	24,579,680	25,001,564	25,433,717	25,894,028	26,338,928	26,819,904	27,327,435
4	Transient Occupancy Tax (TOT)		3.26%	17,398,883	16,780,000	17,457,781	18,099,547	18,870,220	19,406,309	19,998,012	20,593,036	21,218,239	21,814,570	22,452,142	23,126,022
5	Business License/Operations Tax		0.19%	2,900,681	2,705,000	2,719,048	2,728,596	2,735,984	2,741,342	2,744,957	2,748,130	2,750,131	2,752,420	2,755,160	2,756,604
6	Other Taxes or Assessments		2.91%	1,654,805	1,565,000	1,649,427	1,739,911	1,792,289	1,845,765	1,889,400	1,930,259	1,968,109	2,005,663	2,043,432	2,082,250
7	Franchise Fees		3.02%	9,704,587	10,620,000	10,872,577	11,123,269	11,370,031	11,712,073	12,081,321	12,469,652	12,896,936	13,321,183	13,794,242	14,301,678
8	Permits, Fees & Chrgs. for Service		1.26%	30,539,144	33,225,232	33,928,676	34,389,501	34,755,859	35,179,270	35,592,669	35,977,072	36,348,360	36,760,364	37,221,596	37,670,772
9	Cost Recovery, Earnings & Misc.		2.62%	39,667,092	37,936,706	39,055,162	40,205,118	41,233,217	42,289,827	43,375,279	44,473,319	45,605,566	46,737,922	47,912,222	49,124,852
10	Annual Transfers In & Variable Revenues		0.31%	6,068,195	7,012,816	7,033,891	7,054,939	7,075,125	7,095,549	7,116,887	7,138,564	7,161,752	7,183,854	7,207,932	7,233,749
11	One-Time Revenues, Transfers & Adjustments			9,779,076	7,274,566	6,742,718	2,400,000	2,400,000	2,400,000	2,400,000	1,689,515	-	-	-	-
	(Less One-Time Revenues, Transfers & Adjustments)			*(9,779,076)*	*(7,274,566)*	*(6,742,718)*	*(2,400,000)*	*(2,400,000)*	*(2,400,000)*	*(2,400,000)*	*(1,689,515)*	-	-	-	-
	TOTAL BASELINE REVENUES		**3.03%**	**$ 288,303,122**	**$ 294,420,679**	**$ 304,091,877**	**$ 313,476,440**	**$ 322,679,467**	**$ 331,709,834**	**$ 341,828,260**	**$ 352,101,614**	**$ 362,900,365**	**$ 373,542,498**	**$ 384,927,266**	**$ 396,925,456**
EXPENSES															
20	Salaries & Wages		2.95%	$ 115,193,719	$ 120,490,673	$ 125,241,976	$ 128,723,998	$ 132,392,632	$ 136,165,822	$ 140,046,548	$ 144,037,875	$ 148,142,954	$ 152,365,028	$ 156,707,432	$ 161,173,593
21	Benefits		4.11%	30,376,698	33,257,010	35,186,312	36,642,481	38,144,932	39,679,403	41,244,027	42,835,513	44,462,506	46,153,865	47,915,295	49,749,505
22	Pension & OPEB		3.26%	36,741,128	36,043,034	41,913,930	44,818,873	47,753,102	50,685,006	50,117,471	49,398,883	49,285,604	49,206,695	49,115,200	49,008,392
23	Contractual Services (labor)		3.29%	20,875,786	22,834,822	23,589,990	24,418,848	25,214,529	26,010,106	26,874,847	27,756,162	28,676,597	29,587,428	30,547,368	31,553,061
24	Operating Supp. & Equip. (non-labor)		2.61%	23,142,438	23,504,181	24,160,509	24,869,936	25,560,955	26,232,960	26,888,754	27,555,869	28,247,910	28,935,424	29,653,717	30,400,501
25	Insurance & Liability		2.45%	75	500,000	513,070	526,123	538,642	551,309	564,542	577,985	592,366	606,073	621,005	637,016
26	Debt Service		-13.44%	7,250,503	6,503,248	6,152,681	6,148,446	5,470,406	5,468,885	5,325,921	3,920,794	2,961,644	1,072,844	1,066,900	1,065,900
27	Capital Asset Investments (non-CIP)			118,466	-	-	-	-	-	-	-	-	-	-	-
28	General Admin, Overhead & Cost Allocation		1.55%	3,343,454	5,220,920	5,309,492	5,397,557	5,483,732	5,569,554	5,655,870	5,741,622	5,828,325	5,914,425	6,001,275	6,089,019
29	Annual Transfers Out & Variable Expenses		1.79%	47,629,102	51,416,393	49,367,371	50,602,165	51,796,400	52,990,857	54,272,449	55,574,094	56,957,103	58,292,539	59,737,092	61,275,680
30	One-Time Expenses, Transfers & Adjustments			7,597,695	225,000	6,742,718	2,400,000	2,400,000	2,400,000	2,400,000	1,689,515	-	-	-	-
	(Less One-Time Expenses & Adjustments)			*(7,601,245)*	*(525,000)*	*(6,742,718)*	*(2,400,000)*	*(2,400,000)*	*(2,400,000)*	*(2,400,000)*	*(1,689,515)*	-	-	-	-
	TOTAL BASELINE EXPENSES		**2.70%**	**$ 284,667,818**	**$ 299,470,281**	**$ 311,435,332**	**$ 322,148,426**	**$ 332,355,330**	**$ 343,353,902**	**$ 350,990,429**	**$ 357,398,796**	**$ 365,155,008**	**$ 372,134,319**	**$ 381,365,284**	**$ 390,952,668**
FUND(S) BALANCE - END OF FY				$ 132,319,000	$ 134,018,964	$ 126,675,509	$ 118,003,523	$ 108,327,659	$ 96,683,592	$ 87,521,423	$ 82,224,240	$ 79,969,597	$ 81,377,776	$ 84,939,757	$ 90,912,545
	Non-spendable			148,000	148,000	148,000	148,000	148,000	148,000	148,000	148,000	148,000	148,000	148,000	148,000
	Restricted			21,670,000	21,670,000	21,670,000	21,670,000	21,670,000	21,670,000	21,670,000	21,670,000	21,670,000	21,670,000	21,670,000	21,670,000
	Committed			52,023,000	52,844,714	54,838,889	56,624,404	58,325,555	60,158,650	61,431,405	60,406,240	58,151,597	59,559,776	63,121,757	68,091,778
	Assigned			58,478,000	58,478,000	50,018,620	39,561,118	28,184,104	14,706,941	4,272,018	-	-	-	-	1,002,767
	Other Fiscal Policies (% of Total Expenses)			-	-	-	-	-	-	-	-	-	-	-	-
	[reserved] (% of Total Expenses)			-	-	-	-	-	-	-	-	-	-	-	-
UNDESIGNATED FUND BALANCE				$ -	$ 878,251	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

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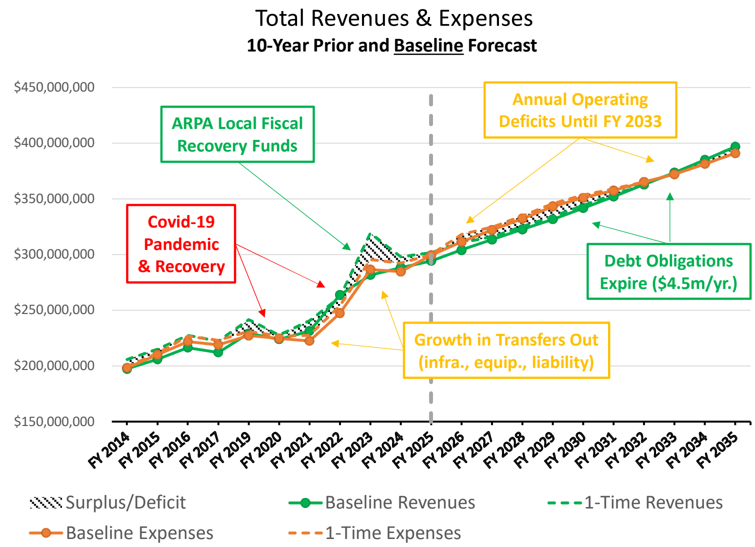
Baseline Forecast – Revenue & Expenses Trends



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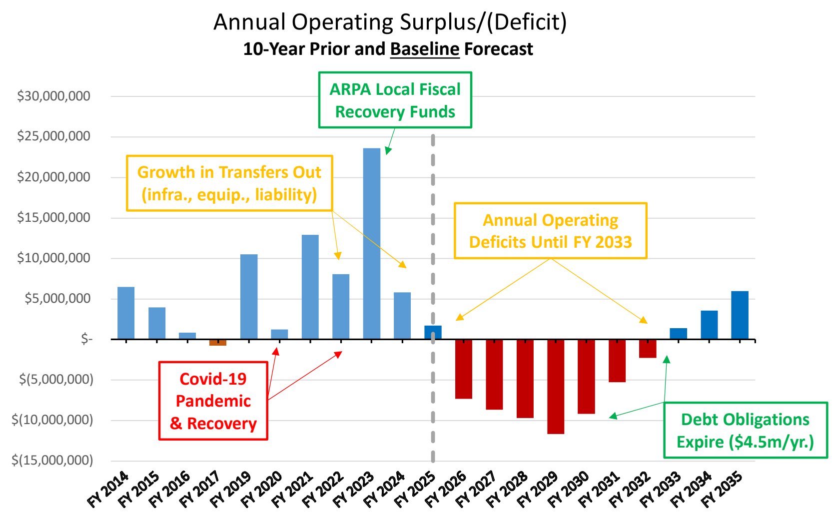
Baseline Forecast – Annual Surplus/(Deficit)



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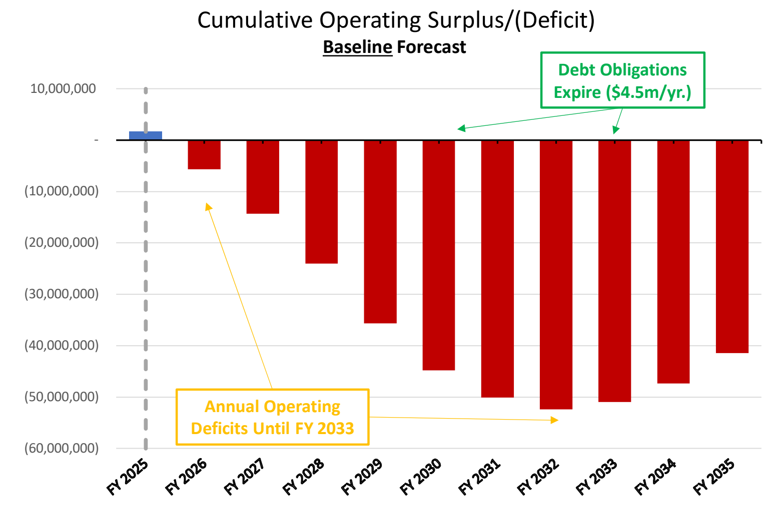
Baseline Forecast – Cumulative Surplus/(Deficit)



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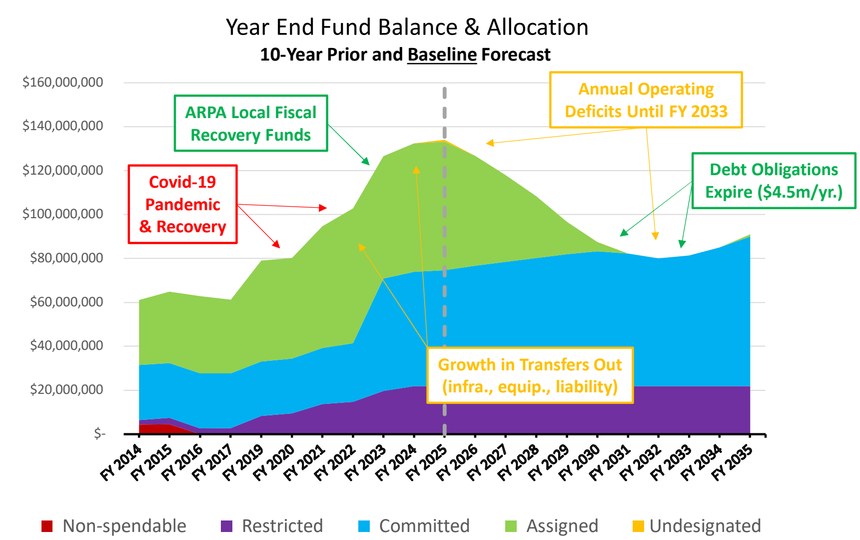
Baseline Forecast – Fund Balance Impact



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SCENARIO FORECAST

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Scenario Forecast – Changed Assumptions

1. ROPS Waterfront Revenues. Assumes remaining one-time ROPS Waterfront Revenues of $18 million are used to pay ongoing General Fund operating expenses between FY 2026 and FY 2031 (instead of being used for one-time expenses).
2. **Pension (UAL) Management. Assumes two additional payments to CalPERS to prepay/reduce City's increased UAL. $5 million at end of FY 2025 and $5 million at end of FY 2026. Saves General Fund $15 million over the forecast period.**

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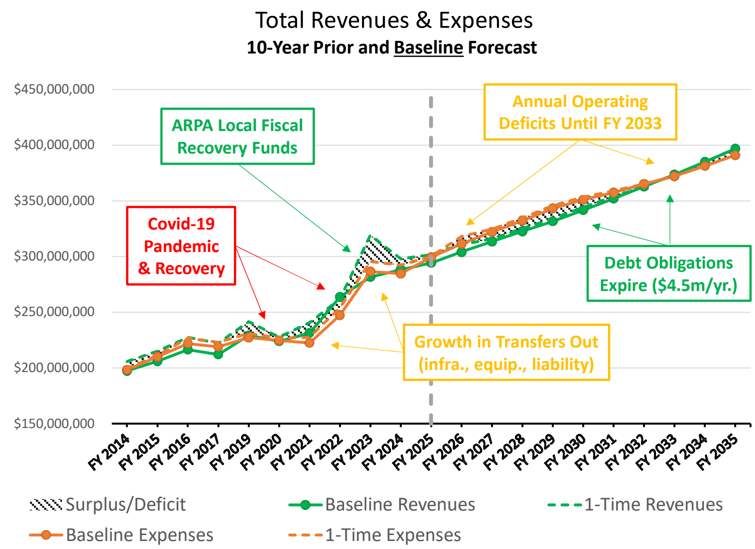
Baseline Forecast – Revenue & Expenses Trends



