

The Queens Borough Public Library and Affiliate

Consolidated Financial Statements
Year Ended June 30, 2021

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The Queens Borough Public Library and Affiliate

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Independent Auditor's Report

The Board of Trustees
The Queens Borough Public Library and Affiliate
Jamaica, New York

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Library 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 Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library'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 consolidated financial statements of The Queens Borough Public Library and Affiliate and our report, dated September 25, 2020, expressed an unmodified opinion on those audited consolidated 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 consolidated financial statements from which it has been derived.

BDO USA, LLP

September 13, 2021

The Queens Borough Public Library and Affiliate

Consolidated Statement of Financial Position (with comparative totals for 2020)

June 30,	2021	2020
Assets		
Current		
Cash and cash equivalents:		
Checking accounts - interest bearing	\$ 25,906,666	\$ 11,229,623
Money market accounts	20,434,936	14,410,651
Cash on hand	31,281	37,925
Total Cash and Cash Equivalents	46,372,883	25,678,199
Accounts receivable	40,526	47,496
Grants and contracts receivable, net of allowance for doubtful accounts:		
New York City	648,983	2,796,982
New York State	1,531,054	2,480,394
Federal government	1,273,600	1,277,143
Total Grants and Contracts Receivable, net of allowance for doubtful accounts	3,453,637	6,554,519
Contributions receivable:		
From New York State, net of allowance for doubtful accounts	4,297,200	4,438,449
From individuals, corporations, and foundations	222,527	1,202,225
Total Contributions Receivable	4,519,727	5,640,674
Prepaid expenses:		
Prepaid rent	113,185	101,201
Other assets	-	53,682
Total Prepaid Expenses	113,185	154,883
Total Current Assets	54,499,958	38,075,771
New York City Receivables, long-term portion	2,917,341	4,256,624
Long-Term Investments	42,654,130	36,095,762
Fixed Assets, Net	34,859,772	33,322,026
Security Deposit	25,667	25,667
Total Assets	\$ 134,956,868	\$ 111,775,850
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 7,727,172	\$ 5,548,396
Accrued payroll and related expenses	4,575,737	4,413,509
NYS Employees' Retirement System, current portion	1,421,844	1,403,302
Compensated absences payable, current portion	370,983	342,664
Workers' compensation - self-insured incurred losses	576,611	604,584
Deferred revenue	5,486,904	3,628,570
Total Current Liabilities	20,159,251	15,941,025
NYS Employees' Retirement System, long-term portion	2,917,341	4,256,624
Compensated Absences Payable, long-term portion	8,801,606	8,913,550
Total Liabilities	31,878,198	29,111,199
Net Assets		
Without donor restrictions - Board-designated	13,045,133	8,993,097
Without donor restrictions - undesignated	65,846,756	53,682,478
With donor restrictions	24,186,781	19,989,076
Total Net Assets	103,078,670	82,664,651
Total Liabilities and Net Assets	\$ 134,956,868	\$ 111,775,850

See accompanying notes to consolidated financial statements.

The Queens Borough Public Library and Affiliate

Consolidated Statement of Activities (with comparative totals for 2020)

