

The Queens Library Foundation, Inc.

Financial Statements
Year Ended June 30, 2022

The Queens Library Foundation, Inc.

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The Queens Library Foundation, Inc.

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Independent Auditor's Report

The Board of Directors
The Queens Library Foundation, Inc.
Queens, New York

Opinion

We have audited the financial statements of The Queens Library Foundation, Inc. (Foundation), which comprise the statement of financial position as of June 30, 2022, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.



Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 Foundation'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 Foundation's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the 2021 financial statements of The Queens Library Foundation, Inc. and our report, dated October 6, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

October 14, 2022

The Queens Library Foundation, Inc.

Statement of Financial Position (with comparative totals for 2021)

<i>June 30,</i>	2022	2021
Assets		
Current		
Cash and cash equivalents:		
Checking account - interest bearing	\$ 4,641,767	\$ 3,031,299
Total Cash and Cash Equivalents	4,641,767	3,031,299
Contributions receivable from individuals, corporations, and foundations		
	388,963	172,527
Due from (to) affiliate		
	6,067	(112,938)
Total Current Assets	5,036,797	3,090,888
Long-Term Investments, at fair value	17,142,245	21,105,554
Fixed Assets, Net	310,588	307,781
Total Assets	\$ 22,489,630	\$ 24,504,223
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses		
	\$ 300,558	\$ 120,994
Accrued payroll and related expenses		
	46,214	30,636
Total Current Liabilities	346,772	151,630
Commitments and Contingencies		
Net Assets		
Without donor restrictions		
	561,501	535,118
With donor restrictions		
	21,581,357	23,817,475
Total Net Assets	22,142,858	24,352,593
Total Liabilities and Net Assets	\$ 22,489,630	\$ 24,504,223

See accompanying notes to financial statements.

The Queens Library Foundation, Inc.

Statement of Activities (with comparative totals for 2021)

Year ended June 30,

	Without Donor Restrictions	With Donor Restrictions	2022	2021
Revenues, Gains, and Other Support				
Contributions from individuals, corporations, and foundations	\$ 1,108,260	\$ 2,345,171	\$ 3,453,431	\$ 1,818,997
Net investment income (loss)	(117,296)	(2,771,449)	(2,888,745)	4,223,527
In-kind development services, net	944,136	-	944,136	886,168
Contributed facilities	54,131	-	54,131	56,601
Net assets released from restrictions	1,809,840	(1,809,840)	-	-
Total Revenues, Gains, and Other Support	3,799,071	(2,236,118)	1,562,953	6,985,293
Expenses				
Supporting services:				
Fundraising and development	1,536,896	-	1,536,896	1,460,350
Management and general	536,613	-	536,613	442,235
Total Supporting Services	2,073,509	-	2,073,509	1,902,585
Program services	1,699,179	-	1,699,179	985,537
Total Expenses	3,772,688	-	3,772,688	2,888,122
Excess (Deficit) of Revenues, Gains, and Other Support Over Total Expenses	26,383	(2,236,118)	(2,209,735)	4,097,171
Net Assets, beginning of year	535,118	23,817,475	24,352,593	20,255,422
Net Assets, end of year	\$ 561,501	\$ 21,581,357	\$ 22,142,858	\$ 24,352,593

See accompanying notes to financial statements.

The Queens Library Foundation, Inc.

Statement of Cash Flows (with comparative totals for 2021)

Year ended June 30,	2022	2021
Cash Flows from Operating Activities		
Excess (deficit) of revenues, gains, and other support over total expenses	\$ (2,209,735)	\$ 4,097,171
Adjustments to reconcile excess (deficit) of revenues, gains, and other support over total expenses to net cash provided by operating activities:		
Depreciation expense	25,901	40,071
Net realized and unrealized gains on investments	3,135,487	(4,004,911)
With donor restriction contributions - perpetual in nature	(14,000)	(12,500)
Change in assets and liabilities:		
Contributions receivable from individuals, corporations, and foundations	(216,436)	1,029,698
Due to (from) affiliate	(119,005)	49,233
Other assets	-	2,700
Accounts payable and accrued expenses	179,564	(175,093)
Accrued payroll and related expenses	15,578	3,163
Net Cash Provided by Operating Activities	797,354	1,029,532
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	14,722,694	4,971,274
Purchase of fixed assets	(28,708)	-
Purchase of investments	(13,894,872)	(3,382,305)
Net Cash Provided by Investing Activities	799,114	1,588,969
Cash Flows from Financing Activities		
With donor restriction contributions - perpetual in nature	14,000	12,500
Net Cash Provided by Financing Activities	14,000	12,500
Net Increase in Cash and Cash Equivalents	1,610,468	2,631,001
Cash and Cash Equivalents, beginning of year	3,031,299	400,298
Cash and Cash Equivalents, end of year	\$ 4,641,767	\$ 3,031,299

See accompanying notes to financial statements.

