The Queens Borough Public Library and Affiliate

Consolidated Financial Statements
Year Ended June 30, 2026

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.

The Queens Borough Public Library and Affiliate

Consolidated Financial Statements
Year Ended June 30, 2026

The Queens Borough Public Library and Affiliate

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Tel: 212-885-8000
Fax: 212-697-1299
www.bdo.com

200 Park Avenue
38th Floor
New York, NY 10166

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of The Queens Borough Public Library and Affiliate (Library), which comprise the consolidated statement of financial position as of June 30, 2026, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Library as of June 30, 2026, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of

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assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Report on Summarized Comparative Information

We have previously audited the 2025 consolidated financial statements of The Queens Borough Public Library and Affiliate, and our report, dated September 12, 2025, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

BDO USA, P.C.

September 11, 2026

Consolidated Financial Statements

The Queens Borough Public Library and Affiliate

Consolidated Statement of Financial Position
(with comparative totals for 2025)

June 30,	**2026**	2025
Assets		
Current Assets		
Cash and cash equivalents:		
Checking accounts - interest bearing	**$ 43,750,651**	$ 29,399,808
Money market accounts	**22,861,068**	22,033,300
Cash on hand	**18,728**	19,430
Total Cash and Cash Equivalents	**66,630,447**	51,452,538
Accounts receivable	**72,613**	64,662
Grants and contracts receivable:		
New York City, net of allowance for doubtful accounts	**4,181,126**	5,513,005
New York State	**3,185,935**	2,001,879
Federal	**563,435**	805,935
Total Grants and Contracts Receivable, Net	**7,930,496**	8,320,819
Contributions receivable:		
From New York State	**6,322,978**	6,319,148
From individuals, corporations, and foundations	**1,584,641**	575,000
Total Contributions Receivable	**7,907,619**	6,894,148
Prepaid expenses:		
Prepaid rent	**118,142**	117,807
Other	**168,101**	163,089
Total Prepaid Expenses	**286,243**	280,896
Total Current Assets	**82,827,418**	67,013,063
Operating Lease Right-of-Use Assets	**9,460,360**	9,974,633
Long-Term Investments, at fair value	**60,205,288**	53,193,608
Fixed Assets, Net	**65,356,069**	60,534,499
Security Deposit	**27,262**	25,667
Total Assets	**$ 217,876,397**	$ 190,741,470

The Queens Borough Public Library and Affiliate

Consolidated Statement of Financial Position
(with comparative totals for 2025)

June 30,	**2026**	2025
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	**$ 7,807,392**	$ 5,880,830
Accrued payroll and related expenses	**3,055,271**	2,613,441
Operating lease liabilities, current portion	**809,900**	762,939
Compensated absences payable, current portion	**496,909**	625,104
Workers' compensation - self-insured incurred losses	**1,013,468**	1,326,861
Deferred revenue	**3,656,027**	10,000
Total Current Liabilities	**16,838,967**	11,219,175
Operating Lease Liabilities, long-term portion	**9,123,935**	9,842,203
Compensated Absences Payable, long-term portion	**8,591,736**	8,452,347
Total Liabilities	**34,554,638**	29,513,725
Net Assets		
Without donor restrictions - Board-designated	**15,862,007**	13,066,731
Without donor restrictions - undesignated	**139,534,193**	124,455,861
With donor restrictions	**27,925,559**	23,705,153
Total Net Assets	**183,321,759**	161,227,745
Total Liabilities and Net Assets	**$ 217,876,397**	$ 190,741,470

See accompanying notes to consolidated financial statements.

