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

Financial Statements

June 30, 2015

(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 Trustees
The New York Public Library,
Astor, Lenox and Tilden Foundations:

We have audited the accompanying financial statements of The New York Public Library, Astor, Lenox and Tilden Foundations, which comprise the balance sheet as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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 organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The New York Public Library, Astor, Lenox and Tilden Foundations as of June 30, 2015, 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.

KPMG LLP

November 16, 2015

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

Balance Sheet

June 30, 2015

(In thousands of dollars)

Assets		
Cash and cash equivalents	$	45,336
Government and other receivables (notes 4 and 12)		45,583
Contributions receivable, net (note 5)		35,017
Other assets		4,111
Funds held by others (notes 3 and 6)		3,713
Investments (notes 3 and 7)		1,249,918
Real estate investment used in operations (note 8)		1,084
Fixed assets, net (note 9)		345,070
Collections		
Total assets	$	1,729,832
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities (notes 10 and 15)	$	84,831
Deferred revenue (note 12)		2,342
Note payable, net (note 12)		630
Bonds payable, net (note 13)		183,574
Accrued postretirement benefits (note 11)		101,587
Total liabilities		372,964
Commitments and contingencies (notes 7, 10, 11, 12, and 15)		
Net assets (note 8):		
Unrestricted		557,297
Temporarily restricted (note 14)		356,543
Permanently restricted (note 14)		443,028
Total net assets		1,356,868
Total liabilities and net assets	$	1,729,832

See accompanying notes to financial statements.

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

Statement of Activities

Year ended June 30, 2015

(In thousands of dollars)

	Unrestricted	Temporarily restricted	Permanently restricted	2015 Total
Operating revenues:				
City of New York	$ 150,957	—	—	150,957
State of New York	19,058	—	—	19,058
Federal government	1,081	—	—	1,081
Contributed utilities and rent	11,487	—	—	11,487
Private contributions and grants	31,086	4,953	—	36,039
Investment return appropriated for spending (note 7)	39,356	8,185	—	47,541
Fines, royalties, and other revenue	11,075	79	—	11,154
	264,100	13,217	—	277,317
Net assets released from restrictions	17,676	(17,676)	—	—
Total operating revenues	281,776	(4,459)	—	277,317
Operating expenses (note 16):				
Library services	244,065	—	—	244,065
Fundraising and membership development	9,661	—	—	9,661
Management and general	23,563	—	—	23,563
Total operating expenses	277,289	—	—	277,289
Additions to research collections	11,216	—	—	11,216
Total operating expenses and additions to research collections	288,505	—	—	288,505
Transfers of designated nonoperating funds	4,270	—	—	4,270
Change in net assets from operating activities, before gain on sale of real estate	(2,459)	(4,459)	—	(6,918)
Gain on sale of real estate, net (note 9)	88,728	—	—	88,728
Change in net assets from operating activities	86,269	(4,459)	—	81,810
Nonoperating activities:				
Endowment contributions and funds designated for long-term investment	5,920	1,293	3,448	10,661
Appropriations and contributions for capital	4,333	201	—	4,534
Depreciation and amortization (note 16)	(23,685)	—	—	(23,685)
Investment return, net of amounts appropriated (note 7)	6,378	8,977	710	16,065
Postretirement benefits changes other than net periodic benefit cost (note 11)	(15,152)	—	—	(15,152)
Gain on interest rate agreements, net (note 13)	1,026	—	—	1,026
Loss on extinguishment of debt (note 13)	(438)	—	—	(438)
Transfers of designated nonoperating funds	(4,270)	—	—	(4,270)
Net assets released from restrictions for capital and contributions receivable released from time restrictions and board-designated for long-term investment	6,563	(6,563)	—	—
Change in net assets from nonoperating activities	(19,325)	3,908	4,158	(11,259)
Change in net assets	66,944	(551)	4,158	70,551
Net assets at beginning of year, as adjusted (note 11)	490,353	357,094	438,870	1,286,317
Net assets at end of year	$ 557,297	356,543	443,028	1,356,868

See accompanying notes to financial statements.

