



**THE NEW YORK PUBLIC LIBRARY, ASTOR,  
LENOX AND TILDEN FOUNDATIONS**

Financial Statements

June 30, 2023

(With Summarized Comparative Financial Information as of  
and for the Year Ended June 30, 2022)

(With Independent Auditors' Report Thereon)

**THE NEW YORK PUBLIC LIBRARY, ASTOR,  
LENOX AND TILDEN FOUNDATIONS**

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KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102

## Independent Auditors' Report

The Board of Directors  
The New York Public Library, Astor, Lenox and Tilden Foundations:

### *Opinion*

We have audited the financial statements of The New York Public Library, Astor, Lenox and Tilden Foundations (the Library), which comprise the balance sheet as of June 30, 2023, and 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 Library as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

### *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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 U.S. generally accepted accounting principles, 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 Library's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### *Auditors' Responsibilities for the Audit of the Financial Statements*

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



In performing an audit in accordance with GAAS, we:

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

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

#### **Report on Summarized Comparative Information**

We have previously audited the Library's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 2, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*KPMG LLP*

New York, New York  
November 3, 2023

**THE NEW YORK PUBLIC LIBRARY, ASTOR,  
LENOX AND TILDEN FOUNDATIONS**

Balance Sheet

June 30, 2023

(With summarized comparative financial information as of June 30, 2022)

(In thousands of dollars)

<b>Assets</b>	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 169,295	206,209
Government and other receivables, net (note 3)	32,843	49,185
Contributions receivable, net (note 4)	37,848	41,963
Other assets	13,168	12,888
Funds held by others (note 5)	8,273	10,126
Investments (note 6)	1,540,219	1,453,646
Fixed assets, net (note 8)	680,988	650,820
Right-of-use assets (note 9)	101,175	108,085
Collections		
Total assets	\$ 2,583,809	2,532,922
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued liabilities (note 10)	\$ 64,663	80,836
Deferred revenue (note 4)	9,349	8,049
Finance lease liability (notes 8 and 9)	27,089	27,254
Operating lease liabilities (note 9)	111,398	116,222
Bonds payable, net (note 12)	183,954	183,907
Accrued postretirement benefits (note 11)	64,195	65,594
Total liabilities	460,648	481,862
Commitments and contingencies (notes 6,10,11, and 16)		
Net assets (note 13):		
Net assets without donor restrictions	1,053,435	1,012,072
Net assets with donor restrictions	1,069,726	1,038,988
Total net assets	2,123,161	2,051,060
Total liabilities and net assets	\$ 2,583,809	2,532,922

See accompanying notes to financial statements.

**THE NEW YORK PUBLIC LIBRARY, ASTOR,  
LENOX AND TILDEN FOUNDATIONS**

Statement of Activities

Year ended June 30, 2023

(With summarized comparative financial information for the year ended June 30, 2022)

(In thousands of dollars)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>2023 Total</u>	<u>2022 Total</u>
Operating revenues:				
City of New York	\$ 210,480	—	210,480	198,594
State of New York	22,420	—	22,420	26,479
Federal government	1,305	—	1,305	1,371
Contributed utilities and rent	10,858	—	10,858	9,683
Private contributions and grants	26,706	24,923	51,629	43,497
Investment return appropriated for spending (note 6)	59,771	13,693	73,464	60,376
Other revenue	10,009	186	10,195	8,100
	<u>341,549</u>	<u>38,802</u>	<u>380,351</u>	<u>348,100</u>
Net assets released from restrictions	42,000	(42,000)	—	—
Total operating revenues	<u>383,549</u>	<u>(3,198)</u>	<u>380,351</u>	<u>348,100</u>
Operating expenses (note 14):				
Branch library services	211,741	—	211,741	191,641
Research library services and library-wide programs	98,907	—	98,907	89,861
Total program services	310,648	—	310,648	281,502
Fundraising and membership development	10,830	—	10,830	10,121
Management and general	33,626	—	33,626	28,926
Total operating expenses	355,104	—	355,104	320,549
Additions to research collections	14,329	—	14,329	10,590
Total operating expenses and additions to research collections	<u>369,433</u>	<u>—</u>	<u>369,433</u>	<u>331,139</u>
Changes in net assets from operating activities, before gain on sale of real estate	14,116	(3,198)	10,918	16,961
Gain on sale of real estate (note 8)	—	—	—	17,658
Changes in net assets from operating activities	<u>14,116</u>	<u>(3,198)</u>	<u>10,918</u>	<u>34,619</u>
Nonoperating activities:				
Endowment contributions and funds designated for long-term investment, net	(79)	13,765	13,686	22,937
Net assets released from restrictions for capital and contributions receivable collected	26,700	(26,700)	—	—
Appropriations and contributions for capital	3,742	3,295	7,037	7,379
Contributed property and capital for use (note 8)	930	—	930	24,717
Depreciation and amortization (note 14)	(28,446)	—	(28,446)	(26,894)
Investment return (loss), net of amounts appropriated (note 6)	29,088	43,576	72,664	(216,558)
Changes in postretirement benefits obligation other than net periodic benefit cost (note 11)	(2,257)	—	(2,257)	22,947
Net periodic benefit credit other than service cost (note 11)	1,921	—	1,921	619
Other (note 3)	(4,352)	—	(4,352)	—
Changes in net assets from nonoperating activities	<u>27,247</u>	<u>33,936</u>	<u>61,183</u>	<u>(164,853)</u>
Changes in net assets	41,363	30,738	72,101	(130,234)
Net assets at beginning of year	<u>1,012,072</u>	<u>1,038,988</u>	<u>2,051,060</u>	<u>2,181,294</u>
Net assets at end of year	<u>\$ 1,053,435</u>	<u>1,069,726</u>	<u>2,123,161</u>	<u>2,051,060</u>

See accompanying notes to financial statements.