The Queens Borough Public Library and Affiliate

Consolidated Statement of Activities
(with comparative totals for 2025)

Year ended June 30,

	Without Donor Restrictions	With Donor Restrictions	**2026**	2025
Operating Revenue and Support				
Operating revenue:				
Grants and contracts:				
City of New York	$ 162,221,838	$ -	**$ 162,221,838**	$ 151,791,355
State of New York	3,447,502	-	**3,447,502**	2,656,538
Federal government	3,296,642	-	**3,296,642**	3,412,024
Contributions from individuals, corporations, and foundations	1,978,369	3,668,858	**5,647,227**	4,264,381
Contributions from New York State	6,322,978	-	**6,322,978**	6,319,148
Contributed facilities and utilities	40,999,949	-	**40,999,949**	39,262,050
Contributed services	435,975	-	**435,975**	-
Releases from restrictions	2,840,161	(2,840,161)	**-**	-
Total Operating Revenue	221,543,414	828,697	**222,372,111**	207,705,496
Support:				
Library fines and fees	951,807	-	**951,807**	643,790
Investment income, net	6,318,056	3,391,709	**9,709,765**	6,753,642
Other	160,224	-	**160,224**	150,567
Total Support	7,430,087	3,391,709	**10,821,796**	7,547,999
Total Operating Revenue and Support	228,973,501	4,220,406	**233,193,907**	215,253,495
Expenses				
Program services	186,737,061	-	**186,737,061**	176,734,705
Supporting services:				
Fundraising and development	1,862,305	-	**1,862,305**	1,605,966
Management and general	22,500,527	-	**22,500,527**	19,498,294
Total Supporting Services	24,362,832	-	**24,362,832**	21,104,260
Total Expenses	211,099,893	-	**211,099,893**	197,838,965
Excess of Total Operating Revenue Over Total Expenses	17,873,608	4,220,406	**22,094,014**	17,414,530
Net Assets, beginning of year	137,522,592	23,705,153	**161,227,745**	143,813,215
Net Assets, end of year	$ 155,396,200	$ 27,925,559	**$ 183,321,759**	$ 161,227,745

See accompanying notes to consolidated financial statements.

The Queens Borough Public Library and Affiliate

Consolidated Statement of Cash Flows
(with comparative totals for 2025)

Year ended June 30,	**2026**	2025
Cash Flows from Operating Activities		
Cash received - New York City	**$ 163,553,717**	$ 149,674,773
Cash received - New York State	**8,582,594**	11,575,869
Cash received - federal government	**3,539,142**	3,694,841
Cash received - individuals, corporations, and foundations	**4,599,635**	3,705,002
Cash received - customers	**1,112,031**	794,357
Cash received - investing	**3,154,755**	3,040,132
Cash paid - employees' wages and fringe benefits	**(134,306,071)**	(124,645,686)
Cash paid - vendors and suppliers	**(25,736,326)**	(29,800,061)
Net Cash Provided by Operating Activities	**24,499,477**	18,039,227
Cash Flows from Investing Activities		
Proceeds from sales of long-term investments	**12,578,918**	21,020,095
Purchase of long-term investments	**(13,035,588)**	(22,302,989)
Purchase of fixed assets	**(8,894,898)**	(7,633,769)
Net Cash Used in Investing Activities	**(9,351,568)**	(8,916,663)
Cash Flows from Financing Activities		
Contributions with donor restrictions (perpetual)	**30,000**	-
Net Cash Provided by Financing Activities	**30,000**	-
Net Increase in Cash and Cash Equivalents	**15,177,909**	9,122,564
Cash and Cash Equivalents, beginning of year	**51,452,538**	42,329,974
Cash and Cash Equivalents, end of year	**$ 66,630,447**	$ 51,452,538
Supplemental Disclosures of Cash Flow Information		
Contributed facilities and utilities	**$ 40,999,949**	$ 39,262,050
Contributed services	**435,975**	-

See accompanying notes to consolidated financial statements.

1. Description of the Organization

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

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

Component Unit

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

2. Principles of Consolidation

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

The Foundation was created to fundraise and obtain funding to help support the Library and its programs. The Foundation receives and records the contribution and grant revenue received from donors on its books.

3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with GAAP. In the consolidated statement of financial position, assets and liabilities are presented in the order of liquidity or conversion to cash and their maturity resulting in the use of cash.

