

BROOKLYN PUBLIC LIBRARY

FINANCIAL STATEMENTS

JUNE 30, 2025 and 2024

BROOKLYN PUBLIC LIBRARY

Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements	
Statements of financial position as of June 30, 2025 and 2024	3
Statements of activities for the years ended June 30, 2025 and 2024	4
Statement of functional expenses for the year ended June 30, 2025 (with comparative totals for June 30, 2024)	5
Statement of functional expenses for the year ended June 30, 2024	6
Statements of cash flows for the years ended June 30, 2025 and 2024	7
Notes to financial statements	8 - 29

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Brooklyn Public Library

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Brooklyn Public Library (the "Library"), a component unit of The City of New York, which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for each of the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Brooklyn Public Library as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
September 9, 2025



BROOKLYN PUBLIC LIBRARY

Statements of Financial Position (in thousands)

	June 30,	
	2025	2024
ASSETS		
Cash and cash equivalents (including restricted cash of \$107 at each year-end)	\$ 50,357	\$ 46,095
Restricted cash segregated account	5,051	5,587
Contributions, grants and other receivables, net	15,137	20,347
Investments	51,714	48,554
Prepaid expenses and other assets	723	756
Right-of-use assets	19,304	16,606
Property and equipment, net	104,290	88,968
	\$ 246,576	\$ 226,913
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	\$ 15,716	\$ 11,734
Deferred revenue	146	242
Funds received in advance	11,580	11,295
Line-of-credit payable	3,865	696
Lease liabilities	20,217	17,355
Accrued wages and related liabilities	17,443	15,882
	68,967	57,204
Total liabilities		
	68,967	57,204
Commitments and contingencies (Note L)		
Net assets:		
Without donor restrictions:		
Undesignated, available for operations	132,233	129,314
Board-designated for building renovation	10,030	6,130
Board-designated for use in future fiscal years	9,361	9,361
	151,624	144,805
Total net assets without donor restrictions		
	151,624	144,805
With donor restrictions:		
Restricted for time and purpose	22,721	21,836
Perpetual in nature	3,264	3,068
	25,985	24,904
Total net assets with donor restrictions		
	25,985	24,904
Total net assets	177,609	169,709
	\$ 246,576	\$ 226,913

See notes to financial statements.

BROOKLYN PUBLIC LIBRARY

Statements of Activities (in thousands)

	Year Ended June 30,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating support and revenues:						
City of New York appropriations	\$ 147,715	\$ -	\$ 147,715	\$ 134,804	\$ -	\$ 134,804
State of New York appropriations	9,152	-	9,152	8,819	-	8,819
Federal government grants	1,359	-	1,359	1,612	-	1,612
Contribution income	3,846	5,779	9,625	6,052	3,229	9,281
Purchase discount reimbursement contribution	357	-	357	1,670	-	1,670
Contributed facilities and utilities	35,547	-	35,547	33,878	-	33,878
Contributed goods and services	689	-	689	639	-	639
Net investment income designated for current operations	3,105	259	3,364	2,738	216	2,954
Special events (net of direct benefits to donors of \$89 and \$115 in 2025 and 2024, respectively)	1,328	-	1,328	1,393	-	1,393
Fines, royalties and other revenue	2,272	-	2,272	2,849	-	2,849
Total operating support and revenues before net assets released from restrictions	205,370	6,038	211,408	194,454	3,445	197,899
Net assets released from restrictions for operations	5,487	(5,487)	-	5,289	(5,289)	-
Total operating support and revenues	210,857	551	211,408	199,743	(1,844)	197,899
Operating expenses:						
Program services:						
Central library	34,452	-	34,452	32,023	-	32,023
Neighborhood libraries	132,440	-	132,440	122,717	-	122,717
Special programs	18,286	-	18,286	17,011	-	17,011
Total program services	185,178	-	185,178	171,751	-	171,751
Supporting services:						
Management and general	14,945	-	14,945	14,343	-	14,343
Fundraising	5,717	-	5,717	5,929	-	5,929
Total supporting services	20,662	-	20,662	20,272	-	20,272
Total operating expenses	205,840	-	205,840	192,023	-	192,023
Change in net assets from operating activities	5,017	551	5,568	7,720	(1,844)	5,876
Non-operating activities:						
Grants and capital contributions for improvement	3,965	1,517	5,482	1,430	5,644	7,074
With donor restrictions contributions - perpetual in nature	-	196	196	-	7	7
Capital grants expenditures	-	(1,492)	(1,492)	-	(493)	(493)
Release from restrictions for capital expenditures	-	-	-	10,125	(10,125)	-
Losses on disposal of property and equipment	(1,898)	-	(1,898)	(1,149)	-	(1,149)
Depreciation and amortization	(3,086)	-	(3,086)	(3,192)	-	(3,192)
Investment gains in excess of amounts not designated for current operations	2,821	309	3,130	2,721	288	3,009
Change in net assets from non-operating activities	1,802	530	2,332	9,935	(4,679)	5,256
Change in net assets	6,819	1,081	7,900	17,655	(6,523)	11,132
Net assets - beginning of year	144,805	24,904	169,709	127,150	31,427	158,577
Net assets - end of year	\$ 151,624	\$ 25,985	\$ 177,609	\$ 144,805	\$ 24,904	\$ 169,709

See notes to financial statements.

BROOKLYN PUBLIC LIBRARY

Statement of Functional Expenses Year Ended June 30, 2025 (in thousands)

	Program Services				Supporting Services			Total Expenses	
	Central Library	Neighborhood Libraries	Special Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	2025	2024
Operating expenses:									
Salaries and related expenses:									
Salaries	\$ 11,584	\$ 53,577	\$ 7,240	\$ 72,401	\$ 6,750	\$ 2,758	\$ 9,508	\$ 81,909	\$ 75,525
Fringe benefits	6,142	28,407	3,839	38,388	3,142	1,447	4,589	42,977	39,927
Total salaries and related expenses	17,726	81,984	11,079	110,789	9,892	4,205	14,097	124,886	115,452
Other operating expenses:									
Professional fees and contract service payments	1,220	5,644	762	7,626	2,549	456	3,005	10,631	9,618
Office expenses and related supplies	658	3,041	411	4,110	313	210	523	4,633	4,149
Telephone and telecommunications	573	2,649	358	3,580	129	78	207	3,787	3,910
Occupancy	1,222	4,247	349	5,818	632	40	672	6,490	4,689
Donated rent and utilities	10,123	21,323	3,494	34,940	566	42	608	35,548	33,878
Advertising and public service messages	94	435	59	588	23	30	53	641	605
Staff development/training	136	629	85	850	140	20	160	1,010	881
Books and public library materials	1,831	8,469	1,145	11,445	-	-	-	11,445	10,619
Insurance	225	1,043	141	1,409	328	-	328	1,737	1,399
Repairs and maintenance	545	2,522	341	3,408	221	64	285	3,693	5,273
Catering and decorations	41	187	26	254	-	458	458	712	779
Other expense	58	267	36	361	152	203	355	716	886
Total operating expenses before depreciation	34,452	132,440	18,286	185,178	14,945	5,806	20,751	205,929	192,138
Less: direct benefits to donors	-	-	-	-	-	(89)	(89)	(89)	(115)
Total operating expenses per statements of activities	34,452	132,440	18,286	185,178	14,945	5,717	20,662	205,840	192,023
Non-operating expenses:									
Depreciation and amortization	466	2,154	291	2,911	175	-	175	3,086	3,192
	\$ 34,918	\$ 134,594	\$ 18,577	\$ 188,089	\$ 15,120	\$ 5,717	\$ 20,837	\$ 208,926	\$ 195,215