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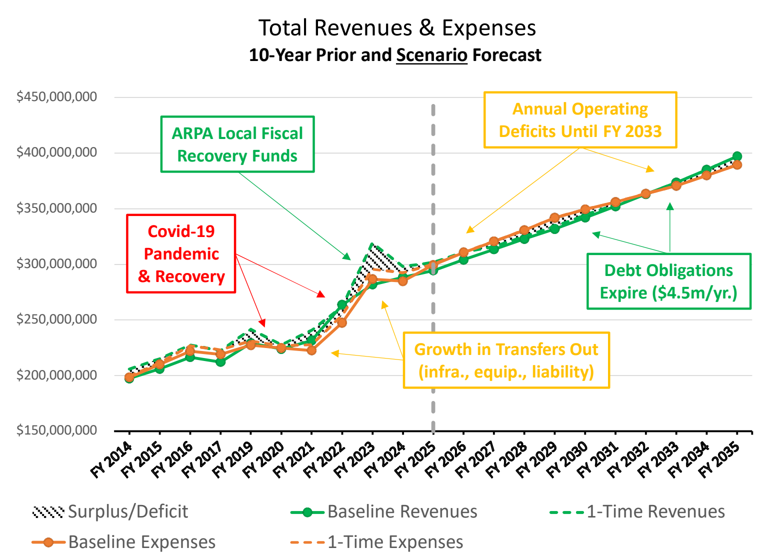
Scenario Forecast – Fund Balance Impact



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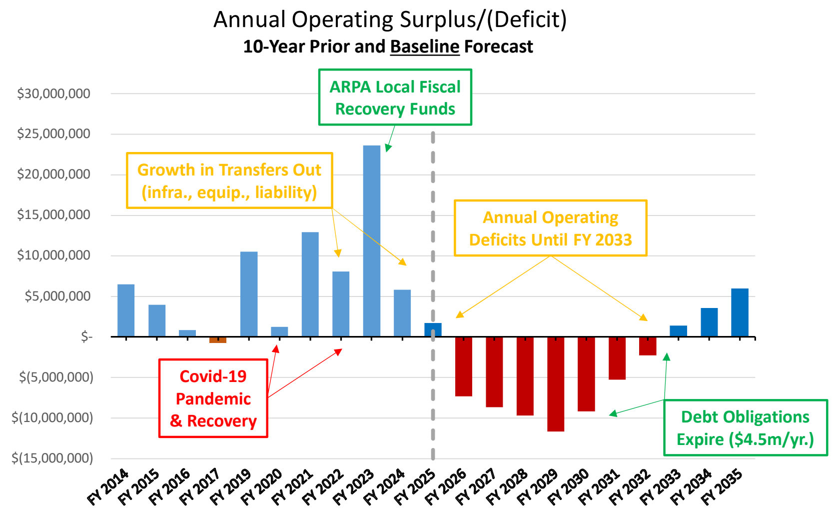
Baseline Forecast – Annual Surplus/(Deficit)



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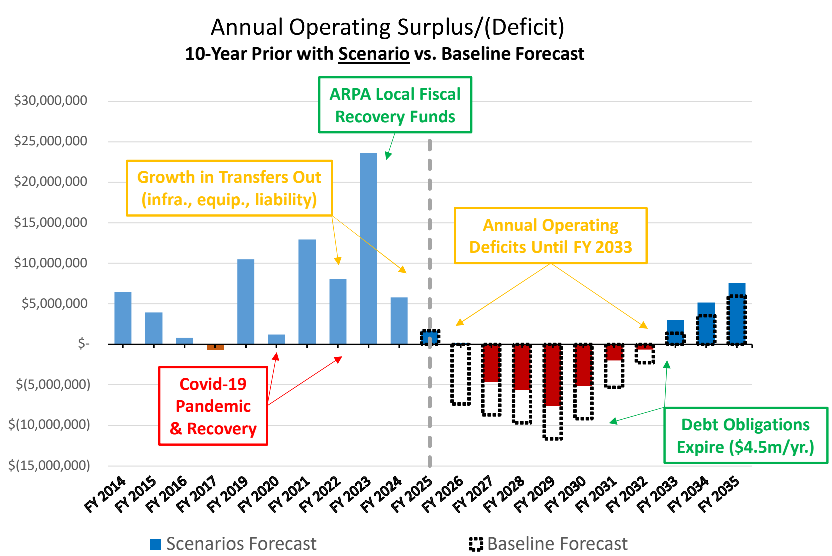
Scenario Forecast – Annual Surplus/(Deficit)



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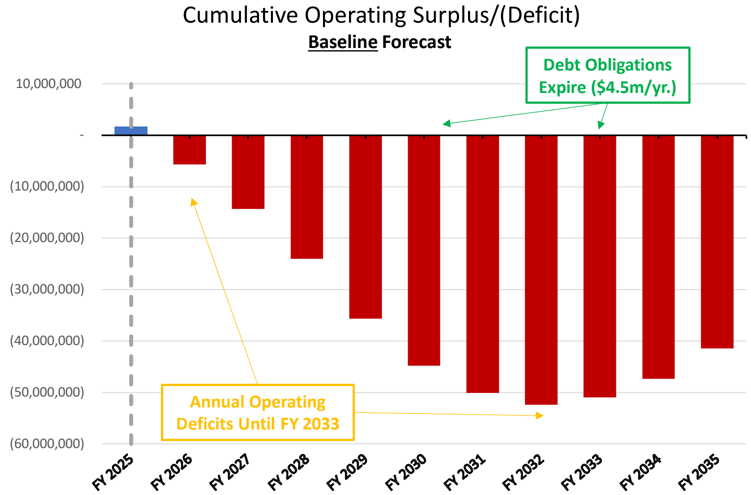
Baseline Forecast – Cumulative Surplus/(Deficit)



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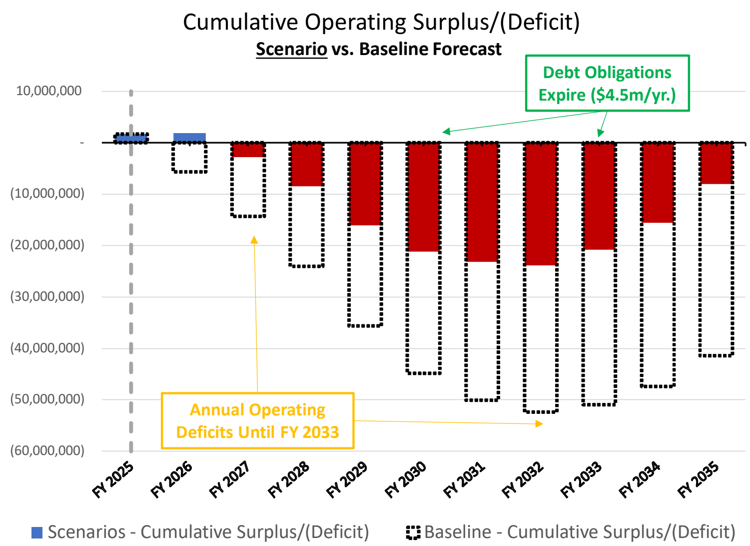
Scenario Forecast – Cumulative Surplus/(Deficit)



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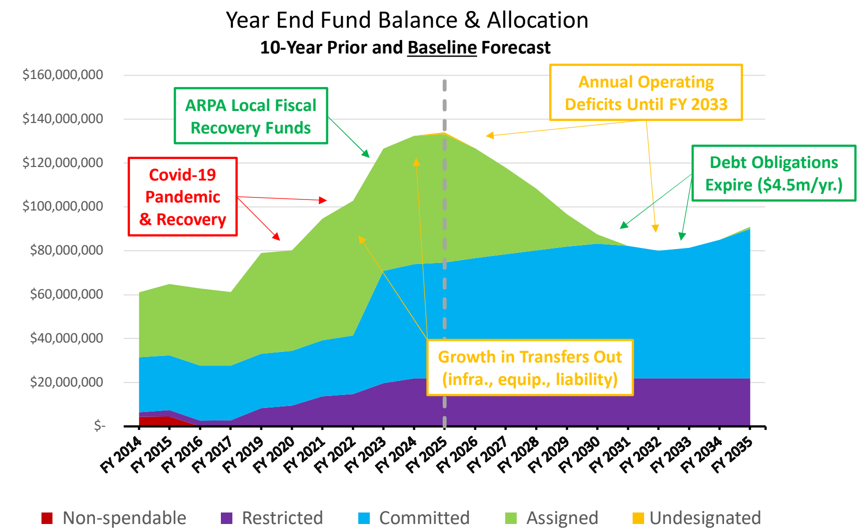
Baseline Forecast – Fund Balance Impact



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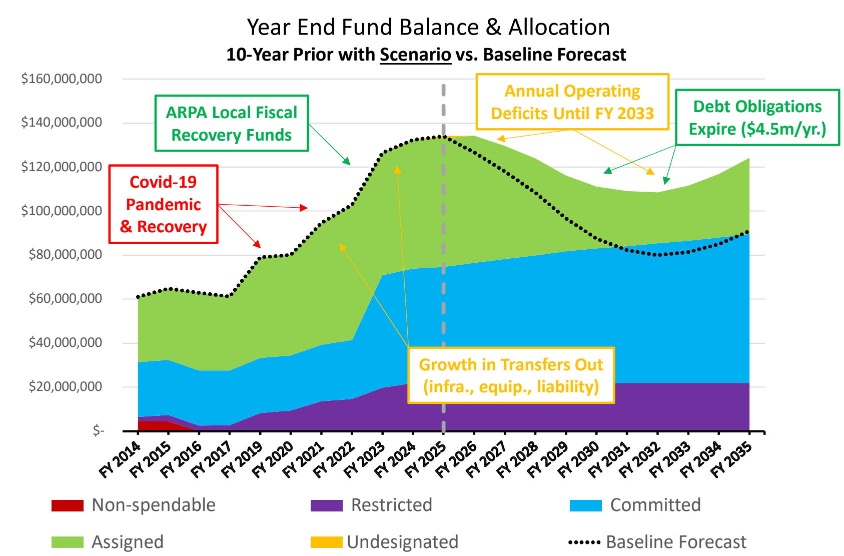
Scenario Forecast – Fund Balance Impact



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FISCAL OUTLOOK

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Fiscal Outlook – Strengths & Opportunities

Revenue Diversity

- Good diversity of tax base and not overly reliant on any single-source of revenue.
- Still unused local sales tax capacity.
- **Baseline revenues projected to grow slightly faster than baseline expenses. Fitch rated City is 72nd percentile for economic metrics.**

Debt Service

- Current debt service primarily for equipment and facility related leases (except for POB).
- **Expiring annual debt service creates fiscal capacity in later years of forecast for strategic investment. Fitch put City mid-range for long-term liability burden.**

Reserves

- Total General Fund reserves at 37% of baseline expenses. Contributed to “AAA” financial resiliency rating by Fitch.
- Baseline forecast projects dip to 20%.
- **Mitigation of annual deficits during first half of forecast is important to reserve maintenance.**

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Fiscal Outlook – Challenges & Concerns

Annual Operating Deficits/Fund Balance

- Annual operating deficits through FY33 caused by current gap between revenues/expenses + new UAL.
- **Opportunities to reduce annual transfer for equip. & infra.; spread costs through financing.**

Pension Management

- Rising UAL converted to level debt service with POB in FY21.
- CalPERS -6.2% FY22 returns created significant new unfunded liability.
- **Use of City's pension reserves to proactively manage UAL is opportunity for solid savings.**

Labor Costs

- City's historical labor cost growth has been moderate.
  - Salaries & Wages 2.83% prior and forecasted at 2.95%.
- **Continued good management of labor/benefit costs critical to sustain fiscal health (over 50% of expenses).**

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QUESTIONS?

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To: Huntington Beach City Council

From: Huntington Beach Finance Commission

Date: February 24, 2025

The City of Huntington Beach Finance Commission respectfully requests the City of Huntington Beach City Council (City Council) to assess different ways and take active steps to reduce the Unfunded Pension Liability.

According to the 2024 Audited Financial Statements, the Net Pension Liability of the City's Defined Benefit Pension Plans increased from a liability of $161 million at the beginning of the year to a liability of $193 million at the end of the year, which is an ***increase liability of $32 million*** in a single year. These losses are projected to continue and accelerate in the future, which has the distinct possibility of leading the City into insolvency and eventual bankruptcy.

In 2021, the then City Council issued $360 million in Pension Obligation Bonds (POB) in order to pay down the existing Unfunded Pension Liability. Two years after using the bond funds to pay down the existing Unfunded Pension Liability, the City is once again underfunded and has an Unfunded Pension Liability of over $100 million. This is due to CalPERs below market returns and the unsustainable nature of Defined Benefit Pension Plans. These funds are gone, the Defined Benefit Plan is still underfunded, which puts the City in a position to service the POB bonds in addition to the outlay of the Unfunded Pension Liability. Simply adding money to the Pension fund does not solve the problem. The root-cause of this issue is that Defined Benefit Pension Plans are 'unsustainable and unaffordable'.[1] The City Council must address the root-cause and reduce the use of the Defined Benefit Pension Plan.

Below are various suggestions that the City Council could use to reduce the Unfunded Pension Liability. These are high-level summaries of ideas but the City Council should have a thorough and thoughtful process before proceeding with a change. We recognize that this is a very difficult matter with many factors influencing your decision, but the issue must be addressed.

- Make a charter amendment that during the budgeting process, the City must add the entire Unfunded Pension Liability into the current year budget and find ways to balance the budget in the given year. In the interim, a mandatory headcount reduction equivalent to the expected UAL deficit be incorporated into the annual budgeting process.
- All new employees are automatically included in a Defined Contribution Plan, only. If an employee requires to be part of the Defined Benefit Plan, all members of City Council must approve the employee's addition.
- The City Council could sell bonds to buy out of CalPERS completely, approximately $2.5 billion. Afterward, all new employees would be on a Defined Contribution Plan reducing the reliance on the Defined Benefit Plan. The City must service those bonds in the future, similar to the POB bonds issued in 2021 but would not compete with the Pension costs. It is further suggested that before issuing any bond for this pay off, the city attorney addresses the legality of CalPERs requiring this pay off in the first place.
- Outsourcing more employees and possibly entire departments would reduce the headcount of the city, thus reducing new members into the pension plan.
- Incorporate a complete review of current IT systems and software applications with the intent to improve functionality, efficiency, reporting and management control/audit, which would allow the City to reduce it's staff.
- Initiate a "layers & spans" analysis in order to establish a reorganization and/or restructuring of the city staff.

[1] According to Lesson Two from James Spiotto in his 2014 MuniNet Guide article of November 2014 "Lessons Learned from the Detroit Bankruptcy" labor and pension contracts under state constitutional and statutory provisions should not be interpreted as a suicide pact.

