EISNERAMPER

BROOKLYN PUBLIC LIBRARY

FINANCIAL STATEMENTS

JUNE 30, 2026 and 2025

BROOKLYN PUBLIC LIBRARY

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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, 2026 and 2025, 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, 2026 and 2025, 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.

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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, 2026

BROOKLYN PUBLIC LIBRARY

Statements of Financial Position
(in thousands)

	June 30, 2026	June 30, 2025
ASSETS		
Cash and cash equivalents (including restricted cash of $107 at each year-end)	**$ 43,476**	$ 50,357
Restricted cash segregated account	**1,751**	5,051
Contributions, grants and other receivables, net	**39,734**	15,137
Investments	**59,096**	51,714
Prepaid expenses and other assets	**725**	723
Right-of-use assets	**17,801**	19,304
Property and equipment, net	**130,511**	104,290
	$ 293,094	$ 246,576
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	**$ 28,798**	$ 15,716
Deferred revenue	**138**	146
Funds received in advance	**15,823**	11,580
Line-of-credit payable	**17,719**	3,865
Lease liabilities	**18,918**	20,217
Accrued wages and related liabilities	**18,732**	17,443
Total liabilities	**100,128**	68,967
Commitments and contingencies (Note L)		
Net assets:		
Without donor restrictions:		
Undesignated, available for operations	**145,970**	132,233
Board-designated for building renovation	**10,030**	10,030
Board-designated for use in future fiscal years	**9,361**	9,361
Total net assets without donor restrictions	**165,361**	151,624
With donor restrictions:		
Restricted for time and purpose	**24,284**	22,721
Perpetual in nature	**3,321**	3,264
Total net assets with donor restrictions	**27,605**	25,985
Total net assets	**192,966**	177,609
	$ 293,094	$ 246,576

See notes to financial statements.

BROOKLYN PUBLIC LIBRARY

Statements of Activities
(in thousands)

	Year Ended June 30,					
	2026			2025		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating support and revenues:						
City of New York appropriations	**$ 157,352**	**$ -**	**$ 157,352**	$ 147,715	$ -	$ 147,715
State of New York appropriations	**9,279**	**-**	**9,279**	9,152	-	9,152
Federal government grants	**1,259**	**-**	**1,259**	1,359	-	1,359
Contribution income	**4,111**	**5,326**	**9,437**	3,846	5,779	9,625
Purchase discount reimbursement contribution	**503**	**-**	**503**	357	-	357
Contributed facilities and utilities	**36,895**	**-**	**36,895**	35,547	-	35,547
Contributed goods and services	**546**	**-**	**546**	689	-	689
Net investment income designated for current operations	**2,781**	**227**	**3,008**	3,105	259	3,364
Special events (net of direct benefits to donors of $125 and $89 in 2026 and 2025, respectively)	**1,832**	**-**	**1,832**	1,328	-	1,328
Fines, royalties and other revenue	**1,849**	**-**	**1,849**	2,272	-	2,272
Total operating support and revenues before net assets released from restrictions	**216,407**	**5,553**	**221,960**	205,370	6,038	211,408
Net assets released from restrictions for operations	**4,763**	**(4,763)**	**-**	5,487	(5,487)	-
Total operating support and revenues	**221,170**	**790**	**221,960**	210,857	551	211,408
Operating expenses:						
Program services:						
Central library	**35,886**	**-**	**35,886**	34,452	-	34,452
Neighborhood libraries	**138,240**	**-**	**138,240**	132,440	-	132,440
Special programs	**19,137**	**-**	**19,137**	18,286	-	18,286
Total program services	**193,263**	**-**	**193,263**	185,178	-	185,178
Supporting services:						
Management and general	**15,718**		**15,718**	14,945	-	14,945
Fundraising	**6,056**	**-**	**6,056**	5,717	-	5,717
Total supporting services	**21,774**	**-**	**21,774**	20,662	-	20,662
Total operating expenses	**215,037**	**-**	**215,037**	205,840	-	205,840
Increase in net assets from operating activities	**6,133**	**790**	**6,923**	5,017	551	5,568
Non-operating activities:						
Grants and capital contributions for improvement	**4,373**	**33,255**	**37,628**	3,965	1,517	5,482
With donor restrictions contributions - perpetual in nature	**-**	**57**	**57**	-	196	196
Capital grants expenditures	**-**	**(33,212)**	**(33,212)**	-	(1,492)	(1,492)
Losses on disposal of property and equipment	**-**	**-**	**-**	(1,898)	-	(1,898)
Depreciation and amortization	**(3,189)**	**-**	**(3,189)**	(3,086)	-	(3,086)
Investment gains in excess of amounts not designated for current operations	**6,420**	**730**	**7,150**	2,821	309	3,130
Increase in net assets from non-operating activities	**7,604**	**830**	**8,434**	1,802	530	2,332
Increase in net assets	**13,737**	**1,620**	**15,357**	6,819	1,081	7,900
Net assets - beginning of year	**151,624**	**25,985**	**177,609**	144,805	24,904	169,709
Net assets - end of year	**$ 165,361**	**$ 27,605**	**$ 192,966**	$ 151,624	$ 25,985	$ 177,609