See notes to financial statements.

BROOKLYN PUBLIC LIBRARY

Statement of Functional Expenses Year Ended June 30, 2024 (in thousands)

	Program Services				Supporting Services			
	Central Library	Neighborhood Libraries	Special Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Operating expenses:								
Salaries and related expenses:								
Salaries	\$ 10,613	\$ 49,083	\$ 6,633	\$ 66,329	\$ 6,329	\$ 2,867	\$ 9,196	\$ 75,525
Fringe benefits	5,620	25,989	3,512	35,121	3,305	1,501	4,806	39,927
Total salaries and related expenses	16,233	75,072	10,145	101,450	9,634	4,368	14,002	115,452
Other operating expenses:								
Professional fees and contract service payments	1,097	5,076	686	6,859	2,354	405	2,759	9,618
Office expenses and related supplies	573	2,649	358	3,580	295	274	569	4,149
Telephone and telecommunications	587	2,715	367	3,669	146	95	241	3,910
Occupancy	861	2,995	247	4,103	563	23	586	4,689
Donated rent and utilities	9,666	20,307	3,330	33,303	535	40	575	33,878
Advertising and public service messages	87	404	55	546	34	25	59	605
Staff development and training	103	477	64	644	214	23	237	881
Books and public library materials for circulation	1,699	7,858	1,062	10,619	-	-	-	10,619
Insurance	190	879	118	1,187	212	-	212	1,399
Repairs and maintenance	799	3,695	499	4,993	212	68	280	5,273
Catering and decorations	45	205	28	278	-	501	501	779
Other expenses	83	385	52	520	144	222	366	886
Total operating expenses before depreciation	32,023	122,717	17,011	171,751	14,343	6,044	20,387	192,138
Less: direct benefits to donors	-	-	-	-	-	(115)	(115)	(115)
Total operating expenses per statements of activities	32,023	122,717	17,011	171,751	14,343	5,929	20,272	192,023
Non-operating expenses:								
Depreciation and amortization	483	2,236	302	3,021	171	-	171	3,192
	<u>\$ 32,506</u>	<u>\$ 124,953</u>	<u>\$ 17,313</u>	<u>\$ 174,772</u>	<u>\$ 14,514</u>	<u>\$ 5,929</u>	<u>\$ 20,443</u>	<u>\$ 195,215</u>

See notes to financial statements.

BROOKLYN PUBLIC LIBRARY

Statements of Cash Flows (in thousands)

	Year Ended June 30,	
	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 7,900	\$ 11,132
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,086	3,192
Bad debts expense	43	166
Losses on disposal of property and equipment	1,898	1,149
Unrealized gains on investments	(2,796)	(3,385)
Net realized gains on sales of investments	(2,317)	(762)
Proceeds from the sale of donated securities	1,091	80
Donated securities	(1,091)	(80)
Contributions from donors with restrictions to be held in perpetuity	(196)	(7)
Noncash lease amortization	1,475	1,431
Capital grant expenditures	1,492	493
Changes in:		
Contributions, grants and other receivables, net	5,167	(1,809)
Prepaid expenses and other assets	33	(505)
Accounts payable, accrued expenses	223	(125)
Deferred revenue	(96)	(129)
Funds received in advance	285	3,234
Lease liabilities	(1,311)	(1,411)
Accrued wages and related liabilities	1,561	(906)
Net cash provided by operating activities	<u>16,447</u>	<u>11,758</u>
Cash flows from investing activities:		
Proceeds from sales of investments	32,946	57,589
Purchases of investments	(30,993)	(56,774)
Purchases of property and equipment	<u>(18,039)</u>	<u>(8,403)</u>
Net cash used in investing activities	<u>(16,086)</u>	<u>(7,588)</u>
Cash flows from financing activities:		
Proceeds from line of credit payable	4,725	125
Repayment on line of credit payable	(1,556)	(1,440)
Contributions from donors with restrictions to be held in perpetuity	<u>196</u>	<u>7</u>
Net cash provided by (used in) by financing activities	<u>3,365</u>	<u>(1,308)</u>
Net increase in cash, cash equivalents and restricted cash	3,726	2,862
Cash, cash equivalents and restricted cash, beginning of year	<u>51,682</u>	<u>48,820</u>
Cash, cash equivalents and restricted cash, end of year	\$ 55,408	\$ 51,682
Supplemental disclosures of cash flow information:		
Contributed goods and services	\$ 689	\$ 639
Contributed use of facilities and utilities	\$ 35,547	\$ 33,878
Capital expenditures included in accounts payable and accrued liabilities	\$ 3,941	\$ 182
Noncash lease liabilities arising from obtaining right-of-use asset	\$ 4,173	\$ 7,900
Interest paid	\$ 59	\$ 125

See notes to financial statements.

BROOKLYN PUBLIC LIBRARY

Notes to Financial Statements June 30, 2025 and 2024

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Organization:

Brooklyn Public Library (the "Library") was incorporated in the State of New York in 1902 and serves more than 2.7 million Brooklynites with a Central Library, a Business Library, 60 branch locations, and historical archives and research collections. The Library receives significant support through governmental appropriations, primarily from the State of New York and The City of New York, and its continuing operations are dependent upon such government support.

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

The Library is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code"), and from state and local taxes under comparable laws.