**THE NEW YORK PUBLIC LIBRARY, ASTOR,  
LENOX AND TILDEN FOUNDATIONS**

Statement of Cash Flows

Year ended June 30, 2023

(With summarized comparative financial information for the year ended June 30, 2022)

(In thousands of dollars)

	2023	2022
Cash flows from operating activities:		
Changes in net assets	\$ 72,101	(130,234)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Net (appreciation) depreciation on investments	(140,963)	151,295
Depreciation and amortization	28,493	26,974
Amortization of deferred revenue	—	(211)
Imputed interest related to finance lease	1,082	1,088
Postretirement benefits changes other than net periodic benefit cost	2,257	(22,946)
Appropriations and contributions for capital	(7,037)	(7,379)
Contributed property and capital for use	(930)	(24,717)
Endowment contributions	(8,717)	(10,902)
Net impact on operating leases	2,086	(733)
Investment income restricted in perpetuity, net of expenses	(1,543)	(497)
Gain on sale of real estate (net of disposal)	—	(17,658)
Allowance for uncollectible accounts	4,352	—
Changes in operating assets and liabilities:		
Receivables, except for contributions and other receivables restricted for investment in endowment and capital projects	4,477	15,014
Other assets	(1,475)	(135)
Accounts payable and accrued liabilities, except for accounts payable and accrued liabilities relating to fixed assets and deferred rent	(10,951)	(10,268)
Accrued postretirement benefits	(3,656)	(1,043)
Deferred revenue	(146)	(525)
Net cash used in operating activities	(60,570)	(32,877)
Cash flows from investing activities:		
Purchases of investments	(381,278)	(342,528)
Proceeds from sales of investments	420,462	348,689
Proceeds from sale of real estate	—	39,815
Purchases of fixed assets	(57,684)	(61,196)
Change in accounts payable and accrued liabilities relating to fixed assets	(5,222)	2,735
Net cash used in investing activities	(23,722)	(12,485)
Cash flows from financing activities:		
Change in contributions receivable restricted for investment in endowment	1,118	3,186
Change in contributions and other receivables restricted for capital projects	10,510	59,253
Change in deferred revenue relating to capital projects	1,446	(2,595)
Appropriations and contributions for capital	7,037	7,379
Endowment contributions	8,717	10,902
Investment income restricted in perpetuity, net of expenses	1,543	497
Repayment of note payable	—	(6,849)
Finance lease principal payments	(1,247)	(1,222)
Net cash provided by financing activities	29,124	70,551
Net (decrease) increase in cash and cash equivalents	(55,168)	25,189
Cash and cash equivalents at beginning of year	233,876	208,687
Cash and cash equivalents at end of year	\$ 178,708	233,876
Reconciliation to balance sheet:		
Cash and cash equivalents per above	\$ 178,708	233,876
Less amounts included in lines other than cash and cash equivalents on balance sheet:		
Funds held by others	(8,273)	(10,126)
Investments	(935)	(16,141)
Other assets	(205)	(1,400)
Cash and cash equivalents per balance sheet	\$ 169,295	206,209
Supplemental disclosures:		
Unrelated business income taxes paid (refunded)	\$ 135	269
Interest paid	7,964	8,059
Imputed interest related to financing obligation and finance lease	1,082	1,088
Right-of-use asset obtained in exchange for operating lease liability	—	39,233

See accompanying notes to financial statements.

**THE NEW YORK PUBLIC LIBRARY, ASTOR,  
LENOX AND TILDEN FOUNDATIONS**

Notes to Financial Statements

June 30, 2023 and 2022

(In thousands of dollars)

**(1) The Organization**

The New York Public Library, Astor, Lenox and Tilden Foundations (the Library) operates research and branch libraries in New York City under a restated charter from the Regents of the State University of New York. The Library is a private, not-for-profit educational corporation that provides certain free services to users of its facilities.

Although the Library is not a governmental institution, it receives significant support through governmental appropriations in addition to the support received from private sources. In accordance with a 1901 agreement with the City of New York (the City), funding for the 88 branch libraries operated by the Library in the boroughs of Manhattan, the Bronx, and Staten Island is provided primarily by the City and the State of New York (the State), and the continuing operations of the branches is dependent upon such support. The Library also operates, at three locations in the borough of Manhattan, research libraries that are primarily funded by private sources, investment income, the City, the State, and the Federal government.

The Library is a not-for-profit corporation that has been recognized by the Internal Revenue Service as tax-exempt as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the Code), and as a public charity under Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Code. The Library is generally exempt from Federal, State, and City income taxes except to the extent that it is subject to unrelated business income tax.

**(2) Summary of Significant Accounting Policies**

**(a) Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

**(b) Basis of Presentation**

The Library's net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Library and changes therein are classified and reported as follows:

*Net assets without donor restrictions* are not subject to donor-imposed stipulations. The Library's Board of Trustees has designated a portion of net assets without donor restrictions for long-term investment purposes (i.e., to function as endowment) and for capital and other purposes.

*Net assets with donor restrictions, include the following:*

*Net assets with purpose or time restrictions* are subject to donor-imposed stipulations that will be met either by the passage of time or by actions of the Library.

*Net assets with perpetual restrictions* are subject to donor-imposed restrictions that they be maintained permanently by the Library. Generally, the donors of these assets permit the Library to use all or part of the return on related investments for general or specific purposes.



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(In thousands of dollars)

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of restrictions on net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Donor-restricted contributions received and investment return appropriated for spending by the Board of Trustees are reported in the without donor restrictions net asset class if they are expended in the accounting period in which they are received or appropriated.

**(c) Measure of Operations**

The Library includes in its definition of operations all revenues and expenses that are integral to its programs and supporting activities. Amounts other than operating revenues and expenses are recognized as nonoperating activities, including endowment contributions, certain bequests without donor restrictions, other funds designated by the Library's Board of Trustees for long-term investment, appropriations, contributions, and net assets released from restrictions for capital, certain contributions receivable collected, contributed property for use, depreciation, investment return net of amounts appropriated for spending pursuant to the Library's endowment spending policy (notes 6 and 7), postretirement benefit changes other than service cost, and other nonrecurring items.

**(d) Government Grants and Appropriations**

The Library receives grants and appropriations from a number of sources, including the City, the State, and other public grantors. Grants and appropriations for library services, library-wide programs, and capital are generally considered conditional contributions, whereby revenue is recognized when qualifying expenses are incurred and other contractual restrictions are met. Grants and appropriations subject to donor-imposed restrictions that are met in the same reporting period are reported as revenue without donor restrictions. Grants and appropriations restricted to the acquisition of fixed assets are reported as donor-restricted revenue and released from restrictions when the fixed assets are placed in service.

Grants and appropriations received in advance of incurring qualifying expenses are reported as deferred revenue in the accompanying balance sheet.

**(e) Private Contributions and Grants**

Contributions, including unconditional promises to give (pledges), are recorded as revenue at fair value in the period received or pledged. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. In subsequent periods, the discount rate is unchanged and the allowance for uncollectible contributions is reassessed and adjusted if necessary. Amortization of the discounts is recorded as additional contribution revenue. Conditional contributions are recognized as revenue when the barrier(s) in the agreement are overcome.

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(In thousands of dollars)

Contributions of cash or other assets restricted to the acquisition of fixed assets are reported as donor-restricted revenue. Donors' restrictions are considered met and the net assets are released from restrictions when the fixed assets are placed in service. Contributions subject to donor-imposed restrictions that the corpus be maintained in perpetuity (i.e., endowment contributions) are recognized as increases in donor-restricted net assets.