See notes to financial statements.

BROOKLYN PUBLIC LIBRARY

Statement of Functional Expenses
Year Ended June 30, 2026
(in thousands)

	Program Services				Supporting Services			Total Expenses	
	Central Library	Neighborhood Libraries	Special Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	2026	2025
Operating expenses:									
Salaries and related expenses:									
Salaries	$ 11,786	$ 54,512	$ 7,366	$ 73,664	$ 6,895	$ 2,965	$ 9,860	$ 83,524	$ 81,909
Fringe benefits	6,322	29,238	3,951	39,511	3,699	1,590	5,289	44,800	42,977
Total salaries and related expenses	18,108	83,750	11,317	113,175	10,594	4,555	15,149	128,324	124,886
Other operating expenses:									
Professional fees and contract service payments	1,426	6,595	891	8,912	1,857	296	2,153	11,065	10,631
Office expenses and related supplies	786	3,632	491	4,909	273	239	512	5,421	4,633
Telephone and telecommunications	631	2,918	394	3,943	178	151	329	4,272	3,787
Occupancy	993	3,452	284	4,729	863	21	884	5,613	6,490
Donated rent and utilities	10,530	22,108	3,626	36,264	587	44	631	36,895	35,548
Advertising and public service messages	32	151	20	203	14	41	55	258	641
Staff development/training	123	572	77	772	268	25	293	1,065	1,010
Books and public library materials	1,982	9,164	1,239	12,385	-	-	-	12,385	11,445
Insurance	284	1,312	177	1,773	120	-	120	1,893	1,737
Repairs and maintenance	913	4,222	571	5,706	383	81	464	6,170	3,693
Catering and decorations	49	226	31	306	-	497	497	803	712
Interest expenses	-	-	-	-	453	-	453	453	59
Other expense	29	138	19	186	128	231	359	545	657
Total operating expenses before depreciation	35,886	138,240	19,137	193,263	15,718	6,181	21,899	215,162	205,929
Less: direct benefits to donors	-	-	-	-	-	(125)	(125)	(125)	(89)
Total operating expenses per statements of activities	35,886	138,240	19,137	193,263	15,718	6,056	21,774	215,037	205,840
Non-operating expenses:									
Depreciation and amortization	482	2,230	302	3,014	175	-	175	3,189	3,086
	$ 36,368	$ 140,470	$ 19,439	$ 196,277	$ 15,893	$ 6,056	$ 21,949	$ 218,226	$ 208,926

See notes to financial statements.