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

Statement of Cash Flows

Year ended June 30, 2015

(In thousands of dollars)

Cash flows from operating activities:		
Change in net assets	$	70,551
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized gains on investments		(61,078)
Depreciation and amortization		23,756
Deferred rent expense		(1,207)
Postretirement benefits changes other than net periodic benefit cost		15,152
Loss on extinguishment of debt		438
Gain on interest rate agreements, net		(1,026)
Appropriations and contributions for capital		(4,534)
Endowment contributions		(3,448)
Permanently restricted investment income, net of expenses		(710)
Gain on sale of real estate, net		(88,728)
Changes in operating assets and liabilities:		
Receivables, except for contributions and other receivables restricted for investment in endowment and capital projects		801
Other assets		(2,342)
Accounts payable and accrued liabilities, except for accounts payable and accrued liabilities relating to fixed assets and deferred rent		3,253
Accrued postretirement benefits		2,720
Deferred revenue, except for deferred revenue relating to sale of building and capital projects		523
Net cash used in operating activities		(45,879)
Cash flows from investing activities:		
Purchases of investments		(398,802)
Proceeds from sales of investments		362,831
Purchases of fixed assets		(54,891)
Proceeds from sale of real estate		600
Change in accounts payable and accrued liabilities relating to fixed assets		7,135
Net cash used in investing activities		(83,127)
Cash flows from financing activities:		
Change in contributions receivable restricted for investment in endowment		1,901
Change in contributions and other receivables restricted for capital projects		4,596
Change in deferred revenue relating to capital projects		452
Appropriations and contributions for capital		4,534
Endowment contributions		3,448
Permanently restricted investment income, net of expenses		710
Proceeds on issuance of bonds payable		185,000
Principal payments on bonds payable		(76,000)
Bonds payable cost of issuance		(1,442)
Advance on note payable		1,048
Note payable cost of issuance		(451)
Termination payments of interest rate swaps		(11,236)
Proceeds from interest rate lock agreement		1,215
Change in funds held by others		8,489
Net cash provided by financing activities		122,264
Net decrease in cash and cash equivalents		(6,742)
Cash and cash equivalents at beginning of year		52,078
Cash and cash equivalents at end of year	$	45,336
Supplemental disclosures:		
Unrelated business income taxes paid	$	351
Interest paid		1,740
Condominium unit		30,000

See accompanying notes to financial statements.

(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 four locations in the borough of Manhattan, research libraries that are partially funded by the City, the State, and the Federal government, and by private sources and investment income.

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:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations. The Library's Board of Trustees has designated a portion of the unrestricted net assets for long-term investment purposes (i.e., to function as endowment).

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by the passage of time or by actions of the Library.

Permanently restricted net assets – Net assets subject to donor-imposed restrictions that stipulate the resources 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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Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of restrictions on temporarily restricted net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated pledge period has elapsed) are reported as net assets released from restrictions. It is the Library's policy to record temporarily restricted contributions received and investment return appropriated for spending by the Board of Trustees expended in the same accounting period in the unrestricted net asset class.

(c) Measure of Operations

The Library includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities and transfers from designated nonoperating funds to support current operating activities. Endowment contributions, certain unrestricted bequests and funds designated by the Library's Board of Trustees for long-term investment, appropriations and contributions for capital, contributed property for use, depreciation and amortization, investment return, net of amounts appropriated for spending pursuant to the Library's endowment spending policy (notes 7 and 8), postretirement benefit changes other than net periodic benefit cost, the change in value of interest rate swaps, and other nonrecurring items are recognized as nonoperating activities.

(d) Grants and Appropriations

Government grants and appropriations are generally considered to be exchange transactions whereby revenue is recognized when related expenses are incurred. Amounts received but not yet expended are reported as deferred revenue.

(e) Contributions

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. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy, as defined in note 3. 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 conditions on which they depend are substantially met.

Contributions of cash or other assets restricted to the acquisition of fixed assets are reported as temporarily 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 permanently (i.e., endowment contributions) are recognized as increases in permanently restricted net assets.

(f) Contributed Properties 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 also receives capital appropriations from the City and State to fund construction and capital improvement projects directly managed by the Library. These appropriations are recorded as unrestricted revenues and fixed assets as costs are incurred.