[2] Basis of accounting:

The financial statements of the Library have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

[3] 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, support and revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

[4] Cash, cash equivalents and restricted cash:

The Library considers all highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents, except for those highly liquid assets held as a part of the investment portfolio. Cash and cash equivalents at both June 30, 2025 and 2024 included \$107, which is restricted for disbursements to entities involved in the Net-Working, NYC program. Additionally at June 30, 2025 and 2024, the Library held restricted cash of \$5,051 and \$5,587, respectively, resulting from the proceeds from the disposition of the Brooklyn Heights Branch Library building by The City of New York, for the construction of several new branches of the Library, which include new Brooklyn Heights and Sunset Park branches (see Note L[8]).

[5] Investments:

Investments are reported at fair value based on quoted market prices. The Library's investments consist of mutual funds trading as U.S. equity, international equity from developed markets, fixed income, and alternative investment securities.

BROOKLYN PUBLIC LIBRARY

Notes to Financial Statements June 30, 2025 and 2024

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[5] Investments: (continued)

Investment transactions are recorded on a trade date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statements of activities as increases and decreases in net assets without donor restrictions, unless their use is limited through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost at the time of acquisition to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

The Library's policy is to sell donated securities immediately, and accordingly, for purposes of the statements of cash flows, donated securities and the proceeds generated from their sale are included within operating activities.

Investment expenses include the services of an investment manager and custodian. The balances of investment management fees disclosed in Note C are those specific fees charged by the Library's investment manager in each fiscal year, and do not include those fees that are embedded in various other investment accounts and transactions.

[6] Property and equipment:

Property and equipment are reported at their costs on the dates of acquisition, or at their fair values on the dates of donation, net of accumulated depreciation and amortization. Minor costs or repairs and maintenance are expensed as incurred. The Library capitalizes as assets, those items of property and equipment that have a cost of \$20 or more, and that have a useful life greater than one year. Depreciation is provided using the straight-line method over a period of five years for computer equipment and seven years for furniture. Building and building improvements are depreciated over a period of 40 years. Land is not depreciated. Amortization of leasehold improvements is provided using the straight-line method over the estimated useful lives of the improvements or the remaining lives of the leases, whichever is shorter.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and when triggering events indicate that the fair value of the long-lived assets may be less than the carrying value, and recognizes any impairment in the year of determination. There were no triggering events during fiscal years 2025 or 2024 requiring management to test for impairment that would require any adjustments to property and equipment. However, it is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[7] Collections:

The Library's collections are not included in the statements of financial position. Items within the collections are catalogued, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. The Library maintains a policy whereby items purchased for the collections are recorded as expenses in the year in which the items are purchased. The Library reviews its collections on an ongoing basis and may periodically acquire or de-access collection items. Proceeds received from deaccessions are either used to acquire future collection items or held for the direct care, maintenance, or preservation of the collections.

The Library's collections are comprised of non-circulating library materials, artwork, photographs, and printed materials held for public benefit. No collection items were deaccessioned during the fiscal years ending June 30, 2025 and 2024. These collections are maintained by the Library under curatorial care and are held for research, education, and public exhibition, in furtherance of public service. The Library's non-circulating materials are insured for a total value of \$140,000.

BROOKLYN PUBLIC LIBRARY

Notes to Financial Statements June 30, 2025 and 2024

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[8] Annual and terminal leave policies:

(i) Annual leave:

The Library's employees accrue vacation each year based on tenure. Union employees accrue vacation at the start of the fiscal year, and nonunion employees accrue on hours earned per pay period. Employees are entitled to be paid for unused vacation time in the event the employees leave the Library, and therefore, the Library must recognize a liability for the amount that would be incurred if employees with unused vacation time were to leave.

(ii) Terminal leave:

The Library pays terminal leave benefits to employees who retire from the system with at least ten years of service. The amount paid to each employee is based on the greater of up to one month for each ten years of service, or half of the employee's accrued sick leave balance at retirement, not to exceed six months.

[9] Leases:

The Library determines if an arrangement is a lease at inception. For the Library's operating leases, a right-of-use ("ROU") asset represents the Library's right to use an underlying asset for the lease term and an operating lease liability represents an obligation to make lease payments arising from the lease. The ROU asset and lease liability are recognized at the lease commencement date based on the present value of lease payments over the lease term. Since the Library's lease agreements do not provide an implicit interest rate, the Library uses a risk-free rate based on the information available at the commencement date in determining the present value of the lease payments. Operating lease expense is recognized on a straight-line basis over the lease term, subject to any changes in the lease or expectations regarding the terms. Variable lease costs, such as operating costs, are expensed as incurred.

[10] Net assets:

The net assets of the Library, and the changes therein, are classified as follows:

(i) Net assets without donor restrictions:

Net assets without donor restrictions represent those resources that are not subject to donor-imposed restrictions and are available for current operations. The Library's Board-designated funds represent the portion of expendable funds that are available for support of the Library's operations, at the discretion of the Library's Board of Trustees (the "Board"). At June 30, 2025 and 2024, the Board has designated amounts for future years' operations and building renovation and improvements.

(ii) Net assets with donor restrictions:

Net assets with donor restrictions represent those resources that are subject to donor-imposed restrictions, such as specific purposes and/or a specific period of time. Also included within net assets with donor restrictions are donor restrictions that are perpetual in nature and subject to the requirements of the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). These donors have stipulated that those resources be maintained in perpetuity, with the resultant income and net capital appreciation arising from the underlying assets to be used in satisfaction of the wishes of those donors.

BROOKLYN PUBLIC LIBRARY

Notes to Financial Statements June 30, 2025 and 2024

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[10] Net assets: (continued)

(ii) *Net assets with donor restrictions: (continued)*

When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, or funds are appropriated through an action of the Library's Board of Trustees, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as "net assets released from restrictions." Contributions with donor restrictions, the requirements of which are met in the year of donation, are reported as net assets without donor restrictions.

[11] Revenue recognition:

(i) *Contributions, grants and pledges:*

Contributions and grants to the Library are recorded as revenue upon the receipt of an unconditional pledge, or the receipt of cash or donated goods. Donated goods are recognized at their fair values at the time of donation. Contributions are reported as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use. Conditional contributions are recognized when the donor's conditions have been met and, if received in advance, are recognized in the statements of financial position as funds received in advance. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved. An allowance for uncollectible pledges receivable is provided, using management's estimate of potential defaults.

(ii) *Fines, royalties, space rental and other revenue:*

Revenue related to fines, royalties, summer camp, space rental 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 service are satisfied (see Note E).

(iii) *Bequests:*

The Library records bequest income at the time it has an established right to a bequest and the proceeds are measurable.

(iv) *Donated services:*

For recognition of donated services in the Library's financial statements, such services must (i) create or enhance nonfinancial assets, and (ii) typically need to be acquired if not provided by donation. Additionally, recognition of donated services must (i) require a specialized skill, and (ii) be provided by individuals possessing these skills.