BROOKLYN PUBLIC LIBRARY

Statement of Functional Expenses
Year Ended June 30, 2025
(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	$ 11,584	$ 53,577	$ 7,240	$ 72,401	$ 6,750	$ 2,758	$ 9,508	$ 81,909
Fringe benefits	6,142	28,407	3,839	38,388	3,142	1,447	4,589	42,977
Total salaries and related expenses	17,726	81,984	11,079	110,789	9,892	4,205	14,097	124,886
Other operating expenses:								
Professional fees and contract service payments	1,220	5,644	762	7,626	2,549	456	3,005	10,631
Office expenses and related supplies	658	3,041	411	4,110	313	210	523	4,633
Telephone and telecommunications	573	2,649	358	3,580	129	78	207	3,787
Occupancy	1,222	4,247	349	5,818	632	40	672	6,490
Donated rent and utilities	10,123	21,323	3,494	34,940	566	42	608	35,548
Advertising and public service messages	94	435	59	588	23	30	53	641
Staff development and training	136	629	85	850	140	20	160	1,010
Books and public library materials	1,831	8,469	1,145	11,445	-	-	-	11,445
Insurance	225	1,043	141	1,409	328	-	328	1,737
Repairs and maintenance	545	2,522	341	3,408	221	64	285	3,693
Catering and decorations	41	187	26	254	-	458	458	712
Interest expenses	-	-	-	-	59	-	59	59
Other expenses	58	267	36	361	93	203	296	657
Total operating expenses before depreciation	34,452	132,440	18,286	185,178	14,945	5,806	20,751	205,929
Less: direct benefits to donors	-	-	-	-	-	(89)	(89)	(89)
Total operating expenses per statements of activities	34,452	132,440	18,286	185,178	14,945	5,717	20,662	205,840
Non-operating expenses:								
Depreciation and amortization	466	2,154	291	2,911	175	-	175	3,086
	$ 34,918	$ 134,594	$ 18,577	$ 188,089	$ 15,120	$ 5,717	$ 20,837	$ 208,926

See notes to financial statements.

BROOKLYN PUBLIC LIBRARY

Statements of Cash Flows
(in thousands)

	Year Ended June 30, 2026	2025
Cash flows from operating activities:		
Increase in net assets	**$ 15,357**	$ 7,900
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**3,189**	3,086
Bad debts expense	**21**	43
Losses on disposal of property and equipment	**-**	1,898
Unrealized gains on investments	**(4,809)**	(2,796)
Net realized gains on sales of investments	**(3,463)**	(2,317)
Proceeds from the sale of donated securities	**426**	1,091
Donated securities	**(427)**	(1,091)
Contributions from donors with restrictions to be held in perpetuity	**(57)**	(196)
Noncash lease amortization	**1,225**	1,475
Capital grant expenditures	**33,212**	1,492
Changes in:		
Contributions, grants and other receivables, net	**(24,618)**	5,167
Prepaid expenses and other assets	**(2)**	33
Accounts payable and accrued expenses	**1,143**	223
Deferred revenue	**(8)**	(96)
Funds received in advance	**4,243**	285
Lease liabilities	**(1,021)**	(1,311)
Accrued wages and related liabilities	**1,289**	1,561
Net cash provided by operating activities	**25,700**	16,447
Cash flows from investing activities:		
Proceeds from sales of investments	**24,725**	32,946
Purchases of investments	**(23,835)**	(30,993)
Purchases of property and equipment	**(50,682)**	(18,039)
Net cash used in investing activities	**(49,792)**	(16,086)
Cash flows from financing activities:		
Proceeds from line of credit payable	**25,125**	4,725
Repayment on line of credit payable	**(11,271)**	(1,556)
Contributions from donors with restrictions to be held in perpetuity	**57**	196
Net cash provided by financing activities	**13,911**	3,365
Net change in cash, cash equivalents and restricted cash	**(10,181)**	3,726
Cash, cash equivalents and restricted cash, beginning of year	**55,408**	51,682
Cash, cash equivalents and restricted cash, end of year	**$ 45,227**	$ 55,408
Supplemental disclosures of cash flow information:		
Contributed goods and services	**$ 546**	$ 689
Contributed use of facilities and utilities	**$ 36,895**	$ 35,547
Capital expenditures included in accounts payable and accrued liabilities	**$ 15,881**	$ 3,941
Noncash lease liabilities arising from obtaining right-of-use asset	**$ 278**	$ 4,173
Interest paid	**$ 454**	$ 59

See notes to financial statements.

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 June 30, 2026 and 2025 included $107, which is restricted for disbursements to entities involved in the Net-Working, NYC program. Additionally, at June 30, 2026 and 2025, the Library held restricted cash of $1,751 and $5,051, 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.

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.

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

[5] Investments: (continued)

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 2026 or 2025 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, 2026 and 2025. 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.

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, 2026 and 2025, 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.

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.

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 and 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. In addition, the following are also included as part of non-operating activities: (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.

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

[15] Reclassification:

Certain information in the prior year's financial statements has been reclassified to conform with the current year's presentation. This reclassification had no effect on the change in net assets or total net assets previously reported.

[16] Subsequent events:

The Library evaluated subsequent events through September 9, 2026, the date on which the financial statements were available to be issued.

