The Queens Library Foundation, Inc.

Financial Statements
Year Ended June 30, 2021

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Contents

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Independent Auditor's Report

The Board of Directors
The Queens Library Foundation, Inc.
Queens, New York

Opinion

We have audited the financial statements of The Queens Library Foundation, Inc. (Foundation), which comprise the statement of financial position as of June 30, 2021, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the 2020 financial statements of The Queens Library Foundation and our report, dated December 10, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

October 6, 2021

The Queens Library Foundation, Inc.

Statement of Financial Position
(with comparative totals for 2020)

June 30,		**2021**		2020
Assets				
Current				
Cash and cash equivalents:				
Checking account – interest bearing	**$**	**3,031,299**	$	400,298
Total Cash and Cash Equivalents		**3,031,299**		400,298
Contributions receivable from individuals, corporations, and foundations		**172,527**		1,202,225
Other asset		**-**		2,700
Total Current Assets		**3,203,826**		1,605,223
Long-Term Investments, at fair value		**21,105,554**		18,689,612
Fixed Assets, Net		**307,781**		347,852
Total Assets	**$**	**24,617,161**	$	20,642,687
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	**$**	**120,994**	$	296,087
Due to affiliate		**112,938**		63,705
Accrued payroll and related expenses		**30,636**		27,473
Total Current Liabilities		**264,568**		387,265
Commitments and Contingencies				
Net Assets				
Without donor restrictions		**535,118**		622,126
With donor restrictions		**23,817,475**		19,633,296
Total Net Assets		**24,352,593**		20,255,422
Total Liabilities and Net Assets	**$**	**24,617,161**	$	20,642,687

See accompanying notes to financial statements.

The Queens Library Foundation, Inc.

Statement of Activities
(with comparative totals for 2020)

Year ended June 30,

	Without Donor Restrictions	With Donor Restrictions	**2021**	2020
Revenues, Gains, and Other Support				
Contributions from individuals, corporations, and foundations	$ 810,543	$ 1,008,454	**$ 1,818,997**	$ 2,905,396
Net investment income	-	4,223,527	**4,223,527**	611,026
In-kind development services, net	886,168	-	**886,168**	936,347
Contributed facilities	56,601	-	**56,601**	53,744
Net assets released from restrictions	1,047,802	(1,047,802)	**-**	-
Total Revenues, Gains, and Other Support	2,801,114	4,184,179	**6,985,293**	4,506,513
Expenses				
Supporting services:				
Fundraising and development	1,460,350	-	**1,460,350**	1,795,740
Management and general	442,235	-	**442,235**	260,464
Total Supporting Services	1,902,585	-	**1,902,585**	2,056,204
Program services	985,537	-	**985,537**	1,398,619
Total Expenses	2,888,122	-	**2,888,122**	3,454,823
Excess (Deficit) of Revenues, Gains, and Other Support Over Total Expenses	(87,008)	4,184,179	**4,097,171**	1,051,690
Net Assets, beginning of year	622,126	19,633,296	**20,255,422**	19,203,732
Net Assets, end of year	$ 535,118	$ 23,817,475	**$24,352,593**	$ 20,255,422

See accompanying notes to financial statements.

The Queens Library Foundation, Inc.

Statement of Cash Flows
(with comparative totals for 2020)