Contributed legal services have been included in the financial statements at their fair market values. However, a number of volunteers, including members of the Board of Trustees, have made significant contributions of time to the Library's policy-making program and support functions. The value of such contributed time does not meet the criteria for recognition of contributed services under U.S. GAAP and, accordingly, is not reported in the financial statements.

BROOKLYN PUBLIC LIBRARY

Notes to Financial Statements June 30, 2025 and 2024

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[11] Revenue recognition: (continued)

(v) *Special events:*

Gross proceeds paid by attendees at special events held as fund-raising activities represent contribution revenues, as well as the payment of the direct costs of the benefits received by the attendee at the event. Special-event income is reported net of the direct benefits to donors. Special-event revenues, other than contributions, applicable to a current year are recognized as revenue in the year the event takes place. Special-event revenue received for a future year's event is deferred and recognized in the period when the event takes place.

(vi) *Contributed facilities:*

The Library occupies the majority of its branch locations, as well as the Central Library, under rent-free arrangements with The City of New York. The estimated value of the use of those premises (including utility costs, which are paid by The City of New York) is reported as contributed facilities support, and an equal amount of rental expense, in the accompanying financial statements. The Library estimates the value of those contributed facilities based upon market rental rates for properties in the same locations as branch libraries and discounts such rates for the limited-use nature of the branch library facilities.

[12] Functional allocation of expenses:

The costs of providing various programs and supporting services have been reported on a functional basis in the statements of functional expenses, except for direct investment fees that have been offset against revenue in the statements of activities. The statements of functional expenses present the Library's expenses by natural classification and function. Expenses directly attributable to specific functional areas are reported as expenses of those functional areas, and expenses benefiting multiple areas have been allocated amongst those areas using the full-time equivalent employee ("FTE") method and square footage. The expenses allocated using the FTE method include the following: salaries and benefits, professional fees, books, public library materials, telephone and other office-related expenses, whereas occupancy and donated rent utilities have been allocated over square footage.

[13] Measure of operations:

The Library includes, in its definition of operations, all revenues and expenses that are an integral part of its programs and supporting activities, including an authorized investment income allocation and all contributions except for those contributions that are for capital expenditures. Investment income, including net realized and unrealized gains and losses, that is earned in an amount in excess of (or less than) the Library's aggregate authorized spending amount, is reported as part of non-operating activities as: (i) contributions for capital expenditures; (ii) depreciation and amortization expenses; (iii) losses on the disposal of property and equipment; (iv) contributions which are perpetual in nature; and (v) all other nonrecurring items of revenue and expenses.

[14] Income taxes:

The Library is subject to the provisions of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, relating to accounting and reporting for uncertainty in income taxes. ASC Topic 740 is potentially applicable to the incurrence of unrelated business income tax, attributable to passport services provided to the public. Because the Library has always accrued the tax liability for this service and, because of the Library's general tax-exempt status, ASC Topic 740 has not had, and is not anticipated to have, a material impact on the Library's financial statements.

BROOKLYN PUBLIC LIBRARY

Notes to Financial Statements June 30, 2025 and 2024

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[15] Subsequent events:

The Library evaluated subsequent events through September 9, 2025, the date on which the financial statements were available to be issued.

NOTE B - RECEIVABLES

At each fiscal year-end, contribution, grants and other receivables consisted of the following:

	June 30,	
	2025	2024
Appropriations and grants - State of New York	\$ 4,704	\$ 4,990
Appropriations and grants - The City of New York	3,938	7,558
Total appropriations and grants	8,642	12,548
Contributions and grants receivable: less than one year	4,041	4,122
Contributions and grants receivable: one to five years	2,400	3,519
	6,441	7,641
Less: discount to present value (at a discount rate ranging from 3.81% - 4.48%)	(103)	(132)
Less: allowance for doubtful accounts	(137)	(165)
Total net contribution and grants receivable	6,201	7,344
Purchase discount reimbursement contributions receivable	70	162
Other receivables, net of allowance for doubtful accounts of \$17 and \$2 in 2025 and 2024, respectively	224	293
	\$ 15,137	\$ 20,347

The Library applied uncollectible contributions receivables and other receivables to the allowance of approximately \$55 and \$118 during fiscal years 2025 and 2024, respectively.

BROOKLYN PUBLIC LIBRARY

Notes to Financial Statements June 30, 2025 and 2024

NOTE B - RECEIVABLES (CONTINUED)

Subsequent to each fiscal year-end, substantially all of the State of New York and The City of New York appropriations and grants receivable were collected. Based a history of past collections and current credit conditions, management expects to collect the government receivables in full and, accordingly, has not established an allowance for uncollectible amounts. Most other receivables are expected to be collected within one year, although certain contributions receivable are expected to be collected in periods of up to five years.

Purchase discount reimbursement contributions receivable arose from an agreement between the Library and the Universal Service Fund ("USF"), a not-for-profit organization, whereby USF grants to the Library an amount equal to an agreed-upon percentage of expenditures made by the Library in connection with certain public access/information technology initiatives (90% for data transmission and internet access in fiscal years 2025 and 2024, 90% for internal connections in 2025 and 2024). Items and services are purchased by the Library from vendors specified in the agreement, and consequently, a contribution at the specified level is made by USF to the Library. Total expenditures related to the agreement were approximately \$508 and \$1,970 for fiscal years 2025 and 2024, respectively.

The allowance for other receivables is established based on credit losses which is based on historical information, current economic and financial conditions, and reasonable supportable forecasts.

NOTE C - INVESTMENTS

At each fiscal year-end, investments consisted of the following, at fair value:

	June 30,	
	2025	2024
Mutual funds:		
U.S. equity	\$ 18,386	\$ 18,756
International equity securities from developed markets	10,776	9,418
Fixed income	15,060	10,526
Alternative	7,492	9,854
	<u>\$ 51,714</u>	<u>\$ 48,554</u>

Investment income for each fiscal year consisted of the following:

	Year Ended June 30, 2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest (net of investment expenses of \$93)	\$ 1,280	\$ 101	\$ 1,381
Net realized gains on sale of investments	2,099	218	2,317
Net unrealized gains on investments	2,547	249	2,796
	<u>5,926</u>	<u>568</u>	<u>6,494</u>
Investment gains, net			
Less: investment earnings designated for current operations	(3,105)	(259)	(3,364)
	<u>\$ 2,821</u>	<u>\$ 309</u>	<u>\$ 3,130</u>

BROOKLYN PUBLIC LIBRARY

Notes to Financial Statements June 30, 2025 and 2024

NOTE C - INVESTMENTS (CONTINUED)

	Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest (net of investment expenses of \$34)	\$ 1,699	\$ 117	\$ 1,816
Net realized gains on sale of investments	690	72	762
Net unrealized gains on investments	3,070	315	3,385
Investment gains, net	5,459	504	5,963
Less: investment earnings designated for current operations	(2,738)	(216)	(2,954)
Investment gains not designated for current operations, net	\$ 2,721	\$ 288	\$ 3,009

ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments at the reporting dates.
- Level 2: Valuations are based on: (i) quoted prices for similar investments in active markets, (ii) quoted prices for those investments, or similar investments, in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.
- Level 3: Valuations are based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the investments, or (ii) the investments cannot be independently valued.