The Queens Library Foundation, Inc.

Notes to Financial Statements

1. Description of the Organization

The Queens Library Foundation, Inc. (the Foundation) is a not-for-profit corporation incorporated in the state of New York on November 18, 1988. The Foundation was organized exclusively for educational, charitable, and scientific purposes. The Foundation is supported primarily through donor contributions. It benefits, assists, and supports the Queens Borough Public Library (the Library), its branches, its collections, and its successors in all its activities by providing program services and organizing fundraising events. The Foundation and the Library have common trustees and Board of Directors (Board) members and share common facilities and personnel.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). In the 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.

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets—with donor restrictions and without donor restrictions—be displayed in the statement of financial position, and that the amounts of change in each of those classes of net assets be displayed in the 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 Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation, 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 statement of activities. Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time, nor can be fulfilled or otherwise removed by actions of the Foundation, are classified as net assets with donor restrictions - perpetual in nature. These net assets with donor restrictions may include a stipulation that assets provided be maintained permanently, while permitting the Foundation to expend the income generated by the assets in accordance with provisions of additional donor-imposed stipulations or a Board-approved spending policy.

Income from investment gains and losses, including unrealized gains and losses, dividends, and interest, should be 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 - This class consists of the part of net assets that is not restricted by donor-imposed stipulations.

The Queens Library Foundation, Inc.

Notes to Financial Statements

Cash and Cash Equivalents

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

Investments and Fair Value Measurement

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

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

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

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

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.

Contributions and Contributions Receivable

Contributions received are recorded as increases in without donor restricted or with donor restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires, with-donor-restricted net assets are reclassified to without donor restricted net assets.

A promise to give to the Foundation that is, in substance unconditional, is recognized when the promise is received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

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, 2022, the outstanding receivable amount owed from individuals, corporations, and foundations was \$388,963 and is expected to be collected within one year.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. At June 30, 2022, management determined that there was no allowance to be recorded.

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Notes to Financial Statements

Fixed Assets

Fixed assets are stated at cost, except for donated assets, which are recorded at fair market value at the date of donation. The Foundation 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 life of the related assets. The estimated useful lives of various asset classes are as follows:

<u>Asset Category</u>	<u>Years</u>
Office furniture, fixtures, and equipment	5-7
Buildings and building improvements	3-39
Computer, related equipment, and software	3-5

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeded the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There were no impairment charges recorded during the year ended June 30, 2022.

Contributed Facilities

The Foundation occupies, without charge, certain buildings owned by the City of New York (the City) which were utilized by the Foundation's fundraising services. There were no donor imposed restrictions associated with the donated facilities. The estimated fair value for rental of these buildings is reported as contributed support and expense in the period in which the premises are used. The Foundation 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.

During fiscal year 2022, the value of facilities contributed to the Foundation by The City consisted of the following:

Year ended June 30, 2022

Supporting services - fundraising- estimated rental value of donated space	\$	54,131
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The Queens Library Foundation, Inc.

Notes to Financial Statements

Contributed Services

Amounts are reported in the 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. These contributed services relate to wages and fringe benefits paid for by the Library on behalf of the Foundation. There were no donor-imposed restrictions associated with the donated services. The Foundation recognizes in-kind contribution revenue and corresponding expenses in an amount approximating the fair value at the time of the donation. Fair value is determined based on the actual salaries and fringe benefits paid to these employees by the Library, multiplied by the estimated percentage of time spent providing services to the Foundation during the fiscal year. The estimated percentage of time spent is determined based on time sheets completed by employees. See Note 7 for additional information.

Applicability of the New York Prudent Management of Institutional Funds Act (NYPMIFA)

On September 17, 2010, New York State enacted NYPMIFA. This law, which is a modified version of Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act), made significant changes to the rules governing how New York not-for-profit organizations may manage, invest, and spend their endowment funds. The law is designed to allow organizations to cope more easily with fluctuations in the value of their endowments and to afford them greater access to funds needed to support their programs and services in difficult financial times.

Tax Status

The Foundation qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code (the 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. In addition, the Foundation has been determined by the Internal Revenue Service (IRS) not to be a “private foundation” within the meaning of Section 509(a) of the Code.

The Foundation 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 Foundation does not believe there are any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Foundation has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Foundation has filed the IRS Form 990 tax returns as required, and all other applicable returns in jurisdictions where so required. The Foundation is subject to routine audits by a taxing authority. As of June 30, 2022, the Foundation was not subject to any examination by a taxing authority.