NOTE B - RECEIVABLES

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

	June 30, 2026	June 30, 2025
Appropriations and grants - State of New York	**$ 5,477**	$ 4,704
Appropriations and grants - The City of New York	**27,524**	3,938
Total appropriations and grants	**33,001**	8,642
Contributions and grants receivable: less than one year	**4,372**	4,041
Contributions and grants receivable: one to five years	**1,656**	2,400
	6,028	6,441
Less: discount to present value (at a discount rate ranging from 4.24% - 4.48%)	**(71)**	(103)
Less: allowance for doubtful accounts	**(128)**	(137)
Total net contribution and grants receivable	**5,829**	6,201
Purchase discount reimbursement contributions receivable	**173**	70
Other receivables, net of allowance for doubtful accounts of $6 and $17 in 2026 and 2025, respectively	**731**	224
	$ 39,734	$ 15,137

The Library wrote off uncollectible contributions receivables and other receivables against the allowance of approximately $41 and $55 during fiscal years 2026 and 2025, respectively.

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 receivables were collected. Based on 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 2026 and 2025, 90% for internal connections in 2026 and 2025). 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 $558 and $508 for fiscal years 2026 and 2025, respectively.

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

NOTE C - INVESTMENTS

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

	June 30, 2026	June 30, 2025
Mutual funds:		
U.S. equity	**$ 21,915**	$ 18,386
International equity securities from developed markets	**10,255**	10,776
Fixed income	**16,735**	15,060
Alternative	**10,191**	7,492
	$ 59,096	$ 51,714

Investment income for each fiscal year consisted of the following:

	Year Ended June 30, 2026		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest (net of investment expenses of $103)	**$ 1,762**	**$ 124**	**$ 1,886**
Net realized gains on sale of investments	**3,123**	**340**	**3,463**
Net unrealized gains on investments	**4,316**	**493**	**4,809**
Investment gains, net	**9,201**	**957**	**10,158**
Less: investment earnings designated for current operations	**(2,781)**	**(227)**	**(3,008)**
Investment gains not designated for current operations, net	**$ 6,420**	**$ 730**	**$ 7,150**

NOTE C - INVESTMENTS (CONTINUED)

	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
Investment gains, net	5,926	568	6,494
Less: investment earnings designated for current operations	(3,105)	(259)	(3,364)
Investment gains not designated for current operations, net	$ 2,821	$ 309	$ 3,130

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.

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, 2026	
	Level 1	**Total**
Stocks/mutual funds:		
U.S. equity securities/funds	**$ 21,915**	**$ 21,915**
International equity securities from developed markets	**10,255**	**10,255**
Fixed income funds	**16,735**	**16,735**
Alternative funds	**10,191**	**10,191**
	$ 59,096	**$ 59,096**

	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
	$ 51,714	$ 51,714

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 2026 and 2025, The City of New York reimbursed the Library approximately $33,212 and $1,492 for capital grant expenditures, respectively.

In fiscal years 2026 and 2025, The City of New York appropriated approximately $21,000 and $38,800, respectively, for capital expenditures relating to renovations of City-owned branches. The City of New York's total commitment as of June 30, 2026 to branch capital improvement is approximately $357,730 over the next five fiscal years.

NOTE D - PROPERTY AND EQUIPMENT (CONTINUED)

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

	June 30, 2026	June 30, 2025
Land	**$ 11,600**	$ 11,600
Furniture and fixtures, and others	**9,418**	9,461
Building	**5,312**	5,312
Leasehold improvements	**70,414**	70,414
Computer equipment	**780**	748
	97,524	97,535
Less: accumulated depreciation and amortization	**(20,606)**	(19,393)
	76,918	78,142
Construction-in-progress	**53,593**	26,148
	$ 130,511	$ 104,290

During fiscal years 2026 and 2025, the Library wrote off approximately $1,975 and $6,199, 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 year 2025 in the amount of approximately $3,020, which resulted in a loss on disposal of approximately $1,898 during fiscal year 2025.

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, 2026	June 30, 2025
Deferred revenue, beginning of year	**$ 146**	$ 242
Revenue recognized that was included in deferred revenue at the beginning of the year	**(22)**	(116)
Increase in deferred revenue due to cash received during the period	**14**	20
Deferred revenue, end of year	**$ 138**	$ 146

There were no other significant contract liabilities or assets at June 30, 2026 or 2025.