Year ended June 30,		**2021**		2020
Cash Flows from Operating Activities				
Excess of revenues, gains, and other support over total expenses	**$**	**4,097,171**	$	1,051,690
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation expense		**40,071**		58,951
Net realized and unrealized gains on investments		**(4,004,911)**		(349,266)
With donor restriction contributions - perpetual in nature		**(12,500)**		(14,000)
Change in assets and liabilities:				
Contributions receivable from individuals, corporations, and foundations		**1,029,698**		(1,202,155)
Due to affiliate		**49,233**		187,515
Other assets		**2,700**		(2,700)
Accounts payable and accrued expenses		**(175,093)**		175,671
Accrued payroll and related expenses		**3,163**		(33,914)
Net Cash Provided by (Used in) Operating Activities		**1,029,532**		(128,208)
Cash Flows from Investing Activities				
Proceeds from sales and maturities of investments		**4,971,274**		5,414,859
Purchase of fixed assets		**-**		(9,349)
Purchase of investments		**(3,382,305)**		(5,236,685)
Net Cash Provided by Investing Activities		**1,588,969**		168,825
Cash Flows from Financing Activities				
With donor restriction contributions - perpetual in nature		**12,500**		14,000
Net Cash Provided by Financing Activities		**12,500**		14,000
Net Increase in Cash and Cash Equivalents		**2,631,001**		54,617
Cash and Cash Equivalents, beginning of year		**400,298**		345,681
Cash and Cash Equivalents, end of year	**$**	**3,031,299**	$	400,298

See accompanying notes to financial statements.

1. Description of the Organization

The Queens Library Foundation, Inc. (the Foundation) is a not-for-profit corporation incorporated in the state of New York on November 18, 1988. The Foundation was organized exclusively for educational, charitable, and scientific purposes. The Foundation is supported primarily through donor contributions. It benefits, assists, and supports the Queens Borough Public Library (the Library), its branches, its collections, and its successors in all its activities by providing program services and organizing fundraising events. The Foundation and the Library have common trustees and Board of Directors (Board) members and share common facilities and personnel.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). In the statement of financial position, assets and liabilities are presented in the order of liquidity or conversion to cash and their maturity resulting in the use of cash.

Financial Statement Presentation

The classification of a not-for-profit organization’s net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets—with donor restrictions and without donor restrictions—be displayed in the statement of financial position and that the amounts of change in each of those classes of net assets be displayed in the statement of activities.

These classes of net assets are defined as follows:

With Donor Restrictions - This class consists of net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation, pursuant to those stipulations. When such stipulations end or are fulfilled, such donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities. Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation are classified as net assets with donor restrictions - perpetual in nature. These net assets with donor restrictions may include a stipulation that assets provided be maintained permanently while permitting the Foundation to expend the income generated by the assets in accordance with provisions of additional donor-imposed stipulations or a Board-approved spending policy.

Income from investment gains and losses, including unrealized gains and losses, dividends, and interest, should be reported as increases (or decreases) in net assets without donor restrictions, unless the use of the income received is limited by donor-imposed restrictions.

Without Donor Restrictions - This class consists of the part of net assets that is not restricted by donor-imposed stipulations.

Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, cash and cash equivalents include highly liquid short-term investments with original maturities of three months or less.

Investments and Fair Value Measurement

Investments are measured at fair market value in the accompanying statement of financial position. Investment return, net is recorded when earned as increases (or decreases) in net assets without donor restrictions, unless the use of the income received is limited by donor-imposed restrictions or U.S. GAAP in the accompanying statement of activities. Purchases and sales are recorded on a trade-date basis.

U.S. GAAP provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under U.S. GAAP are described below:

Level 1 – This level consists of quoted prices in active markets for identical assets or liabilities.

Level 2 – This level consists of inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liabilities.

Level 3 – This level consists of unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Contributions and Contributions Receivable

Contributions received are recorded as increases in without-donor-restricted or with-donor-restricted net assets depending on the existence and/or nature of any donor restrictions. When a restriction expires, with-donor-restricted net assets are reclassified to without-donor-restricted net assets.

A promise to give to the Foundation that is, in substance, unconditional, is recognized when the promise is received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

Contributions receivable consist of awards from various individuals, corporations, and foundations. All payments are expected to be collected in less than one year, unless otherwise stipulated by the donor. At June 30, 2021, the outstanding receivable amount owed from individuals, corporations, and foundations was $172,527 and is expected to be collected within one year.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. At June 30, 2021, management determined that there was no allowance to be recorded.