Year ended June 30,

	Without Donor Restrictions	With Donor Restrictions	2021	2020
Operating Revenue and Support				
Operating revenue:				
Grants and contracts:				
The City of New York	\$ 129,700,068	\$ -	\$ 129,700,068	\$ 133,954,187
State of New York	2,623,411	-	2,623,411	3,043,435
Federal Government	2,591,125	-	2,591,125	2,475,246
Contributions from individuals, corporations, and foundations	969,676	873,996	1,843,672	2,972,620
Contributions from New York State	5,274,782	-	5,274,782	5,556,478
Contributed facilities and utilities	30,885,685	-	30,885,685	28,592,665
Contributed services	13,868	-	13,868	60,300
Releases from restrictions	1,107,442	(1,107,442)	-	-
Total Operating Revenue	173,166,057	(233,446)	172,932,611	176,654,931
Support:				
Library fines and fees	107,631	-	107,631	894,180
Investment income, net	3,959,249	4,431,151	8,390,400	1,099,658
Other	1,380,739	-	1,380,739	1,274,558
Total Support	5,447,619	4,431,151	9,878,770	3,268,396
Total Operating Revenue and Support	178,613,676	4,197,705	182,811,381	179,923,327
Expenses				
Program services	143,975,322	-	143,975,322	159,599,552
Supporting services:				
Fundraising and development	1,749,456	-	1,749,456	1,832,480
Management and general	16,672,584	-	16,672,584	16,720,814
Total Supporting Services	18,422,040	-	18,422,040	18,553,294
Total Expenses	162,397,362	-	162,397,362	178,152,846
Excess of Total Support and Operating Revenue Over Total Expenses	16,216,314	4,197,705	20,414,019	1,770,481
Net Assets, beginning of year	62,675,575	19,989,076	82,664,651	80,894,170
Net Assets, end of year	\$ 78,891,889	\$ 24,186,781	\$ 103,078,670	\$ 82,664,651

See accompanying notes to consolidated financial statements.

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Consolidated Statement of Cash Flows (with comparative totals for 2020)

<i>Year ended June 30,</i>	2021	2020
Cash Flows from Operating Activities		
Cash received - New York City	\$ 132,069,321	\$ 141,614,102
Cash received - New York State	10,106,811	10,728,231
Cash received - federal government	2,594,668	1,934,443
Cash received - individuals, corporations, and foundations	2,817,840	1,748,943
Cash received - customers	1,488,370	2,168,738
Cash received - investing	447,260	570,442
Cash paid - interest expense	-	(3,423)
Cash paid - employees' wages and fringe benefits	(104,537,185)	(110,712,761)
Cash paid - vendors and suppliers	(22,742,190)	(31,761,980)
Net Cash Provided by Operating Activities	22,244,895	16,286,735
Cash Flows from Investing Activities		
Proceeds from sales of investments	8,523,712	9,723,503
Purchase of investments	(7,138,940)	(14,062,204)
Purchase of fixed assets	(2,947,483)	(451,775)
Disposal of property	-	4,283,201
Net Cash Used in Investing Activities	(1,562,711)	(507,275)
Cash Flows from Financing Activities		
Gain on sale of property	-	(1,096,606)
Repayments on line of credit	-	(4,000,000)
Contributions with donor restrictions (perpetual)	12,500	44,247
Net Cash Provided by (Used in) Financing Activities	12,500	(5,052,359)
Net Increase in Cash and Cash Equivalents	20,694,684	10,727,101
Cash and Cash Equivalents, beginning of year	25,678,199	14,951,098
Cash and Cash Equivalents, end of year	\$ 46,372,883	\$ 25,678,199
Supplemental Disclosure of Cash Flow Information		
Contributed facilities and utilities	\$ 30,885,685	\$ 28,592,665
Contributed services	13,868	60,300

See accompanying notes to consolidated financial statements.

The Queens Borough Public Library and Affiliate

Notes to Consolidated Financial Statements

1. Description of the Organization

The Queens Borough Public Library (Queens Library) is a body politic and corporate, incorporated by an Act of Incorporation of the New York State Legislature in 1907, which merged the Queens Borough Library, a not-for-profit corporation incorporated by the Regents of the University of the State of New York, into it. It is a free association library. In accordance with 1902 and 1907 agreements with the City of New York (The City), Queens Library provides free public library service in the Borough of Queens. In exchange, The City provides funding for Queens Library.

Although Queens Library is not a governmental institution, Queens Library receives a substantial amount of its support from The City in addition to support from other governmental entities and private sources. A significant reduction in the level of support provided by The City, if this were to occur, would have an effect on Queens Library's programs and activities. Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by Queens Library with the terms of grants/contracts.

2. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Queens Library and its affiliate, The Queens Library Foundation, Inc. (the Foundation) (collectively, the Library). The individual entities have common Trustees and share common facilities and personnel. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). All significant intercompany balances and transactions have been eliminated in consolidation.

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 on its books.

3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with U.S. GAAP. In the consolidated 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.

Consolidated 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 consolidated statement of financial position and that the amounts of change in each of those classes of net assets be displayed in the consolidated 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 Library is limited by donor-imposed stipulations that either expire

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Notes to Consolidated Financial Statements

by passage of time or can be fulfilled and removed by actions of the Library, 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 consolidated statement of activities. Net assets resulting from contributions and other inflows of assets whose use by the Library is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Library are classified as net assets with donor restrictions - perpetual in nature and subject to the requirements of the New York Prudent Management of Institutional Funds Act (NYPMIFA). These net assets with donor restrictions may include a stipulation that assets provided be maintained permanently, while permitting the Library 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, are 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 - Undesignated - This class consists of net assets that are not subject to donor-imposed stipulations or Board-designated restrictions.

Without Donor Restrictions - Board-Designated - The Board of Trustees established this fund with the objective of enhancing financial stability and building an adequate reserve to finance operation without the need for borrowings.

Cash and Cash Equivalents

For purposes of the accompanying consolidated 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 Measurements

Investments are measured at fair market value in the accompanying consolidated 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 consolidated statement of activities and changes in net assets. Purchases and sales of securities 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 includes 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.

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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.

Third-Party Reimbursements and Revenue Recognition

The Library receives contract and grant revenue from various governmental entities, including New York State, The City, and the federal government.

These contracts and grants are funded primarily on a cost-reimbursement basis and in some instances involve the advance of funds. The Library recognizes revenue under these contracts when the expenses allowed under the contract have been incurred. In instances where the Library receives an advance of funds from the funding source prior to the Library satisfying the conditions stipulated in the agreements, which include performing the related services as required by the contracts, the entire amount will be recorded as deferred revenue and revenue is recognized as the Library satisfies the conditions stipulated in the agreements, which include performing the related services as required by the contracts.

Accounts, Grants, Contracts Receivables, and Doubtful Accounts

Accounts, grants, and contracts receivables are recorded at the reimbursable or contracted amount. A substantial amount of these receivables are from governmental agencies and third-party reimbursement agencies. Periodically, the receivables are reviewed and evaluated as to their collectability. A receivable balance is considered past due once it has not been received by its scheduled due date. If necessary, an allowance is recorded based on those evaluations. At June 30, 2021, the organization recorded an allowance of \$2,384,215 relating to grants and contracts receivable.

Contributions and Contributions Receivable

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged at their net realizable value. Unconditional promises to give, which are to be received after one year, are discounted using an appropriate discount rate (credit-adjusted) commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue, in accordance with donor-imposed restrictions, if any. An allowance for uncollectible contributions receivable is provided in the net asset class in which the contribution receivable resides based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent receipts, and historical information. Receivables are charged to bad debt when they are deemed to be uncollectible based upon a periodic review of the accounts by management. The Library writes off any amounts that are no longer considered to be recoverable, and any payments subsequently received on such receivables are recorded as income in the period received.

Contributions with purpose or time restrictions are reported as increases in net assets with donor restrictions and subsequently released when the restrictions are met.

Contributions subject to donor-imposed stipulations that the corpus be maintained in perpetuity are recognized as increases in net assets with donor restrictions. Conditional promises to give and intentions to give are not recognized until they become unconditional—that is, when the conditions on which they depend are substantially met.

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At June 30, 2021, management recorded an allowance of \$1,118,029 relating to contributions receivable.