Consolidated Financial Statement Presentation

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

These classes of net assets are defined as follows:

With Donor Restrictions - This class consists of net assets resulting from contributions and other inflows of assets whose use by the Library is limited by donor-imposed stipulations, that either expire by passage of time or can be fulfilled and removed by actions of the Library, pursuant to those stipulations. When such stipulations end or are fulfilled, such donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities. Net assets resulting from contributions and other inflows of assets whose use by the Library is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Library are classified as net assets with donor restrictions - perpetual in nature and subject to the requirements of the New York Prudent Management of Institutional Funds Act (NYPMIFA). These net assets with donor restrictions may include a stipulation that assets provided be maintained permanently, while permitting the Library to expend the income generated by the assets, in accordance with provisions of additional donor-imposed stipulations or a Board-approved spending policy. See Note 12 for further discussion of net assets with donor restrictions – perpetual in nature.

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

Without Donor Restrictions - Undesignated - This class consists of net assets that are not subject to donor-imposed stipulations or Board-designated restrictions.

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

Cash and Cash Equivalents

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

Long-Term Investments and Fair Value Measurements

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

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

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

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

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

Third-Party Reimbursements and Revenue Recognition

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

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

Accounts, Grants, Contracts Receivables, and Doubtful Accounts

Accounts, grants, and contracts receivables are recorded at the reimbursable or contracted amount. A substantial amount of these receivables are from governmental agencies and third-party reimbursement agencies. Periodically, the receivables are reviewed and evaluated as to their collectability. A receivable balance is considered past due once it has not been received by its scheduled due date. If necessary, an allowance is recorded based on those evaluations. At June 30, 2026, the allowance totaled $116,304 relating to grants and contracts receivable.

Contributions and Contributions Receivable

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

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

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

Collections

The Library's collections are not included in the consolidated statement 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 artwork held for public benefit. No collection items were deaccessioned during the fiscal year ended June 30, 2026. 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 $370,000.

Contributed Facilities and Utilities

The Library occupies, without charge, certain buildings owned by The City that were utilized by the Library's fundraising services. There were no donor-imposed restrictions associated with the donated facilities and utilities. The estimated fair value for rental of these buildings (including utility costs) is reported as contributed support and expense in the period in which the premises are used. The Library estimates the fair value of those contributed facilities, based upon the average market rental rates per square foot, multiplied by the actual square footage of the contributed space. The City pays the utility costs for similar properties under lease by the Library in the commercial real estate market, and of donated space occupied by the Library. The fair value of donated utilities is determined by The City and is based on The City's utility budget and prior-year usage, adjusted for weather data and other factors. These costs are reported as contributed facilities and utilities income with a corresponding expense. Amounts paid directly by The City for improvements to its existing Library-occupied buildings and new branch construction are not recorded by the Library, as they are considered The City's assets. Refer to Note 14 for further details of the contributed facilities and utilities values recorded for fiscal year 2026.

Contributed Services

Amounts are reported in the consolidated financial statements for voluntary donations of services if those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills, and if those services would typically be purchased if not provided by donation. The Library recognizes contributed services revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

During the year ended June 30, 2026, the Library received contributed services from individuals who volunteered their time and provided professional instructional services to the community. The value of these services is estimated at $353,708 and has been recorded in contributed services in the consolidated statement of activities. The Library also received donated goods at prevailing rates of

goods. The value of these donated goods is estimated at $82,267 and has been recorded in contributed services in the consolidated statement of activities.

Library Fines, Fees, and Other Revenue

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

Fixed Assets

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

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

Asset Category	Estimated Useful Lives (Years)
Buildings	39
Building improvements	7-39
Office furniture, fixtures, and equipment	5-7
Leasehold improvements	3-39
Vehicles and mobile units	5
Computers, related equipment, and computer software	3-5

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeded the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There were no impairment charges recorded during the year ended June 30, 2026.

Deferred Revenue

Funds received under exchange contracts in advance of their usage are classified as deferred revenue in the accompanying consolidated statement of financial position. Deferred revenues for exchange contracts amounted to $3,656,027 as of June 30, 2026.

Tax Status

The Library qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code, and as a not-for-profit organization under the laws of New York State. Accordingly, no provision for federal or state income taxes is required.

The Library must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained. The Library does not believe there are any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Library has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Library has filed the Internal Revenue Service (IRS) Form 990 tax returns as required, and all other applicable returns in jurisdictions where so required. The Library is subject to routine audits by a taxing authority. As of June 30, 2026, the Library was not subject to any examination by a taxing authority.