(g) Contributed Utilities and Rent

The City directly pays the cost of utilities (heat, light, and power) for properties occupied by the Library. Except for the Library for the Performing Arts, where 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 fiscal year 2015), the Library reports contributed utilities revenue for these transactions, offset by equal charges to the appropriate expense category. During the year ended June 30, 2015, the Library recognized revenues and expenses totaling $8,867 for contributed utilities.

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 year ended June 30, 2015, the Library recognized revenues and expenses totaling $2,620 for contributed rent.

(h) Fundraising and Membership Development

Fundraising and membership development expenses were $9,661 or the year ended June 30, 2015. The Library's fundraising and membership development activities include working with program staff to develop statements of need for private fundraising, including endowment and capital contributions reported as nonoperating activities; soliciting contributions for those needs and for the Annual Fund from individuals, corporations, and foundations; 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 $4,711 for the year ended June 30, 2015 and are included in private contributions and grants in the accompanying statement of activities. The costs for these events totaled approximately $1,473, for the same periods and are included in fundraising and membership development in the accompanying statement of activities. Fundraising costs are expensed as incurred.

(i) Operating Leases

Rent expense for operating leases is recorded on a straight-line basis over the lease term. The lease term begins when the Library has the right to control the use of the leased property, which may occur before rent payments are due under the terms of the lease. If a lease has a fixed and determinable escalation clause and/or if the lease provides for free rent periods, the difference between the straight-line rent expense and rent paid is recorded as deferred rent obligation and is included in the

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accompanying balance sheet in accounts payable and accrued liabilities. Rent for operating leases where escalation is based on an inflation index and amount of escalation cannot be determined at the beginning of the lease term is expensed over the lease term as it is paid.

(j) Investments

Investments with readily determinable fair values are reported at fair value based upon quoted market prices. Alternative investments, which include commingled investment funds, hedge funds, and private market funds, are reported at estimated fair value based on, as a practical expedient, net asset values (NAVs) provided by investment managers. These values are reviewed and evaluated by Library management for reasonableness. The reported values may differ from the values that would have been reported had a ready market for these investments existed.

Realized and unrealized gains and losses on investments, as well as dividends, interest, and other investment income, unless temporarily or permanently restricted by a donor's explicit stipulation or by law, are recorded as changes in unrestricted net assets.

(k) 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. The majority of cash and cash equivalents are held with one financial institution.

(l) Split-Interest Agreements

The Library's split-interest agreements consist primarily of charitable gift annuities and pooled income funds. Contribution revenue is recognized at the date the assets are received after recording liabilities for the present value of estimated future payments to be made to the donors and/or other beneficiaries. These liabilities are adjusted annually for changes in the value of the assets, accretion of the discount 2.0% at June 30, 2015, and other changes in the estimates of future benefits. The carrying amount of split-interest obligations approximates fair value because these instruments are recorded at the estimated net present value of future cash flows. The estimated fair value, however, involves unobservable inputs considered to be Level 3 in the fair value hierarchy, as defined in note 3. The liabilities for beneficiary payments in the amount of $5,710 at June 30, 2015 are included in accounts payable and accrued liabilities. Assets related to the split-interest agreements amounted to $6,747 at June 30, 2015 and are included in investments in the accompanying balance sheet.

(m) 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, and purchase of furniture and equipment. 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, and furniture and equipment are provided over the estimated useful lives, which range from 5 to 40 years, on the 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 certain capital improvements made to properties occupied by the Library, which are typically managed directly by the City, are not recorded by the Library. During the year ended June 30, 2015, such amounts were approximately $7,228.

(n) 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, but is charged as a Library services expense in the year purchased because, largely by reason of their frequent use, such items are exhaustible over a short period of time.

(o) 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.

(p) Asset Retirement Obligations

The Library has recognized a liability for the fair value of legally required asset retirement obligations (e.g., asbestos remediation) associated with fixed assets that are owned by the Library. The fair value of the Library's asset retirement obligations was $469 at June 30, 2015 and is reflected in accounts payable and accrued liabilities in the accompanying financial statements. For City-owned buildings, by law and written agreement, the City is responsible for maintenance and repair of the buildings, which, supported by a long-term pattern of practice, includes provision of funds for remediation costs associated with asbestos and other hazardous materials in those buildings. Therefore, the Library has not recorded a liability in its financial statements for asset retirement obligations associated with City-owned buildings.