The Library's investments are subject to various risks, such as interest-rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period.

BROOKLYN PUBLIC LIBRARY

Notes to Financial Statements June 30, 2025 and 2024

NOTE C - INVESTMENTS (CONTINUED)

The following tables summarize the fair values of the Library's investments at each fiscal year-end, in accordance with the ASC Topic 820 valuation levels:

		June 30, 2025	
		Level 1	Total
Stocks/mutual funds:			
U.S. equity securities/funds	\$	18,386	\$ 18,386
International equity securities from developed markets		10,776	10,776
Fixed income funds		15,060	15,060
Alternative funds		7,492	7,492
		<u>\$ 51,714</u>	<u>\$ 51,714</u>
		June 30, 2024	
		Level 1	Total
Stocks/mutual funds:			
U.S. equity securities/funds	\$	18,756	\$ 18,756
International equity securities from developed markets		9,418	9,418
Fixed income funds		10,526	10,526
Alternative funds		9,854	9,854
		<u>\$ 48,554</u>	<u>\$ 48,554</u>

NOTE D - PROPERTY AND EQUIPMENT

The Library's branch properties are owned by The City of New York and are occupied by the Library under its 1903 agreement with The City of New York, to provide library services to the people of Brooklyn. 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 of New York's 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 of New York's financial records. In order to represent The City of New York'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. In fiscal years 2025 and 2024, The City of New York reimbursed the Library approximately \$1,492 and \$493 for capital grant expenditures, respectively.

In fiscal years 2025 and 2024, The City of New York appropriated approximately \$38,800 and \$35,590, respectively, for capital expenditures relating to renovations of City-owned branches. The City of New York's total commitment as of June 30, 2025, to branch capital improvement, is approximately \$396,158 over the next five fiscal years.

BROOKLYN PUBLIC LIBRARY

Notes to Financial Statements June 30, 2025 and 2024

NOTE D - PROPERTY AND EQUIPMENT (CONTINUED)

At each fiscal year-end, property and equipment consisted of the following:

	June 30,	
	2025	2024
Land	\$ 11,600	\$ 11,600
Furniture and fixtures, and others	9,461	13,914
Building	5,312	5,312
Leasehold improvements	70,414	69,718
Computer equipment	748	1,069
	97,535	101,613
Less: accumulated depreciation and amortization	(19,393)	(23,628)
	78,142	77,985
Construction-in-progress	26,148	10,983
	\$ 104,290	\$ 88,968

During fiscal years 2025 and 2024, the Library wrote off approximately \$6,199 and \$1,599, respectively, of fully depreciated computer equipment and furniture and fixtures that were no longer in use. In addition, the Library disposed of leasehold improvements, furniture and fixtures, and equipment no longer in use during fiscal years 2025 and 2024 in the amounts of approximately \$3,020 and \$1,452, respectively, which resulted in a loss on disposal of approximately \$1,898 and \$1,149, respectively.

NOTE E - DEFERRED REVENUE

The following table provides information about significant changes in the contract liabilities that relate to the Library's programs, which include summer camp, during each fiscal year:

	June 30,	
	2025	2024
Deferred revenue, beginning of year	\$ 242	\$ 371
Revenue recognized that was included in deferred revenue at the beginning of the year	(116)	(245)
Increase in deferred revenue due to cash received during the period	20	116
Deferred revenue, end of year	\$ 146	\$ 242

There were no other significant contract liabilities or assets at June 30, 2025 or 2024.

BROOKLYN PUBLIC LIBRARY

Notes to Financial Statements June 30, 2025 and 2024

NOTE F - FUNDS RECEIVED IN ADVANCE

The Library has received funding related to certain contracts and grants from the State of New York and The City of New York prior to the Library satisfying the conditions stipulated in the agreements, which include providing the related services as required by the contracts. Revenue for these agreements is recognized as the related conditions are satisfied. At June 30, 2025 and 2024, funds received in advance were approximately \$11,580 and \$11,295, respectively.

NOTE G - ACCRUED VACATION BENEFITS

The financial statements include a liability for unused vacation benefits earned by employees and carried forward at each fiscal year-end, which amounted to approximately \$6,119 and \$5,667 for fiscal years 2025 and 2024, respectively. Management believes that through future appropriations, The City of New York will fund such vacation benefits as they are paid to the employees. Such amounts have been reported in the statements of financial position as part of accrued wages and related liabilities.

NOTE H - ACCRUED TERMINAL LEAVE OBLIGATION

The Library provides terminal leave with pay upon retirement, not to exceed one month for every ten years of service, prorated for fractional parts thereof. The Library has estimated the actuarial present value of the accumulated terminal leave benefit to be \$10,311 and \$9,660 as of June 30, 2025 and 2024, respectively. Such amounts have been reported in the statements of financial position as part of accrued wages and related liabilities.

The significant assumptions used in calculating the actuarial present value of the terminal leave benefit were: (i) an interest rate of 5.40% per annum (5.30% per annum in fiscal year 2024); (ii) a salary increase rate of 3.00% per annum for union employees and 3.75% for nonunion employees for both fiscal years 2025 and 2024; and (iii) withdrawal rates ranging from 9.50% at age 20 to 3.70% at age 55 for both fiscal years 2025 and 2024, with a retirement age of 65 in both fiscal years 2025 and 2024. Terminal leave benefits are funded as they are paid to employees. Management believes that through future appropriations, The City of New York will fund such terminal leave benefits as they are paid to employees.