Fixed Assets

Fixed assets are stated at cost, except for donated assets, which are recorded at fair market value at the date of donation. The Foundation capitalizes all fixed asset acquisitions in excess of $5,000 and with an estimated useful life of at least two years. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets based on industry guidelines. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to expense as incurred. Significant renewals and betterments are capitalized.

Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the related assets. The estimated useful lives of various asset classes are as follows:

	Years
Office furniture, fixtures, and equipment	5-7
Buildings and leasehold improvements	3-39
Computer, related equipment, and computer software	3-5

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeded the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There were no impairment charges recorded during the year ended June 30, 2021.

Contributed Services

Amounts are reported in the financial statements for voluntary donations of services if those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills, and if those services would typically be purchased if not provided by donation. See Note 7 for additional information.

Applicability of the New York Prudent Management of Institutional Funds Act (NYPMIFA)

On September 17, 2010, New York State enacted NYPMIFA. This law, which is a modified version of Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act), made significant changes to the rules governing how New York not-for-profit organizations may manage, invest, and spend their endowment funds. The law is designed to allow organizations to cope more easily with fluctuations in the value of their endowments and to afford them greater access to funds needed to support their programs and services in difficult financial times.

Tax Status

The Foundation qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code (the Code), and as a not-for-profit organization under the laws of New York State. Accordingly, no provision for federal or state income taxes is required. In addition, the Foundation has been determined by the Internal Revenue Service (IRS) not to be a "private foundation" within the meaning of Section 509(a) of the Code.

The Foundation must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained. The Foundation does not believe there are any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Foundation has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Foundation has filed the IRS Form 990 tax returns as required, and all other applicable returns in jurisdictions where so required. The Foundation is subject to routine audits by a taxing authority. As of June 30, 2021, the Foundation was not subject to any examination by a taxing authority.

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash balances in checking and savings accounts with financial institutions. The cash balances in financial institutions may periodically during the year exceed federally insured limits of $250,000. The Foundation has not experienced any losses in such accounts.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Comparative Financial Information

The financial statements are not comparative but include certain prior-year summarized comparative information. With respect to the statement of activities, the prior-year information is presented in total, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Risks and Uncertainties

The Foundation's investments consist of a variety of investment securities and investment funds. Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of the Foundation's investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

In March of 2020, in order to help stem the spread of COVID-19, the Foundation reduced its business activity to only critical operations to protect its employees from the spread of the virus, consistent with governmental restrictions and guidance. Additionally, in March 2020, the corporate headquarters were closed, except for functions related to the support of remote workers. By the end of fiscal year 2021, the headquarters were reopened, and business activity returned to full operation. As a result of the COVID-19 outbreak, the Foundation incurred, and it is expected to incur for the foreseeable future, incremental and other COVID-19 pandemic-related expenses. COVID-19-related expenses consist of additional costs that the Foundation is incurring to protect its employees, contractors, and to support social-distancing recommendations resulting from the COVID-19 outbreak. These costs include, but are not limited to, new or added benefits provided to employees, the purchase of additional personal protection equipment and disinfecting supplies, additional facility cleaning services, and increased technology expenses to support remote working, where possible.

The Foundation's operations are heavily dependent on funding from individuals, corporations, and foundations. The pandemic may depress contributions in future fiscal years.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full impact that the pandemic will have on the Foundation's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) was enacted. The CARES Act contains measures designed to bring some economic and fiscal relief to companies, small businesses, and individuals facing financial difficulties due to the COVID-19 crisis. The Foundation has not and does not intend to apply for funding under the CARES Act.

On December 27, 2020, Congress enacted the Consolidated Appropriations Act, 2021 (the CAA Act), which includes $900 billion in stimulus relief as a result of the COVID-19 pandemic. On March 10, 2021, President Biden signed the $1.9 trillion American Rescue Plan Act into law. The Foundation has not and does not intend to apply for funding under the CAA Act and the American Rescue Plan Act.