Concentration of Credit Risk

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

Use of Estimates

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

Comparative Financial Information

The consolidated financial statements are not comparative but include certain prior-year summarized comparative information. With respect to the consolidated statement of activities, the prior-year information is presented in total, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Library's consolidated financial statements for the year ended June 30, 2025, from which the summarized information was derived.

Risks and Uncertainties

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

Compensated Absences

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

Annual Leave - Annual leave is granted based on time employed and employment status. In the first four years of employment, an employee will be granted 15 days of annual leave per year. Thereafter, annual leave accrual rates increase as an employee's service time increases, up to a maximum of 27 days per year. As of June 30, 2026, the Library's annual leave accrued compensation total was $3,365,362.

Terminal Leave - The Library pays a terminal leave benefit to employees who retire from the system with at least ten years of service. The amount paid to each employee is based on tenure and employees being union and non-union. As of June 30, 2026, the terminal leave obligation was $5,723,283.

4. Liquidity and Availability of Resources

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

June 30, 2026		
Cash and cash equivalents	$	66,630,447
Accounts receivable		72,613
Grants and contracts receivable, net		7,930,496
Contributions receivable		7,907,619
Long-term investments, at fair value*		60,205,288
Total Financial Assets Available to Management for General Expenditures Within One Year		142,746,463
Less amounts unavailable to management for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions		(18,943,939)
Restricted by donors in perpetuity		(8,981,620)
Amounts unavailable to management without the Board's approval		(15,862,007)
Alternative investments		(251,507)
Total Financial Assets Available to Management for General Expenditure Within One Year	$	98,707,390

* Investments are classified as long-term in the consolidated statement of financial position, as it is the intention of the Library to hold them; however, they could be liquidated if necessary, except for alternative investments that are not available for general expenditures within one year.

As part of the Library's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Library invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity issues, the Library has available a line of credit in the amount of $10,000,000. At June 30, 2026, $2,747,000 was carved out of the line of credit for workers' compensation and $7,253,000 of the line of credit was available to draw upon.

5. New York State Contributions Receivable

The Library receives aid from New York State in the form of grants to help support ongoing Library activities. The Library recognizes these amounts when they are earned, and payment is anticipated. These amounts are recorded as increases in net assets without donor restrictions and are due in less than one year. At June 30, 2026, the outstanding receivable amount owed from New York State was $6,322,978.

6. Contributions Receivable from Individuals, Corporations, and Foundations

Contributions receivable consist of awards from various individuals, corporations, and foundations. All payments are expected to be collected in less than one year, unless otherwise stipulated by the donor. At June 30, 2026, the outstanding receivable amount owed from individuals, corporations, and foundations was $1,584,641 and is expected to be collected within one year.

7. Long-Term Investments, at Fair Value

The Library's investments recorded at fair value have been categorized based upon a fair value hierarchy in accordance with GAAP. See Note 3 for a discussion of the Library's policies regarding this hierarchy. The following are descriptions of the Library's investment categories:

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

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

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

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

Alternative investments - Alternative investments are those made in limited partnerships, offshore LLCs, and private equity concerns, and are reported at fair value as estimated by the general partners. These investments, which are valued at NAV, have not been classified in the fair value hierarchy. Given the absence of market quotations, their fair value is estimated using information provided to the Foundation by the investment managers or general partners. The values are based on estimates that require varying degrees of judgment and, for fund of funds investments, are primarily based on financial data supplied by the investment managers of the underlying funds.

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

The following table presents the Library's fair value hierarchy for its financial investments that are measured at fair value and NAV on a recurring basis:

June 30, 2026

	Level 1	Level 2	Level 3	Total
Money market	$ 4,287,451	$ -	$ -	$ 4,287,451
Equities	36,736,360	-	-	36,736,360
Exchange-traded funds	1,435,532	-	-	1,435,532
Fixed-income securities	17,494,438	-	-	17,494,438
Total Long-Term Investments, at fair value	$ 59,953,781	$ -	$ -	59,953,781
Alternative investments valued at NAV[(1)]				251,507
Total Long-Term Investments				$ 60,205,288

(1) Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts described in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

The following table represents the Library's investments by asset class and their respective liquidity terms and unfunded commitments:

June 30, 2026

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period (Days)
Alternative investments	$ 251,507	$ -	Quarterly	One-year lockup and minimum of 90 days' notice after
Total	$ 251,507	$ -		

8. Fixed Assets, Net

A majority of the Library's branch properties are owned by The City and are occupied by the Library to provide library services to the people of Queens. Apart from repairs and improvements borne by the Library from its operating budget, capital improvements to the Library's buildings are typically funded from The City's capital budget. According to The City guidelines, all City-funded capital improvements or renovations are treated as property and equipment in The City financial records.