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City of Huntington Beach
FY 2024/25
Authorized Full-Time Equivalent Personnel

ALL FUNDS

DEPARTMENT	FY 2021/22 Actual	FY 2022/23 Actual	FY 2023/24 Adopted	FY 2023/24 Revised	FY 2024/25 Adopted	Change From Prior Year
City Council	1.00	1.00	1.00	1.00	1.00	0.00
City Attorney	11.00	11.00	15.00	15.00	15.00	0.00
City Clerk	4.00	5.00	6.00	6.00	6.00	0.00
City Treasurer	1.50	9.50	9.50	9.50	9.50	0.00
City Manager	8.00	14.00	16.00	16.00	16.00	0.00
Community Development	57.50	57.50	60.50	60.50	61.50	1.00
Community & Library Services	62.25	62.25	62.25	62.25	62.25	0.00
Finance	32.50	28.50	28.50	28.50	28.50	0.00
Fire	201.00	201.00	201.00	201.00	202.00	1.00
Human Resources	13.00	13.00	14.00	15.00	15.00	0.00
Information Services	25.00	25.00	25.00	26.00	26.00	0.00
Police	357.00	353.00	353.00	350.00	351.00	1.00
Public Works	207.00	211.00	211.00	211.00	212.00	1.00
Total	**980.75**	**991.75**	**1,002.75**	**1,001.75**	**1,005.75**	**4.00**

GENERAL FUND

DEPARTMENT	FY 2021/22 Actual	FY 2022/23 Actual	FY 2023/24 Adopted	FY 2023/24 Revised	FY 2024/25 Adopted	Change From Prior Year
City Council	1.00	1.00	1.00	1.00	1.00	0.00
City Attorney	11.00	11.00	15.00	15.00	15.00	0.00
City Clerk	4.00	5.00	6.00	6.00	6.00	0.00
City Treasurer	1.50	8.75	8.75	8.75	8.75	0.00
City Manager	8.00	14.00	15.90	15.90	14.39	(1.51)
Community Development	53.02	52.85	56.52	56.52	56.90	0.38
Community & Library Services	58.41	58.50	59.00	59.00	59.15	0.15
Finance	31.10	26.85	26.85	26.85	26.69	(0.16)
Fire	197.30	197.30	197.30	197.30	196.80	(0.50)
Human Resources	10.70	10.70	11.70	12.20	12.20	0.00
Information Services	24.47	24.47	24.47	25.47	25.47	0.00
Police	355.00	351.00	351.00	348.00	349.00	1.00
Public Works	55.90	56.40	58.70	58.70	60.10	1.40
Total	**811.40**	**817.82**	**832.19**	**830.69**	**831.45**	**0.76**

Note: Reflects the Table of Organization for Fiscal Year 2024/25; however, 12 positions are defunded.

Lessons Learned from the Detroit Bankruptcy

Nov 10, 2014 | Municipal Bankruptcy, Municipal Bankruptcy and Default, Municipal Finance

by James Spiotto

In July of 2013, Detroit was the first city that was the largest city in the state to seek protection under Chapter 9 of the Bankruptcy Code for municipal debt adjustment. Previously, Chapter 9 had been a remedy used rarely by any city, town, village or county. In the past, the largest cities such as New York City in 1975, Cleveland in 1978 and Philadelphia in 1991 had received assistance from their states in the form of loans, grants or transfer of services to other governmental entities. Such state assistance made Chapter 9 unnecessary by increasing cash liquidity, reducing expenses and providing financial oversight, support and guidance to help those cities refinance debt, address systemic problems and solve financial difficulties.

On November 7, 2014, the Court confirmed the Plan of Debt Adjustment for Detroit.

Since 1937 and the enactment of Chapter 9, there have been 660 cases filed. Chapter 9 is simply a process of debt restructuring to give a municipality breathing room so that it may implement a recovery plan that will allow it to reinvest in the municipality, stimulate its economy, create new jobs, attract new businesses and residents, add to its taxpayers and increase its revenues to create an economic recovery.

The fact that Detroit has confirmed a Plan of Debt Adjustment is one important step in a longer process of recovery. At this stage, we are not able to say with absolute certainty that Detroit, having confirmed a Plan of Debt Adjustment, will make full recovery. Hopefully, that will be the case through the hard work of its mayor and city council, its citizens and taxpayers to attract new business and new residents and to resurrect the City to where it was in its past economic greatness. We are able at this time to note that the Detroit experience has been constructive in offering a number of important lessons that all of us should consider.

<u>Lesson One:</u> Do not defer funding of essential services and infrastructure.

Detroit is a wake-up call for others that there is never a good reason to defer funding of essential services and infrastructure at an acceptable level. If you do, Detroit's fate will be yours.

Detroit's history reflects the unfortunate situation that as essential services and infrastructure erode, business and residents leave, and the tax base is reduced so that, no matter how high you raise taxes, they are insufficient to cover the needed investment in essential services and infrastructure.

Probably one of the most beneficial outcomes from the Detroit filing has been that other municipalities who are suffering financial distress have seen the time, expense, uncertainty and political or social unrest that the Chapter 9 process has caused in Detroit and have recognized the Detroit experience as a wake-up call. Namely, others have realized every city must make sure that essential services are at a level that attracts business and new residents, that infrastructure supports an economic base so that goods, services and employees can move in that system with appropriate efficiency, that the work force is educated to the needs of the business community, and that all have a well-deserved feeling of safety and protection given the services provided.

Detroit's history reflects the unfortunate situation that as essential services and infrastructure erode, business and residents leave, and the tax base is reduced so that, no matter how high you raise taxes, they are insufficient to cover the needed investment in essential services and infrastructure. Accordingly, it is interesting to note that since Detroit filed in July 2013, no city, town, village or county has filed for Chapter 9. As can be noted, numerous cities have attempted to address their problems in the meantime and to find solutions that do not result in a filing for a Chapter 9 municipal debt adjustment. The prophecy that, after Detroit, others would quickly follow in filing Chapter 9s, has apparently proven false. In fact, Detroit taught other municipalities that they must promptly and efficiently deal with and effectively support essential services and infrastructure and reinvestment in the municipality to prevent any economic downturn.

<u>Lesson Two:</u> Labor and pension contracts under state constitutional and statutory provisions should not be interpreted as a suicide pact.

It appears one of the reasons why resolution of pension and labor costs was not achieved in Detroit prior to filing Chapter 9 was the belief of the workers and retirees that, under the Michigan constitution, those contractual rights could not be impaired or diminished to any degree. This position failed to take into consideration that the municipality can only pay that which it has revenues to pay and, in an eroding declining financial situation there will never be sufficient funds to pay all obligations, especially those that may be unaffordable and unsustainable. So far, recent bankruptcy court decisions have been unanimous, be it in Detroit, Stockton or San Bernardino, that in a Chapter 9 in order for the municipality to survive, unaffordable and unsustainable labor costs and pension benefits can be impaired and must be adjusted to what is sustainable and affordable.

The *Stockton* court recently ruled that it wasn't going to substitute its judgment for the City as to whether or not the City will be capable of making those payments, but reaffirmed that such contractual obligations may be adjusted so that the municipality can survive. The real issue is whether or not the myth that unaffordable and unsustainable costs cannot be impaired will continue to prevent the rational consensual adjustment outside a Chapter 9. It is clear that an interpretation of state law and constitutional provisions that the municipality has no choice but to pay that which is unsustainable and unaffordable is illogical and fatal. Needed adjustments must be made. This should never be an excuse not to pay as much as can be paid for worker and retiree benefits. But at the same time, worker and retiree benefits cannot be the reason for the municipality's financial erosion and continued loss of taxpayers and revenues that will only frustrate the underfunding of benefits and provide even less to workers and retirees.

Lesson Three: Don't question that which should be beyond questioning and is needed for the long-term financial survival of the municipality.

Detroit sought to significantly reduce the payments to the Unlimited Tax General Obligation Bondholders (UTGOs) and to obtain concessions from its water and sewer bondholders, both of which claimed a sufficient tax revenue base and legal support in the statutory and constitutional law in Michigan that their payments were assured by a dedicated source of funds. There was no real issue that the water and sewer bonds had sufficient revenue flow to pay those bonds during the bankruptcy. The 1988 Amendments to Chapter 9 of the Bankruptcy Code and its legislative history mandated that such revenue bond financing be unimpaired. If there are sufficient revenues to pay operation, maintenance, debt service and all other expenses, there is no basis for not living up to the contractual obligations. Sections 922(d) and 928(a) of the Bankruptcy Code so mandate it. By language of the state statute, by the intent of the voters' referendum in authorizing the UTGOs to have taxes levied above the tax cap to pay these bonds, and by practice, it appeared clear that there should be a levy of tax sufficient to pay the UTGOs and if not, the continuing levy to meet that obligation.

> … if there is a dedicated source of payment sufficient to pay the obligations, those promises should not be broken or rewritten in a municipal bankruptcy.

The problem with the effort of the City to contest and question those types of financing is the contagion that this has on other municipalities in Michigan and their ability to use such financing to meet their municipal needs. The questioning and the cloud placed on the financing causes the cost of financing to increase, which means taxpayers will pay more.

To the degree that the bonds are issued and the cost is 1% or 2% more because of the cloud means, over a life of a thirty year bond, 30% to 60% more of the principal amount will be paid as an additional borrowing cost by taxpayers' dollars. This could have gone for all other needed municipal expenses.

In the end, it appears that in Detroit it was recognized by settlement that there was no underlying legal basis for those attacks. Now, for all municipalities in Michigan and for that matter elsewhere, it is important to reaffirm the basic principles that, if there is a dedicated source of payment sufficient to pay the obligations, those promises should not be broken or rewritten in a municipal bankruptcy. A dedicated source of payment, statutory lien or special revenues established under state law must be honored and should not be contested. Capital markets work effectively when credibility and predictability of outcome are clear and unquestioned.

Lesson Four: Debt adjustment is a process, but a recovery plan is a solution.

As noted above, while Detroit has proceeded with debt adjustment which provides some additional runway so it can take takeoff in a recovery, such plan is not the cure for the systemic problem. Rather, the plan provides additional breathing room so that the municipality, through its Mayor and its elected officials, may proceed with a recovery plan, reinvest in Detroit, stimulate the economy, create new jobs, clear and develop blighted areas and raise the level of services and infrastructure to that which is acceptable and attract new business and new citizens. That is not just an effort of 18 months. It is normally an effort of five to ten years or more. While Chapter 9 is a process that may be necessary to provide the breathing room, it is the recovery plan that will provide the resolution. If the recovery plan is not accomplished and the systemic problem is not addressed, the confirmation of a Plan of Debt Adjustment does not prevent the reoccurrence of the systemic problem left uncured.

Lesson Five: Successful plans of debt adjustment have one common feature: virtually all significant issues have been settled and resolved with major creditors.

While the Detroit Plan started with sound and fury between the emergency manager and creditors and what they would receive, in the end, similar to what occurred in Vallejo, Jefferson County and even in Stockton (with one exception), major creditors ultimately reached agreement and supported the Plan of Debt Adjustment that allowed the municipality to move forward, confirm the Plan and begin its journey to recovery. Buy-in, both on a local level with citizens and taxpayers, with public workers and retires, with creditors who are suppliers and with the capital markets is important so that there are not continuing controversies as opposed to continuing cooperation to move forward to a successful recovery of the municipality's financial difficulties.

Lesson Six: One size does not fit all.

There are many ways to draft a plan of debt adjustment and sometimes the more creative, the better. As noted above, traditionally major cities of size with significant debt did not file Chapter 9. They refinanced their debt with the backing of the state which reduced their future borrowing costs and allowed them to recover by having the liquidity and the reduced costs necessary to deal with their financial difficulties.

Detroit chose a different path, and one of the questions in Chapter 9 is how should a plan of debt adjustment be structured. As indicated by the Grand Bargain, third-party foundations and contributors along with the state provided $816 million to save the municipal art museum and to address the pension issues. This was a creative and constructive mechanism to provide funds that otherwise were not available to the municipality. While some noted, with some basis, that it appeared the unsecured creditors were treated dissimilarly from retirees, ultimately the municipality created a plan which virtually all of the creditors approved. Therefore, with major creditor support, any argument of dissimilar treatment was ameliorated. More likely than not, this issue would have been a greater problem if the major creditors had not come together with virtually unanimously support for the plan of debt adjustment. In addition, the resolutions with some major creditors including Syncora and FGIC were creative. There should be no doubt that Syncora and FGIC could have been significant obstacles in confirmation and in appeals raising issues that were not necessarily guaranteed to be decided in the favor of Detroit. Their acceptance of interests in real estate and leases meant in essence they would reinvest in Detroit and therefore improve their recovery to provide a purported win win. The insurers resolved their issues, recognizing that there is no assurance that you are going to win and the cost and expense of winning can be significant. Settlement offered an opportunity to improve their recovery by their own skill and ability in investing and management of these real estate opportunities. Such creativity should be encouraged, to the extent it is consistent with the applicable bankruptcy and state law.

Lesson Seven: A recovery plan must provide for essential services and infrastructure.

“Best interest of creditors” and “feasibility” can only mean an appropriate reinvestment in the municipality through a recovery plan where there is funding of essential services and infrastructure at an acceptable level to stimulate the municipality’s economy to attract new employers and taxpayers thereby increasing tax revenues and addressing the systemic problem.

It is important to recognize that Chapter 9 is a process, not a solution.

While no plan of debt adjustment is perfect or assured, there should be, as the Bankruptcy Court in Detroit throughout the case pointed out, a plan to show the survivability and future success of the City. This is in essence the recovery plan where the reinvestment in Detroit is a cure to the systemic problem that led to the Chapter 9, namely investing in infrastructure and essential services that had been lacking in the past to stimulate and enhance the economy, the opportunities for jobs and to increase the tax revenues necessary for the recovery. The failure to address these issues even after confirming a plan of debt adjustment will lead to the same systemic problems and economic downturns that were the cause for the filing of Chapter 9. The best interest of creditors and feasibility cannot be interpreted as requiring paying creditors more and sacrificing necessary funding of infrastructure and essential services. This would not be in the best interest of creditors and would eventually lead to the downturn of the economy and less ability for payment to all.

Lesson Eight: Confirmation of a plan of debt adjustment is only the beginning of the journey to financial recovery – not the end.

It is important to recognize, as noted above, that Chapter 9 is a process, not a solution. The recovery plan, which will take dedication and effort by the elected officials of the City along with residents, public workers and other creditors is the only way to achieve success. It is measured not by months, but by years, and by the constant vigilance to ensure that the systemic problem is addressed effectively in a permanent fix.

Obviously, as Detroit proceeds to implement its recovery plan, additional lessons may be learned. However, the eight identified above are basic lessons that should help every municipality that faces financial difficulties deal more effectively with the problems and motivate them to identify and address economic financial distress earlier, encourage help from the state and others and avoid that which should be the last and least desired result, namely the filing of a Chapter 9.

While these lessons unfortunately did not prevent Detroit from having to use Chapter 9, hopefully Detroit, through the good efforts of its elected officials, taxpayers and business community, will find in its recovery plan and reinvestment in Detroit, ultimate success. At the same time, hopefully Detroit's experience in Chapter 9 will be that lesson that will lead other municipalities to identify their problems effectively and permanently earlier, and thereby not have to repeat the Detroit saga. As children, we learned that the stove was hot either by our own misfortune or by watching an older sibling and realizing it wasn't necessary to repeat the experience again.

James Spiotto is Managing Director of Chapman Strategic Advisors, LLC and Co-Publisher of MuniNet Guide.

Archive By Date

Select Month

To: Huntington Beach City Council
From: Huntington Beach Finance Commission
Date: February 24, 2025

Re: Friends of the Library (FOL) Operation within the Huntington Beach Library.

On December 16, 2024, two members of the finance commission, Frank LoGrasso and Kelly Gates, were given a tour of the Friends of the Library operation at the Central Park Library.

Following are considerations for the City Council as a result of this tour.