Recently Adopted Accounting Pronouncements

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that superseded existing revenue recognition guidance. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cashflows arising from contracts with customers, including significant judgments and changes in judgments. The provision became effective and was adopted for the Foundation beginning July 1, 2020.

Effective July 1, 2020, the Foundation elected the modified retrospective approach in adopting ASU 2014-09 to all contracts under the scope of the guidance. The adoption of this ASU did not have a material impact on the financial statements.

Fair Value Measurement

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The update modifies certain disclosure requirements in Topic 820, *Fair Value Measurement*. The Foundation adopted this provision for fiscal year 2021. The adoption of this ASU did not have a material impact on the financial statements.

Accounting Pronouncements Issued but Not Yet Adopted

Not-for-Profit Entities (Topic 958)

The FASB issued ASU 2020-07, the, *Update* (the Update), to clarify the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items.

The enhanced presentation and disclosure requirements include the contributed nonfinancial assets as separately stated as an individual line item in the statement of activities, distinct from contributions of cash or other financial assets. The contributed nonfinancial assets are also disaggregated in a footnote by category that shows the type of contributed nonfinancial assets in the statement of activities. For each type of contributed nonfinancial asset recognized, a not-for-profit will disclose the not-for-profit's policy (if any) on liquidating rather than using contributed nonfinancial assets; qualitative considerations on whether the contributed nonfinancial assets were liquidated or used during the reporting period, and, if used, a description of how the asset was employed should be included; any donor-imposed restrictions related to the contributed nonfinancial assets; and the valuation methods and inputs utilized to determine a fair value. In accordance with Topic 820, *Fair Value Measurement,* it should be measured at initial recognition. The principal or most advantageous market is utilized to calculate fair value if it is a market in which the not-for-profit is restricted by the donor from selling or utilizing the contributed nonfinancial assets.

The Update does not change existing recognition and measurement requirements for contributed nonfinancial assets and is effective for annual reporting periods beginning after June 15, 2021 with early adoption permitted. The Foundation is currently evaluating the impact of the adoption of the ASU on its financial statements.

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3. Liquidity and Availability of Resources

The Foundation's financial assets available for use within one year of the statement of financial position date for general expenditure are as follows:

June 30, 2021		
Cash and cash equivalents	$	3,031,299
Contributions receivable from individuals, corporations, and foundations		172,527
Long-term investments*		21,105,554
Total Financial Assets Available to Management for General Expenditures Within One Year		24,309,380
Less: amount unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions		(14,752,026)
Restricted by donors in perpetuity		(9,065,449)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$	491,905

* Investments are classified as long-term in the statement of financial position, as it is the intention of the Foundation to hold them; however, they could be liquidated if necessary.

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments. Furthermore, the Library provides support to the Foundation to help cover operating expenses and manages the liquidity for both organizations.

4. Investments, at Fair Value

The Foundation's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with U.S. GAAP. See Note 2 for a discussion of the Foundation's policies regarding this hierarchy. The following are descriptions of the Foundation's investment categories:

Money Market Funds

Money market instruments are invested in dollar-denominated, high-quality, short-term instruments. These investments are classified as Level 1.

Equities

Equities consist of investments in publicly traded U.S. and foreign common stocks. The fair value of these investments is based on quoted market prices. Investments that are listed on an exchange are valued, in general, at the last reported sale price. These investments are classified as Level 1.

Exchange-Traded Funds

For the Foundation's investments in exchange-traded funds, the Foundation has ownership interest in the funds but not in the individual securities held by the funds. The assets of each fund consist primarily of shares of the underlying holdings. These funds are invested primarily in fixed-income and equity securities. These funds are valued at the net asset value (NAV) of each share. Since the funds are comprised of many different stocks, which are constantly changing in value, NAV is calculated once daily. These investments are classified as Level 1.