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, 2026 and 2025, funds received in advance were approximately $15,823 and $11,580, 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 $6,082 and $6,119 for fiscal years 2026 and 2025, 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 $10,827 and $10,311 as of June 30, 2026 and 2025, 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 5.55% per annum (5.40% per annum in fiscal year 2025); (ii) a salary increase rate of 3.25% and 3.00% per annum for union employees for fiscal years 2026 and 2025, respectively, and 3.75% for nonunion employees for both fiscal years 2026 and 2025; and (iii) withdrawal rates ranging from 9.50% at age 20 to 3.70% at age 55 for both fiscal years 2026 and 2025, with a retirement age of 65 in both fiscal years 2026 and 2025. 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.

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

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

	June 30, 2026	June 30, 2025
Purpose restricted:		
Operating:		
Library materials acquisitions*	**$ 718**	$ 669
Branch library support*	**2,772**	2,424
Special programs and other:		
Central Library Information Commons*	**289**	168
Child's Place	**54**	50
Plaza and auditorium*	**335**	325
Summer reading	**11**	157
Center for Brooklyn History	**448**	201
Summer camp	**12**	13
Artist in residence	**22**	22
Outreach programs	**1,358**	1,293
Continuing education	**908**	1,132
Youth programs	**1,030**	884
Other*	**5,919**	5,018
	13,876	12,356
Non-operating:		
Capital projects (see Note L[8])	**10,408**	10,365
Restricted for time and purpose	**24,284**	22,721
Perpetual in nature	**3,321**	3,264
	$ 27,605	$ 25,985

* Collectively, these categories include accumulated endowment income of $2,535 and $1,805 as of June 30, 2026 and 2025, respectively.

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, 2026	June 30, 2025
Operating:		
Library materials acquisitions	**$ 416**	$ 395
Branch library support	**538**	431
Special programs and other:		
Central Library Information Commons	**-**	36
Child's Place	**2**	11
Plaza and auditorium	**93**	93
Summer reading	**146**	180
Center for Brooklyn History	**68**	217
Summer camp	**1**	132
Artist in residence	**-**	90
Outreach programs	**782**	572
Continuing education	**361**	478
Youth programs	**850**	791
Other	**1,506**	2,061
	4,763	5,487
Non-operating:		
Capital grant expenditures	**33,212**	1,492
	$ 37,975	$ 6,979

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.

NOTE J - ENDOWMENT (CONTINUED)

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

	June 30, 2026		
	With Donor Restrictions		
	Amounts Subject to Appropriation	Amounts Held in Perpetuity	Total
Donor-restricted endowment funds:			
Adult Literacy Program	**$ 35**	**$ 133**	**$ 168**
Books	**278**	**301**	**579**
Branch Humanities	**559**	**458**	**1,017**
Central Library Information Commons	**229**	**500**	**729**
Staff Welfare	**106**	**112**	**218**
Plaza and Auditorium Programming	**316**	**316**	**632**
Youth and Children Programming	**725**	**766**	**1,491**
Willendorf Lecture Series	**53**	**55**	**108**
Brooklyn Historical Society - historical materials and artifacts	**38**	**93**	**131**
Brooklyn Historical Society - building maintenance	**12**	**29**	**41**
Librarians education funds	**106**	**419**	**525**
Others - undesignated	**78**	**139**	**217**
	$ 2,535	**$ 3,321**	**$ 5,856**

	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
	$ 1,805	$ 3,264	$ 5,069

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.

NOTE J - ENDOWMENT (CONTINUED)

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

	June 30, 2026		
	With Donor Restrictions		
	Amounts Subject to Appropriation	Amounts Held in Perpetuity	Total
Endowment net assets, beginning of year	**$ 1,805**	**$ 3,264**	**$ 5,069**
Dividends and interest, net	**124**	**-**	**124**
Net realized and unrealized appreciation	**833**	**-**	**833**
Contributions	**-**	**57**	**57**
Appropriation of endowment assets for expenditures	**(227)**	**-**	**(227)**
Endowment net assets, end of year	**$ 2,535**	**$ 3,321**	**$ 5,856**

	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	$ 1,805	$ 3,264	$ 5,069

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.

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 ended June 30, 2026 and 2025.

[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 2026 and 2025, there were no funds underwater.