1) The FOL have a large number of volunteers on a Monday. We were told that Monday's are a busy day because the number of books donated over any weekend is far greater than during the week. We counted 14 volunteers working at sorting the newly donated books, investigating book values, and stocking the used book section in the library. We would be curious as to how many volunteers they have on the slower days and also how many volunteer hours the FOL provides on an annual basis.

We start our observation with the volunteers because what we've heard from the "protect the library" folks was that without the FOL there would be a dearth of volunteers and that the library could not run the used book sales or the gift shop without those volunteers. We came away from this meeting not sure that's absolutely true. The library assistant that accompanied us was asked if the library has there own volunteers, apart from those that work for the FOL. She indicated that there are a number of volunteers that are dedicated to the library and there are others that go back and forth between the library and FOL. She produced the form that would be filled out by those wishing to volunteer to work in the library and it gives options to work for the library or FOL. The indication I received is the FOL gets the majority of their volunteers from that form. If that is a fact, then it is the library that feeds the FOL with volunteers, not the other way around.

2) The FOL uses about 4,000 square feet of interior space of the library and pays zero dollars a month in rent. As a matter of fact there is no official lease with the FOL that would be expected for any entity that runs an operation within a city owned structure. They make an un-audited sum of money every year in used book sales and gift shop sales and provide the library with $250,000 a year in donations from those sales.

It is the Finance Commission's opinion that this organization should be audited annually and the amount donated to the library should be an agreed percentage with a minimum payment for use of the library space to run the FOL operation. By the way, there are signs in the library we are assuming put there by the FOL, that indicate ALL proceeds go back to the library. That can't possibly be true. And that can only be determined by an annual audit. Furthermore, this audit should be followed by at least an annual presentation of the FOL board to the city council noting what activities they have undertaken on behalf of the library during that year. How the city has allowed an organization to operate un-audited, without some kind of lease agreement within a city building for decades is a huge red flag.

3) A clause needs to be inserted in any agreement with the FOL that there will be zero tolerance for ANY political activity within the organization. The city can not have a organization operating their business within the confines of city buildings, with the city's imprimatur, supporting any political views. The FOL should limit their activities to used book sales, gift shop operation and general support of the library. If the organization insists on becoming political, their activities within the library should be terminated and the city find other ways to facilitate the operations provided by FOL.

Friends of the Huntington Beach Public Library
2023 Financial Statements Summary

FOR DISCUSSION PURPOSES ONLY

		2021			2022			2023		
INCOME STATEMENT										
		FOTCL	**FOTL**	**Total**	**FOTCL**	**FOTL**	**Total**	**FOTCL**	**FOTL**	**Total**
Revenue	Contributions	706,540	729,842	1,436,382	655	59,599	60,254	350	469,791	470,141
	Programs	28,616	2,875	31,491	46,154	6,101	52,255	40,249	12,550	52,799
	Sale of books	37,715	88,565	126,280	-	185,776	185,776	-	180,139	180,139
	Gift shop		32,425	32,425	-	4,515	4,515	-	22,137	22,137
	Investment income	(498)	131,873	131,375	(58,476)	(7,569)	(66,045)	38,763	44,821	83,584
	Total income	**772,373**	**985,580**	**1,757,953**	**(11,667)**	**248,422**	**236,755**	**79,362**	**729,438**	**808,800**
Expense	Donation	30,884	403,446	434,330	40,245	14,586	54,831	41,203	524,420	565,623
	Program	24,773	3,692	28,465	17,744	5,782	23,526	11,336	6,740	18,076
	Investment mgmt	6,397	-	6,397	7,742	-	7,742	7,992	-	7,992
	Administration	4,444	1,865	6,309	5,121	1,890	7,011	3,673	1,970	5,643
	Insurance	-	2,092	2,092	-	2,231	2,231	-	2,427	2,427
	Newsletter	-	959	959	-	2,142	2,142	-	4,673	4,673
	Supplies	-	9,636	9,636	1,167	720	1,887	-	4,623	4,623
	Other	1,212	1,078	2,290	2,145	1,557	3,702	4,878	2,920	7,798
	Total expenses	**67,710**	**422,768**	**490,478**	**74,164**	**28,908**	**103,072**	**69,082**	**547,773**	**616,855**
Net income		**704,663**	**562,812**	**1,267,475**	**(85,831)**	**219,514**	**133,683**	**10,280**	**181,665**	**191,945**
BALANCE SHEET										
Assets	Cash	43,387	369,595	412,982	62,342	603,913	666,255	37,023	540,759	577,782
	Investments	854,838	2,051,065	2,905,903	750,052	2,043,497	2,793,549	785,651	2,188,316	2,973,967
	Total assets	**898,225**	**2,420,660**	**3,318,885**	**812,394**	**2,647,410**	**3,459,804**	**822,674**	**2,729,075**	**3,551,749**
Liabilities		-	-	-	-	-	-	-	-	-
Net assets		**898,225**	**2,420,660**	**3,318,885**	**812,394**	**2,647,410**	**3,459,804**	**822,674**	**2,729,075**	**3,551,749**

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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Do not enter social security numbers on this form as it may be made public.

Go to *www.irs.gov/Form990* for instructions and the latest information.

OMB No. 1545-0047

2023

Open to Public Inspection

A For the 2023 calendar year, or tax year beginning 01-01-2023 , and ending 12-31-2023

B Check if applicable:
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Final return/terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
FRIENDS OF THE CHILDRENS LIBRARY
OF HUNTINGTON BEACH CA

Doing business as

Number and street (or P.O. box if mail is not delivered to street address) Room/suite
7111 TALBERT AVENUE

City or town, state or province, country, and ZIP or foreign postal code
HUNTINGTON BEACH, CA 92648

D Employer identification number
27-1284763

E Telephone number
(714) 840-3314

G Gross receipts $ 725,276

F Name and address of principal officer:

7111 TALBERT AVENUE
HUNTINGTON BEACH, CA 92648

H(a) Is this a group return for subordinates? ☐ Yes ☑ No

H(b) Are all subordinates included? ☐ Yes ☐ No

If "No," attach a list. See instructions.

H(c) Group exemption number

I Tax-exempt status: ☑ 501(c)(3) ☐ 501(c) ( ) (insert no.) ☐ 4947(a)(1) or ☐ 527

J Website: N/A

K Form of organization: ☑ Corporation ☐ Trust ☐ Association ☐ Other

L Year of formation: 2009

M State of legal domicile: CA

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities:
TO PROMOTE INTEREST IN BOOKS AND READING AMONG THE CHILDREN OF HUNTINGTON BEACH AND NEIGHBORING CITIES.

2 Check this box ☐

3	Number of voting members of the governing body (Part VI, line 1a)	3	5
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	0
5	Total number of individuals employed in calendar year 2023 (Part V, line 2a)	5	0
6	Total number of volunteers (estimate if necessary)	6	
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b	Net unrelated business taxable income from Form 990-T, Part I, line 11	7b	

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	655	350
	9	Program service revenue (Part VIII, line 2g)	46,154	40,249
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-58,476	38,763
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		0
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	-11,667	79,362
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)		0
	14	Benefits paid to or for members (Part IX, column (A), line 4)		0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)		0
	16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
	b	Total fundraising expenses (Part IX, column (D), line 25) 0		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	74,164	69,082
	18	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	74,164	69,082
	19	Revenue less expenses. Subtract line 18 from line 12	-85,831	10,280
			Beginning of Current Year	**End of Year**
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	812,394	822,674
	21	Total liabilities (Part X, line 26)		0
	22	Net assets or fund balances. Subtract line 21 from line 20	812,394	822,674

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer IRMA LOPER Treasurer Type or print name and title	2024-05-09 Date

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN P02048516
	Firm's name Rea Whitehead & Associates Inc			Firm's EIN 83-0977628	
	Firm's address 19900 Beach Blvd Ste G Huntington Beach, CA 92648			Phone no. (714) 536-3200	

May the IRS discuss this return with the preparer shown above? See Instructions. . . . . ☑ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11282Y Form **990** (2023)

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Part III **Statement of Program Service Accomplishments**

Check if Schedule O contains a response or note to any line in this Part III . . . . ☐

1 Briefly describe the organization's mission:

TO PROMOTE INTEREST IN BOOKS AND READING AMONG THE CHILDREN OF HUNTINGTON BEACH AND NEIGHBORING CITIES.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses $ 41,203 including grants of $) (Revenue $)

FURNISHES SUPPORT AND BOOKS FOR THE HUNTINGTON BEACH CHILDREN'S LIBRARY

4b (Code:) (Expenses $ 12,749 including grants of $) (Revenue $)

PROMOTING READING AMONG THE CHILDREN OF HUNTINGTON BEACH AND NEIGHBORING CITIES.

4c (Code:) (Expenses $ 3,068 including grants of $) (Revenue $)

PROGRAMS INCLUDE GRANDPARENTS READING, AND AUTHORS APPEARING AND TALKING TO THE CHILDREN ABOUT THEIR BOOKS

4d Other program services (Describe in Schedule O.)
(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** 57,020

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Part IV **Checklist of Required Schedules**

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors*? See instructions.	2		No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Rev. Proc. 98-19? *If "Yes," complete Schedule C, Part III* . .	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D,* Part I	6		No

			Yes	No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D,* Part III	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X, as applicable.			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D,* Part VI.	11a		No
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e		No
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b		No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I.* See instructions.	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a		No
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b		
21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21		No

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Part IV Checklist of Required Schedules *(continued)*

			Yes	No
22	Did the organization report more than $5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	23		No
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		

			Yes	No
25a	**Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L,* Part I	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L,* Part I . . .	25b		No
26	Did the organization report any amount on Part X, line 5 or 22 for receivables from or payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part II* . . .	26		No
27	Did the organization provide a grant or other assistance to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or employee thereof, a grant selection committee member, or to a 35% controlled entity (including an employee thereof) or family member of any of these persons? *If "Yes," complete Schedule L,*Part III . . .	27		No
28	Was the organization a party to a business transaction with one of the following parties (see the Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):			
a	A current or former officer, director, trustee, key employee, creator or founder, or substantial contributor? *If "Yes," complete Schedule L, Part IV* . . .	28a		No
b	A family member of any individual described in line 28a? *If "Yes," complete Schedule L, Part IV* . . .	28b		No
c	A 35% controlled entity of one or more individuals and/or organizations described in line 28a or 28b? *If "Yes," complete Schedule L, Part IV* . . .	28c		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M* . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M* . . .	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II* . . .	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? *If "Yes," complete Schedule R, Part I* . . .	33		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1* . . .	34		No
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* . . .	35b		
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2* . . .	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		No
38	Did the organization complete Schedule O and provide explanations on Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O. . . .	38	Yes	

Part V **Statements Regarding Other IRS Filings and Tax Compliance**

Check if Schedule O contains a response or note to any line in this Part V . . . ☐

					Yes	No
1a	Enter the number reported in box 3 of Form 1096. Enter -0- if not applicable . .	1a	0			
b	Enter the number of Forms W-2G included on line 1a. Enter -0- if not applicable .	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . .			1c		No

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Part V **Statements Regarding Other IRS Filings and Tax Compliance** *(continued)*

					Yes	No
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return . . .	2a	0			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b		
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .			3a		No
b	If "Yes," has it filed a Form 990-T for this year?*If "No" to line 3b, provide an explanation in Schedule O* . . .			3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? . .			4a		No
b	If "Yes," enter the name of the foreign country: ______ See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			5a		No

b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	**5b**		No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**			
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year — **7d** 0			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	**7g**		No
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	**7h**		No
8	**Sponsoring organizations maintaining donor advised funds.** Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?	**8**		
9	**Sponsoring organizations maintaining donor advised funds.**			
a	Did the sponsoring organization make any taxable distributions under section 4966?	**9a**		
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?	**9b**		
10	**Section 501(c)(7) organizations.** Enter:			
a	Initiation fees and capital contributions included on Part VIII, line 12 — **10a**			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities — **10b**			
11	**Section 501(c)(12) organizations.** Enter:			
a	Gross income from members or shareholders — **11a**			
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) — **11b**			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year. — **12b**			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**			
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O.	**13a**		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans — **13b**			
c	Enter the amount of reserves on hand — **13c**			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*	**14b**		
15	Is the organization subject to the section 4960 tax on payment(s) of more than $1,000,000 in remuneration or excess parachute payment(s) during the year? If "Yes," see the instructions and file Form 4720, Schedule N.	**15**		No
16	Is the organization an educational institution subject to the section 4968 excise tax on net investment income? If "Yes," complete Form 4720, Schedule O.	**16**		No
17	**Section 501(c)(21) organizations.** Did the trust, or any disqualified or other person engage in any activities that would result in the imposition of an excise tax under section 4951, 4952, or 4953? If "Yes," complete Form 6069.	**17**		

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Part VI **Governance, Management, and Disclosure.** *For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.*
Check if Schedule O contains a response or note to any line in this Part VI ☑

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year — **1a** 5			

If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.

b Enter the number of voting members included in line 1a, above, who are independent	**1b** 0			
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		**2**		No
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		**3**		No
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		**4**		No
5 Did the organization become aware during the year of a significant diversion of the organization's assets?		**5**		No
6 Did the organization have members or stockholders?		**6**		No
7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		**7a**		No
b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		**7b**		No
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
a The governing body?		**8a**		No
b Each committee with authority to act on behalf of the governing body?		**8b**		No
9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*		**9**		No

Section B. Policies (*This Section B requests information about policies not required by the Internal Revenue Code.*)

		Yes	**No**
10a Did the organization have local chapters, branches, or affiliates?	**10a**		No
b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	**10b**		
11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	**11a**		No
b Describe on Schedule O the process, if any, used by the organization to review this Form 990.			
12a Did the organization have a written conflict of interest policy? *If "No," go to line 13*	**12a**		No
b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	**12b**		
c Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe on Schedule O how this was done*	**12c**		
13 Did the organization have a written whistleblower policy?	**13**		No
14 Did the organization have a written document retention and destruction policy?	**14**		No
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a The organization's CEO, Executive Director, or top management official	**15a**		No
b Other officers or key employees of the organization	**15b**		No
If "Yes" to line 15a or 15b, describe the process on Schedule O. See instructions.			
16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	**16a**		No
b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	**16b**		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed

18 Section 6104 requires an organization to make its Form 1023 (1024 or 1024-A, if applicable), 990, and 990-T (section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.

☐ Own website ☐ Another's website ☐ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, address, and telephone number of the person who possesses the organization's books and records:
IRMA LOPER 5892 GILDRED CIRCLE HUNTINGTON BEACH, CA 92649 (714) 840-3314

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Part VII **Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response or note to any line in this Part VII ☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See the instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (box 5 of Form W-2, box 6 of Form 1099-MISC, and/or box 1 of Form 1099-NEC) of more than $100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations.

See the instructions for the order in which to list the persons above.