BROOKLYN PUBLIC LIBRARY

Notes to Financial Statements June 30, 2025 and 2024

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

At each fiscal year-end, net assets with donor restrictions consisted of the following:

	June 30,	
	2025	2024
Purpose restricted:		
Operating:		
Library materials acquisitions*	\$ 669	\$ 852
Branch library support*	2,424	2,174
Special programs and other:		
Central Library Information Commons*	168	129
Child's Place	50	54
Plaza and auditorium*	325	304
Summer reading	157	177
Center for Brooklyn History	201	200
Summer camp	13	145
Artist in residence	22	107
Outreach programs	1,293	647
Continuing education	1,132	1,475
Youth programs	884	860
Other*	5,018	4,372
	12,356	11,496
Non-operating:		
Capital projects (see Note L[8])	10,365	10,340
Restricted for time and purpose	22,721	21,836
Perpetual in nature	3,264	3,068
	\$ 25,985	\$ 24,904

* Collectively, these categories include accumulated endowment income of \$1,805 and \$1,496 as of June 30, 2025 and 2024, respectively.

BROOKLYN PUBLIC LIBRARY

Notes to Financial Statements June 30, 2025 and 2024

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

During each fiscal year, purpose-restricted net assets released from restrictions consisted of the following:

	June 30,	
	2025	2024
Operating:		
Library materials acquisitions	\$ 395	\$ 477
Branch library support	431	297
Special programs and other:		
Central Library Information Commons	36	30
Child's Place	11	45
Plaza and auditorium	93	77
Summer reading	180	39
Center for Brooklyn History	217	539
Summer camp	132	169
Artist in residence	90	64
Outreach programs	572	523
Continuing education	478	511
Youth programs	791	649
Other	2,061	1,869
	5,487	5,289
Non-operating:		
Sunset Park Branch placed in service	-	10,125
Capital grant expenditures	1,492	493
	\$ 6,979	\$ 15,907

NOTE J - ENDOWMENT

[1] The endowment:

The endowment consists of 53 individual, donor-restricted funds, established for a variety of purposes. The Library does not have any funds designated by the Board of Trustees to function as an endowment.

[2] Interpretation of relevant law:

As discussed in Note A[10][ii], NYPMIFA is applicable to all of the Library's institutional funds, including its donor-restricted endowment funds. The Board of Trustees adheres to NYPMIFA's requirements.

BROOKLYN PUBLIC LIBRARY

Notes to Financial Statements June 30, 2025 and 2024

NOTE J - ENDOWMENT (CONTINUED)

[3] Endowment net asset composition by type of fund, as of each fiscal year-end:

June 30, 2025			
With Donor Restrictions			
	Amounts Subject to Appropriation	Amounts Held in Perpetuity	Total
Donor-restricted endowment funds:			
Adult Literacy Program	\$ 15	\$ 133	\$ 148
Books	207	301	508
Branch Humanities	433	458	891
Central Library Information Commons	139	500	639
Staff Welfare	79	112	191
Plaza and Auditorium Programming	235	315	550
Youth and Children Programming	541	766	1,307
Willendorf Lecture Series	40	50	90
Brooklyn Historical Society - historical materials and artifacts	21	93	114
Brooklyn Historical Society - building maintenance	7	29	36
Librarians education funds	37	369	406
Others - undesignated	51	138	189
	<u>\$ 1,805</u>	<u>\$ 3,264</u>	<u>\$ 5,069</u>
June 30, 2024			
With Donor Restrictions			
	Amounts Subject to Appropriation	Amounts Held in Perpetuity	Total
Donor-restricted endowment funds:			
Adult Literacy Program	\$ 5	\$ 133	\$ 138
Books	175	301	476
Branch Humanities	378	458	836
Central Library Information Commons	99	500	599
Staff Welfare	68	112	180
Plaza and Auditorium Programming	204	316	520
Youth and Children Programming	460	766	1,226
Willendorf Lecture Series	35	50	85
Brooklyn Historical Society - historical materials and artifacts	13	93	106
Brooklyn Historical Society - building maintenance	4	29	33
Librarians education funds	17	174	191
Others - undesignated	38	136	174
	<u>\$ 1,496</u>	<u>\$ 3,068</u>	<u>\$ 4,564</u>

The amounts subject to appropriation represent the portion of allocated investment income, derived from endowment assets held in perpetuity, that have not yet been appropriated by the Board of Trustees for expenditures.

BROOKLYN PUBLIC LIBRARY

Notes to Financial Statements June 30, 2025 and 2024

NOTE J - ENDOWMENT (CONTINUED)

[4] Changes in endowment net assets during each fiscal year-end:

	June 30, 2025		
	With Donor Restrictions		
	Amounts Subject to Appropriation	Amounts Held in Perpetuity	Total
Endowment net assets, beginning of year	\$ 1,496	\$ 3,068	\$ 4,564
Dividends and interest, net	101	-	101
Net realized and unrealized appreciation	467	-	467
Contributions	-	196	196
Appropriation of endowment assets for expenditures	(259)	-	(259)
Endowment net assets, end of year	<u>\$ 1,805</u>	<u>\$ 3,264</u>	<u>\$ 5,069</u>

	June 30, 2024		
	With Donor Restrictions		
	Amounts Subject to Appropriation	Amounts Held in Perpetuity	Total
Endowment net assets, beginning of year	\$ 1,208	\$ 3,061	\$ 4,269
Dividends and interest, net	117	-	117
Net realized and unrealized appreciation	387	-	387
Contributions	-	7	7
Appropriation of endowment assets for expenditures	(216)	-	(216)
Endowment net assets, end of year	<u>\$ 1,496</u>	<u>\$ 3,068</u>	<u>\$ 4,564</u>

Amounts subject to appropriation represent that portion of allocated investment income, derived from endowment assets held in perpetuity, that have not been appropriated by the Board for expenditure.

[5] Return objectives and risk parameters:

The Board of Trustees has adopted investment and spending policies for endowment assets, the objective of which is to preserve purchasing power while providing a continuing and stable funding source to support the Library's programs. To accomplish this objective, the endowment seeks to generate a total return that will exceed not only its operating expenses, but also all the expenses associated with managing the endowment and the eroding effects of inflation. It is the Board's intention that all total investment returns, above and beyond the amount approved for expenditure or distribution, will be reinvested in the endowment assets. The endowment will be managed on a total return basis, consistent with the applicable standard of conduct set forth in NYPMIFA by the Board of Trustees.

BROOKLYN PUBLIC LIBRARY

Notes to Financial Statements June 30, 2025 and 2024

NOTE J - ENDOWMENT (CONTINUED)

[6] Strategies employed for achieving objectives:

To satisfy its long-term rate-of-return objectives, the Board relies on a total-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Board targets a diversified asset allocation that places a significant emphasis on equity-based investments to achieve its long-term return objectives, within prudent risk constraints.

[7] Spending policy:

For distribution each year, the Library's Board has a policy of appropriating 5% of its endowment average fair value over the prior 60 months through the fiscal year preceding the fiscal year in which the distribution is planned. In establishing this policy, the Board considered the long-term expected return on its endowment. Accordingly, over the long term, the Board expects the current spending policy to allow its endowment to grow sufficiently to preserve or increase the purchasing power of the endowment. This is consistent with the Board's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment returns.