Contributed Facilities and Utilities

The Library occupies, without charge, certain buildings owned by The City. The estimated fair rental value of these buildings (including utility costs, which are paid by the City) is reported as contributed support and expense in the period in which the premises are used. The Library estimates the value of those contributed facilities based upon market rental rates. The City pays the utility costs of properties occupied by the Library. These costs are reported as contributed facilities with a corresponding expense. Amounts paid directly by The City for improvements to its existing Library-occupied buildings and new branch construction are not recorded by the Library, as they are considered The City's assets.

Contributed Services

Amounts are reported in the consolidated 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.

During the year ended June 30, 2021, the Library received contributed services from individuals who volunteered their time and provided professional instructional services to the community. The value of these services is estimated at \$13,868 and has been recorded in contributed services in the consolidated statement of activities in the consolidated financial statements.

During the year ended June 30, 2021, the Library received contributed clerical services from volunteers. Since these contributed services do not meet the criteria for accounting for contributed services, no amounts have been reflected in the consolidated financial statements for these contributed services.

Library Fines, Fees, and Other Revenue

Library fines, fees, and other revenue are treated as exchange transactions and, accordingly, any amounts received before the service is provided are reported as deferred revenue. Revenue is only recognized when the performance obligations for each program are satisfied.

Fixed Assets

Fixed assets are stated at cost, less depreciation, except for donated assets, which are recorded at fair market value at the date of donation. The Library 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.

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

	Years
Building	39
Building improvements	7-39
Office furniture, fixtures, and equipment	5-7
Leasehold improvements	3-39
Vehicles and mobile units	5
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.

Deferred Revenue

Funds received under exchange contracts in advance of their usage are classified as deferred revenue in the accompanying consolidated statement of financial position. There were no deferred revenues for exchange contracts as of June 30, 2021.

Tax Status

The Library qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue 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.

The Library 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 Library does not believe there are any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Library has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Library has filed the Internal Revenue Service (IRS) Form 990 tax returns as required, and all other applicable returns in jurisdictions where so required. The Library is subject to routine audits by a taxing authority. As of June 30, 2021, the Library was not subject to any examination by a taxing authority.

Concentration of Credit Risk

Financial instruments that potentially subject the Library 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

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\$250,000. The Library reviews bank and investment accounts on a regular basis. The Library 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. Actual results could differ from those estimates.

Comparative Financial Information

The consolidated financial statements are not comparative but include certain prior-year summarized comparative information. With respect to the consolidated 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 Library's consolidated financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Risks and Uncertainties

The Library'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, individual stock activity, 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 Library's investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated 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 order to help stem the spread of COVID-19, the Library temporarily closed all of its physical locations on March 16, 2020. After three months, the Library slowly began re-opening its physical locations. By the end of fiscal year 2021, the Library was fully reopened. As a result of the COVID-19 outbreak, the Library 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 Library is incurring to protect its employees, contractors, and customers, 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 Library's operations are heavily dependent on funding from The City to provide services to the public. Additionally, funding from The City may be subject to budget modifications depending on appropriations by The City.

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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 Library'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.

On December 27, 2020, Congress enacted the Consolidated Appropriations Act, 2021 (the 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 Library does not intend to apply for funding under the Act and American Rescue Plan Act.

Based on the CARES Act, the Library received an Employee Retention Credit of \$1,103,358. The Employee Retention Credit allows for a refund equal to 50% of qualified wages. Additionally, the Library received a \$330,506 National Leadership CARES Act Grant from the Institute of Museum and Library Services.

Compensated Absences

The Library's policy for compensated absences is as follows:

Annual Leave - Annual leave is granted based on time employed and employment status. In the first four years of employment, an employee will be granted 15 days of annual leave per year. Thereafter, annual leave accrual rates increase as an employee's service time increases, up to a maximum of 27 days per year. As of June 30, 2021, the Library's Annual Leave accrued compensation total was \$3,734,501.

Terminal Leave - The Library pays a terminal leave benefit to employees who retire from the system with at least ten years of service. The amount paid to each employee is based on tenure and employees being union and non-union. As of June 30, 2021, the terminal leave obligation was \$5,438,088.