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, 2026	Year Ended June 30, 2025
Contributed facilities	Property rent	Estimated market rental rate for similar properties in the same location	**$ 33,325**	$ 32,039
Contributed utilities	Heat, light and power	Estimated utility costs, which are paid by The City of New York	**3,570**	3,508
			$ 36,895	$ 35,547

[2] Contributed 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, 2026	Year Ended June 30, 2025
In-kind services	Pro-bono legal services	Average industry rate for similar service	**$ 502**	$ 605
Media	Public service announcements	Third-party estimates using negotiated rates	**44**	84
			$ 546	$ 689

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 2026 and 2025 amounted to approximately $11,147 and $10,241, respectively. Under a 1937 agreement between the Library and The City of New York (the "City"), the City appropriates funds to cover the full cost of pension contributions for the Library's employees whose salaries are funded by the City.

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, 2025 and 2024. The Employer Identification Number for NYSLRS is 14-6020869. The most recent Pension Protection Act ("PPA") zone status is green at March 31, 2026 and 2025. 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.

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 2026 and 2025 amounted to approximately $389 and $357, 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 $3,574 and $3,266 in fiscal years 2026 and 2025, 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 is as follows:

	June 30,	
	2026	**2025**
Operating lease costs	**$ 2,599**	$ 2,186
Variable lease costs	**1,001**	442
Total lease costs	**$ 3,600**	$ 2,628

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,	2026	2025
2026	**$ -**	$ 2,309
2027	**2,447**	2,348
2028	**2,501**	2,401
2029	**2,511**	2,462
2030	**2,073**	2,073
2031	**1,184**	1,184
Thereafter	**14,409**	14,409
Total minimum lease payments	**25,125**	27,186
Less: amount representing interest	**(6,207)**	(6,969)
Amounts reported on statements of financial position	**$ 18,918**	$ 20,217

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

	June 30, 2026	June 30, 2025
Weighted average remaining lease term:		
Operating lease	**13.64 years**	14.24 years
Weighted average discount rate:		
Operating lease	**4.03%**	4.03%

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 are 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 $4,928 and $4,468 for fiscal years 2026 and 2025, 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) 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 manager's fee of 3% of the cost of the work, excluding insurance costs. As of June 30, 2026, the amount included in construction in progress for this project is approximately $11,207.

NOTE L - COMMITMENTS AND CONTINGENCIES (CONTINUED)

[8] Construction related to grants: (continued)

(ii) 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 manager's fee of 2.50% of the total cost of all work. As of June 30, 2026, the amount included in construction in progress for this project is approximately $4,545.

(iii) 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 manager's fee of 2.30% of the total cost of all work. As of June 30, 2026, the amount included in construction in progress for this project is approximately $11,554.

(iv) 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 manager's fee of 2.40% of the total cost of all work. As of June 30, 2026, the amount included in construction in progress for this project is approximately $8,272.

NOTE M - LINE-OF-CREDIT AGREEMENTS

The Library has a $40,000 revolving line-of-credit, which expires on April 21, 2028, with TD Bank, N.A., to meet its construction-related expenditures. The interest rate is based on a variable rate of SOFR plus 1.12%, equating to 4.62% and 5.44% at June 30, 2026 and 2025, 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, 2026 and 2025. During fiscal years 2026 and 2025, the Library drew down $25,125 and $4,725 from the line-of-credit and made principal payments of $11,271 and $1,556, respectively, resulting in an outstanding balance of $17,719 and $3,865 as of June 30, 2026 and 2025, respectively.

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 dates, reduced by amounts not available for general use within one year, because of contractual or donor-imposed restrictions or internal designations:

	June 30, 2026	June 30, 2025
Cash and cash equivalents and restricted cash	**$ 45,227**	$ 55,408
Contributions, grants and other receivables, net	**39,734**	15,137
Investments	**59,096**	51,714
Total financial assets available within one year	**144,057**	122,259
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted cash	**(107)**	(107)
Restrictions by donors with purpose and time restrictions	**(24,284)**	(22,721)
Restricted by donors in perpetuity	**(3,321)**	(3,264)
Total amounts unavailable for general expenditure within one year	**(27,712)**	(26,092)
Amounts unavailable to management without Board approval:		
Board-designated for building renovation	**(10,030)**	(10,030)
Board-designated for use in future fiscal years	**(9,361)**	(9,361)
	(19,391)	(19,391)
Total financial assets available to meet cash needs for general expenditures within one year	**$ 96,954**	$ 76,776

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.