(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 accordance with applicable conflict of interest laws. No such associations are considered to be significant as of and for the year ended June 30, 2015.

(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, net realizable value of receivables, fair value of interest rate swaps, fair value of properties provided by the City and State, postretirement benefit obligations and related costs, and functional allocation of expenses. Actual results could differ from those estimates.

(s) Accounting for Uncertainty in Income Taxes

The Library prescribes to a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. As of June 30, 2015, the Library does not have any uncertain tax positions or any unrelated business income tax liability, which would have a material impact upon its financial statements.

(t) New Authoritative Accounting Pronouncements

In 2015, the Library early adopted Accounting Standards Update (ASU) No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient and removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient.

In 2015, the Library early adopted ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which requires debt issuance costs related to a recognized debt liability to be presented on the balance sheets as a direct deduction from the debt liability.

(u) Subsequent Events

In conjunction with the preparation of the financial statements, the Library evaluated subsequent events from July 1, 2015 through November 16, 2015, the date on which the financial statements were issued, and has concluded that there are no further disclosures required.

(3) Fair Value Measurements

Assets and liabilities, which are reported at fair value on a recurring basis by the Library, are investments, funds held by others, and interest rate swaps.

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 by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The Library prioritizes the inputs to valuation techniques used to measure fair value under the three levels of the fair value hierarchy as follows:

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

Level 3 inputs are unobservable for the assets or liabilities.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety.

At June 30, 2015, the carrying values of the Library’s cash equivalents, government and other receivables, other assets, accounts payable and accrued liabilities, and deferred revenue approximate their fair values because of their terms and relatively short maturities. The fair value of cash equivalents would be considered to be Level 1 in the fair value hierarchy. The fair value of government and other receivables, other assets, accounts payable and accrued liabilities, and deferred revenue involve unobservable inputs and are considered to be Level 3 in the fair value hierarchy.

(In thousands of dollars)

The Library's assets and liabilities that are reported at fair value on an annual basis are summarized in the following table by their fair value hierarchy at June 30, 2015:

	Level 1	Level 2	Level 3	Total
Investments:				
Managed accounts:				
Short-term investments	$ 50,337	—	—	50,337
Currency futures	(612)	—	—	(612)
Domestic common stocks	202,272	—	—	202,272
Corporate bonds	99,775	—	—	99,775
Government bonds	2,510	—	—	2,510
Commingled investment funds:				
Domestic equity funds	—	55,774	—	55,774
	$ 354,282	55,774	—	410,056
Investments reported at net asset value:				
Commingled investment funds:				
Domestic equity funds				211,655
Global/international equity funds				308,992
Fixed-income funds				2,200
Hedge funds:				
Long/short equity funds				41,037
Multi-strategy funds				157,814
Private market funds:				
Venture capital				6,114
Private equity				76,221
Real estate				35,829
Total investments reported at net asset value				839,862
Total investments				$ 1,249,918
Funds held by others:				
Cash	$ 3,713	—	—	3,713

(In thousands of dollars)

(4) Government and Other Receivables

At June 30, 2015, government and other receivables consisted of the following:

City of New York (construction receivables)	$	3,297
City of New York – other		16,879
State of New York		6,279
Other		19,128
Total	$	45,583

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

(5) Contributions Receivable

Contributions receivable at June 30, 2015 are expected to be collected as follows:

Amounts expected to be collected in:		
Less than one year	$	18,732
One to five years		13,386
More than five years		3,954
		36,072
Less discount to present value (at rates ranging from 1.2% to 5.8%)		(1,055)
	$	35,017

At June 30, 2015, the amounts receivable from one donor represent approximately 20% of the gross contributions receivable.

As of June 30, 2015, the Library has received conditional promises to give of approximately $24,457, in the form of matching grants and other conditions that have not been reflected in the accompanying financial statements because the conditions on which they depend have not been substantially met.