In order to represent The City's ownership of these assets, and to avoid duplicative accounting, City-funded capital improvements and renovations are not recorded in the Library's financial records.

Fixed assets consist of the following:

June 30, 2026		
Buildings and building improvements	$	67,771,332
Computers, related equipment, and computer software		15,552,549
Office furniture, fixtures, and equipment		14,442,133
Vehicles and mobile units		1,426,007
Total Capital Assets		99,192,021
Less: accumulated depreciation		(45,433,314)
Construction-in-progress		11,597,362
Total Fixed Assets, Net	$	65,356,069

Depreciation expense for the year ended June 30, 2026, applicable to the above assets, amounted to $4,073,328.

The estimated cost to complete the construction-in-progress is approximately $12,865,650.

9. Line of Credit

The Library has a $10,000,000 line of credit from a financial institution for working capital purposes. At June 30, 2026, $2,747,000 was carved out of the line of credit for workers' compensation and $7,253,000 of the line of credit was available to draw upon. Borrowings under the line of credit are collateralized by a portion of the Library's investments. The line of credit expires on October 31, 2027. The variable interest rate equal to greater of zero is prime rate less 1.00%. As of June 30, 2026, there was no outstanding balance on the line of credit.

10. Pension Plan

General Information

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

The state of New York requires participating employers to make payments on a current basis.

Funding Policies

The NYSLRS employee contributions are based on salary, years of service, and New York State tier designation, as prescribed by the plan.

The Library is required to contribute at an actuarially determined rate. Library contributions made to the NYSLRS were equal to 100% of the contributions required for each year. The required contributions for the current year are as follows:

Fiscal years 2025-2026	$	12,159,157

Pension expense recorded for fiscal year 2026 is $12,159,157 and is included in fringe benefits in the schedule of functional expenses in Note 15.

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

The Library was not listed in the plan's most recent available audited financial statements for providing more than 5% of the total contributions to the NYSLRS plan for the year ended March 31, 2025. The Employer Identification Number (EIN) for the NYSLRS is 14-6020869. The most recent Pension Protection Act (PPA) zone status is green at March 31, 2026, which is based on the funded ratio as of April 1, 2025 and is disclosed in the NYSLRS plan's audited financial statements. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded.

March 31, 2026

Pension Fund	EIN	Plan Number	Pension Protection Act Zone Status
New York State and Local Retirement System	14-6020869	50087	Green

Provisions and Administration

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

11. Compensated Absences Payable

The changes in the Library's indebtedness related to compensated absences payable are as follows:

Year ended June 30, 2026

Balance, July 1, 2025	$	9,077,451
New issues and/or additions		553,480
Maturities and/or payments		(542,286)
Balance, June 30, 2026		9,088,645
Less: current portion		(496,909)
Compensated Absences Payable, less current portion	$	8,591,736

12. Net Assets with Donor Restrictions

The Library maintained the following net assets with donor restrictions:

June 30, 2026		
Net Assets Restricted in Perpetuity		
Starr Endowment - Income generated from endowment investments to be used for the International Resource Center at the Flushing Branch Library.	$	700,000
Applebaum Endowment - Income generated from endowment investments to be used for books and literary programming for all ages at the Pomonok Branch Library, and to purchase adult print books for general collections.		452,000
Elmezzi Foundation Endowment - Income generated from endowment investments to be used for the Long Island City Adult Learning Center operating costs beginning in 2017 if the value of the endowment is at least $6,000,000.		6,000,000
NEH Endowment - Income generated from endowment investments to be used 50% for adult humanities programs and 50% reinvested in endowment.		587,178
Forever Fausta - Language and Learning Endowment - Income generated from endowment investments to be used for the Hunters Point Library.		52,706
The Hebrew Technical Institute - Income generated from endowment investments to support programs that support high school and college students in computer skills.		500,000
The Women's Club of Malba - Income generated from endowment investments to be used to support the Whitestone Library and its gardens.		24,957
Mr. & Mrs. Ahmad Endowment - Income generated from endowment investments to be used to support the Children's Library Discovery Center STEM materials and resources.		50,000
The Francis Hornik Endowment - Income generated from endowment investments to be used to support programs for women and girls.		50,000
Altman Endowment - Income generated from endowment investments to be used for the Futures Fund.		564,779
Total Net Assets Restricted in Perpetuity		8,981,620
Net Assets with Purpose Restrictions		
Library materials		6,877,160
Futures Fund for Children Services		8,340,636
Young adult programs		89,420
Literacy programs		1,615,635
Adult programs		407,481
Buy-A-Book		164,658
Children's programs		79,050
Library renovations		446,720
Other		98,790
Technology		603,331
New Americans services		221,058
Total Net Assets with Purpose Restrictions		18,943,939
	$	27,925,559

With-donor-restricted net assets that were released from restrictions by incurring expenses satisfying the restricted purpose during the year ended June 30, 2026 are as follows:

Library materials	$	1,018,612
Children's programs		193,252
Technology		180,667
Futures Fund for Children Services		16,103
Adult programs		176,073
Literacy programs		756,356
Library renovations		14,970
Buy-A-Book		45,050
Job training programs		42,762
Young adult programs		122,984
New Americans services		265,026
Other		8,306
	$	2,840,161

Net Assets Restricted in Perpetuity

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

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

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

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Uniform Prudent Management of Institutional Funds Act requires the Library to retain as a fund of perpetual duration. There were no deficiencies as of June 30, 2026.

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

Changes in the endowment net assets are as follows:

Year ended June 30, 2026

	With Donor Restrictions		Total Endowment Net Assets
	Purpose Restricted	Perpetual in Nature	
Endowment Net Assets, beginning of year	$ 12,039,967	$ 9,069,967	$ 21,109,934
Contributions	-	30,000	30,000
Expenditures	(722,462)	-	(722,462)
Other adjustment	118,347	(118,347)	-
Net investment income	3,391,709	-	3,391,709
Endowment Net Assets, end of year	$ 14,827,561	$ 8,981,620	$ 23,809,181

13. Net Assets Without Donor Restrictions – Board-Designated

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

Year ended June 30, 2026

Balance, beginning of year	$ 13,066,731
Additions to Board-designated net assets	1,238,530
Net investment income Board-designated net assets	1,909,441
Reductions of Board-designated net assets	(352,695)
Balance, end of year	$ 15,862,007

14. Contributed Facilities and Utilities

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

Year ended June 30, 2026

Program services - public library program - estimated rental value of donated space	$ 36,653,150
Supporting services – fundraising - estimated rental value of donated space	40,135
Program services - public library program - donated heat, light, and power	4,306,664
Total	$ 40,999,949

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15. Functional Expenses

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

Year ended June 30, 2026

	Program Services	Fundraising and Development	Management and General	Total
Wages	$ 75,033,525	$ 979,716	$ 12,054,908	$ 88,068,149
Fringe benefits	42,426,856	322,100	3,941,990	46,690,946
Books and other library materials	6,278,435	-	-	6,278,435
Programs (contracted services and exhibits)	2,287,151	-	-	2,287,151
Information technology	4,381,190	-	1,809,168	6,190,358
Building maintenance and renovations	4,961,818	-	-	4,961,818
Telecommunications	1,230,667	-	-	1,230,667
Building lease	1,535,332	-	-	1,535,332
Contractual services	2,948,171	394,862	2,001,944	5,344,977
Supplies, equipment, and furniture	965,680	5,442	401,736	1,372,858
Use of contributed facilities and utilities	40,959,814	40,135	-	40,999,949
Use of contributed services	353,708	82,267	-	435,975
Property and casualty insurance	-	-	1,543,214	1,543,214
Depreciation	3,517,646	-	555,682	4,073,328
Bad debt (recovery)	(348,910)	-	-	(348,910)
Other	205,978	37,783	191,885	435,646
Total Functional Expenses	$ 186,737,061	$ 1,862,305	$ 22,500,527	$ 211,099,893