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation 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 Foundation has not experienced any losses in such accounts.

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Notes to Financial Statements

Use of Estimates

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

Comparative Financial Information

The financial statements are not comparative but include certain prior-year summarized comparative information. With respect to the statement of activities, the prior-year information is presented in total, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Risks and Uncertainties

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

Recently Adopted Accounting Pronouncements

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

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

Accounting Pronouncements Issued but Not Yet Adopted

Financial Instruments - Credit Losses

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

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Notes to Financial Statements

3. Liquidity and Availability of Resources

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

June 30, 2022

Cash and cash equivalents	\$	4,641,767
Contributions receivable from individuals, corporations, and foundations		388,963
Amounts due from affiliate		6,067
Long-term investments*		17,142,245
Total Financial Assets Available to Management for General Expenditures Within One Year		22,179,042
Less: amount unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions		(12,629,737)
Restricted by donors in perpetuity		(8,951,620)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$	597,685

* Investments are classified as long-term in the statement of financial position, as it is the intention of the Foundation to hold them; however, they could be liquidated if necessary.

As part of the Foundation'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 Foundation invests cash in excess of daily requirements in short-term investments. Furthermore, the Library provides support to the Foundation to help cover operating expenses and manages the liquidity for both organizations.

4. Investments, at Fair Value

The Foundation's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with U.S. GAAP. See Note 2 for a discussion of the Foundation's policies regarding this hierarchy. The following are descriptions of the Foundation's investment categories:

Money Market Funds

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

Equities

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

Exchange-Traded Funds

For the Foundation's investments in exchange-traded funds, the Foundation has ownership interest in the funds, but not in the individual securities held by the funds. The assets of each fund consist

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Notes to Financial Statements

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

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation 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 Foundation's fair value hierarchy for its financial assets (investments) that are measured at fair value on a recurring basis:

June 30, 2022

	Fair Value Measurement Using			Total
	Level 1	Level 2	Level 3	
Money market funds	\$ 587,867	\$ -	\$ -	\$ 587,867
Equities	10,068,414	-	-	10,068,414
Exchange-traded funds	2,184,335	-	-	2,184,335
Fixed-income securities	4,301,629	-	-	4,301,629
Total Assets, at fair value	\$ 17,142,245	\$ -	\$ -	\$ 17,142,245

5. Fixed Assets, Net

Fixed assets consist of the following:

June 30, 2022

Computers, related equipment, and software	\$ 731,133
Office furniture, fixtures, and equipment	142,298
Buildings and building improvement	337,429
Total Fixed Assets	1,210,860
Less: accumulated depreciation	(900,272)
Fixed Assets, Net	\$ 310,588

Depreciation expense for the year ended June 30, 2022 applicable to the above assets amounted to \$25,901.

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Notes to Financial Statements

6. Net Assets with Donor Restrictions

The Foundation maintains the following net assets with donor restrictions:

June 30, 2022

Net Assets Restricted in Perpetuity

Starr Endowment - income generated from endowment investments to be used for the International Resource Center at the Flushing Branch Library.	\$ 700,000
Applebaum Endowment - income generated from endowment investments to be used for Mail-A-Book program; Latchkey program and adult reference books for Central Library and the Pomonok Branch Library.	422,000
Elmezzi Foundation Endowment - income generated from endowment investments to be used for the Long Island City Adult Learning Center operating costs beginning in 2017 if the value of the endowment is at least \$6 million plus consumer Price Index for each year through 2017.	6,000,000
NEH Endowment - investment income - 50% to be used for adult humanities programs and 50% reinvested in endowment.	587,178
Forever Fausta - Language and Learning Endowment to be used for the Hunters Point Library.	52,706
The Hebrew Technical Institute - income generated from endowment investments to support programs that support high school and college students in computer skills.	500,000
The Women's Club of Malba to support the Whitestone Library and its gardens.	24,957
Mr. & Mrs. Ahmad Endowment to support the Children's Library Discovery Center STEM materials and resources.	50,000
The Francis Hornik Endowment to be used to support programs for women and girls.	50,000
Altman Endowment - investment income to be used for the Futures Fund.	564,779

Total Net Assets Restricted in Perpetuity	8,951,620
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Net Assets with Purpose and Time Restrictions

Adult programs	519,788
Branch maintenance	68,432
Buy-A-Book	197,032
Children's programs	5,810,070
Futures	22,903
Job programs	3,892,102
Library materials	280,638
Literacy programs	43
Renovations	72,374
Technology	264,386
Young adult programs	724,326
Other	777,643

Total Net Assets with Purpose and Time Restrictions	12,629,737
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Total Net Assets with Donor Restrictions	\$ 21,581,357
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Net assets with donor restrictions that were released from restrictions by incurring expenses that satisfy the restricted purpose are as follows:

Year ended June 30, 2022

Adult programs	\$	148,294
Buy-A-Book		54,206
Children's programs		166,748
Futures		177,296
Job programs		126,756
Library materials		361,204
Literacy programs		145,357
New Americans		13,000
Other		25,191
Renovations		14,857
Technology		129,871
Young adult programs		447,060
	\$	1,809,840

Net Assets Restricted in Perpetuity

The Act governs the investment and management of donor-restricted endowment funds by New York not-for-profit organizations.