The Library has a policy that permits spending from underwater endowment funds so long as the fair values of the funds are 90% or more of the endowed amount required by the donor or any applicable laws or regulations. There were no amounts spent from underwater funds during fiscal years ending June 30, 2025 and 2024.

[8] Funds with deficiencies:

Due to unfavorable market fluctuations, from time to time, the fair value of assets associated with individual donor-restricted endowment funds may decline below the level that the donor or NYPMIFA may require the Library to retain as a fund of perpetual duration. Under the terms of NYPMIFA, the Library has no responsibility to restore such decreases in value. During fiscal years 2025 and 2024, there were no funds underwater.

BROOKLYN PUBLIC LIBRARY

Notes to Financial Statements June 30, 2025 and 2024

NOTE K - NONCASH CONTRIBUTIONS

[1] Contributed use of facilities and utilities:

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

Nonfinancial Contribution Category	Type of Contribution	Valuation	Year Ended June 30,	
			2025	2024
Contributed facilities	Property rent	Estimated market rental rate for similar properties in the same location	\$ 32,039	\$ 31,195
Contributed utilities	Heat, light and power	Estimated utility costs, which are paid by The City of New York	3,508	2,683
			<u>\$ 35,547</u>	<u>\$ 33,878</u>

[2] Contributed goods and services:

During each fiscal year, the value of services contributed to the Library consisted of the following:

Nonfinancial Contribution Category	Type of Contribution	Valuation	Year Ended June 30,	
			2025	2024
In-kind services	Pro-bono legal services	Average industry rate for similar service	\$ 605	\$ 579
Media	Public service announcements	Third-party estimates using negotiated rates	84	60
			<u>\$ 689</u>	<u>\$ 639</u>

NOTE L - COMMITMENTS AND CONTINGENCIES

[1] Pension benefits:

Substantially all of the Library's employees are participants in the New York State and Local Employees' Retirement System ("NYSLRS"). NYSLRS is a cost-sharing, multiple-employer, public employee retirement system that offers plans and benefits related to years of service and final average salary. Members who joined the retirement system prior to January 1, 2010, require five years of service to be fully vested, and members who joined on or after January 1, 2010, need ten years of service to be fully vested. Pension expenses for fiscal years 2025 and 2024 amounted to approximately \$10,241 and \$8,088, respectively. Under a 1937 agreement between the Library and The City of New York (the "City"), appropriates funds to cover the full cost of pension contribution for the Library's employees whose salaries are funded by the City.

BROOKLYN PUBLIC LIBRARY

**Notes to Financial Statements
June 30, 2025 and 2024**

NOTE L - COMMITMENTS AND CONTINGENCIES (CONTINUED)

[1] Pension benefits: (continued)

The Library was not listed in the plan's most recent available audited financial statements for providing more than five percent of the total contribution to the plan for the years ended March 31, 2024 and 2023. The Employer Identification Number for NYSLRS is 14-6020869. The most recent Pension Protection Act ("PPA") zone status is green at March 31, 2025 and 2024. Among other factors, plans in red zone are generally less than 65% funded, plans in yellow zone are less than 80% funded, and plans in green zone are at least 80% funded.

For participants who joined the system before July 27, 1976, the system is non-contributory. Participants who joined on or after July 27, 1976, are required to contribute 3% to 6% of their gross salary. Effective July 1, 2013, certain newly hired nonunion exempt staff have the option of participating in either the NYSLRS program or the New York State Voluntary Defined Contribution ("VDC") pension program. VDC participants are required to contribute 4.5% to 6% of their gross salary, and the Library contributes 8%. The VDC amount charged to expenses for fiscal years 2025 and 2024 amounted to approximately \$357 and \$330, respectively.

[2] Post-retirement benefits:

The Library contributes to a multi-employer, post-retirement benefit plan that provides defined-benefit healthcare benefits to substantially all employees upon retirement. The Library records related expenses as payments are made. The City of New York appropriates funds to cover the full cost of post-retirement benefits for Library employees each year as payments are made. Expenses related to this plan were approximately \$3,266 and \$3,761 in fiscal years 2025 and 2024, respectively.

[3] Leases:

Information relating to the lease costs, which include all costs during the period associated with operating leases, as well as the costs related to variable lease components:

	June 30,	
	2025	2024
Operating lease costs	\$ 2,186	\$ 1,815
Variable lease costs	442	381
Total lease costs	<u>\$ 2,628</u>	<u>\$ 2,196</u>

BROOKLYN PUBLIC LIBRARY

Notes to Financial Statements June 30, 2025 and 2024

NOTE L - COMMITMENTS AND CONTINGENCIES (CONTINUED)

[3] Leases: (continued)

The Library is a party to a number of operating leases that expire at various dates through June 30, 2045. Various leases provide for increases in annual base rentals based on various expenses and other criteria. The minimum payments due under these agreements are as follows:

Year Ending June 30,	2025	2024
2025	\$ -	\$ 1,979
2026	2,309	1,419
2027	2,348	1,439
2028	2,401	1,472
2029	2,462	1,511
2030	2,073	1,100
Thereafter	15,593	15,816
Total minimum lease payments	27,186	24,736
Less: amount representing interest	(6,969)	(7,381)
Amounts reported on statement of financial position	\$ 20,217	\$ 17,355

The table below presents additional information related to the Library's lease:

	June 30,	
	2025	2024
Weighted average remaining lease term:		
Operating lease	14.24 years	16.78 years
Weighted average discount rate:		
Operating lease	4.03%	3.96%

BROOKLYN PUBLIC LIBRARY

Notes to Financial Statements June 30, 2025 and 2024

NOTE L - COMMITMENTS AND CONTINGENCIES (CONTINUED)

[4] Litigation:

The Library is currently involved in litigation arising in the normal course of its activities. Management believes that the amount of losses that might be sustained beyond existing insurance coverage, if any, would not have a material effect on the financial statements.

[5] Grantor audits:

The Library's grantors, including agencies of the government of The City of New York, 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 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.

[6] BookOps:

On January 16, 2014, the Library entered into a collaborative agreement, effective May 5, 2013, with The New York Public Library, Astor, Lenox and Tilden Foundations ("NYPL") for the provision of technical services operations by NYPL's BookOps department to both the Library and NYPL.