**(f) Contributed Properties and Capital for Use**

The Library occupies its landmark building and other properties under arrangements with the City and State in which the City and State retain legal title to the buildings. The properties are provided to the Library for its long-term use, free of charge, so long as the Library uses them as operating libraries. The Library records the fair value of such contributed properties for use as revenue and fixed assets at the time they are made available to the Library for its use.

The Library receives and recognizes capital appropriations from the City and State to fund construction and capital improvement projects directly managed by the Library (note 2(d)). In addition, certain capital improvements are managed and paid directly by the City (note 2(n)).

**(g) Contributed Utilities and Rent**

The City directly pays the cost of utilities (heat, light, and power) for properties occupied by the Library. The Library reports contributed utilities revenue for these transactions, offset by equal charges to the appropriate expense category. During the years ended June 30, 2023 and 2022, the Library recognized revenues and expenses each totaling \$8,807 and \$7,589, respectively, for contributed utilities. In addition, for the Library for the Performing Arts, the Library pays the cost of utilities directly as part of its general services expense and is partially reimbursed by the City (amounting to \$765 for each of fiscal years 2023 and 2022).

In addition, the Library recognizes contributed rent for certain properties occupied under short-term lease arrangements for which payments are below the fair rental value. During the years ended June 30, 2023 and 2022, the Library recognized revenues and expenses, each totaling \$2,051 and \$2,093, respectively, for contributed rent.

**(h) Fundraising and Membership Development**

The Library's fundraising and membership development activities include working with program staff to develop statements of need for private fundraising, including operating support, endowment, and capital contributions; conducting outreach efforts to secure membership contributions and create awareness of the Library and its programs; and conducting special fundraising events. Revenues raised from special fundraising events are \$4,300 and \$3,414, respectively, for the years ended June 30, 2023 and 2022, and are included in private contributions and grants in the accompanying statement of activities. The costs for these events totaled approximately \$1,001 and \$726 for the same periods and are included in fundraising and membership development expenses in the accompanying statement of activities. Fundraising costs are expensed as incurred.

**THE NEW YORK PUBLIC LIBRARY, ASTOR,  
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Notes to Financial Statements

June 30, 2023 and 2022

(In thousands of dollars)

**(i) Leases**

The Library determines if an arrangement is a lease or a service contract at inception. Where an arrangement is a lease, the Library determines if it is an operating lease or a finance lease. Subsequently, if the arrangement is modified, the Library reevaluates the classification. At lease commencement, the Library records either a right-of-use (ROU) asset or fixed asset, for operating and finance leases, respectively, and a corresponding lease liability. ROU assets represent the Library's right to control the use of the leased asset during the lease and are recognized in an amount equal to the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. Lease liabilities represent the present value of the future lease payments over the expected lease term, which includes options to extend or terminate the lease when it is reasonably certain those options will be exercised. The present value of the lease liability is determined using the risk-free discount rate at lease inception for operating leases. Operating lease expense for lease payments is recognized on a straight-line basis over the lease term. For finance leases, the Library used the incremental borrowing rate to calculate the present value. Finance lease expense includes two components: straight-line amortization expense over the life of the underlying asset and interest expense on the outstanding liability. Leases with a term of 12 months or less are considered short-term leases and are accounted as rent expense on a straight-line basis over the lease term.

**(j) Investments**

Investments with readily determinable fair values are reported at fair value based upon quoted market prices or published net asset values (NAV) for investments in funds with characteristics similar to a mutual fund. Alternative investments that do not have a readily determinable fair value are stated at the net asset value reported by investment managers and general partners as a practical expedient for measurement at fair value. Those net asset values may differ significantly from values that would have been used had a ready market for these securities existed. The Library reviews and evaluates the values provided by the investment managers and general partners and agrees with the valuation methods and assumptions used in determining the net asset value of these alternative investments.

Purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized gains and losses and changes in unrealized gains and losses in investments are included in investment return in the statement of activities.

**(k) Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The inputs to fair value measurements are classified in the fair value hierarchy, as follows:

Level 1 inputs are quoted prices or published NAV (unadjusted) in active markets for identical assets or liabilities that the Library has the ability to access at the measurement date.

Level 2 inputs are other than quoted prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities.

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(In thousands of dollars)

Level 3 inputs are unobservable for the assets or liabilities.

Each asset or liability is reported in the lowest level in the fair value hierarchy that contains an input that is significant to the fair value measurement.

**(l) Cash and Cash Equivalents**

The Library considers highly liquid investments purchased with an original maturity of three months or less, other than those held in the Library's long-term investment portfolio, to be cash equivalents.

**(m) Split-Interest Agreements**

The Library's split-interest agreements consist primarily of charitable gift annuities, pooled income funds, and beneficial interest in perpetual trust.

Contribution revenue from charitable gift annuities is recognized at the date each agreement is established, net of the liability recorded at the present value of the estimated future payments to be made to the respective donors and/or other beneficiaries. These liabilities are adjusted annually for changes in the value of the assets, accretion of the discount (4.2% and 3.6% at June 30, 2023 and 2022, respectively), and other changes in the estimates of future benefits. The related liabilities for beneficiary payments in the amount of \$3,399 and \$3,795 at June 30, 2023 and 2022, respectively, are included in accounts payable and accrued liabilities. Assets are invested and payments are made to the donor and/or beneficiaries, in accordance with the respective agreements. Assets related to charitable gift annuities amounted to \$4,789 and \$4,855 at June 30, 2023 and 2022, respectively, and are included in investments in the accompanying balance sheets.

In 2023 and 2022, there were no new contributions to the pooled income fund. Assets are invested and payments are made to the donor and/or beneficiaries in accordance with the respective agreements. The assets related to the pooled income fund amounted to \$455 and \$575 at June 30, 2023 and 2022, respectively, and are included in investments in the accompanying balance sheet.

As of June 30, 2023 and 2022, the Library is also the beneficiary of three separate perpetual trust funds that are held and administered by a third party. The value of these funds is included in other assets in the accompanying balance sheets in the amount of \$2,669 and \$2,597, respectively.

**(n) Fixed Assets**

Fixed assets include expenditures for the purchase of land, construction, and renovation of Library-owned buildings, renovation or build-out of leased property, purchase of furniture and equipment, and property leased under finance leases. Fixed assets also include properties provided to the Library by the City and State, for its long-term use as libraries, and expenditures incurred by the Library to renovate those properties. It is the Library's policy to capitalize fixed asset costs in excess of \$25.