(In thousands of dollars)

(6) Funds Held by Others

At June 30, 2015, funds held by others consist of amounts designated for debt service and cost of issuance under the Series 2015 bond agreement (note 13) and amounts advanced under the New Markets Tax Credit (NMTC) financing transaction (note 12) not yet drawn by the Library. Funds held by others at June 30, 2015 were as follows:

Debt service fund	$	2,588
Cost of issuance fund		22
New markets tax credit funds		1,103
Total	$	3,713

(7) Investments

The components of the Library's investments at June 30, 2015 were as follows:

		Fair value
Managed accounts	$	354,282
Commingled investment funds		578,621
Hedge funds		198,851
Private market funds		118,164
Total	$	1,249,918

Information with respect to investment strategies, redemption terms, and funding commitments for these investments is as follows:

Managed Accounts: Investments held in nine managed custodial accounts are segregated from other client assets (i.e., not commingled) and are held in the Library's name at each institution. The underlying assets in the accounts are managed by seven separate investment managers and include short-term investments, currency futures, domestic public equities, corporate bonds, and government bonds. For these accounts, the Library has daily liquidity with one or two days notice required for redemptions or transfers.

Commingled Investment Funds: Commingled investment funds typically include traditional strategies employed by investment managers that invest in publicly traded equity and fixed income securities. These strategies include, but are not limited to, diversified portfolios of U.S. equities, international equities, corporate bonds, and government-issued debt securities. The funds are typically structured as pooled investment vehicles, which may include private limited partnerships or institutional mutual funds that may or may not issue a daily NAV. For the Library's current investments in such commingled funds, redemptions are allowed at a frequency that ranges from daily to quarterly and the notice period ranges from 1 day to 60 days.

Hedge Funds: Hedge funds include a large number of investment strategies for which the underlying manager's investments are typically made in public exchange-traded securities or other types of assets that are actively traded and priced in the broker-dealer markets. For example, long/short equity managers generally build diversified portfolios of long and short investments in publicly listed equity securities based upon their positive or negative fundamental outlook for the prospects of the underlying businesses. Multi-strategy managers employ an opportunistic approach across strategies, and the manager will allocate capital based on their assessment of the relative top-down opportunity set. This includes, but is not limited to, investment opportunities in fundamental corporate equities and credit, event-driven situations such as bankruptcies and mergers, and relative value arbitrage strategies in securities that are mis-priced relative to their intrinsic value due to a market dislocation or inefficiency. Commodity-oriented strategies typically include long and short positions in exchange-traded commodity futures, options, and equities based upon the underlying manager's fundamental analysis of the supply/demand characteristics for a given commodity market. Hedge funds are typically structured as onshore or offshore private limited partnerships, which may include lock-ups and/or limited redemption terms. For the Library's hedge fund portfolio, the lock-up provisions for investments subject to such terms range from one year to three years. At June 30, 2015, $45,520 of the Library's hedge fund portfolio is within a specified lock-up period. For the remaining $153,331 of hedge fund investments at June 30, 2015, that are not subject to a lock-up provision, redemptions are allowed on an ongoing basis that range from quarterly to annually. Redemption notice periods range from 45 to 180 days prior to the stipulated redemption date. At June 30, 2015, the Library had $6,450 in unfunded commitments to hedge funds.

Private Market Funds: Private market funds include a variety of investment strategies for which the underlying manager's investments are made in companies or assets that do not trade on a public exchange. For example, private equity strategies can include investments in mature private companies in which the manager acquires a controlling equity stake and attempts to improve the operating characteristics, management team, or capital structure of the underlying businesses. Venture capital strategies include investments in less-mature private companies that require equity capital to achieve strong sales growth for their products and services. Real estate strategies include equity or debt investments that are secured by the value of physical properties such as office, multi-family residential, hotel, retail, and industrial buildings and assets. Private market funds are usually structured as onshore private limited partnerships to which limited partners commit a specified amount of capital that is called down over time as investment opportunities are identified, typically over a four to five year fixed initial investment period. Investments cannot be redeemed during the fund's stated life, which is usually 10 to 15 years from the initial commitment date. Incremental extensions can also be granted at the expiration of a fund's life, but they typically require the consent of the majority of the limited partners. At June 30, 2015, the Library had $58,679 in unfunded commitments to private market funds. Additionally, at June 30, 2015, the Library's investments in these partnerships had remaining lives of between 1 and 16.5 years, with an average of seven years assuming all of the potential extension periods are granted at expiration.