☑ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee) Individual trustee or director	Institutional Trustee;	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC/1099-NEC)	(E) Reportable compensation from related organizations (W-2/1099-MISC/1099-NEC)	(F) Estimated amount of other compensation from the organization and related organizations
(1) IRMA LOPER Treasurer	5.00 0.00			X				0	0	0
(2) SHILPA BALAN Recording Sec	5.00 0.00			X				0	0	0
(3) SANDY de la FUENTE President	5.00 0.00			X				0	0	0
(4) LYNDA SURMON Vice President	5.00 0.00			X				0	0	0
(5) HEIDI GRALER Corresp Sec	5.00 0.00			X				0	0	0

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Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** *(continued)*

(A) Name and title	(B) Average	(C) Position (do not check more than one	(D) Reportable	(E) Reportable	(F) Estimated

	hours per week (list any hours for related organizations below dotted line)	box, unless person is both an officer and a director/trustee)						compensation from the organization (W-2/1099-MISC/1099-NEC)	compensation from related organizations (W-2/1099-MISC/1099-NEC)	amount of other compensation from the organization and related organizations
		Individual trustee or director	**Institutional Trustee;**	Officer	Key employee	Highest compensated employee	Former			

1b Sub-Total			
c Total from continuation sheets to Part VII, Section A . .			
d Total (add lines 1b and 1c)			

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization 0

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	3		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	4		No
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization?*If "Yes," complete Schedule J for such person*	5		No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	**(B)** Description of services	**(C)** Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization 0

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Part VIII **Statement of Revenue**

Check if Schedule O contains a response or note to any line in this Part VIII . . . . ☐

	(A) Total revenue	**(B)** Related or exempt function revenue	**(C)** Unrelated business revenue	**(D)** Revenue excluded from tax under sections 512 - 514

Contributions, Gifts, Grants, and Other Similar Amounts

1a Federated campaigns	1a					
b Membership dues	1b					
c Fundraising events	1c					
d Related organizations	1d					
e Government grants (contributions)	1e					
f All other contributions, gifts, grants, and similar amounts not included above	1f	OtherAmt 350				
g Noncash contributions included in lines 1a - 1f:$	1g					
h Total. Add lines 1a-1f			350			

Program Service Revenue

	Business Code				
2a AUTHORS FESTIVAL					
b BOOKS FOR KIDS		10,159	10,159		
c KIDS CARNIVAL					
d OTHER		1,720	1,720		
e PROGRAMS		28,370	28,370		
f All other program service revenue.					
g Total. Add lines 2a–2f.		40,249			

Other Revenue

	(i)	(ii)				
3 Investment income (including dividends, interest, and other similar amounts)			75,831	75,831		
4 Income from investment of tax-exempt bond proceeds			0			
5 Royalties			0			
	(i) Real	(ii) Personal				
6a Gross rents (6a)						
b Less: rental expenses (6b)						
c Rental income or (loss) (6c)						
d Net rental income or (loss)			0			
	(i) Securities	(ii) Other				
7a Gross amount from sales of assets other than inventory (7a)	608,846					
b Less: cost or other basis and sales expenses (7b)	645,914					
c Gain or (loss) (7c)	-37,068					
d Net gain or (loss)			-37,068	-37,068		
8a Gross income from fundraising events (not including $ ____ of contributions reported on line 1c). See Part IV, line 18 (8a)						
b Less: direct expenses (8b)						
c Net income or (loss) from fundraising events			0			
9a Gross income from gaming activities. See Part IV, line 19 (9a)						

			(A)	(B)	(C)	(D)
b Less: direct expenses	**9b**					
c Net income or (loss) from gaming activities			0			
10a Gross sales of inventory, less returns and allowances	**10a**					
b Less: cost of goods sold	**10b**					
c Net income or (loss) from sales of inventory			0			
		Business Code				
11a						
b						
c OtherRevenueMiscAmt						
d All other revenue						
e Total. Add lines 11a–11d			0			
12 Total revenue. See instructions			79,362	79,012		

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Part IX **Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX . . . . ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	**(A)** Total expenses	**(B)** Program service expenses	**(C)** Management and general expenses	**(D)** Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21	0			
2 Grants and other assistance to domestic individuals. See Part IV, line 22	0			
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16.	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	0			
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	0			
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	0			
9 Other employee benefits	0			
10 Payroll taxes	0			
11 Fees for services (non-employees):				
a Management	0			
b Legal	0			
c Accounting	0			
d Lobbying	0			
e Professional fundraising services. See Part IV, line 17	0			
f Investment management fees	7,992		7,992	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	0			
12 Advertising and promotion	0			
13 Office expenses	0			
14 Information technology	0			
15 Royalties	0			
16 Occupancy	0			

16	Occupancy	0			
17	Travel	0			
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	0			
20	Interest	0			
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	0			
23	Insurance	0			
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a	DONATIONS BOOKS FOR KIDS	30,288	30,288		
b	PROGRAMS	11,336	11,336		
c	CHILDRENS LIBRARY	10,915	10,915		
d	ADMINISTRATIVE	3,673		3,673	
e	All other expenses	4,878	4,481	397	
25	**Total functional expenses.** Add lines 1 through 24e	69,082	57,020	12,062	0
26	**Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.Check here ☐ if following SOP 98-2 (ASC 958-720).				

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Part X **Balance Sheet**

Check if Schedule O contains a response or note to any line in this Part IX ☐

			(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing	62,342	1	37,023
	2	Savings and temporary cash investments	750,052	2	785,651
	3	Pledges and grants receivable, net		3	0
	4	Accounts receivable, net		4	0
	5	Loans and other receivables from any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), and persons described in section 4958(c)(3)(B)		6	0
	7	Notes and loans receivable, net		7	0
	8	Inventories for sale or use		8	0
	9	Prepaid expenses and deferred charges		9	0
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D — 10a			
	b	Less: accumulated depreciation — 10b		10c	0
	11	Investments—publicly traded securities		11	0
	12	Investments—other securities. See Part IV, line 11		12	0
	13	Investments—program-related. See Part IV, line 11		13	0
	14	Intangible assets		14	0
	15	Other assets. See Part IV, line 11		15	0
	16	**Total assets.** Add lines 1 through 15 (must equal line 33)	812,394	16	822,674
Liabilities	17	Accounts payable and accrued expenses		17	
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities		20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22	Loans and other payables to any current or former officer, director, trustee, key			

Liabilities		employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		22	
	23	Secured mortgages and notes payable to unrelated third parties		23	
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17 - 24). Complete Part X of Schedule D		25	
	26	**Total liabilities.** Add lines 17 through 25	0	26	0
Net Assets or Fund Balances		**Organizations that follow FASB ASC 958, check here** ☑ **and complete lines 27, 28, 32, and 33.**			
	27	Net assets without donor restrictions	812,394	27	822,674
	28	Net assets with donor restrictions		28	
		Organizations that do not follow FASB ASC 958, check here ▶ ☐ **and complete lines 29 through 33.**			
	29	Capital stock or trust principal, or current funds		29	
	30	Paid-in or capital surplus, or land, building or equipment fund		30	
	31	Retained earnings, endowment, accumulated income, or other funds		31	
	32	Total net assets or fund balances	812,394	32	822,674
	33	Total liabilities and net assets/fund balances	812,394	33	822,674

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Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	79,362
2	Total expenses (must equal Part IX, column (A), line 25)	2	69,082
3	Revenue less expenses. Subtract line 2 from line 1	3	10,280
4	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	4	812,394
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B))	10	822,674

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII ☐

			Yes	No
1	Accounting method used to prepare the Form 990: ☑ Cash ☐ Accrual ☐ Other ____ If the organization changed its method of accounting from a prior year or checked "Other," explain on Schedule O.			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		No
	If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b		No
	If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c		
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Uniform Guidance, 2 C.F.R. Part 200, Subpart F?	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.	3b		

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Additional Data

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Form 990, Special Condition Description:

Special Condition Description

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SCHEDULE A
(Form 990)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.
▶ Attach to Form 990 or Form 990-EZ.
▶ Go to *www.irs.gov/Form990* for instructions and the latest information.

OMB No. 1545-0047

2023

Open to Public Inspection

Name of the organization
FRIENDS OF THE CHILDRENS LIBRARY
OF HUNTINGTON BEACH CA

Employer identification number
27-1284763

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E (Form 990).)

3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state:

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)

9 ☐ An agricultural research organization described in **170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land grant college of agriculture. See instructions. Enter the name, city, and state of the college or university:

10 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)

11 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**

12 ☑ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2).** See **section 509(a)(3).** Check the box on lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.

a ☑ **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**

b ☐ **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**

c ☐ **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**

d ☐ **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**

e ☐ Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.

f Enter the number of supported organizations 1

g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 10 above (see instructions))	(iv) Is the organization listed in your governing document? Yes	No	(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
(A) HUNTINGTON BEACH PUBLIC LIBRARY	956000723	6		No	0	0
Total 1						0

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ. Cat. No. 11285F **Schedule A (Form 990) 2023**

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Schedule A (Form 990) 2023 Page **2**

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization failed to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2019	(b) 2020	(c) 2021	(d) 2022	(e) 2023	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grant.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge..						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2019	(b) 2020	(c) 2021	(d) 2022	(e) 2023	(f) Total
7 Amounts from line 4.						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources.						
9 Net income from unrelated business activities, whether or not the business is regularly carried on.						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.).						
11 **Total support.** Add lines 7 through 10						

12 Gross receipts from related activities, etc. (see instructions) 12

13 **First 5 years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** . . . . ▶ ☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2023 (line 6, column (f) divided by line 11, column (f)) 14

15 Public support percentage for 2022 Schedule A, Part II, line 14 15

16a **33 1/3% support test—2023.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization . . . . ▶ ☐

b **33 1/3% support test—2022.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization . . . . ▶ ☐

17a **10%-facts-and-circumstances test—2023.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . ▶ ☐

b **10%-facts-and-circumstances test—2022.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . ▶ ☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions . . . . ▶ ☐

Schedule A (Form 990) 2023

Page 3

Schedule A (Form 990) 2023 Page **3**

Part III Support Schedule for Organizations Described in Section 509(a)(2)
(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2019	(b) 2020	(c) 2021	(d) 2022	(e) 2023	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the						

4	Tax revenues levied for the organization's benefit and either paid to or expended on its behalf. . .						
5	The value of services or facilities furnished by a governmental unit to the organization without charge						
6	**Total.** Add lines 1 through 5						
7a	Amounts included on lines 1, 2, and 3 received from disqualified persons						
b	Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year.						
c	Add lines 7a and 7b. .						
8	**Public support.** (Subtract line 7c from line 6.)						

Section B. Total Support

	Calendar year (or fiscal year beginning in) ▶	**(a)** 2019	**(b)** 2020	**(c)** 2021	**(d)** 2022	**(e)** 2023	**(f)** Total
9	Amounts from line 6. . .						
10a	Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources. .						
b	Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975.						
c	Add lines 10a and 10b.						
11	Net income from unrelated business activities not included on line 10b, whether or not the business is regularly carried on.						
12	Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) . .						
13	**Total support.** (Add lines 9, 10c, 11, and 12.). .						

14 **First 5 years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here**. . . . . . ▶ ☐

Section C. Computation of Public Support Percentage

15	Public support percentage for 2023 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2022 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2023** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2022** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests-2023.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization . . . . ▶ ☐

b **33 1/3% support tests—2022.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization . . . . ▶ ☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions . . . . ▶ ☐

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Part IV Supporting Organizations

(Complete only if you checked a box on line 12 of Part I. If you checked box 12a, of Part I, complete Sections A and B. If you checked box 12b, of Part I, complete Sections A and C. If you checked box 12c, of Part I, complete Sections A, D, and E. If you checked box 12d, of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

			Yes	**No**
1	Are all of the organization's supported organizations listed by name in the organization's governing documents? *If "No," describe in **Part VI** how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.*	1	Yes	
2	Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? *If "Yes," explain in **Part VI** how the organization determined that the supported organization was described in section 509(a)(1) or (2).*	2		No
3a	Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? *If "Yes," answer lines 3b and 3c below.*	3a		No
b	Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? *If "Yes," describe in **Part VI** when and how the organization made the determination.*	3b		

c	Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? *If "Yes," explain in **Part VI** what controls the organization put in place to ensure such use.*	3c		
4a	Was any supported organization not organized in the United States ("foreign supported organization")? *If "Yes" and if you checked box 12a or 12b in Part I, answer lines 4b and 4c below.*	4a		No
b	Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? *If "Yes," describe in **Part VI** how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.*	4b		
c	Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? *If "Yes," explain in **Part VI** what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.*	4c		
5a	Did the organization add, substitute, or remove any supported organizations during the tax year? *If "Yes," answer lines 5b and 5c below (if applicable). Also, provide detail in **Part VI,** including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).*	5a		No
b	**Type I or Type II only.** Was any added or substituted supported organization part of a class already designated in the organization's organizing document?	5b		
c	**Substitutions only.** Was the substitution the result of an event beyond the organization's control?	5c		
6	Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? *If "Yes," provide detail in **Part VI.***	6		No
7	Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? *If "Yes," complete Part I of Schedule L (Form 990) .*	7		No
8	Did the organization make a loan to a disqualified person (as defined in section 4958) not described on line 7? *If "Yes," complete Part I of Schedule L (Form 990).*	8		No
9a	Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons, as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? *If "Yes," provide detail in **Part VI.***	9a		No
b	Did one or more disqualified persons (as defined on line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? *If "Yes," provide detail in **Part VI.***	9b		No
c	Did a disqualified person (as defined on line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? *If "Yes," provide detail in **Part VI.***	9c		No
10a	Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? *If "Yes," answer line 10b below.*	10a		No
b	Did the organization have any excess business holdings in the tax year? *(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings).*	10b		

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Part IV Supporting Organizations (continued)

			Yes	No
11	Has the organization accepted a gift or contribution from any of the following persons?			
a	A person who directly or indirectly controls, either alone or together with persons described on lines 11b and 11c below, the governing body of a supported organization?	11a		No
b	A family member of a person described on 11a above?	11b		No
c	A 35% controlled entity of a person described on line 11a or 11b above? *If "Yes" to 11a, 11b, or 11c, provide detail in **Part VI**.*	11c		No

Section B. Type I Supporting Organizations

			Yes	No
1	Did the officers, directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? *If "No," describe in **Part VI** how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.*	1	Yes	
2	Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? *If "Yes," explain in **Part VI** how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised or controlled the supporting organization.*	2		No

Section C. Type II Supporting Organizations

			Yes	No

1	Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? *If "No," describe in **Part VI** how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).*	1		

Section D. All Type III Supporting Organizations

			Yes	No
1	Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?	1		
2	Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? *If "No," explain in **Part VI** how the organization maintained a close and continuous working relationship with the supported organization(s).*	2		
3	By reason of the relationship described in line 2 above, did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? *If "Yes," describe in **Part VI** the role the organization's supported organizations played in this regard.*	3		

Section E. Type III Functionally-Integrated Supporting Organizations

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year **(see instructions)**:

a ☐ The organization satisfied the Activities Test. Complete **line 2** below.

b ☐ The organization is the parent of each of its supported organizations. Complete **line 3** below.

c ☐ The organization supported a governmental entity. Describe in **Part VI** how you supported a government entity (see instructions)