Direct expenses are assigned to the various programs and supporting services based upon actual costs incurred. Certain categories of expenses are attributable to one or more program or supporting functions of the Library. Those expenses are allocated based upon various allocation factors, including square footage occupied and time and effort. Depreciation is allocated based on estimated use of square footage. Employee expenses are allocated based on time studies. Other expenses are allocated based on estimates of time and effort.

16. Defined Contribution Plans

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

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

17. Commitments and Contingencies

Post-Retirement Benefits

The Library contributes to a multi-employer, post-retirement benefit plan that provides defined-benefit health-care benefits to substantially all employees upon retirement. The Library

records related expenses as payments are made. The City appropriates funds to cover the full cost of post-retirement benefits for Library employees each year as payments are made. Amounts charged to expense amounted to $4,908,176 in fiscal year 2026 and is included in fringe benefits in the schedule of functional expenses in Note 15.

Self-Funded Workers' Compensation Program

Effective July 1, 1995, the Library elected to self-insure workers' compensation. This election has been approved by the Workers' Compensation Board for the State of New York, and a letter of credit in the amount of $2,747,000 was sent to the New York State Workers' Compensation Board, Office of Self-Insurance, to secure the program. The letter of credit expires on October 31, 2027. The amount has been determined by the state of New York based upon the Library's loss exposure. The letter of credit is collateralized by a portion of the $10,000,000 line of credit with a bank.

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

Legal Matters

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

Grantor Audits

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

18. Leases

The Library has several operating leases for facilities. Leases are classified as either operating or finance leases based on the underlying terms of the agreement and certain criteria, such as the term of the lease related to the useful life of the asset and the total lease payments to be made as compared to the fair value of the asset, amongst other criteria. Finance leases result in an accounting treatment similar to an acquisition of the asset.

For leases with initial terms greater than one year, the Library records the related right-of-use (ROU) assets and liabilities at the present value of the lease payments to be paid over the life of the related lease. The Library has made an accounting policy election not to record leases with an initial term of less than one year as ROU assets and liabilities in the consolidated statement of financial position. Lease payments related to periods subject to renewal options are excluded from the amounts used to determine the present value of the remaining lease payments unless the Library is reasonably certain to exercise the option to extend the lease. The present value of lease payments is calculated by utilizing the discount rate stated in the lease, when readily determinable.

For leases for which this rate is not readily available, the Library has elected to use the risk-free rate. The Library has made an accounting policy election not to separate lease components from non-lease components in contracts when determining its lease payments for all of its asset classes, as permitted by GAAP. As such, the Library accounts for the applicable non-lease components together with the related lease components when determining the ROU assets and liabilities.

The following tables summarize information related to the lease assets and liabilities:

Year ended June 30, 2026		
Lease costs:		
Operating lease costs	$	1,232,651

June 30, 2026		
ROU assets and liabilities:		
Operating lease ROU assets	$	9,460,360
Operating lease liabilities		9,933,835

Year ended June 30, 2026		
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	735,766
Weighted-average remaining lease term – operating leases		10.21 years
Weighted-average discount rate – operating leases		3.59%

The following table reconciles the undiscounted operating lease payments to the lease liabilities recorded on the accompanying consolidated statement of financial position at June 30, 2026:

Year ending June 30,		
2027	$	1,155,917
2028		1,189,393
2029		1,224,118
2030		1,260,146
2031		1,061,478
Thereafter		6,307,297
Total Lease Payments		12,198,349
Less: amounts representing interest		(2,264,514)
Less: current portion		(809,900)
Total Operating Lease Liability, net of current portion	$	9,123,935

19. Subsequent Events

The Library's management has performed subsequent event procedures through September 11, 2026, which is the date the consolidated financial statements were available to be issued, and there were no subsequent events requiring adjustments to the consolidated financial statements or disclosures as stated herein.