Component Unit

The Library's consolidated financial statements for each fiscal year are included as a component unit in The City's Comprehensive Annual Financial Report.

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 will supersede 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

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contracts with customers, including significant judgements and changes in judgements. The FASB also issued ASU 2020-05, which deferred the effective date of the provision for the Library. The provision became effective and was adopted for the Library beginning July 1, 2020.

Effective July 1, 2020, the Library 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 consolidated 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 Library adopted this provision for fiscal year 2021. The adoption of this ASU did not have a material impact on the consolidated financial statements.

Accounting Pronouncements Issued but Not Yet Adopted

Leases

On February 25, 2016, the FASB issued ASU 2016-02, *Leases*, which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and to recognize a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The standard, as amended, is effective for non-public business entities for fiscal years beginning after December 15, 2021, and the Library is currently evaluating the impact of the adoption of this ASU on its consolidated financial statements.

Not-for-Profit Entities (Topic 958)

The FASB issued ASU 2020-07, 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 assets 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.

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Notes to Consolidated Financial Statements

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 Library is currently evaluating the impact of the adoption of the ASU on its consolidated financial statements.

4. Liquidity and Availability of Resources

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

June 30, 2021

Cash and cash equivalents	\$	46,372,883
Accounts receivable		40,526
Grants and contracts receivable		3,453,637
Contributions receivable		4,519,727
Total Financial Assets Available to Management for General Expenditures Within One Year		54,386,773
Less: amounts unavailable to management for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions		(15,121,332)
Restricted by donors in perpetuity		(9,065,449)
Amounts unavailable to management without Board's approval		(13,045,133)
Total Financial Assets Available to Management for General Expenditure Within One Year		\$ 17,154,859

As part of the Library'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 Library invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity issues, the Library has available a line of credit in the amount of \$10 million. At June 30, 2021, \$2,096,476 was carved out of the line of credit for workers' compensation and \$7,903,524 of the line of credit was available to draw upon.

5. New York State Contributions Receivable

The Library receives aid from New York State in the form of grants to help support ongoing Library activities. The Library recognizes these amounts when they are earned, and payment is anticipated. These amounts are recorded as increases in net assets without donor restrictions and are due in less than one year. At June 30, 2021, the outstanding receivable amount owed from New York State was \$4,297,200, net of allowance.

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Notes to Consolidated Financial Statements

6. Contributions Receivable from Individuals, Corporations, and Foundations

Contributions receivable consist of awards from various individual, 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 \$222,527.

7. Investments, at Fair Value

The Library's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with U.S. GAAP. See Note 3 for a discussion of the Library's policies regarding this hierarchy. The following are descriptions of the Library'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 Library's investments in exchange-traded funds, the Library 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, as determined by quoted market values. 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 Library has investments in fixed-income securities funds. These investments are priced by the Library'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 Library 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.

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Notes to Consolidated Financial Statements

The following table presents the Library'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			Total
	Level 1	Level 2	Level 3	
Money market	\$ 808,523	\$ -	\$ -	\$ 808,523
Equity	24,900,070	-	-	24,900,070
Exchange-traded funds	7,187,782	-	-	7,187,782
Fixed-income securities	9,757,755	-	-	9,757,755
Total Investments, at fair value	\$ 42,654,130	\$ -	\$ -	\$ 42,654,130

At June 30, 2021, concentration of the Library's investments in equity represents 70% of the fair value of its investment portfolio.

8. Fixed Assets, Net

The Library's branch properties are owned by The City and are occupied by the Library to provide library services to the people of Queens. Apart from repairs and improvements borne by the Library from its operating budget, capital improvements to the Library's buildings are typically funded from The City capital budget. According to The City of New York guidelines, all City-funded capital improvements or renovations are treated as property and equipment in The City financial records. In order to represent The City's ownership of these assets, and to avoid duplicative accounting, City-funded capital improvements and renovations are not recorded in the Library's financial records.

Fixed assets consist of the following:

June 30, 2021

Buildings and building improvements	\$ 42,253,483
Leasehold improvements	1,874,670
Computers, related equipment, and computer software	14,856,916
Office furniture, fixtures, and equipment	5,020,558
Vehicles and mobile units	1,234,439
Total Capital Assets	65,240,066
Less: accumulated depreciation	(32,906,130)
Construction-in-progress	2,525,836
Total Fixed Assets, Net	\$ 34,859,772

The estimated cost to complete the construction-in-progress is approximately \$10,900,000.

Depreciation expense for the year ended June 30, 2021 applicable to the above assets amounted to \$1,409,736.

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Notes to Consolidated Financial Statements

9. Line of Credit

The Library has a \$10,000,000 line of credit from a financial institution for working capital purposes. At June 30, 2021, \$2,096,476 was carved out of the line of credit for workers' compensation and \$7,903,524 of the line of credit was available to draw upon. Borrowings under the line of credit are collateralized by all of the Library's investments. The line of credit expires on March 31, 2022. As of June 30, 2021, there was no outstanding balance on the line of credit.

10. Deferred Revenue

Deferred revenue is comprised of the following:

June 30, 2021

Advance from New York State grants for programs	\$	5,486,904
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11. Pension Plans

General Information

The Library participates in the New York State Employees' Retirement System (the NYSERS). This is a cost-sharing multiple-employer public employee retirement system. The NYSERS offers a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

The State of New York requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the NYSERS's fiscal years when the local employer opts to participate in the program. The total unpaid liability was \$4,339,185 at June 30, 2021.

Funding Policies

The NYSERS is noncontributory for the employees who joined prior to July 27, 1976. Employees who joined the NYSERS prior to January 1, 2010 require five years of service to be fully vested, and employees who joined on or after January 1, 2010 need ten years of service to be fully vested. For employees who joined the NYSERS after July 27, 1976, and prior to January 1, 2010, employees contribute 3% to 6% of their salary. With the exception of Employee Retirement System (ERS) tier V and VI employees, employees in the NYSERS for more than ten years are no longer required to contribute. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For NYSERS, the New York State Comptroller certifies the rates expressed as proportions of members' pension accumulation fund.

The Library is required to contribute at an actuarially determined rate. Library contributions made to the NYSERS were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	NYSERS
Fiscal years 2020-2021	\$ 10,878,215
Fiscal years 2019-2020	10,644,999
Fiscal years 2018-2019	10,185,565

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Notes to Consolidated Financial Statements

Pension expense recorded for fiscal year 2021 is \$9,574,155.

The Library's obligation to the NYSERS is funded annually by The City as payments come due.

The Library was not listed in the plan's most recent available audited financial statements for providing more than 5% of the total contributions to the NYSERS plan for the year ended March 31, 2021. The Employer Identification Number for NYSERS is 14-6020869. The most recent Pension Protection Act (PPA) zone status is green at March 31, 2021, which is based on the funded ratio as of April 1, 2020 and is disclosed in the NYSERS plan's audited financial statements. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded.

Pension Fund	EIN Number	Plan Number	Pension Protection Act Zone Status
			2021
New York State Employees' Retirement System	14-6020869	50087	Green as of March 31, 2021

Provisions and Administration

NYSERS provides retirement benefits, as well as death and disability benefits. New York State Retirement and Social Security Law govern obligations of employers and employees to contribute, and benefits to employees. NYSERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244.

12. Debt

The changes in the Library's indebtedness are as follows:

Year ended June 30, 2021

	New York State Employees' Retirement System	Compensated Absences	Total
Balance, July 1, 2020	\$ 5,659,926	\$ 9,256,214	\$ 14,916,140
New issues and/or additions	-	400,632	400,632
Maturities and/or payments	(1,320,741)	(484,257)	(1,804,998)
Total Long-Term Debt	4,339,185	9,172,589	13,511,774
Less: current portion	(1,421,844)	(370,983)	(1,792,827)
Long-Term Debt, less current portion	\$ 2,917,341	\$ 8,801,606	\$ 11,718,947

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Notes to Consolidated Financial Statements

Payments to Maturity - Included in the current portion above is \$82,561 of accrued interest payable outstanding for NYSERS obligation and owed at June 30, 2021. The annual requirements to amortize the NYSERS obligations outstanding, including interest, are as follows:

Year ending June 30,	Principal	Interest	Total
2022	\$ 1,339,283	\$ 140,455	\$ 1,479,738
2023	1,197,238	95,638	1,292,876
2024	929,086	56,315	985,401
2025	535,329	24,913	560,242
2026	255,688	8,056	263,744
	\$ 4,256,624	\$ 325,377	\$ 4,582,001

13. Net Assets with Donor Restrictions

The Library maintained 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 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		253,468
Branch maintenance		45,460
Buy-A-Book		106,556
Children's programs		204,382
Futures		6,705,355
Job programs		6,181
Library materials		5,809,399
Literacy programs		432,764
New Americans		5,434
Renovations		76,109
Technology		438,744
Young adult programs		923,662
Other		113,818
Total Net Assets with Purpose and Time Restrictions		15,121,332
	\$	24,186,781

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Notes to Consolidated Financial Statements

With-donor-restricted net assets that were released from restrictions by incurring expenses satisfying the restricted purpose during the year ended June 30, 2021 are as follows:

Adult programs	\$	95,284
Buy-A-Book		2,687
Children's programs		119,418
Futures		37,312
Library materials		317,461
Literacy programs		179,942
New Americans		17,501
Technology		116,730
Young adult programs		191,779
Other		29,328
	\$	1,107,442

Net Assets Restricted in Perpetuity

NYPMIFA governs the investment and management of donor-restricted endowment funds. The Board of Trustees adheres to NYPMIFA's requirements.

The Library 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, and 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 Library's spending policy is limited to spending amounts prescribed by the grantors. The Library 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 Library 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.

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Notes to Consolidated Financial Statements

Changes in the endowment net assets are as follows:

Year ended June 30, 2021

	With Donor Restrictions		Total Endowment Net Assets
	Purpose Restricted	Perpetual in Nature	
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

14. Net Assets Without Donor Restrictions - Board-Designated

Activity in net assets without donor restrictions - Board-designated is as follows:

Year ended June 30, 2021

Balance, beginning of year	\$ 8,993,097
Additions to Board-designated net assets	4,090,748
Reductions of Board-designated net assets	(38,712)
Balance, end of year	\$ 13,045,133

15. Contributed Facilities and Utilities

During each fiscal year, the value of facilities contributed to the Library by The City consisted of the following:

Year ended June 30, 2021

Estimated rental value of properties	\$ 28,093,138
Heat, light, and power	2,792,547
	\$ 30,885,685

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The Queens Borough Public Library and Affiliate

Notes to Consolidated Financial Statements

16. Functional Expenses

The Library provides free public library service in the Borough of Queens. A summary of the Library's functional allocation of expenses related to providing these services included in the accompanying consolidated statement of activities is as follows:

Year ended June 30, 2021

	Program Services	Fundraising and Development	Management and General	Total
Wages	\$ 57,638,455	\$ 684,011	\$ 9,103,193	\$ 67,425,659
Fringe benefits	33,598,159	165,145	2,099,856	35,863,160
Books and other library materials	6,604,244	-	-	6,604,244
Programs (contracted services and exhibits)	322,613	-	428,503	751,116
Information technology	3,102,996	40,606	1,254,582	4,398,184
Building maintenance and renovations	2,416,097	-	1,123,293	3,539,390
Telecommunications	1,223,965	-	4,321	1,228,286
Building lease	1,395,208	-	-	1,395,208
Contractual services	1,538,161	800,867	932,664	3,271,692
Supplies, equipment, and furniture	444,879	2,078	195,576	642,533
Use of contributed facilities and utilities	30,829,084	56,601	-	30,885,685
Use of contributed services	13,868	-	-	13,868
Property and casualty insurance	-	-	1,272,471	1,272,471
Depreciation	1,270,361	-	139,375	1,409,736
Bad debt	3,553,653	-	-	3,553,653
Other	23,579	148	118,750	142,477
Total Functional Expenses	\$143,975,322	\$ 1,749,456	\$ 16,672,584	\$162,397,362

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 Library. Those expenses are allocated based upon various allocation factors, including square footage occupied and time and effort. Depreciation is allocated based on estimated use of square footage. Employee expenses are allocated based on time studies. Other expenses are allocated based on estimates of time and effort.

17. Defined Contribution Plans

The Library offers three retirement plans, which are made up of two 403(b) plans and one 457(b) plan. The 403(b) plans are offered to all full-time employees with eligibility on the date of hire. The 457(b) plan is offered to executive staff only.

There is no employer contribution to the plans and, when an employee leaves the Library, they can opt to leave their funds in the plan or transfer it in accordance with IRS guidelines and regulatory compliance.

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Notes to Consolidated Financial Statements

18. Commitments and Contingencies

Post-Retirement Benefits

The Library contributes to a multi-employer, post-retirement benefit plan that provides defined-benefit health-care benefits to substantially all employees upon retirement. The Library records related expenses as payments are made. The City appropriates funds to cover the full cost of post-retirement benefits for Library employees each year as payments are made. Amounts charged to expense amounted to approximately \$3,056,715 in fiscal year 2021.

Operating Leases

The Library is obligated under several noncancelable operating leases for facilities expiring at various dates through December 2033. Minimum annual rental commitments at June 30, 2021 under noncancelable leases, exclusive of renewal options, are as follows:

Year ending June 30,

2022	\$	1,143,864
2023		997,154
2024		867,367
2025		881,371
2026		921,218
Thereafter		4,615,223
	\$	9,426,197

Building lease expense for the year ended June 30, 2021 was \$1,395,208.

Self-Funded Workers' Compensation Program

Effective July 1, 1995, the Library elected to self-insure workers' compensation. This election has been approved by the Workers' Compensation Board for the State of New York and a letter of credit in the amount of \$2,096,476 was sent to the New York State Workers' Compensation Board, Office of Self-Insurance, to secure the program. The letter of credit expires on July 1, 2021. The amount has been determined by the state of New York based upon the Library's loss exposure. The letter of credit is collateralized by a portion of the \$10 million line of credit with a bank.

An excess loss insurance policy has been purchased to provide excess coverage for catastrophic loss exposures for claims occurring since the inception of the program. A third-party administrator specializing in the management of workers' compensation self-insurance is required and has been retained to manage the program.

Legal Matters

The Library is involved in certain disputes arising from the normal course of its business. In the opinion of management and on the advice of legal counsel, the expected outcome of such disputes, in the aggregate, will not have a material adverse effect on the Library's financial position.

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Notes to Consolidated Financial Statements

Grantor Audits

The Library's grantors, including agencies of the government of The City, the state of New York, and the United States, have the right to conduct or otherwise require audits of funding they provide to the Library. Such audits might result in disallowances of costs submitted for reimbursement or other questioned amounts. No amounts have been provided in the consolidated financial statements for such potential claims. Management believes that, in the event of such audits, any findings would not have a material effect on the Library's financial position or operations.

19. Subsequent Events

The Library's management has performed subsequent event procedures through September 13, 2021, which is the date the consolidated financial statements were available to be issued, and there were no additional subsequent events requiring adjustments to the consolidated financial statements or disclosures as stated herein, other than the matter discussed above.