The collaborative operation is referred to as "BookOps" and its services include selection and ordering, acquisitions, cataloging, processing, sorting, and delivery of library materials, as well as other activities related to the provision of circulating library services. The actual total cost and expenses incurred in the provision of the BookOps services is shared by each party, based on agreed-upon allocation percentages. Such allocation percentages are based on the service usage level as determined by the relevant cost drivers. The books and records are to be reviewed by an independent accountant following the end of each fiscal year, to evaluate the completeness and accuracy of the costs and expenses reported by BookOps and to determine the reasonableness of the allocation percentages. Expenses incurred by the Library under this agreement were approximately \$4,468 and \$4,212 for fiscal years 2025 and 2024, respectively, and are included in professional fees and contract service payments in the statements of functional expenses.

[7] Other contracts:

In the normal course of business, the Library enters into various contracts for professional and other services, which are typically renewable on a year-to-year basis.

[8] Construction related to grants:

(i) South Site project:

In June 2015, the Library entered into a Memorandum of Understanding with the New York City Economic Development Corporation ("NYCEDC") and the New York City Department of Cultural Affairs ("DCLA") for a joint capital project for a multi-tenant cultural programming space. NYCEDC, on behalf of DCLA, will undertake the design and construction of the Library's portion of the project. DCLA will use City capital funds to pay for some of the Library's portion of the project, with the expectation that the Library will fund the balance of the project using non-City capital funds. The Library will initially contribute approximately \$2,000 in non-City (private) funds to complement the City funds for the project. The final amount of the Library's non-City contribution will be agreed upon in accordance with the cost estimates for the Library's portion of the project. The assets were placed in services during fiscal year 2025.

BROOKLYN PUBLIC LIBRARY

Notes to Financial Statements June 30, 2025 and 2024

NOTE L - COMMITMENTS AND CONTINGENCIES (CONTINUED)

[8] Construction related to grants: (continued)

(ii) *Walt Whitman Branch Library:*

The Library signed a construction management agreement with Benchmark Builders, LLC ("Benchmark") to renovate its Walt Whitman Branch Library on August 15, 2023. Benchmark shall be paid a preconstruction fee of approximately \$63 as part of the agreement. In addition to the preconstruction fees, Benchmark shall be paid for the value of all subcontract costs, general conditions costs, and insurance costs at 2.25% of the subcontractors' and general conditions costs. The Library shall also pay Benchmark a construction managers' fee of 3% of the cost of the work, excluding insurance costs. As of June 30, 2025, the amount included in construction in progress for this project is approximately \$3,656.

(iii) *Canarsie Branch Library:*

On August 24, 2023, the Library signed a construction management agreement with Shawmut to construct a new Canarsie Branch Library building. Shawmut shall be paid a fixed preconstruction fee of \$253, plus the cost of all subcontract work, general conditions costs, insurance costs at 3.68% of the cost of the job, and a construction managers' fee of 2.50% of the total cost of all work. As of June 30, 2025, the amount included in construction in progress for this project is approximately \$1,376.

(iv) *Central Library Phase II:*

On October 6, 2023, the Library entered into a construction management agreement with Gilbane Building Company ("Gilbane") for the renovation of Phase II of its "Central Library" building. Gilbane shall be paid a fixed preconstruction fee of \$212, plus the cost of all subcontract work, general conditions costs, insurance costs at 3.65% of the cost of the job, and a construction managers' fee of 2.30% of the total cost of all work. As of June 30, 2025, the amount included in construction in progress for this project is approximately \$16,464.

(v) *New Lots Branch Library:*

On October 20, 2023, the Library entered into a construction management agreement with Gilbane for the construction of a new "New Lots" Branch Library. Gilbane shall be paid a fixed preconstruction fee of \$295, plus the cost of all subcontract work, general conditions costs, insurance costs at 3.65% of the cost of the job, and a construction managers' fee of 2.40% of the total cost of all work. As of June 30, 2025, the amount included in construction in progress for this project is approximately \$2,532.

NOTE M - LINE-OF-CREDIT AGREEMENTS

The Library has a revolving line-of-credit, which expires on April 21, 2026, with TD Bank, N.A., to meet its construction-related expenditures. On April 30, 2025, the line of credit was amended, increasing the limit to \$40,000. The interest rate is based on a variable rate of SOFR plus 1.12%, equating to 5.44% and 6.44% at June 30, 2025 and 2024, respectively. The line-of-credit is unsecured, but dependent on the Library maintaining its banking relationship with TD Bank. The line is drawn to pay contractors for capital improvements. The payments will be reimbursed in full by The City of New York under the various capital grant agreements between The City of New York and the Library. Certain covenants exist under the terms of the agreement, which the Library has complied with as of June 30, 2025 and 2024. During fiscal years 2025 and 2024, the Library drew down \$4,725 and \$125 from the line-of-credit and made principal payments of \$1,556 and \$1,440, respectively, resulting in an outstanding balance of \$3,865 and \$696 as of June 30, 2025 and 2024, respectively.

BROOKLYN PUBLIC LIBRARY

Notes to Financial Statements June 30, 2025 and 2024

NOTE N - CONCENTRATION OF CREDIT RISK

The Library maintains its cash and cash equivalents in interest-bearing accounts, with financial institutions the balances of which, from time to time, may exceed federally insured limits.

The Library regularly reviews the Federal Reserve Stress Test Results of these institutions to assess their viability and financial strengths. The Library's management monitors the risk associated with the concentration on an ongoing basis.

NOTE O - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Library's financial assets as of the statements of financial position date, reduced by amounts not available for general use within one year, because of contractual or donor-imposed restrictions or internal designations:

	Year Ended June 30,	
	2025	2024
Cash and cash equivalents and restricted cash	\$ 55,408	\$ 51,682
Contributions, grants and other receivables, net	15,137	20,347
Investments	51,714	48,554
Total financial assets available within one year	122,259	120,583
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted cash	(107)	(107)
Restrictions by donors with purpose and time restrictions	(22,721)	(21,836)
Restricted by donors in perpetuity	(3,264)	(3,068)
Total amounts unavailable for general expenditure within one year	(26,092)	(25,011)
Amounts unavailable to management without Board approval:		
Board-designated for building renovation	(10,030)	(6,130)
Board-designated for use in future fiscal years	(9,361)	(9,361)
	(19,391)	(15,491)
Total financial assets available to meet cash needs for general expenditures within one year	\$ 76,776	\$ 80,081

Liquidity policy:

The Library's policy is to structure its financial assets to be available for its general expenditures, liabilities, and other obligations as they come due. Additionally, the Library has a line of credit and Board-designated net assets, and while the Library does not intend to spend the funds for purposes other than those identified, such funds could be used to help manage unanticipated liquidity needs, if necessary.