2 Activities Test. **Answer lines 2a and 2b below.**

			Yes	No
a	Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? *If "Yes," then in **Part VI identify those supported organizations and explain** how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.*	2a		
b	Did the activities described on line 2a, above constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? *If "Yes," explain in **Part VI** the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.*	2b		
3	Parent of Supported Organizations. **Answer lines 3a and 3b below.**			
a	Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations?*If "Yes" or "No", provide details in **Part VI.***	3a		
b	Did the organization exercise a substantial degree of direction over the policies, programs and activities of each of its supported organizations? *If "Yes," describe in **Part VI.** the role played by the organization in this regard.*	3b		

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Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

1 ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 *(explain in **Part VI**)*. **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

	Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1		
2	Recoveries of prior-year distributions	2		
3	Other gross income (see instructions)	3		
4	Add lines 1 through 3	4		
5	Depreciation and depletion	5		
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6		
7	Other expenses (see instructions)	7		
8	**Adjusted Net Income** (subtract lines 5, 6 and 7 from line 4)	8		

	Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):	1		
a	Average monthly value of securities	1a		
b	Average monthly cash balances	1b		
c	Fair market value of other non-exempt-use assets	1c		
d	**Total** (add lines 1a, 1b, and 1c)	1d		

e	**Discount** claimed for blockage or other factors (*explain in detail in **Part VI***):			
2	Acquisition indebtedness applicable to non-exempt use assets	2		
3	Subtract line 2 from line 1d	3		
4	Cash deemed held for exempt use. Enter 0.015 of line 3 (for greater amount, see instructions).	4		
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5		
6	Multiply line 5 by 0.035	6		
7	Recoveries of prior-year distributions	7		
8	**Minimum Asset Amount** (add line 7 to line 6)	8		

	Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1		
2	Enter 85% of line 1	2		
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3		
4	Enter greater of line 2 or line 3	4		
5	Income tax imposed in prior year	5		
6	**Distributable Amount.** Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6		

7 ☐ Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions)

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Part V **Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations** (continued)

	Section D - Distributions		**Current Year**
1	Amounts paid to supported organizations to accomplish exempt purposes	1	
2	Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	2	
3	Administrative expenses paid to accomplish exempt purposes of supported organizations	3	
4	Amounts paid to acquire exempt-use assets	4	
5	Qualified set-aside amounts (*prior IRS approval required - provide details in **Part VI***)	5	
6	Other distributions (*describe in **Part VI***). See instructions	6	
7	**Total annual distributions.** Add lines 1 through 6.	7	
8	Distributions to attentive supported organizations to which the organization is responsive (*provide details in **Part VI***). See instructions	8	
9	Distributable amount for 2023 from Section C, line 6	9	
10	Line 8 amount divided by Line 9 amount	10	

Section E - Distribution Allocations (see instructions)	**(i)** **Excess Distributions**	**(ii)** **Underdistributions Pre-2023**	**(iii)** **Distributable Amount for 2023**
1 Distributable amount for 2023 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2023 (reasonable cause required-- *explain in **Part VI***). See instructions.			
3 Excess distributions carryover, if any, to 2023:			
a From 2018.			
b From 2019.			
c From 2020.			
d From 2021.			
e From 2022.			
f **Total** of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2023 distributable amount			
i Carryover from 2018 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from line 3f.			
4 Distributions for 2023 from Section D, line 7: $			
a Applied to underdistributions of prior years			

b Applied to 2023 distributable amount			
c Remainder. Subtract lines 4a and 4b from line 4.			
5 Remaining underdistributions for years prior to 2023, if any. Subtract lines 3g and 4a from line 2. If the amount is greater than zero, *explain in **Part VI***. See instructions.			
6 Remaining underdistributions for 2023. Subtract lines 3h and 4b from line 1. If the amount is greater than zero, *explain in **Part VI***. See instructions.			
7 **Excess distributions carryover to 2024.** Add lines 3j and 4c.			
8 Breakdown of line 7:			
a Excess from 2019.			
b Excess from 2020.			
c Excess from 2021.			
d Excess from 2022.			
e Excess from 2023.			

Schedule A (Form 990) (2023)

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Part VI **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a and 3b; Part V, line 1; Part V, Section B, line 1e; Part V Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Return Reference	Explanation

Schedule A (Form 990) 2023

Additional Data

Return to Form

Software ID: 23017517
Software Version: 2023v5.0

efile Public Visual Render	ObjectId: 202411309349304301 - Submission: 2024-05-09	TIN: 27-1284763

SCHEDULE O (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.
Attach to Form 990 or 990-EZ.
Go to *www.irs.gov/Form990* for the latest information.

OMB No. 1545-0047
2023
Open to Public Inspection

Name of the organization
FRIENDS OF THE CHILDRENS LIBRARY
OF HUNTINGTON BEACH CA

Employer identification number
27-1284763

Return Reference	Explanation
Form 990, Part VI, Section B, Line 11b	No review was or will be conducted.
Form 990, Part VI, Section C, Line 19	No documents available to the public.

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ. Cat. No. 51056K Schedule O (Form 990) 2023

Additional Data

Return to Form

Software ID: 23017517
Software Version: 2023v5.0

efile Public Visual Render | ObjectId: 202413189349308146 - Submission: 2024-11-13 | TIN: 23-7177623

Form 990

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Do not enter social security numbers on this form as it may be made public.

Go to *www.irs.gov/Form990* for instructions and the latest information.

OMB No. 1545-0047

2023

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

A For the 2023 calendar year, or tax year beginning 01-01-2023 , and ending 12-31-2023

B Check if applicable:
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Final return/terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
FRIENDS OF THE HUNTINGTON BEACH LIBRARY
Public Library

Doing business as

Number and street (or P.O. box if mail is not delivered to street address) | Room/suite
7111 TALBERT AVENUE

City or town, state or province, country, and ZIP or foreign postal code
HUNTINGTON BEACH, CA 92648

D Employer identification number
23-7177623

E Telephone number
(714) 842-4481

G Gross receipts $ 729,438

F Name and address of principal officer:

7111 TALBERT AVENUE
HUNTINGTON BEACH, CA 926481232

H(a) Is this a group return for subordinates? ☐ Yes ☑ No
H(b) Are all subordinates included? ☐ Yes ☐ No
If "No," attach a list. See instructions.
H(c) Group exemption number

I Tax-exempt status: ☑ 501(c)(3) ☐ 501(c) ( ) (insert no.) ☐ 4947(a)(1) or ☐ 527

J **Website:** N/A

K Form of organization: ☐ Corporation ☐ Trust ☐ Association ☑ Other

L Year of formation: 1967

M State of legal domicile: CA

Part I **Summary**

Activities & Governance

1 Briefly describe the organization's mission or most significant activities:
SUPPORT PUBLIC LIBRARY OPERATIONS & MATERIALS

2 Check this box ☐

3	Number of voting members of the governing body (Part VI, line 1a)	3	14
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	14
5	Total number of individuals employed in calendar year 2023 (Part V, line 2a)	5	0
6	Total number of volunteers (estimate if necessary)	6	250
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b	Net unrelated business taxable income from Form 990-T, Part I, line 11	7b	

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	59,599	469,791
	9	Program service revenue (Part VIII, line 2g)	6,101	12,550
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-7,569	44,821
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	190,291	202,276
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	248,422	729,438
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	14,586	524,420
	14	Benefits paid to or for members (Part IX, column (A), line 4)		0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)		0
	16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
	b	Total fundraising expenses (Part IX, column (D), line 25) 6,740		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	14,322	23,353
	18	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	28,908	547,773
	19	Revenue less expenses. Subtract line 18 from line 12	219,514	181,665

			Beginning of Current Year	End of Year
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	2,647,410	2,729,075
	21	Total liabilities (Part X, line 26)		0
	22	Net assets or fund balances. Subtract line 21 from line 20	2,647,410	2,729,075

Part II **Signature Block**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer	2024-11-13 Date
	JOE DRAGICEVICH Treasurer Type or print name and title	

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN P02048516
	Firm's name Rea Whitehead & Associates Inc			Firm's EIN 83-0977628	
	Firm's address 19900 Beach Blvd Ste G Huntington Beach, CA 92648			Phone no. (714) 536-3200	

May the IRS discuss this return with the preparer shown above? See Instructions. . . . . ☑ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11282Y Form **990** (2023)

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Part III **Statement of Program Service Accomplishments**

Check if Schedule O contains a response or note to any line in this Part III . . . . ☑

1 Briefly describe the organization's mission:

SUPPORT PUBLIC LIBRARY OPERATIONS & MATERIALS

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses $ 524,420 including grants of $) (Revenue $)
DONATION TO SUPPORT PUBLIC LIBRARY OPERATIONS AND MATERIALS.

4b (Code:) (Expenses $ including grants of $) (Revenue $)
VOLUNTEER HOURS-LIBRARY OPERATION AND PROGRAM SUPPORT. CONTRIBUTED APPROXIMATELY 20,000 HOURS

4c (Code:) (Expenses $ including grants of $) (Revenue $)
SOLICITATION/SALES/RENTAL-USED BOOKS-STAFFED BY VOLUNTEERS AT LIBRARY. PROVIDED 10,000 BOOKS.

4d Other program services (Describe in Schedule O.)
(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** 524,420

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Part IV **Checklist of Required Schedules**

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors*? See instructions.	2		No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Rev. Proc. 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D,* Part I	6		No

			Yes	No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D,* Part III	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X, as applicable.			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D,* Part VI.	11a		No
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e		No
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b		No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I.* See instructions.	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a		No
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b		
21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21	Yes	

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Part IV **Checklist of Required Schedules** *(continued)*

			Yes	No
22	Did the organization report more than $5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	23		No
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		

		24a		
25a	**Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L,* Part I	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L,* Part I	25b		No
26	Did the organization report any amount on Part X, line 5 or 22 for receivables from or payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part II*	26		No
27	Did the organization provide a grant or other assistance to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or employee thereof, a grant selection committee member, or to a 35% controlled entity (including an employee thereof) or family member of any of these persons? *If "Yes," complete Schedule L,*Part III	27		No
28	Was the organization a party to a business transaction with one of the following parties (see the Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):			
a	A current or former officer, director, trustee, key employee, creator or founder, or substantial contributor? *If "Yes," complete Schedule L, Part IV*	28a		No
b	A family member of any individual described in line 28a? *If "Yes," complete Schedule L, Part IV*	28b		No
c	A 35% controlled entity of one or more individuals and/or organizations described in line 28a or 28b? *If "Yes," complete Schedule L, Part IV*	28c		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? *If "Yes," complete Schedule R, Part I*	33		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	35b		
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		No
38	Did the organization complete Schedule O and provide explanations on Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O.	38	Yes	

Part V **Statements Regarding Other IRS Filings and Tax Compliance**

Check if Schedule O contains a response or note to any line in this Part V ☐

					Yes	**No**
1a	Enter the number reported in box 3 of Form 1096. Enter -0- if not applicable	1a	0			
b	Enter the number of Forms W-2G included on line 1a. Enter -0- if not applicable	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c		No

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Part V **Statements Regarding Other IRS Filings and Tax Compliance** *(continued)*

2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	0			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b		
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a		No
b	If "Yes," has it filed a Form 990-T for this year?*If "No" to line 3b, provide an explanation in Schedule O*			3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a		No
b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			5a		No

b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	**5b**		No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**			
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year **7d** 0			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	**7g**		No
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	**7h**		No
8	**Sponsoring organizations maintaining donor advised funds.** Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?	**8**		
9	**Sponsoring organizations maintaining donor advised funds.**			
a	Did the sponsoring organization make any taxable distributions under section 4966?	**9a**		
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?	**9b**		
10	**Section 501(c)(7) organizations.** Enter:			
a	Initiation fees and capital contributions included on Part VIII, line 12 **10a**			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities **10b**			
11	**Section 501(c)(12) organizations.** Enter:			
a	Gross income from members or shareholders **11a**			
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) **11b**			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year. **12b**			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**			
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O.	**13a**		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans **13b**			
c	Enter the amount of reserves on hand **13c**			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*	**14b**		
15	Is the organization subject to the section 4960 tax on payment(s) of more than $1,000,000 in remuneration or excess parachute payment(s) during the year? If "Yes," see the instructions and file Form 4720, Schedule N.	**15**		No
16	Is the organization an educational institution subject to the section 4968 excise tax on net investment income? If "Yes," complete Form 4720, Schedule O.	**16**		No
17	**Section 501(c)(21) organizations.** Did the trust, or any disqualified or other person engage in any activities that would result in the imposition of an excise tax under section 4951, 4952, or 4953? If "Yes," complete Form 6069.	**17**		

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Part VI **Governance, Management, and Disclosure.** *For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.*
Check if Schedule O contains a response or note to any line in this Part VI ☑

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year **1a** 14			

If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.

b Enter the number of voting members included in line 1a, above, who are independent — 1b: 14

			Yes	No
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		No
6	Did the organization have members or stockholders?	6		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a		No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:			
a	The governing body?	8a		No
b	Each committee with authority to act on behalf of the governing body?	8b		No
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	9		No

Section B. Policies (*This Section B requests information about policies not required by the Internal Revenue Code.*)

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe on Schedule O the process, if any, used by the organization to review this Form 990.			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a		No
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b		
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe on Schedule O how this was done*	12c		
13	Did the organization have a written whistleblower policy?	13		No
14	Did the organization have a written document retention and destruction policy?	14		No
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a		No
b	Other officers or key employees of the organization	15b		No
	If "Yes" to line 15a or 15b, describe the process on Schedule O. See instructions.			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		No
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed

18 Section 6104 requires an organization to make its Form 1023 (1024 or 1024-A, if applicable), 990, and 990-T (section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.

☐ Own website ☐ Another's website ☑ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, address, and telephone number of the person who possesses the organization's books and records:
JOE DRAGICEVICH 7111 TALBERT AVENUE HUNTINGTON BEACH, CA 92648 (714) 742-6500

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Part VII **Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response or note to any line in this Part VII ☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization’s tax year.

- List all of the organization’s **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization’s **current** key employees, if any. See the instructions for definition of "key employee."
- List the organization’s five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (box 5 of Form W-2, box 6 of Form 1099-MISC, and/or box 1 of Form 1099-NEC) of more than $100,000 from the organization and any related organizations.
- List all of the organization’s **former** officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization’s **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations.

See the instructions for the order in which to list the persons above.