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Depreciation and amortization of buildings, building improvements, furniture and equipment, and property leased under finance leases, are recognized over the estimated useful lives, which range from 5 to 50 years, on a straight-line basis. Leasehold improvements are amortized over the shorter of the remaining lease term or the estimated useful life of the improvement.

Amounts paid directly by the City from its capital budget for major renovations made to properties occupied by the Library, which are typically managed directly by the City, are recorded when placed in service. Other than major renovations, expenditures managed by the City are not recorded by the Library. During the years ended June 30, 2023 and 2022, such unrecorded amounts were approximately \$7,355 and \$4,367, respectively.

**(o) Collections**

The Library has extensive research collections of library materials, including books, periodicals, and other items. These collections are maintained by the research libraries under curatorial care and are held for research, education, and public exhibition in furtherance of public service. Proceeds from the sales of collections are used to acquire other items for collections. The cost of collections purchased by the Library for the research libraries is charged to expense when incurred, and donated collection items are not recorded. The value of the Library's research collections cannot be determined.

The cost of books and other library materials purchased by the branch libraries is not recorded as collections, because, largely by reason of their frequent use, such items are exhaustible over a short period of time. Such amounts are charged as a library services expense in the year purchased.

**(p) Volunteers**

A number of volunteers, including the members of the Board of Trustees, have made significant contributions of time to the Library's policy-making, program, and support functions. The value of this contributed time does not meet criteria for recognition as contributed services and, accordingly, is not reflected in the accompanying financial statements.

**(q) Related-Party Transactions**

Members of the Library's Board of Trustees and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with the Library. The Library has a written ethics and conflicts policy that requires, among other things, annual disclosure of interests or affiliations that could be construed as creating a conflict or the appearance of a conflict with the interests of the Library. The ethics and conflicts policy requires that no member of the Board of Trustees or senior management can participate in any decision in which he or she (or an immediate family member) has a material financial interest. Each trustee and member of senior management is required to certify compliance with the ethics and conflicts policy on an annual basis and indicate whether the Library does business with an entity in which he or she has a material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of the Library, and in

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Notes to Financial Statements

June 30, 2023 and 2022

(In thousands of dollars)

accordance with applicable conflict of interest laws. No such associations are considered to be significant as of and for the years ended June 30, 2023 and 2022.

**(r) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include the valuation of investments at fair value, and postretirement benefit obligations and related costs. Actual results could differ from those estimates.

**(s) Accounting for Uncertainty in Income Taxes**

The Library recognizes the effects of income tax positions only if those positions are more likely than not of being sustained. As of June 30, 2023 and 2022, the Library does not have any uncertain tax positions or any unrelated business income tax liability that would have a material impact upon its financial statements.

**(t) Presentation of Certain Prior Year Information**

The financial statements include certain prior year summarized information for comparative purposes only. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Library's financial statements for the year ended June 30, 2022 from which the summarized information was derived.

**(u) Reclassifications**

Certain amounts in the 2022 financial statements have been reclassified to conform to the 2023 presentation.

**(v) Subsequent Events**

In conjunction with the preparation of the financial statements, the Library evaluated subsequent events from July 1, 2023 through November 3, 2023, the date on which the financial statements were issued, and has concluded that no further disclosures are required.

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**(3) Government and Other Receivables**

At June 30, 2023 and 2022, government and other receivables consisted of the following:

	<b>2023</b>	<b>2022</b>
City of New York – construction	\$ 16,405	25,774
City of New York – other	7,602	9,997
State of New York	12,077	12,255
Other	1,111	1,159
	37,195	49,185
Less allowance for uncollectible receivables	(4,352)	—
Total	\$ 32,843	49,185

Construction receivables consist of billed and unbilled amounts to be reimbursed by the City for construction projects.

**(4) Contributions Receivable**

Contributions receivable at June 30, 2023 and 2022 are expected to be collected as follows:

	<b>2023</b>	<b>2022</b>
Amounts expected to be collected in:		
Less than one year	\$ 17,826	19,977
One to five years	18,787	19,364
More than five years	2,445	3,843
	39,058	43,184
Less discount to present value (at rates ranging from .79% to 4.96%)	(1,210)	(1,221)
	\$ 37,848	41,963

At June 30, 2023 and 2022, approximately 49% and 50%, respectively, of gross contributions receivable is due from three donors.

As of June 30, 2023 and 2022, the Library has received conditional contributions of \$6,612 and \$10,926, respectively, subject to measurable performance-related barriers or other conditions and right of return/release from obligation, that have not been recognized as revenue in the accompanying financial statements because the barrier(s) in the agreements have not been overcome. Of these amounts, the

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Library has received payments of \$3,822 and \$5,025 as of June 30, 2023 and 2022, respectively, in advance of satisfying donor-imposed conditions. These payments have been reported as deferred revenue.

**(5) Funds Held by Others**

At June 30, 2023 and 2022, funds held by others consist of cash held for debt service and cost of issuance under the Series 2015 bond agreement (note 12) and cash held in escrow under a Development Agreement for the fit-out of a library branch, not yet drawn. Funds held by others at June 30, 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
Debt service fund	\$ 3,982	3,982
Cost of issuance fund	22	22
Escrow funds	4,269	6,122
Total	\$ 8,273	10,126

Funds held by others are invested in cash, which is considered Level 1 within the fair value hierarchy.

**(6) Investments**

Investments held at fair value measured by the fair value hierarchy or using the NAV per share practical expedient at June 30, 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
Level 1 investments reported at fair value:		
Short-term investments	\$ 143,452	83,914
Receivables	1,099	63,673
U.S. equity	76,561	99,951
Mutual and exchange traded funds:		
U.S. equity	1,947	1,926
Global equity	1,301	1,423
Fixed income	1,421	1,524
Total level 1 investments reported at fair value:	225,781	252,411



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	<b>2023</b>	<b>2022</b>
Investments reported at net asset value:		
Absolute return	\$ 444,784	394,218
Public equity funds:		
U.S equity	213,062	184,749
Global equity	262,210	306,049
Developed non U.S. market equities	115,209	71,741
Emerging market equities	75,269	80,139
Private equity	182,473	131,968
Real assets	21,431	32,371
Total investments reported at net asset value	1,314,438	1,201,235
Total Investments	\$ 1,540,219	1,453,646

The Library's alternative investments follow these basic strategies as follows:

***Absolute return:***

Absolute return strategies emphasize consistency of performance and low correlation to the broad market indices. NYPL's absolute return asset class includes single and multi-strategy funds focused on investment opportunities across equities, preferred securities, credit, structured credit, macroeconomic and quantitative strategies, distressed debt, real estate, and private investments.