Fixed-Income Securities

The Foundation has investments in fixed-income securities. These investments are priced by the Foundation's investment manager using nationally recognized pricing services based on observable market data and are classified as Level 1.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the Foundation's fair value hierarchy for its financial assets (investments) that are measured at fair value on a recurring basis:

June 30, 2021

	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 331,222	$ -	$ -	$ 331,222
Equities	12,288,886	-	-	12,288,886
Exchange-traded funds	3,337,095	-	-	3,337,095
Fixed-income securities	5,148,351	-	-	5,148,351
Total Assets, at fair value	$ 21,105,554	$ -	$ -	$ 21,105,554

5. Fixed Assets, Net

Fixed assets consist of the following:

June 30, 2021

Computers, related equipment, and software	$ 694,926
Office furniture, fixtures, and equipment	142,298
Buildings and building improvement	344,929
Total Fixed Assets	1,182,153
Less: accumulated depreciation	(874,372)
Total Fixed Assets, Net	$ 307,781

Depreciation expense for the year ended June 30, 2021 applicable to the above assets amounted to $40,071.

6. Net Assets with Donor Restrictions

The Foundation maintains the following net assets with donor restrictions:

June 30, 2021		
Net Assets Restricted in Perpetuity		
Starr Endowment - income generated from endowment investments to be used for the International Resource Center at the Flushing Branch Library	$	700,000
Applebaum Endowment - income generated from endowment investments to be used for Mail-A-Book program; Latchkey program and adult reference books for Central Library and the Pomonok Branch Library		422,000
Elmezzi Foundation Endowment - income generated from endowment investments to be used for the Long Island City Adult Learning Center operating costs beginning in 2017 if the value of the endowment is at least $6 million plus consumer Price Index for each year through 2017.		6,000,000
NEH Endowment - investment income - 50% to be used for adult humanities programs and 50% reinvested in endowment		641,630
Forever Fausta - Language and Learning Endowment to be used for the Hunters Point Library		51,706
The Hebrew Technical Institute - Income generated from endowment investments to support programs that support high school and college students in computer skills		500,000
The Women's Club of Malba to support the Whitestone Library and its gardens		24,957
Mr. & Mrs. Ahmad Endowment to support the Children's Library Discovery Center STEM materials and resources		50,000
The Francis Hornik Endowment to be used to support programs for women and girls		50,000
Altman Endowment - investment income to be used for the Futures Fund		625,156
Total Net Assets Restricted in Perpetuity		9,065,449
Net Assets with Purpose and Time Restrictions		
Adult programs		236,820
Branch maintenance		44,504
Buy-A-Book		104,989
Children's programs		191,465
Futures		6,719,969
Job programs		6,181
Library materials		5,809,399
Literacy programs		432,281
Renovations		49,739
Technology		119,199
Young adult programs		923,662
Other		113,818
Total Net Assets with Purpose and Time Restrictions		14,752,026
Total Net Assets with Donor Restrictions	$	23,817,475

Net assets with donor restrictions that were released from restrictions by incurring expenses that satisfy the restricted purpose are as follows:

Year ended June 30, 2021		
Adult programs	$	83,190
Buy-A-Book		2,687
Children's programs		75,134
Futures		37,312
Library materials		317,323
Literacy programs		183,330
Technology		116,681
Young adult programs		191,917
Other		40,228
	$	1,047,802

Net Assets Restricted in Perpetuity

The Act governs the investment and management of donor-restricted endowment funds by New York not-for-profit organizations.

NYPMIFA gives the Board of Directors authority to spend donor-restricted endowment funds that are not wholly expendable on a current basis due to donor-imposed restrictions on spending. In particular, and unlike prior law, it allows institutions to spend endowment funds below their original dollar amount (historic dollar value) without court approval or Attorney General review, if the institution's Board of Directors concludes that such spending is prudent. NYPMIFA also provides standards for the prudent management and investment of institutional funds, the delegation of management and investment functions to outside advisors, and procedures for lifting or modifying donor-imposed restrictions on the management, expenditure, or use of institutional funds. NYPMIFA requires that Boards determine whether it is appropriate to consider alternatives before deciding whether to authorize expenditure of an endowment fund. It also requires that a notice be given to available donors of endowment funds who executed the gift instrument before September 17, 2010, allowing these donors to opt out of the new rule permitting institutions to spend below the historic dollar value of endowment funds. The Act also requires that the Foundation act "in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances," and must consider various factors such as economic conditions, purpose of endowment fund, etc. in managing and investing the endowment assets.