☑ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and title	**(B)** Average hours per week (list any hours for related organizations below dotted line)	**(C)** Position (do not check more than one box, unless person is both an officer and a director/trustee)						**(D)** Reportable compensation from the organization (W-2/1099-MISC/1099-NEC)	**(E)** Reportable compensation from related organizations (W-2/1099-MISC/1099-NEC)	**(F)** Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	**Institutional Trustee;**	Officer	Key employee	Highest compensated employee	Former			
(1) JOE DRAGICEVICH Treasurer	4.00 0.00	X						0	0	0
(2) DOROTHY BOESCH Ex Board Member	8.00 0.00	X		X				0	0	0
(3) ALEXIS JENKINS 1ST VP PROGRAMS	4.00 0.00	X						0	0	0
(4) MARCY LONG 3RD VP USED BKS	4.00 0.00	X						0	0	0
(5) BARBARA VOELKEL 4TH VP GIFT SHP	4.00 0.00	X						0	0	0
(6) PAT HOFFMAN DIGITAL COMM	4.00 0.00	X						0	0	0
(7) DIANE RASSEY ASST TREASURER	4.00 0.00	X						0	0	0
(8) MARY SPAFFORD 2ND VP MEMBERS	2.00 0.00	X		X				0	0	0
(9) VALERIE DEMARTINO ASSIST USED BKS	3.00 0.00	X						0	0	0
(10) DINA CHAVEZ PARLIAMENTARIAN	6.00 0.00	X						0	0	0
(11) MARY ELLEN ELLICK Secretary	2.00 0.00	X						0	0	0
(12) DOLORES McGUIRE 2ND VP MEMBERS	1.00 0.00	X		X				0	0	0
(13) SHARON HATHAWAY ASST VP GFT SHP	2.00 0.00	X						0	0	0
(14) MARTHA ELLIOTT President & CEO	2.00 0.00	X						0	0	0

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Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** *(continued)*

(A) Name and title	**(B)** Average hours per week (list any hours for related organizations below dotted line)	**(C)** Position (do not check more than one box, unless person is both an officer and a director/trustee)						**(D)** Reportable compensation from the organization (W-2/1099-MISC/1099-NEC)	**(E)** Reportable compensation from related organizations (W-2/1099-MISC/1099-NEC)	**(F)** Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	**Institutional Trustee;**	Officer	Key employee	Highest compensated employee	Former			

1b Sub-Total			
c Total from continuation sheets to Part VII, Section A . .			
d Total (add lines 1b and 1c)			

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization 0

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	3		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	4		No
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization?*If "Yes," complete Schedule J for such person*	5		No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	**(B)** Description of services	**(C)** Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization 0

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Part VIII **Statement of Revenue**

Check if Schedule O contains a response or note to any line in this Part VIII . . . . ☐

Contributions, Gifts, Grants and Other Similar Amounts			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512 - 514
1a Federated campaigns . .	1a					
OtherAmt		453,048				
b Membership dues . .	1b					
		14,330				
c Fundraising events . .	1c					
d Related organizations	1d					
e Government grants (contributions)	1e					
f All other contributions, gifts, grants, and similar amounts not included above	1f	2,413				
g Noncash contributions included in lines 1a - 1f:$	1g					
h **Total.** Add lines 1a-1f			469,791			

Program Service Revenue	Business Code	(A)	(B)	(C)	(D)
2a FRIENDS MONTHLY PROGRAMS		12,550	12,550		
b					
c					
d					
e					
f All other program service revenue.					
g **Total.** Add lines 2a–2f.		12,550			

			(A)	(B)	(C)	(D)
3 Investment income (including dividends, interest, and other similar amounts)			44,821	44,821		
4 Income from investment of tax-exempt bond proceeds			0			
5 Royalties			0			
		(i) Real	(ii) Personal			
6a Gross rents	6a					
b Less: rental expenses	6b					
c Rental income or (loss)	6c					
d Net rental income or (loss)			0			
		(i) Securities	(ii) Other			
7a Gross amount from sales of assets other than inventory	7a					
b Less: cost or other basis and sales expenses	7b					
c Gain or (loss)	7c					

Revenue

Other	d Net gain or (loss)			0		
	8a Gross income from fundraising events (not including $ ______ of contributions reported on line 1c). See Part IV, line 18	8a				
	b Less: direct expenses	8b				
	c Net income or (loss) from fundraising events			0		
	9a Gross income from gaming activities. See Part IV, line 19	9a				
	b Less: direct expenses	9b				
	c Net income or (loss) from gaming activities			0		
	10a Gross sales of inventory, less returns and allowances	10a	180,139			
	b Less: cost of goods sold	10b				
	c Net income or (loss) from sales of inventory			180,139		180,139
OtherRevenueMiscAmt		Business Code				
	11a FOTL GIFT SHOP	453220		22,137	22,137	
	b					
	c					
	d All other revenue					
	e **Total.** Add lines 11a–11d			22,137		
	12 **Total revenue.** See instructions			729,438	79,508	180,139

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Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	**(A)** Total expenses	**(B)** Program service expenses	**(C)** Management and general expenses	**(D)** Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21	524,420	524,420		
2 Grants and other assistance to domestic individuals. See Part IV, line 22	0			
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16.	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	0			
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	0			
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	0			
9 Other employee benefits	0			
10 Payroll taxes	0			
11 Fees for services (non-employees):				
a Management	0			
b Legal	0			
c Accounting	1,970		1,970	

	(A)	(B)	(C)	(D)
d Lobbying	0			
e Professional fundraising services. See Part IV, line 17	0			
f Investment management fees	0			
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	0			
12 Advertising and promotion	0			
13 Office expenses	0			
14 Information technology	0			
15 Royalties	0			
16 Occupancy	0			
17 Travel	0			
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	6,740			6,740
20 Interest	0			
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	0			
23 Insurance	2,427		2,427	
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a NEWSLETTER	4,673		4,673	
b SUPPLIES	4,623		4,623	
c MISCELLANEOUS	1,780		1,780	
d BANK CHARGE	1,140		1,140	
e All other expenses	0			
25 **Total functional expenses.** Add lines 1 through 24e	547,773	524,420	16,613	6,740
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.Check here ☐ if following SOP 98-2 (ASC 958-720).				

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Part X **Balance Sheet**

Check if Schedule O contains a response or note to any line in this Part IX ☐

		(A) Beginning of year		(B) End of year
Assets	**1** Cash–non-interest-bearing	603,913	**1**	540,759
	2 Savings and temporary cash investments	1,734,604	**2**	1,862,710
	3 Pledges and grants receivable, net		**3**	0
	4 Accounts receivable, net		**4**	0
	5 Loans and other receivables from any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		**5**	0
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), and persons described in section 4958(c)(3)(B)		**6**	0
	7 Notes and loans receivable, net		**7**	0
	8 Inventories for sale or use		**8**	0
	9 Prepaid expenses and deferred charges		**9**	0
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D **10a**			
	b Less: accumulated depreciation **10b**		**10c**	0
	11 Investments—publicly traded securities		**11**	0
	12 Investments—other securities. See Part IV, line 11	308,893	**12**	325,606
	13 Investments—program-related. See Part IV, line 11		**13**	0

	14	Intangible assets		14	0
	15	Other assets. See Part IV, line 11		15	0
	16	**Total assets.** Add lines 1 through 15 (must equal line 33)	2,647,410	16	2,729,075
Liabilities	17	Accounts payable and accrued expenses		17	
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities		20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22	Loans and other payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		22	
	23	Secured mortgages and notes payable to unrelated third parties		23	
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17 - 24). Complete Part X of Schedule D		25	
	26	**Total liabilities.** Add lines 17 through 25	0	26	0
Net Assets or Fund Balances		**Organizations that follow FASB ASC 958, check here** ☑ **and complete lines 27, 28, 32, and 33.**			
	27	Net assets without donor restrictions	885,045	27	966,710
	28	Net assets with donor restrictions	1,762,365	28	1,762,365
		Organizations that do not follow FASB ASC 958, check here ▶ ☐ **and complete lines 29 through 33.**			
	29	Capital stock or trust principal, or current funds		29	
	30	Paid-in or capital surplus, or land, building or equipment fund		30	
	31	Retained earnings, endowment, accumulated income, or other funds		31	
	32	Total net assets or fund balances	2,647,410	32	2,729,075
	33	Total liabilities and net assets/fund balances	2,647,410	33	2,729,075

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Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	729,438
2	Total expenses (must equal Part IX, column (A), line 25)	2	547,773
3	Revenue less expenses. Subtract line 2 from line 1	3	181,665
4	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	4	2,647,410
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	-100,000
9	Other changes in net assets or fund balances (explain in Schedule O)	9	
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B))	10	2,729,075

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII ☐

			Yes	No
1	Accounting method used to prepare the Form 990: ☑ Cash ☐ Accrual ☐ Other ______ If the organization changed its method of accounting from a prior year or checked "Other," explain on Schedule O.			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: ☑ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis	2a	Yes	
b	Were the organization's financial statements audited by an independent accountant? If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:	2b		No

☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis

c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	**2c**		No
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Uniform Guidance, 2 C.F.R. Part 200, Subpart F?	**3a**		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.	**3b**		

Form **990** (2023)

Form 990 (2023)

Additional Data

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Software ID: 23017517
Software Version: 2023v5.1

Form 990, Special Condition Description:

Special Condition Description

efile Public Visual Render | ObjectId: 202413189349308146 - Submission: 2024-11-13 | TIN: 23-7177623

SCHEDULE A (Form 990)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.
▶ Attach to Form 990 or Form 990-EZ.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2023

Open to Public Inspection

Name of the organization
FRIENDS OF THE HUNTINGTON BEACH LIBRARY
Public Library

Employer identification number
23-7177623

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E (Form 990).)

3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state:

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)

9 ☐ An agricultural research organization described in **170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land grant college of agriculture. See instructions. Enter the name, city, and state of the college or university:

10 ☑ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)

11 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**

12 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2).** See **section 509(a)(3).** Check the box on lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.

a ☐ **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**

b ☐ **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**

c ☐ **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**

d ☐ **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**

e ☐ Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.

f Enter the number of supported organizations . . . .

g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
Total						

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ. Cat. No. 11285F **Schedule A (Form 990) 2023**

Page 2

Schedule A (Form 990) 2023 Page **2**

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization failed to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year

Calendar year (or fiscal year beginning in) ▶	(a) 2019	(b) 2020	(c) 2021	(d) 2022	(e) 2023	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grant.") . .						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge..						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) . .						
6 **Public support.** Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2019	(b) 2020	(c) 2021	(d) 2022	(e) 2023	(f) Total
7 Amounts from line 4. .						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources. . .						
9 Net income from unrelated business activities, whether or not the business is regularly carried on. .						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.). .						
11 **Total support.** Add lines 7 through 10						

12 Gross receipts from related activities, etc. (see instructions) **12**

13 **First 5 years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** . . . . . . ▶ ☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2023 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2022 Schedule A, Part II, line 14 . . . . **15**

16a **33 1/3% support test—2023.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization . . . . ▶ ☐

b **33 1/3% support test—2022.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization . . . . ▶ ☐

17a **10%-facts-and-circumstances test—2023.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . ▶ ☐

b **10%-facts-and-circumstances test—2022.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . ▶ ☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions . . . . ▶ ☐

Schedule A (Form 990) 2023

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Schedule A (Form 990) 2023 Page **3**

Part III Support Schedule for Organizations Described in Section 509(a)(2)
(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2019	(b) 2020	(c) 2021	(d) 2022	(e) 2023	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .	222,953	87,888	727,989	55,494	467,378	1,561,702
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						0
3 Gross receipts from activities that are not an unrelated trade or business under section 513						0
4 Tax revenues levied for the organization's benefit and either paid						0

	organization's benefit and either paid to or expended on its behalf. . .						0
5	The value of services or facilities furnished by a governmental unit to the organization without charge						0
6	**Total.** Add lines 1 through 5	222,953	87,888	727,989	55,494	467,378	1,561,702
7a	Amounts included on lines 1, 2, and 3 received from disqualified persons						0
b	Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year.						0
c	Add lines 7a and 7b. .						
8	**Public support.** (Subtract line 7c from line 6.)						1,561,702

Section B. Total Support

	Calendar year (or fiscal year beginning in) ▶	(a) 2019	(b) 2020	(c) 2021	(d) 2022	(e) 2023	(f) Total
9	Amounts from line 6. . .	222,953	87,888	727,989	55,494	467,378	1,561,702
10a	Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources. .						0
b	Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975.						0
c	Add lines 10a and 10b.						
11	Net income from unrelated business activities not included on line 10b, whether or not the business is regularly carried on.						0
12	Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) . .						0
13	**Total support.** (Add lines 9, 10c, 11, and 12.). .	222,953	87,888	727,989	55,494	467,378	1,561,702

14 **First 5 years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here**. . . . ▶ ☐

Section C. Computation of Public Support Percentage

15	Public support percentage for 2023 (line 8, column (f) divided by line 13, column (f)) . . .	15	100.000 %
16	Public support percentage from 2022 Schedule A, Part III, line 15 . . .	16	100.000 %

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2023** (line 10c, column (f) divided by line 13, column (f)) . . .	17	0 %
18	Investment income percentage from **2022** Schedule A, Part III, line 17 . . .	18	

19a **33 1/3% support tests-2023.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization . . . ▶ ☑

b **33 1/3% support tests—2022.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization . . . ▶ ☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions . . . ▶ ☐

Schedule A (Form 990) 2023

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Part IV Supporting Organizations

(Complete only if you checked a box on line 12 of Part I. If you checked box 12a, of Part I, complete Sections A and B. If you checked box 12b, of Part I, complete Sections A and C. If you checked box 12c, of Part I, complete Sections A, D, and E. If you checked box 12d, of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

			Yes	No
1	Are all of the organization's supported organizations listed by name in the organization's governing documents? *If "No," describe in **Part VI** how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.*	1		
2	Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? *If "Yes," explain in **Part VI** how the organization determined that the supported organization was described in section 509(a)(1) or (2).*	2		
3a	Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? *If "Yes," answer lines 3b and 3c below.*	3a		
b	Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? *If "Yes," describe in **Part VI** when and how the organization made the determination.*	3b		
c	Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes?			