(In thousands of dollars)

The following table summarizes the Library's investment return in the accompanying statement of activities for the year ended June 30, 2015:

Dividends and interest	$	14,232
Net realized and unrealized gains		61,078
Less investment expenses		(11,704)
Total investment return		63,606
Investment return appropriated for spending		(47,541)
Investment return reported as nonoperating	$	16,065

(8) Endowment Funds

The Library's endowment consists of 418 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.

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 permanently restricted net asset (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 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 classified as permanently restricted to be classified as temporarily restricted net assets until 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:

i The duration and preservation of the endowment fund

ii The purposes of the Library and the endowment fund

iii General economic conditions

(In thousands of dollars)

iv The possible effect of inflation and deflation

v The expected total return from income and the appreciation of investments

vi Other resources of the Library

vii Alternatives to expenditure of the endowment fund

viii 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, 2015, the fair values of five donor-restricted endowment funds were less than their original fair value (i.e., underwater) by a total of $3,072.

The Library employs an asset allocation spending model having a multi-year 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 spending model policy index.

The Library calculates annual spending as (i) 75% of the prior year's endowment spending, adjusted for inflation (i.e., CPI) and (ii) 25% of 5% of the endowment fair value as of December 31 of the most recent calendar year-end 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, 2015:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted funds	$	(3,072)	274,886	436,075	707,889
Board-designated funds functioning as endowment		401,770	20,461	—	422,231
Total	$	398,698	295,347	436,075	1,130,120

Donor-restricted amounts reported above as unrestricted net assets at June 30, 2015 represent underwater amount of endowment funds. Board-designated amounts include real estate investment used in operations of $1,084 at June 30, 2015.

(In thousands of dollars)

Changes in endowment net assets for the fiscal year ended June 30, 2015 were as follows:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Net assets at June 30, 2014	$	380,881	281,680	431,645	1,094,206
Interest and dividends, net of expenses		1,343	498	21	1,862
Realized and unrealized gains		44,254	16,618	689	61,561
Contributions and other additions		11,591	4,690	3,720	20,001
Appropriated for spending		(39,371)	(8,139)	—	(47,510)
Net assets at June 30, 2015	$	398,698	295,347	436,075	1,130,120

(9) Fixed Assets

Fixed asset balances at June 30, 2015 were as follows:

Land	$	3,109
Buildings and improvements		517,722
Leasehold improvements		48,723
Furniture and equipment		49,265
Construction in progress		55,516
		674,335
Less accumulated depreciation and amortization		(329,265)
	$	345,070

On July 6, 2011, the Library entered into an initial closing on the sale of one of its fully depreciated buildings in which it received gross proceeds of $59,000, before transaction fees of $673, representing partial consideration of the total purchase price of the building. On October 17, 2014, the Library received the remaining consideration of $600 and a condominium unit valued at $30,000 and recognized gain on the sale of $88,728 in the accompanying statement of activities. The Library is building out the condominium unit as a new branch library. The proceeds from the sale, beyond what will be needed for the new library, will be used to support the needs of other branch libraries and library-wide activities.

On September 30, 2014, the Library closed on the purchase of a condominium unit for $34,500 for use as office space.

(10) Pensions and Postemployment Benefits

Substantially all 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 $19,759 for the year ended June 30, 2015. There have been no significant changes that affect the comparability of fiscal year 2015 contributions. The Library was not listed in the plan's most recent available audited financial statements for providing more than five percent of the total contributions to the plan for the year ended March 31, 2015. The most recent Pension Protection Act (PPA) zone status is green at March 31, 2015. 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% of their gross salary, and the Library contributes 8%. VDC expense was $275 for the year ended June 30, 2015.

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 $4,204 at June 30, 2015, which is included in accounts payable and accrued liabilities in the accompanying balance sheet. The liability is funded on a pay-as-you-go basis. