



The Queens Borough Public Library and Affiliate

Consolidated Financial Statements
Year Ended June 30, 2022

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



The Queens Borough Public Library and Affiliate

Consolidated Financial Statements
Year Ended June 30, 2022

The Queens Borough Public Library and Affiliate

Contents

Independent Auditor's Report	3-5
Consolidated Financial Statements	
Consolidated Statement of Financial Position as of June 30, 2022	6-7
Consolidated Statement of Activities for the Year Ended June 30, 2022	8
Consolidated Statement of Cash Flows for the Year Ended June 30, 2022	9
Notes to Consolidated Financial Statements	10-27



Tel: 212-371-4446
Fax: 212-371-9374
www.bdo.com

622 Third Ave, Suite 3100
New York, NY 10017

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, 2022, 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, 2022, 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 Consolidated 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 2021 consolidated financial statements of The Queens Borough Public Library and Affiliate and our report, dated September 13, 2021, 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, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

BDO USA, LLP

September 9, 2022

The Queens Borough Public Library and Affiliate

Consolidated Statement of Financial Position (with comparative totals for 2021)

<i>June 30,</i>	2022	2021
Assets		
Current		
Cash and cash equivalents:		
Checking accounts - interest bearing	\$ 27,978,620	\$ 25,906,666
Money market accounts	20,444,488	20,434,936
Cash on hand	27,703	31,281
Total Cash and Cash Equivalents	48,450,811	46,372,883
Accounts receivable	73,851	40,526
Grants and contracts receivable:		
New York City	1,980,064	648,983
New York State	1,526,729	1,531,054
Federal government	791,265	1,273,600
Total Grants and Contracts Receivable	4,298,058	3,453,637
Contributions receivable:		
From New York State, net of allowance for doubtful accounts	2,423,995	4,297,200
From individuals, corporations, and foundations	388,963	222,527
Total Contributions Receivable	2,812,958	4,519,727
Prepaid expenses:		
Prepaid rent	144,339	113,185
Other assets	153,927	-
Total Prepaid Expenses	298,266	113,185
Total Current Assets	55,933,944	54,499,958
New York City Receivables, long-term portion	1,720,103	2,917,341
Long-Term Investments	39,147,943	42,654,130
Fixed Assets, Net	39,262,858	34,859,772
Security Deposit	25,667	25,667
Total Assets	\$ 136,090,515	\$ 134,956,868

The Queens Borough Public Library and Affiliate
Consolidated Statement of Financial Position (continued)
(with comparative totals for 2021)

<i>June 30,</i>	2022	2021
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 8,693,386	\$ 7,727,172
Accrued payroll and related expenses	4,902,348	4,575,737
NYS Employees' Retirement System, current portion	1,254,149	1,421,844
Compensated absences payable, current portion	447,558	370,983
Workers' compensation - self-insured incurred losses	682,601	576,611
Deferred revenue	3,017,975	5,486,904
Total Current Liabilities	18,998,017	20,159,251
NYS Employees' Retirement System, long-term portion	1,720,103	2,917,341
Compensated Absences Payable, long-term portion	7,096,515	8,801,606
Total Liabilities	27,814,635	31,878,198
Net Assets		
Without donor restrictions - Board-designated	8,393,000	13,045,133
Without donor restrictions - undesignated	77,982,664	65,846,756
With donor restrictions	21,900,216	24,186,781
Total Net Assets	108,275,880	103,078,670
Total Liabilities and Net Assets	\$ 136,090,515	\$ 134,956,868

See accompanying notes to consolidated financial statements.

The Queens Borough Public Library and Affiliate

Consolidated Statement of Activities (with comparative totals for 2021)

Year ended June 30,

	Without Donor Restrictions	With Donor Restrictions	2022	2021
Operating Revenue and Support				
Operating revenue:				
Grants and contracts:				
The City of New York	\$ 129,142,853	\$ -	\$ 129,142,853	\$ 129,700,068
State of New York	6,170,891	-	6,170,891	2,623,411
Federal Government	2,479,060	-	2,479,060	2,591,125
Contributions from individuals, corporations, and foundations	1,110,307	2,357,448	3,467,755	1,843,672
Contributions from New York State	5,926,239	-	5,926,239	5,274,782
Contributed facilities and utilities	29,902,647	-	29,902,647	30,885,685
Contributed services	19,011	-	19,011	13,868
Releases from restrictions	1,872,564	(1,872,564)	-	-
Total Operating Revenue	176,623,572	484,884	177,108,456	172,932,611
Support:				
Library fines and fees	183,294	-	183,294	107,631
Investment (loss) income, net	(4,450,843)	(2,771,449)	(7,222,292)	8,390,400
Other	211,291	-	211,291	1,380,739
Total (Reduction) Support	(4,056,258)	(2,771,449)	(6,827,707)	9,878,770
Total Operating Revenue and (Reduction) Support	172,567,314	(2,286,565)	170,280,749	182,811,381
Expenses				
Program services	146,744,144	-	146,744,144	143,975,322
Supporting services:				
Fundraising and development	1,536,896	-	1,536,896	1,749,456
Management and general	16,802,499	-	16,802,499	16,672,584
Total Supporting Services	18,339,395	-	18,339,395	18,422,040
Total Expenses	165,083,539	-	165,083,539	162,397,362
Excess of Total (Reduction) Support and Operating Revenue Over Total Expenses	7,483,775	(2,286,565)	5,197,210	20,414,019
Net Assets, beginning of year	78,891,889	24,186,781	103,078,670	82,664,651
Net Assets, end of year	\$ 86,375,664	\$ 21,900,216	\$ 108,275,880	\$ 103,078,670

See accompanying notes to consolidated financial statements.

The Queens Borough Public Library and Affiliate

Consolidated Statement of Cash Flows (with comparative totals for 2021)

<i>Year ended June 30,</i>	2022	2021
Cash Flows from Operating Activities		
Cash received - New York City	\$ 129,009,010	\$ 132,069,321
Cash received - New York State	13,974,660	10,106,811
Cash received - federal government	2,961,395	2,594,668
Cash received - individuals, corporations, and foundations	3,266,994	2,817,840
Cash received - customers	394,585	1,488,370
Cash received - investing	537,358	447,260
Cash paid - employees' wages and fringe benefits	(107,341,475)	(104,537,185)
Cash paid - vendors and suppliers	(30,482,975)	(22,742,190)
Net Cash Provided by Operating Activities	12,319,552	22,244,895
Cash Flows from Investing Activities		
Proceeds from sales of investments	30,068,056	8,523,712
Purchase of investments	(5,989,160)	(7,138,940)
Purchase of fixed assets	(34,321,520)	(2,947,483)
Net Cash Used in Investing Activities	(10,242,624)	(1,562,711)
Cash Flows from Financing Activities		
Contributions with donor restrictions (perpetual)	1,000	12,500
Net Cash Provided by Financing Activities	1,000	12,500
Net Increase in Cash and Cash Equivalents	2,077,928	20,694,684
Cash and Cash Equivalents, beginning of year	46,372,883	25,678,199
Cash and Cash Equivalents, end of year	\$ 48,450,811	\$ 46,372,883
Supplemental Disclosure of Cash Flow Information		
Contributed facilities and utilities	\$ 29,902,647	\$ 30,885,685
Contributed services	19,011	13,868

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

The Queens Borough Public Library and Affiliate

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.

The Queens Borough Public Library and Affiliate

Notes to Consolidated Financial Statements

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, 2022, the Library recorded an allowance of \$3,502,244 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.

The Queens Borough Public Library and Affiliate

Notes to Consolidated Financial Statements

Contributed Facilities and Utilities

The Library occupies, without charge, certain buildings owned by The City. All donated services and assets were utilized by the Library's programs and fundraising services. There were no donor-imposed restrictions associated with the donated services and assets. The estimated fair value for rental of these buildings (including utility costs) is reported as contributed support and expense in the period in which the premises are used. The Library estimates the fair value of those contributed facilities based upon the average market rental rates per square foot multiplied by the actual square footage of the contributed space. The City pays the utility costs for similar properties under lease by the Library in the commercial real estate market, and of donated space occupied by the Library. The fair value of donated utilities is determined by The City and is based on The City's utility budget and prior year usage, adjusted for weather data and other factors. These costs are reported as contributed facilities and utilities income 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. Refer to Note 15 for further details of the contributed facilities and utilities values recorded for fiscal year 2022.

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. The Library recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

During the year ended June 30, 2022, 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 \$19,011 and has been recorded in contributed services in the consolidated statement of activities in the consolidated financial statements.

During the year ended June 30, 2022, 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

The Queens Borough Public Library and Affiliate

Notes to Consolidated Financial Statements

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 lives of the related assets. The estimated useful lives of various asset classes are as follows:

Assets	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, 2022.

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, 2022.

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, 2022, the Library was not subject to any examination by a taxing authority.

The Queens Borough Public Library and Affiliate

Notes to Consolidated Financial Statements

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 \$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, 2021, 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 risks. 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.

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, 2022, the Library's Annual Leave accrued compensation total was \$2,626,537.

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, 2022, the terminal leave obligation was \$4,917,536.

The Queens Borough Public Library and Affiliate

Notes to Consolidated Financial Statements

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

Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to increase transparency on how contributed nonfinancial assets (also referred to as gifts-in-kind) received by nonprofits are to be used and how they are valued. The ASU has been implemented on retrospective basis for the Library's fiscal year 2022 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. The Library is currently evaluating the impact of the adoption of this ASU on its consolidated financial statements.

Financial Instruments - Credit Losses

In June 2016, the FASB issued ASU 2016-03, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended. The new credit losses standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying Accounting Standards Codification (ASC) 606, loans, and certain other instruments, entities will be required to use a new forward-looking "expected-loss" model that generally will result in earlier recognition of credit losses than under today's incurred loss model. ASU 2016-03 is effective for annual periods beginning after December 31, 2021. The Library is currently evaluating the impact of the adoption of this ASU on its consolidated financial statements.

The remainder of this page intentionally left blank.

The Queens Borough Public Library and Affiliate

Notes to 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, 2022

Cash and cash equivalents	\$ 48,450,811
Accounts receivable	73,851
Grants and contracts receivable	4,298,058
Contributions receivable	2,812,958
Total Financial Assets Available to Management for General Expenditures Within One Year	55,635,678
Less: amounts unavailable to management for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	(12,948,596)
Restricted by donors in perpetuity	(8,951,620)
Amounts unavailable to management without Board's approval	(8,393,000)
Total Financial Assets Available to Management for General Expenditure Within One Year	\$ 25,342,462

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, 2022, \$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, 2022, the outstanding receivable amount owed from New York State was \$2,423,995, net of allowance.

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, 2022, the outstanding receivable amount owed from individuals, corporations, and foundations was \$238,963.

The Queens Borough Public Library and Affiliate

Notes to Consolidated Financial Statements

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 funds 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.

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, 2022

	Fair Value Measurement Using			Total
	Level 1	Level 2	Level 3	
Money market	\$ 1,342,253	\$ -	\$ -	\$ 1,342,253
Equity	22,908,631	-	-	22,908,631
Exchange-traded funds	5,207,201	-	-	5,207,201
Fixed-income securities	9,689,858	-	-	9,689,858
Total Investments, at fair value	\$ 39,147,943	\$ -	\$ -	\$ 39,147,943

At June 30, 2022, concentration of the Library's investments in equity represents 59% of the fair value of its investment portfolio.

The Queens Borough Public Library and Affiliate

Notes to Consolidated Financial Statements

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's capital budget. According to The City 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, 2022

Buildings and building improvements	\$ 47,196,983
Computers, related equipment, and computer software	12,466,002
Office furniture, fixtures, and equipment	9,403,472
Vehicles and mobile units	1,139,799
Total Capital Assets	70,206,256
Less: accumulated depreciation	(34,492,203)
Construction-in-progress	3,548,805
Total Fixed Assets, Net	\$ 39,262,858

The estimated cost to complete the construction-in-progress is approximately \$18,320,000. Depreciation expense for the year ended June 30, 2022 applicable to the above assets amounted to \$1,586,074.

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, 2022, \$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 October 31, 2022. As of June 30, 2022, there was no outstanding balance on the line of credit.

10. Deferred Revenue

Deferred revenue is comprised of the following:

June 30, 2022

Advance from New York State grants for programs	\$ 3,017,975
---	--------------

The Queens Borough Public Library and Affiliate

Notes to Consolidated Financial Statements

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 (ERS). 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 \$2,974,252 at June 30, 2022.

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 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 2021-2022	\$ 11,556,056
Fiscal years 2020-2021	10,878,215
Fiscal years 2019-2020	10,644,999

Pension expense recorded for fiscal year 2022 is \$10,191,122.

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 (EIN) for NYSERS is 14-6020869. The most recent Pension Protection Act (PPA) zone status is green at March 31, 2022, which is based on the funded ratio as of April 1, 2021 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.

The Queens Borough Public Library and Affiliate

Notes to Consolidated Financial Statements

Pension Fund	EIN	Plan Number	Pension Protection Act Zone Status
New York State Employees' Retirement System	14-6020869	50087	Green as of March 31, 2022

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, 2022

	New York State Employees' Retirement System	Compensated Absences	Total
Balance, July 1, 2021	\$ 4,339,185	\$ 9,172,589	\$ 13,511,774
New issues and/or additions	-	133,934	133,934
Maturities and/or payments	(1,364,933)	(1,762,450)	(3,127,383)
Total Long-Term Debt	2,974,252	7,544,073	10,518,325
Less: current portion	(1,254,149)	(447,558)	(1,701,707)
Long-Term Debt, less current portion	\$ 1,720,103	\$ 7,096,515	\$ 8,816,618

Payments to Maturity-New York State Employees' Retirement System

Included in the current portion above is \$56,911 of accrued interest payable outstanding for NYSERS obligation and owed at June 30, 2022. The annual requirements to amortize the NYSERS obligations outstanding, including interest, are as follows:

Year ending June 30,

	Principal	Interest	Total
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
	\$ 2,917,341	\$ 184,922	\$ 3,102,263

The Queens Borough Public Library and Affiliate

Notes to Consolidated Financial Statements

13. Net Assets with Donor Restrictions

The Library maintained the following net assets with donor restrictions:

June 30, 2022

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	587,178
Forever Fausta - Language and Learning Endowment to be used for the Hunters Point Library	52,706
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	564,779
Total Net Assets Restricted in Perpetuity	8,951,620

Net Assets with Purpose and Time Restrictions

Futures Fund for Children Services	5,795,457
Library renovations	291,712
Children's programs	175,567
Literacy programs	282,329
Adult Programs	522,891
Job training programs	22,903
New Americans services	2,309
Young adult programs	777,643
Buy-A-Book	69,943
Technology	1,043,363
Library materials	3,892,105
Other	72,374
Total Net Assets with Purpose and Time Restrictions	12,948,596
	\$ 21,900,216

The Queens Borough Public Library and Affiliate

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, 2022 are as follows:

Futures Fund for Children Services	\$	39,165
Library renovations		14,857
Children's programs		201,130
Literacy programs		161,916
Adult Programs		257,437
Job training programs		128,627
New Americans services		30,169
Young adult programs		447,612
Buy-A-Book		54,261
Technology		150,407
Library materials		361,792
Other		25,191
	\$	1,872,564

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, 2022.

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

The Queens Borough Public Library and Affiliate

Notes to Consolidated Financial Statements

Changes in the endowment net assets are as follows:

Year ended June 30, 2022

	With Donor Restrictions		Total Endowment Net Assets
	Purpose Restricted	Perpetual in Nature	
Endowment Net Assets , beginning of year	\$ 5,908,149	\$ 9,065,449	\$ 14,973,598
Contributions	-	1,000	1,000
Expenditures	(188,389)	-	(188,389)
Net investment loss	(2,171,732)	(114,829)	(2,286,561)
Endowment Net Assets , end of year	\$ 3,548,028	\$ 8,951,620	\$ 12,499,648

14. Net Assets Without Donor Restrictions - Board-Designated

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

Year ended June 30, 2022

Balance , beginning of year	\$ 13,045,133
Reductions for investment loss Board-designated net assets	(4,229,831)
Reductions of Board-designated net assets	(422,302)
Balance , end of year	\$ 8,393,000

15. Contributed Facilities and Utilities

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

Year ended June 30, 2022

Program services - public library program- estimated rental value of donated space	\$ 26,813,071
Supporting services - fundraising- estimated rental value of donated space	54,131
Program services - public library program- donated heat, light, and power	3,035,445
Total	\$ 29,902,647

The remainder of this page intentionally left blank.

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, 2022

	Program Services	Fundraising and Development	Management and General	Total
Wages	\$ 56,432,575	\$ 718,654	\$ 9,161,683	\$ 66,312,912
Fringe benefits	35,239,789	193,309	2,928,613	38,361,711
Books and other library materials	9,225,590	-	-	9,225,590
Programs (contracted services and exhibits)	1,165,069	-	1,600	1,166,669
Information technology	3,947,878	27,795	1,079,113	5,054,786
Building maintenance and renovations	3,380,673	-	33,592	3,414,265
Telecommunications	1,285,807	-	3,063	1,288,870
Building lease	1,312,535	-	-	1,312,535
Contractual services	2,598,905	538,587	1,490,138	4,627,630
Supplies, equipment, and furniture	890,644	4,037	374,108	1,268,789
Use of contributed facilities and utilities	29,848,516	54,131	-	29,902,647
Use of contributed services	19,011	-	-	19,011
Property and casualty insurance	-	-	1,320,605	1,320,605
Depreciation	1,289,870	-	296,204	1,586,074
Other	107,282	383	113,780	221,445
Total Functional Expenses	\$146,744,144	\$ 1,536,896	\$ 16,802,499	\$165,083,539

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.

The Queens Borough Public Library and Affiliate

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 \$3,488,213 in fiscal year 2022.

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, 2022 under noncancelable leases, exclusive of renewal options, are as follows:

Year ending June 30,

2023	\$	946,064
2024		867,367
2025		881,371
2026		921,218
2027		936,372
Thereafter		3,678,851
	\$	8,231,243

Building lease expense for the year ended June 30, 2022 was \$1,312,535.

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, 2023. 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.

The Queens Borough Public Library and Affiliate

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 9, 2022, which is the date the consolidated financial statements were available to be issued, and there were no subsequent events requiring adjustments to the consolidated financial statements or disclosures as stated herein.