			Yes	No
	If "Yes," explain in ***Part VI*** *what controls the organization put in place to ensure such use.*	3c		
4a	Was any supported organization not organized in the United States ("foreign supported organization")? *If "Yes" and if you checked box 12a or 12b in Part I, answer lines 4b and 4c below.*	4a		
b	Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? *If "Yes," describe in* ***Part VI*** *how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.*	4b		
c	Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? *If "Yes," explain in* ***Part VI*** *what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.*	4c		
5a	Did the organization add, substitute, or remove any supported organizations during the tax year? *If "Yes," answer lines 5b and 5c below (if applicable). Also, provide detail in* ***Part VI,*** *including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).*	5a		
b	**Type I or Type II only.** Was any added or substituted supported organization part of a class already designated in the organization's organizing document?	5b		
c	**Substitutions only.** Was the substitution the result of an event beyond the organization's control?	5c		
6	Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? *If "Yes," provide detail in* ***Part VI.***	6		
7	Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? *If "Yes," complete Part I of Schedule L (Form 990) .*	7		
8	Did the organization make a loan to a disqualified person (as defined in section 4958) not described on line 7? *If "Yes," complete Part I of Schedule L (Form 990).*	8		
9a	Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons, as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? *If "Yes," provide detail in* ***Part VI.***	9a		
b	Did one or more disqualified persons (as defined on line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? *If "Yes," provide detail in* ***Part VI.***	9b		
c	Did a disqualified person (as defined on line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? *If "Yes," provide detail in* ***Part VI.***	9c		
10a	Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? *If "Yes," answer line 10b below.*	10a		
b	Did the organization have any excess business holdings in the tax year? *(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings).*	10b		

Schedule A (Form 990) 2023

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Part IV **Supporting Organizations** (continued)

			Yes	No
11	Has the organization accepted a gift or contribution from any of the following persons?			
a	A person who directly or indirectly controls, either alone or together with persons described on lines 11b and 11c below, the governing body of a supported organization?	11a		
b	A family member of a person described on 11a above?	11b		
c	A 35% controlled entity of a person described on line 11a or 11b above? *If "Yes" to 11a, 11b, or 11c, provide detail in* ***Part VI.***	11c		

Section B. Type I Supporting Organizations

			Yes	No
1	Did the officers, directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? *If "No," describe in* ***Part VI*** *how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.*	1		
2	Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? *If "Yes," explain in* ***Part VI*** *how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised or controlled the supporting organization.*	2		

Section C. Type II Supporting Organizations

			Yes	No
1	Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of			

each of the organization's supported organization(s)? *If "No," describe in **Part VI** how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).* | 1 | | |

Section D. All Type III Supporting Organizations

			Yes	No
1	Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?	1		
2	Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? *If "No," explain in **Part VI** how the organization maintained a close and continuous working relationship with the supported organization(s).*	2		
3	By reason of the relationship described in line 2 above, did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? *If "Yes," describe in **Part VI** the role the organization's supported organizations played in this regard.*	3		

Section E. Type III Functionally-Integrated Supporting Organizations

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year **(see instructions)**:

a ☐ The organization satisfied the Activities Test. Complete **line 2** below.

b ☐ The organization is the parent of each of its supported organizations. Complete **line 3** below.

c ☐ The organization supported a governmental entity. Describe in **Part VI** how you supported a government entity (see instructions)

			Yes	No
2	Activities Test. **Answer lines 2a and 2b below.**			
a	Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? *If "Yes," then in **Part VI identify those supported organizations and explain** how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.*	2a		
b	Did the activities described on line 2a, above constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? *If "Yes," explain in **Part VI** the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.*	2b		
3	Parent of Supported Organizations. **Answer lines 3a and 3b below.**			
a	Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations?*If "Yes" or "No", provide details in **Part VI.***	3a		
b	Did the organization exercise a substantial degree of direction over the policies, programs and activities of each of its supported organizations? *If "Yes," describe in **Part VI.** the role played by the organization in this regard.*	3b		

Schedule A (Form 990) 2023

Page 6

Schedule A (Form 990) 2023 Page **6**

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

1 ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 *(explain in **Part VI**)*. **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

	Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1		
2	Recoveries of prior-year distributions	2		
3	Other gross income (see instructions)	3		
4	Add lines 1 through 3	4		
5	Depreciation and depletion	5		
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6		
7	Other expenses (see instructions)	7		
8	**Adjusted Net Income** (subtract lines 5, 6 and 7 from line 4)	8		

	Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):	1		
a	Average monthly value of securities	1a		
b	Average monthly cash balances	1b		
c	Fair market value of other non-exempt-use assets	1c		
d	**Total** (add lines 1a, 1b, and 1c)	1d		
e	**Discount** claimed for blockage or other factors			

c	**Discount** claimed for blockage or other factors (*explain in detail in **Part VI***):			
2	Acquisition indebtedness applicable to non-exempt use assets	2		
3	Subtract line 2 from line 1d	3		
4	Cash deemed held for exempt use. Enter 0.015 of line 3 (for greater amount, see instructions).	4		
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5		
6	Multiply line 5 by 0.035	6		
7	Recoveries of prior-year distributions	7		
8	**Minimum Asset Amount** (add line 7 to line 6)	8		

	Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1		
2	Enter 85% of line 1	2		
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3		
4	Enter greater of line 2 or line 3	4		
5	Income tax imposed in prior year	5		
6	**Distributable Amount.** Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6		

7 ☐ Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions)

Schedule A (Form 990) 2023

Page 7

Schedule A (Form 990) 2023 Page **7**

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

	Section D - Distributions		**Current Year**
1	Amounts paid to supported organizations to accomplish exempt purposes	1	
2	Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	2	
3	Administrative expenses paid to accomplish exempt purposes of supported organizations	3	
4	Amounts paid to acquire exempt-use assets	4	
5	Qualified set-aside amounts (*prior IRS approval required - provide details in **Part VI***)	5	
6	Other distributions (*describe in **Part VI***). See instructions	6	
7	**Total annual distributions.** Add lines 1 through 6.	7	
8	Distributions to attentive supported organizations to which the organization is responsive (*provide details in **Part VI***). See instructions	8	
9	Distributable amount for 2023 from Section C, line 6	9	
10	Line 8 amount divided by Line 9 amount	10	

Section E - Distribution Allocations (see instructions)	**(i)** **Excess Distributions**	**(ii)** **Underdistributions Pre-2023**	**(iii)** **Distributable Amount for 2023**
1 Distributable amount for 2023 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2023 (reasonable cause required-- *explain in **Part VI***). See instructions.			
3 Excess distributions carryover, if any, to 2023:			
a From 2018.			
b From 2019.			
c From 2020.			
d From 2021.			
e From 2022.			
f **Total** of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2023 distributable amount			
i Carryover from 2018 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from line 3f.			
4 Distributions for 2023 from Section D, line 7: $			
a Applied to underdistributions of prior years			
b Applied to 2023 distributable amount			

b Applied to 2023 distributable amount			
c Remainder. Subtract lines 4a and 4b from line 4.			
5 Remaining underdistributions for years prior to 2023, if any. Subtract lines 3g and 4a from line 2. If the amount is greater than zero, *explain in **Part VI***. See instructions.			
6 Remaining underdistributions for 2023. Subtract lines 3h and 4b from line 1. If the amount is greater than zero, *explain in **Part VI***. See instructions.			
7 **Excess distributions carryover to 2024.** Add lines 3j and 4c.			
8 Breakdown of line 7:			
a Excess from 2019.			
b Excess from 2020.			
c Excess from 2021.			
d Excess from 2022.			
e Excess from 2023.			

Schedule A (Form 990) (2023)

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Schedule A (Form 990) 2023 Page **8**

Part VI **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a and 3b; Part V, line 1; Part V, Section B, line 1e; Part V Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Return Reference	Explanation

Schedule A (Form 990) 2023

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
▶ Attach to Form 990.
▶ Go to *www.irs.gov/Form990* for instructions and the latest information.

OMB No. 1545-0047
2022
Open to Public Inspection

Name of the organization
FRIENDS OF THE HUNTINGTON BEACH LIBRARY
Public Library

Employer identification number
23-7177623

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.
Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate value of contributions to (during year)		
3	Aggregate value of grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

Part II Conservation Easements.
Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).
- ☐ Preservation of land for public use (e.g., recreation or education)
- ☐ Preservation of an historically important land area
- ☐ Protection of natural habitat
- ☐ Preservation of a certified historic structure
- ☐ Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

			Held at the End of the Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after July 25, 2006, and not on a historic structure listed in the National Register	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶

4 Number of states where property subject to conservation easement is located ▶

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ $

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.
Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under FASB ASC 958, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under FASB ASC 958, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenue included on Form 990, Part VIII, line 1 ▶ $

(ii) Assets included in Form 990, Part X ▶ $

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under FASB ASC 958 relating to these items:

a Revenue included on Form 990, Part VIII, line 1 ▶ $

b Assets included in Form 990, Part X ▶ $

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Schedule D (Form 990) 2022 Page **2**

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

a ☐ Public exhibition

b ☐ Scholarly research

c ☐ Preservation for future generations

d ☐ Loan or exchange programs

e ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?. . . ☐ **Yes** ☐ **No**

Part IV Escrow and Custodial Arrangements.
Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ **Yes** ☐ **No**

			Amount
b	If "Yes," explain the arrangement in Part XIII and complete the following table:		
c	Beginning balance	**1c**	
d	Additions during the year	**1d**	
e	Distributions during the year	**1e**	
f	Ending balance	**1f**	

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? . . . ☐ **Yes** ☐ **No**

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII . . . . ☐

Part V Endowment Funds.
Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	**(b)** Prior year	**(c)** Two years back	**(d)** Three years back	**(e)** Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

a Board designated or quasi-endowment ▶

b Permanent endowment ▶

c Term endowment ▶

The percentages on lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

			Yes	No
	(i) Unrelated organizations	**3a(i)**		
	(ii) Related organizations	**3a(ii)**		
b	If "Yes" on 3a(ii), are the related organizations listed as required on Schedule R?	**3b**		

4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment.
Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	**(a)** Cost or other basis (investment)	**(b)** Cost or other basis (other)	**(c)** Accumulated depreciation	**(d)** Book value
1a Land				
b Buildings				
c Leasehold improvements				
d Equipment				
e Other				
Total. Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				

Schedule D (Form 990) 2022

Part VII Investments - Other Securities.
Complete if the organization answered "Yes" on Form 990, Part IV, line 11b.See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	**(b)** Book value	**(c)** Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 12.)* ▶	325,606	

Part VIII Investments - Program Related.
Complete if the organization answered 'Yes' on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	**(b)** Book value	**(c)** Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 13.)* ▶		

Part IX Other Assets.
Complete if the organization answered 'Yes' on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	**(b)** Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . ▶	

Part X Other Liabilities.
Complete if the organization answered 'Yes' on Form 990, Part IV, line 11e or 11f.See Form 990, Part X, line 25.

1. **(a)** Description of liability	**(b)** Book value
(1) Federal income taxes	

Total. *(Column (b) must equal Form 990, Part X, col.(B) line 25.)* ▶	

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII ☐

Schedule D (Form 990) 2022

Schedule D (Form 990) 2022 Page **4**

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return. Complete if the organization answered 'Yes' on Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:				
a	Net unrealized gains (losses) on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII.)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII.)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total revenue. Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12.)			5	

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return. Complete if the organization answered 'Yes' on Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII.)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII.)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total expenses. Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18.)			5	

Part XIII Supplemental Information

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Return Reference	Explanation

Schedule D (Form 990) 2022

Additional Data

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

Complete if the organization answered "Yes," on Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990.
▶ Go to *www.irs.gov/Form990* for the latest information.

OMB No. 1545-0047
2023
Open to Public Inspection

Name of the organization
FRIENDS OF THE HUNTINGTON BEACH LIBRARY
Public Library

Employer identification number
23-7177623

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . ☐ Yes ☑ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Domestic Organizations and Domestic Governments. Complete if the organization answered "Yes" on Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC section (if applicable)	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of noncash assistance	**(h)** Purpose of grant or assistance
(1) HUNTINGTON BCH PUBLIC LIBRARY 7111 TALBERT AVENUE HUNTINGTON BEACH, CA 92648			515,000	0			DONATION TO SUPPORT PUBLIC LIBRARY OPERATIONS AND MATERIALS.

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . ▶ 1

3 Enter total number of other organizations listed in the line 1 table . . . ▶ 0

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Page 2

Schedule I (Form 990) 2023 Page **2**

Part III Grants and Other Assistance to Domestic Individuals. Complete if the organization answered "Yes" on Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	**(b)** Number of recipients	**(c)** Amount of cash grant	**(d)** Amount of noncash assistance	**(e)** Method of valuation (book, FMV, appraisal, other)	**(f)** Description of noncash assistance
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					

Part IV Supplemental Information. Provide the information required in Part I, line 2; Part III, column (b); and any other additional information.

Return Reference	Explanation

Schedule I (Form 990) 2023

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SCHEDULE O
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.
Attach to Form 990 or 990-EZ.
Go to *www.irs.gov/Form990* for the latest information.

OMB No. 1545-0047

2023

Open to Public Inspection

Name of the organization
FRIENDS OF THE HUNTINGTON BEACH LIBRARY
Public Library

Employer identification number
23-7177623

Return Reference	Explanation
Form 990, Part III, Line 4d	OTHER PROGRAM SERVICES 4: SUPPORT OF AUTHORS AND SUPPORT OF FRIENDS OF THE CHILDREN LIBRARY OTHER PROGRAM SERVICES 5: FRIENDS OF THE CHILDRENS LIBRARY, LITERACY AND OTHER SUPPORT
Form 990, Part VI, Section B, Line 11b	Reviewed by Treasurer in detail with CPA. Compared 990 to bank statements and finacial statements
Form 990, Part VI, Section C, Line 19	No documents available to the public.

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
Attach to Form 990.
Go to *www.irs.gov/Form990* for instructions and the latest information.

OMB No. 1545-0047
2023
Open to Public Inspection

Name of the organization
FRIENDS OF THE HUNTINGTON BEACH LIBRARY
Public Library

Employer identification number
23-7177623

Part I **Identification of Disregarded Entities.** Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II **Identification of Related Tax-Exempt Organizations.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	No
(1)FRIENDS OF CHILDREN LIBRARY OF HUNT BCH 7111 TALBERT HUNTINGTON BEACH, CA 92648 27-1284763	SUPPORT PUBLIC CHILDRENS LIBRARY OPERATIONS & MATERIALS	CA	501(c)(3)	170(b(1(A(vi)	N/A		No

Page 2

Part III **Identification of Related Organizations Taxable as a Partnership.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	No	(k) Percentage ownership

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity? Yes	No

Schedule R (Form 990) 2023

Page 3

Schedule R (Form 990) 2023 Page **3**

Part V **Transactions With Related Organizations.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

			Yes	No
	Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.			
1	During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a	Receipt of **(i)** interest, **(ii)**annuities, **(iii)** royalties, or **(iv)** rent from a controlled entity	**1a**		**No**
b	Gift, grant, or capital contribution to related organization(s)	**1b**		**No**
c	Gift, grant, or capital contribution from related organization(s)	**1c**		**No**
d	Loans or loan guarantees to or for related organization(s)	**1d**		**No**
e	Loans or loan guarantees by related organization(s)	**1e**		**No**
f	Dividends from related organization(s)	**1f**		**No**
g	Sale of assets to related organization(s)	**1g**		**No**
h	Purchase of assets from related organization(s)	**1h**		**No**
i	Exchange of assets with related organization(s)	**1i**		**No**
j	Lease of facilities, equipment, or other assets to related organization(s)	**1j**		**No**
k	Lease of facilities, equipment, or other assets from related organization(s)	**1k**		**No**
l	Performance of services or membership or fundraising solicitations for related organization(s)	**1l**		**No**
m	Performance of services or membership or fundraising solicitations by related organization(s)	**1m**		**No**
n	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	**1n**		**No**
o	Sharing of paid employees with related organization(s)	**1o**		**No**
p	Reimbursement paid to related organization(s) for expenses	**1p**		**No**
q	Reimbursement paid by related organization(s) for expenses	**1q**		**No**
r	Other transfer of cash or property to related organization(s)	**1r**		**No**
s	Other transfer of cash or property from related organization(s)	**1s**		**No**

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

(a) Name of related organization	**(b)** Transaction type (a-s)	**(c)** Amount involved	**(d)** Method of determining amount involved

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Part VI **Unrelated Organizations Taxable as a Partnership.** Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

(a) Name, address, and EIN of entity	**(b)** Primary activity	**(c)** Legal domicile (state or foreign country)	**(d)** Predominant income (related, unrelated, excluded from tax under sections 512-514)	**(e)** Are all partners section 501(c)(3) organizations?		**(f)** Share of total income	**(g)** Share of end-of-year assets	**(h)** Disproprtionate allocations?		**(i)** Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	**(j)** General or managing partner?		**(k)** Percentage ownership
				Yes	**No**			**Yes**	**No**		**Yes**	**No**	

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Part VII Supplemental Information

Provide additional information for responses to questions on Schedule R. See instructions.

Return Reference	Explanation

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Additional Data

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