The Foundation has interpreted the Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as with donor restrictions - perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in with donor restrictions - perpetual in nature is classified as with donor restrictions – purpose-restricted until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the Act. In accordance with NYPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

The Foundation has adopted investment and spending policies, approved by its Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, while also maintaining the purchasing power of those endowment assets over the long term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make any required annual distribution, while growing the funds if possible.

The Foundation's spending policy is limited to spending amounts prescribed by the donors. The Foundation expects the current spending policy to allow its endowment funds to maintain their purchasing power, as well as to provide additional real growth through investment return.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no deficiencies as of June 30, 2021.

Investment income on the endowments is recorded as with donor restrictions – purpose-restricted and is appropriated in accordance with the spending policy.

Changes in the endowment net assets are as follows:

Year ended June 30, 2021

	With Donor Restrictions		
	Purpose Restricted	Perpetual in Nature	Total Endowment Net Assets
Endowment Net Assets, beginning of year	$ 3,430,882	$ 8,879,223	$ 12,310,105
Contributions	-	12,500	12,500
Expenditures	(163,952)	-	(163,952)
Net investment income	2,641,220	173,726	2,814,946
Endowment Net Assets, end of year	$ 5,908,150	$ 9,065,449	$ 14,973,599

7. Transactions with the Library

The Foundation was created to fundraise and obtain funding to help support the Library and its programs. The Foundation receives and records the contribution and grant revenue received from donors. These donations received are earmarked for specific programs and supplies for the Library. The Foundation only maintains expenses on its books for management and general, and fundraising and development. All program-related expenditures are reflected on the books of the Library, and an amount is allocated to the Foundation. The amount allocated to the Foundation for program-related expenditures for the year ended June 30, 2021 was $807,663.

At June 30, 2021, the Foundation had a balance due to the Library of $112,938. The Foundation also records in-kind development service revenue and the corresponding expense, which is related to wages and fringe benefits paid for by the Library on behalf of the Foundation, as follows:

Year ended June 30, 2021		
Transfers to the Library from the Foundation	$	(194,761)
Transfers to the Foundation from the Library		1,080,929
Total	$	886,168

8. Functional Expenses

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

Below is an analysis of expenses by function and nature:

Year ended June 30, 2021

	Fundraising and Development	Management and General	Program Services	Total
Wages and fringe benefits	$ 671,282	$ 245,359	$ 428,166	$ 1,344,807
Books and other library materials	-	-	279,441	279,441
Programs (contracted services and exhibits)	-	63,615	121,227	184,842
Information technology	40,606	-	21,758	62,364
Building maintenance and renovations	-	-	6,880	6,880
Telecommunications			13,495	13,495
Contractual services	689,635	133,261	35,357	858,253
Supplies, equipment, and furniture	2,078	-	38,139	40,217
Use of contributed facilities	56,601	-	-	56,601
Depreciation	-	-	40,071	40,071
Other	148	-	1,003	1,151
Total Functional Expenses	$ 1,460,350	$ 442,235	$ 985,537	$ 2,888,122

Direct expenses are assigned to the various programs and supporting services based upon actual costs incurred. Certain categories of expenses are attributable to one or more program or supporting functions of the Foundation. Those expenses are allocated based upon various allocation factors, including square footage occupied and estimates of time and effort.

9. Subsequent Events

The Foundation's management has performed subsequent event procedures through October 6, 2021, which is the date the financial statements were available to be issued, and there were no subsequent events requiring adjustments to the financial statements or disclosures as stated herein.