NYPMIFA gives the Board of Directors authority to spend donor-restricted endowment funds that are not wholly expendable on a current basis due to donor-imposed restrictions on spending. In particular, and unlike prior law, it allows institutions to spend endowment funds below their original dollar amount (historic dollar value) without court approval or Attorney General review, if the institution's Board of Directors concludes that such spending is prudent. NYPMIFA also provides standards for the prudent management and investment of institutional funds, the delegation of management and investment functions to outside advisors, and procedures for lifting or modifying donor-imposed restrictions on the management, expenditure, or use of institutional funds. NYPMIFA requires that Boards determine whether it is appropriate to consider alternatives before deciding whether to authorize expenditure of an endowment fund. It also requires that a notice be given to available donors of endowment funds who executed the gift instrument before September 17, 2010, allowing these donors to opt out of the new rule permitting institutions to spend below the historic dollar value of endowment funds. The Act also requires that the Foundation act "in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances," and must consider various factors such as economic conditions, purpose of endowment fund, etc. in managing and investing the endowment assets.

The Foundation has interpreted the Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as with donor restrictions -perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in with donor restrictions - perpetual in nature is classified as with donor restrictions - purpose-restricted until

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those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the Act. In accordance with NYPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

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

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no deficiencies as of June 30, 2022.

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

Changes in the endowment net assets are as follows:

Year ended June 30, 2022

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

The Queens Library Foundation, Inc.

Notes to Financial Statements

7. Transactions with the Library and In-kind Development Services

Transactions with the Library, Net

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. These donations received are earmarked for specific programs and supplies for the Library. The Foundation only maintains expenses on its books for management and general, and fundraising and development. All program-related expenditures are reflected on the books of the Library, and an amount is allocated to the Foundation. The amount allocated to the Foundation for program-related expenditures for the year ended June 30, 2022 was \$1,699,176. At June 30, 2022, the Library had a balance due to the Foundation of \$6,067.

In-kind Development Services, Net

The Foundation also records in-kind development service revenue and the corresponding expense, which is related to wages and fringe benefits paid for by the Library on behalf of the Foundation, as follows:

Year ended June 30, 2022

Value of services provided to the Library from the Foundation	\$	(213,637)
Value of services provided to the Foundation from the Library		1,157,773
Total	\$	944,136

During the fiscal year, the value of in-kind development services contributed, net to the Foundation by the Library consisted of the following:

Year ended June 30, 2022

Program services - public library services program - estimated value of donated services	\$	301,189
Supporting services - fundraising- estimated value of donated services		491,782
Supporting services - management and general- estimated value of donated services		151,165
Total	\$	944,136

The Queens Library Foundation, Inc.

Notes to Financial Statements

8. Functional Expenses

The costs of providing the Foundation's various activities have been summarized on a functional basis in the accompanying statement of activities.

Below is an analysis of expenses by function and nature:

Year ended June 30, 2022

	Library Services	Fundraising and Development	Management and General	Total
Wages and fringe benefits	\$ 558,528	\$ 911,963	\$ 280,320	\$ 1,750,811
Books and other library materials	374,540	-	-	374,540
Programs (contracted services and exhibits)	394,954	-	1,350	396,304
Information technology	121,275	27,795	67,851	216,921
Building maintenance and renovations	23,445	-	-	23,445
Telecommunications	54,900	-	-	54,900
Contractual services	-	538,587	182,307	720,894
Supplies, equipment, and furniture	142,721	4,037	-	146,758
Use of contributed facilities	-	54,131	-	54,131
Depreciation expense	21,116	-	4,785	25,901
Other	7,700	383	-	8,083
Total Functional Expenses	\$ 1,699,179	\$ 1,536,896	\$ 536,613	\$ 3,772,688

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 Foundation. Those expenses are allocated based upon various allocation factors, including square footage occupied and estimates of time and effort.

9. Subsequent Events

The Foundation's management has performed subsequent event procedures through October 14, 2022, the date the financial statements were available to be issued, and there were no subsequent events requiring adjustments to the financial statements or disclosures as stated herein.