***Public equity:***

Public equity strategies are primarily invested in publicly traded equity securities across market capitalization categories, sectors, and geographies. Some strategies may include short positions and/or private equity side-pockets to hold illiquid investments typically representing a small portion of the overall shareholder's capital. NYPL's public equity strategy includes U.S. equity, global equity, developed non-U.S equities and emerging market equities.

***Private equity:***

Private equity refers to capital investments made in companies that are not publicly traded in exchange for ownership. Some strategies may include allocations to publicly traded securities. The private equity asset class includes venture capital, growth equity, buyouts, and private equity secondary markets. Private equity has limited liquidity and potentially longer holding periods.

***Real assets:***

Real assets strategies refers to a broad range of asset classes, including real estate, natural resources, and infrastructure.

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The following table summarizes the composition of investments measured at net asset value (or its equivalent) by redemption period as of June 30, 2023:

<u>Redemption period</u>	<u>Amount</u>	<u>Notice period</u>
Monthly	\$ 129,147	3–10 days
Quarterly	546,518	30–90 days
Semi annually	233,867	60–95 days
Annually	46,392	60 days
One to five years	112,385	
Illiquid (a)	<u>246,129</u>	
Total	<u>\$ 1,314,438</u>	

(a) The redemption of these investments are at the discretion of the manager over the duration of the investment term.

At June 30, 2023, the Library had approximately \$187,537 in commitments to purchase alternative investments which had not been exercised. Such commitments generally have fixed expiration dates or other termination clauses. The Library maintains sufficient liquidity to cover such calls.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheet.

The following table summarizes the Library's investment return in the accompanying statements of activities for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Investment return (loss), net	\$ 146,128	(156,182)
Investment return appropriated for spending	<u>(73,464)</u>	<u>(60,376)</u>
Investment return (loss) reported as nonoperating	<u>\$ 72,664</u>	<u>(216,558)</u>

**(7) Endowment Funds**

The Library's endowment consists of 444 individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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The Board of Trustees of the Library has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as allowing the Library to appropriate for expenditure or accumulate so much of an endowment fund as the Library determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board of Trustees. As a result of this interpretation, the Library classifies as net assets restricted in perpetuity (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 of income to the permanent endowment made in accordance with the direction of the applicable donor gift instruments. Accounting guidance associated with the enactment of NYPMIFA as set forth in Accounting Standards Codification (ASC) Topic 958-205-45, *Classification of Donor-Restricted Endowment Funds Subject to UPMIFA*, requires the portion of a donor-restricted endowment fund that is not held in perpetuity to be classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the Board of Trustees considers the following factors in making a determination to appropriate or accumulate endowment funds:

1. The duration and preservation of the endowment fund
2. The purposes of the Library and the endowment fund
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 Library
7. Alternatives to expenditure of the endowment fund
8. The investment policies of the Library.

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the fund's historic dollar value. At June 30, 2023 and 2022, the aggregate fair values of 25 and 29 donor-restricted endowment funds of \$94,396 and \$93,508, respectively, were lower than their aggregate book value of \$102,878 and \$107,251, respectively (i.e., underwater), by a total of \$8,482 and \$13,743, respectively.

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The Library employs an asset allocation model with a multiyear investment horizon, and it manages its endowment in accordance with the total return concept and the goal of maximizing long-term return within acceptable levels of risk. The Library's spending policy is designed to provide a stable level of financial support and to preserve the real value of its endowment. The Library compares the performance of its endowment against several benchmarks, including its asset allocation policy index.

The Library calculates annual spending as (i) 75% of the prior year's endowment spending, adjusted for inflation by the consumer price index (CPI) and for new gifts received during the 12 months ending December 31 preceding the start of the fiscal year and not reflected in the prior fiscal year's endowment spending and (ii) 25% of 4.5% of the endowment market value as of December 31 preceding the start of said fiscal year (Current Market Value), provided, however, that in order to avoid any unintended spending distortions over time, in no event shall the spending amount with respect to any fiscal year be less than 4% or more than 6% of the Current Market Value. Any excess is reinvested.

Endowment net assets (excluding pledges and split-interest agreements) consisted of the following at June 30, 2023:

	Without donor restrictions	With donor restrictions		Total
		Purpose and/or time	Perpetual	
Donor-restricted funds	\$ —	373,373	520,886	894,259
Board-designated funds functioning as endowment	615,735	25,131	—	640,866
Total	\$ 615,735	398,504	520,886	1,535,125

Endowment net assets (excluding pledges and split-interest agreements) consisted of the following at June 30, 2022:

	Without donor restrictions	With donor restrictions		Total
		Purpose and/or time	Perpetual	
Donor-restricted funds	\$ —	332,500	509,580	842,080
Board-designated funds functioning as endowment	587,057	19,891	—	606,948
Total	\$ 587,057	352,391	509,580	1,449,028

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Changes in endowment net assets for the fiscal years ended June 30, 2023 and 2022 were as follows:

	Without donor restrictions	With donor restrictions		Total
		Purpose and/or time	Perpetual	
Net assets at June 30, 2021	\$ 616,357	481,149	495,322	1,592,828
Investment (loss) return, net	(40,353)	(115,721)	497	(155,577)
Contributions and other additions	58,153	—	13,761	71,914
Appropriated for spending	(47,100)	(13,037)	—	(60,137)
Net assets at June 30, 2022	587,057	352,391	509,580	1,449,028
Investment return, net	83,443	55,065	1,543	140,051
Contributions and other additions	—	4,067	9,763	13,830
Appropriated for spending	(54,765)	(13,019)	—	(67,784)
Net assets at June 30, 2023	\$ <u>615,735</u>	<u>398,504</u>	<u>520,886</u>	<u>1,535,125</u>

**(8) Fixed Assets**

Fixed asset balances at June 30, 2023 and 2022 were as follows:

	2023	2022
Land (a)	\$ 4,193	4,193
Buildings and improvements	935,989	837,062
Leasehold improvements	56,314	56,311
Furniture and equipment	85,679	79,740
Leased property under finance lease (b)	26,598	26,598
Construction in progress	72,950	119,205
	1,181,723	1,123,109
Less accumulated depreciation and amortization	(500,735)	(472,289)
	\$ <u>680,988</u>	<u>650,820</u>

(a) Land amounts reported above include board-designated real estate used in operations of \$1,084 at June 30, 2023 and 2022.

(b) On October 16, 2019, the Library entered into an amended lease agreement to extend the terms of a branch library lease. The amended lease agreement met the criteria of a finance lease and is being amortized on a straight-line basis over 32 years. The interest rate at which the finance lease obligation is discounted is 3.98%.

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On September 3, 2021, the Library entered into a Purchase and Sale Agreement for its remaining six units of a condominium building for \$38,000, before closing fees of \$1,043. Simultaneously with the execution and delivery of the Purchase and Sale Agreement, the buyer, as landlord, and the Library, as tenant, executed a lease agreement for the sold property for an 18-month lease term. Per the terms of the lease agreement, the Library paid rent directly to the condominium board in the amount of the monthly common charges assessed against the six units. Pursuant to Topic 842, the transaction met the criteria for sale-leaseback accounting with off-market terms. During fiscal year 2022, the Library recognized a gain on the sale of \$17,658 (\$38,000, before closing fees of \$1,043, plus an off-market adjustment of \$2,858, less the carrying amount of asset of \$22,157) and classified the leaseback as an operating lease.

During fiscal year 2022, the Library received contributed property of \$17,219 from the City. Such amount is recorded as a fixed asset and contributed property and capital for use in the accompanying balance sheet and statement of activities. During fiscal years 2023 and 2022, the Library received contributed building and leasehold improvements from the City in the amounts of \$930 and \$7,498, respectively, that are recorded as fixed assets and contributed property and capital for use in the accompanying balance sheets and statements of activities.

**(9) Leases**

The Library is a lessee for numerous operating leases, primarily related to real estate and one finance lease related to real estate. The vast majority of the Library's operating leases have remaining lease terms of 15 years or less. The Library generally does not include renewal or termination options in the assessment of the leases unless their extension or termination is deemed to be reasonably certain. The accounting for some of the leases may require judgment, which includes determining whether a contract contains a lease, determining the discount rate using the risk-free discount rate and the incremental borrowing rate for operating leases and the finance lease, respectively, to utilize in the net present value calculation of lease payments for lease agreements which do not provide an implicit rate, and assessing the likelihood of renewal or termination options.

In addition to the current leases, the Library entered into a new lease in fiscal year 2023 for a library with a lease term of 32 years, which is expected to commence in fiscal year 2025. The lease includes rent expenses ranging between \$518 and \$1,021 per year and also includes extension options.

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The components of lease costs were as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Operating lease cost	\$ 9,907	9,096
Finance lease cost:		
Amortization of right-of-use asset	832	832
Interest on lease liabilities	1,082	1,088
Variable lease payments	<u>279</u>	<u>385</u>
Total lease cost	<u>\$ 12,100</u>	<u>11,401</u>
Other information:		
Operating cash flows for operating leases	\$ 7,821	6,791
Weighted average remaining lease term:		
Operating leases	20 years	21 years
Finance lease	28 years	29 years
Weighted average discount rate:		
Operating leases	1.99 %	1.93 %
Finance lease	3.98	3.98

The table below presents a maturity analysis of lease liabilities and a reconciliation of the total amount of such liabilities recognized in the balance sheet at June 30, 2023:

	<u>Operating</u>	<u>Finance</u>
2024	\$ 7,192	1,164
2025	7,272	1,295
2026	7,163	1,321
2027	7,183	1,347
2028	7,397	1,374
Thereafter	<u>105,361</u>	<u>40,969</u>
Total minimum lease payments	141,568	47,470
Less discount for net present value	<u>(30,170)</u>	<u>(20,381)</u>
Present value of minimum lease payments	<u>\$ 111,398</u>	<u>27,089</u>

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**(10) Pensions and Postemployment Benefits**

Most of the Library's salaried employees are participants in the New York State and Local Employees' Retirement System (NYSLRS). NYSLRS is a cost-sharing, multiple-employer public employee retirement system that offers plans and benefits related to years of service and final average salary. All benefits generally vest after five years of accredited service. Pension expense for these employees was approximately \$12,937 and \$17,302 for the years ended June 30, 2023 and 2022, respectively. There have been no significant changes that affect the comparability of fiscal year 2023 and 2022 contributions. The Library was not listed in the plan's most recent available audited financial statements as providing more than 5% of the total contributions to the plan for the years ended March 31, 2023 and 2022. The most recent Pension Protection Act (PPA) zone status is green at March 31, 2023 and 2022. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The Employer Identification Number for NYSLRS is 14-6020869.

Under a 1937 agreement between the Library and the City, the City is responsible for pension liabilities to NYSLRS for Library employees whose salaries are funded by the City. City funding for such liabilities is included in City operating revenues in the accompanying statement of activities.

For participants enrolled in NYSLRS prior to July 27, 1976, the Library contributes the total amount necessary to pay benefits when due. Participants who enrolled in NYSLRS on or after July 27, 1976 are required to contribute 3% to 6% of their gross salary, and the Library contributes the remaining amounts necessary to pay benefits when due.

As of July 1, 2013, certain nonunion employees have an alternative option to participate in the New York State Voluntary Defined Contribution Plan (VDC). VDC participants are required to contribute 4.5% to 6.0% of their gross salary, and the Library contributes 8%. VDC expense was \$1,675 and \$1,402, respectively, for the years ended June 30, 2023 and 2022.

The Library provides certain severance and sick leave benefits under its Service Credit Program to all employees who meet certain age and service requirements. The present value of the Service Credit Leave obligation amounted to \$3,363 and \$3,385 at June 30, 2023 and 2022, respectively, which is included in accounts payable and accrued liabilities in the accompanying balance sheets. The liability is funded on a pay-as-you-go basis. Benefits paid and expense recognized by the Library were \$210 and \$189, respectively, for the year ended June 30, 2023 and \$360 and \$491, respectively, for the year ended June 30, 2022.

**(11) Postretirement Benefits Other than Pensions**

In addition to providing access to pension benefits, the Library provides certain postretirement health and supplemental benefits to certain of its salaried employees if they reach normal retirement age while working for the Library.



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The Library funds its postretirement benefits on a pay-as-you-go basis; however, for financial reporting purposes, the Library records these benefits as employees earn them by rendering service. Accounting principles permit an employer to consider sources of funding when measuring the accrued postretirement obligation. The Library's postretirement benefit obligation considers the present value of the future appropriations from the City to fund a significant portion of postretirement benefits as they become due.

Effective July 1, 2015, the Library amended its postretirement benefit plan whereby nonunion employees hired after June 30, 2015 are not eligible to participate in the plan. In addition, effective January 1, 2016, Medicare-eligible nonunion retirees and their dependents will choose a Medicare supplement plan through a choice of providers in a private Medicare exchange along with a Health Care Reimbursement Account from the Library to help fund coverage. The Library amended the plan, effective January 1, 2018, to reduce the reimbursement percentage of Medicare Part B premiums to nonunion employees. The Library further amended its plan effective January 1, 2020 to (1) decrease the limit of the annual percentage increase to retiree allocations under the Health Reimbursement Account and (2) limit the annual gap coverage for prescription drugs for nonunion retirees. The Library remeasured obligations as of December 31, 2019 and recalculated net periodic benefit costs to reflect these changes.

The following table sets forth the changes in the postretirement benefit obligation as of and for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Change in benefit obligation:		
Accumulated postretirement obligation at beginning of year	\$ 65,594	89,583
Service cost	1,747	2,847
Interest cost	2,899	2,415
Participant contributions	276	311
Actuarial net gain	(2,563)	(25,980)
Benefits paid	(6,918)	(7,099)
City funding offset	3,160	3,517
Accumulated postretirement obligation at end of year	<u>64,195</u>	<u>65,594</u>

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	<b>2023</b>	<b>2022</b>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ —	—
Employer contribution	3,482	3,271
Participant contributions	276	311
Benefits paid	(6,918)	(7,099)
City funding offset	3,160	3,517
Fair value of plan assets at end of year	—	—
Accrued postretirement benefits as reflected in the balance sheets	\$ 64,195	65,594

The accrued postretirement benefit obligation of \$64,195 and \$65,594 as of June 30, 2023 and 2022, respectively, is net of the present value of future City funding offset of \$82,959 and \$85,059, respectively.

The actuarial net gain in 2023 of \$2,563 was the result of the net effect of assumption changes of \$3,207, primarily due to a year-end discount rate change from 4.55% to 5.10%, and a net actuarial loss of \$644 due to plan experience related to participant changes differing from anticipated under the actuarial assumptions. The actuarial net gain in 2022 of \$25,980 was the result of the net effect of assumption changes of \$22,708, primarily due to a year-end discount rate change from 2.75% to 4.55%, and a net actuarial gain of \$3,272 due to plan experience related to participant changes differing from anticipated under the actuarial assumptions.

Net periodic postretirement benefit cost for the years ended June 30, 2023 and 2022 includes the following components:

	<b>2023</b>	<b>2022</b>
Service cost	\$ 1,747	2,847
Interest cost	2,899	2,415
Net amortization and deferral	(4,820)	(3,034)
Net periodic postretirement benefit (credit) cost	\$ (174)	2,228
Weighted average assumptions used to determine benefit obligations – discount rate	5.10 %	4.55 %
Weighted average assumptions used to determine net periodic benefit cost – discount rate	4.55 %	2.75 %

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Accumulated amounts recorded in net assets without donor restrictions other than through net periodic postretirement benefit cost at June 30, 2023 and 2022 consist of the following:

	<b>2023</b>	<b>2022</b>
Net loss	\$ 8,664	11,570
Prior service credit	(13,571)	(18,734)
Total	\$ (4,907)	(7,164)

Other changes recognized in net assets without donor restrictions other than net periodic postretirement benefit cost during the years ended June 30, 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
Net gain	\$ (2,563)	(25,980)
Prior service credit	5,163	5,163
Amortization of net loss	(343)	(2,130)
Total	\$ 2,257	(22,947)

The weighted average annual assumed rate of increase in the per capita cost of healthcare benefits (i.e., healthcare cost trend rate) begins at an initial rate of 6.75% and 4.00% for pre-65 participants and post-65 participants, respectively, and decreases gradually to 4.0% by 2048 and remains at that level thereafter. All other benefits are assumed to increase at an initial rate of 7.35% and decreases gradually to 4.0% by 2046.

Expected benefit payments, net of participant contributions and City funding are as follows:

	<b>Net benefit payments</b>
Fiscal year(s) ending:	
2024	\$ 3,539
2025	3,709
2026	3,786
2027	4,017
2028	4,192
2029–2033	23,502

As of June 30, 2023 and 2022, the Library has considered any provisions of healthcare reform that would be expected to have a significant impact on the measured obligation.

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The Library also contributes to a Taft-Hartley trust, District Council 37 New York Public Library Health and Security Plan Trust (the Plan), which provides certain welfare benefits to active and eligible retired employees of the Library covered by a collective bargaining agreement. The collective bargaining agreement is negotiated and approved periodically. The Library records related expense as contributions are made. Total expense recognized under the Plan was \$3,987 and \$4,134 for the years ended June 30, 2023 and 2022, respectively. Postretirement benefits include future benefits expected to be paid to or for (1) currently retired or terminated employees and their beneficiaries and dependents, and (2) active employees and their beneficiaries and dependents after retirement from service. As of June 30, 2022, the date of the Plan's most recently issued financial statements, the Plan had net assets available for benefits of \$12,829. The actuarial present value of estimated future benefits to plan participants who have provided services as of June 30, 2022 amounted to \$75,314 (\$763 currently payable, \$17,698 for actives fully eligible, \$23,970 for actives not fully eligible, and \$32,883 for retirees). There is no requirement for the Plan's Trustees to provide payment over and beyond the amounts in the Plan collected and held for such purpose. The Plan's Trustees have the right to change or discontinue the types and amounts of benefits under the Plan and the eligibility rules. The Library is currently the only remaining contributing employer to the Plan. The Employer Identification Number for the Plan is 13-3378857.

**(12) Bonds Payable**

Outstanding bonds payable at June 30, 2023 and 2022 consisted of the following:

	<b>2023</b>	<b>2022</b>
Fixed rate bonds, maturing July 1, 2045 (Series 2015)	\$ 185,000	185,000
Less unamortized costs of issuance	(1,046)	(1,093)
	\$ 183,954	183,907

On March 4, 2015, the Library issued the Series 2015 taxable bonds in the amount of \$185,000. The Series 2015 bonds bear interest at a fixed rate of 4.305% payable on January 1 and July 1 of each year, commencing July 1, 2015. The principal amount of the Series 2015 bonds is due on July 1, 2045. The proceeds of the Series 2015 bonds were used to refund in full the outstanding Series 1999 bonds, pay the termination costs of the associated swap agreements, pay the costs of issuance, and further the Library's general corporate purposes by funding several capital projects.

For the years ended June 30, 2023 and 2022, interest expense was \$7,964.

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**(13) Composition of Net Assets**

Net assets without donor restrictions at June 30, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Board-designated funds functioning as endowment	\$ 615,735	587,057
Board-designated funds for capital projects	61,632	72,373
Other board-designated funds	<u>5,481</u>	<u>4,536</u>
Total	682,848	663,966
Undesignated	<u>370,587</u>	<u>348,106</u>
Net assets without donor restrictions	<u>\$ 1,053,435</u>	<u>1,012,072</u>

Net assets with donor restrictions at June 30, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Net assets restricted for the following purposes or time periods:		
Program activities:		
Branch libraries	\$ 60,273	69,909
Research libraries	255,832	224,839
Conservation and cataloging	28,626	26,462
Exhibitions and public education programs	15,661	14,188
Other – principally, time restricted and for the general operations of the research libraries and library-wide programs	159,928	141,657
Net investment in plant not yet placed in service	9,680	26,206
Acquisition of fixed assets	<u>9,125</u>	<u>15,385</u>
Total	<u>539,125</u>	<u>518,646</u>
Net assets subject to perpetual donor restriction, support operations as follows:		
Branch libraries	49,698	48,370
Research libraries	281,048	274,195
Conservation and cataloging	23,590	23,574
Exhibitions and public education programs	19,999	18,499
Other – principally, for the general operations of the research libraries and library-wide programs	<u>156,266</u>	<u>155,704</u>
Total	<u>530,601</u>	<u>520,342</u>
Total net assets with donor restrictions	<u>\$ 1,069,726</u>	<u>1,038,988</u>

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**(14) Functional Expense Classification**

The Library's expenses are presented by both their nature and their function. Expenses that are directly attributable to a specific program or supporting function are reported accordingly. Other expenses that are attributable to more than one program or supporting function are allocated on a consistent basis using square footage or estimates of time and effort.

The following table presents functional expenses for the year ended June 30, 2023 and comparative totals for 2022:

	Branch library services	Research library services and library-wide programs	Total program services	Fundraising and membership development	Management and general	2023 Total	2022 Total
Salaries	\$ 101,947	48,807	150,754	4,420	17,264	172,438	144,688
Fringe benefits	38,789	18,527	57,316	1,844	6,677	65,837	64,088
Books and library materials	16,265	—	16,265	—	—	16,265	15,131
Binding and conservation expenditures	29	269	298	—	—	298	331
Office-related expenditures	822	519	1,341	50	61	1,452	1,220
Equipment rental and maintenance	2,034	878	2,912	22	124	3,058	2,413
Telecommunications	2,077	382	2,459	—	—	2,459	2,382
Building repairs, occupancy, and related expenditures	25,216	8,100	33,316	719	2,598	36,633	35,345
Contributed utilities and rent	8,245	2,613	10,858	—	—	10,858	9,682
Professional services	8,037	9,637	17,674	1,076	4,486	23,236	22,560
Promotional and special event expenses	184	567	751	2,343	388	3,482	4,517
Interest and accretion expense	3,297	4,437	7,734	271	1,088	9,093	9,163
Insurance expense	2,118	1,382	3,500	12	241	3,753	3,533
Other expenses	2,681	2,789	5,470	73	699	6,242	5,496
Total operating expenses	211,741	98,907	310,648	10,830	33,626	355,104	320,549
Additions to research collections	—	14,329	14,329	—	—	14,329	10,590
Depreciation and amortization	15,850	12,166	28,016	83	347	28,446	26,894
Net periodic benefit credit other than service cost	(1,136)	(544)	(1,680)	(49)	(192)	(1,921)	(619)
Other	—	—	—	—	4,352	4,352	—
Total expenses	\$ 226,455	124,858	351,313	10,864	38,133	400,310	357,414
Total 2022 expenses	\$ 206,252	111,930	318,182	10,130	29,102		357,414

**(15) Liquidity and Availability of Resources**

The Library regularly monitors liquidity required to meet its operating needs and other financial commitments, while also striving to maximize the investment of its available funds. Cash in excess of daily requirements is maintained in interest-bearing bank accounts or invested in short-term investments.

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For purposes of analyzing resources to meet operating expenditures over a 12-month period, the Library considers all expenditures that are integral to its programs and supporting activities to be operating expenditures. In addition to financial assets available to meet operating expenditures over the next 12 months, the Library operates with a balanced budget and anticipates receiving significant support from the City, the State, and private contributions and grants.

The Library may draw upon a line of credit in the amount of \$15,000 to manage liquidity needs and also has funds held by others of \$3,982 for the payment of debt service. In addition, the Library has board-designated endowment funds of \$615,735, of which \$100,000 has been further designated for certain capital expenditures and is subject to withdrawal at management's discretion. The Library appropriates board-designated endowment funds for spending annually as described in note 7, and although the Library does not intend to spend more of these funds than the annually approved budget appropriations, these endowment funds could be made available for general expenditures if necessary.

The following schedule reflects total financial assets as of June 30, 2023 and 2022, reduced by amounts not available for operating expenditures within one year because of donor-imposed restrictions or internal designations of funds:

	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 169,295	206,209
Government and other receivables	32,843	49,185
Contributions receivables, net	37,848	41,963
Investments	1,540,219	1,453,646
Total financial assets	1,780,205	1,751,003
Less amounts unavailable for general expenditures in the next 12 months:		
Contributions and government and other receivables	(39,023)	(52,657)
Investments in pooled income fund and gift annuity funds	(5,245)	(5,430)
Endowment funds with donor restrictions	(919,390)	(861,971)
Board-designated endowment funds	(615,735)	(587,057)
Cash designated for capital	(55,741)	(69,711)
Add: Endowment funds appropriated for spending	71,476	67,926
Board-designated endowment funds subject to withdrawal at management's discretion	92,904	66,975
Total financial assets available for operating expenditures in the next 12 months	\$ 309,451	309,078

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**(16) Commitments and Contingencies**

**(a) *Litigation and Claims***

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

**(b) *Collective Bargaining Agreements***

At June 30, 2023 and 2022, approximately 69% and 70%, respectively, of the Library salaried employees are unionized and are employed under Collective Bargaining Agreements between The Library and Local 1930 and Local 374 (District Council 37). In February 2023, District Council 37 and the City reached an economic agreement for the period May 26, 2021 through November 6, 2026. The agreement was subsequently ratified by DC 37's membership on March 31, 2023. It stipulates a 3% increase in each of the contract years (2021 through 2024) and a 3.25% increase in 2025. In addition, each union members employed as of March 31, 2023 was eligible for a \$3,000 lump sum ratification bonus. The Library has implemented the retroactive increases for 2021, 2022 and 2023. The Library and respective union local (1930 and 374) are in the process of negotiating a working conditions contract.

**(c) *Lines of Credit***

The Library has available an unsecured line of credit from a bank in the amount of \$15,000, of which \$1,000 has been applied toward a standby letter of credit associated with the Library's paid-loss workers' compensation insurance program. The line of credit is available through February 1, 2024, subject to extension, and draws carry an interest rate equal to (i) the prime rate minus 1.00%, or (ii) Bloomberg Short-Term Bank Yield Index (BSBY) plus 0.65%.

**(d) *Construction-Related Purchase Commitments***

The Library has entered into construction-related purchase commitments of \$10,820 as of June 30, 2023.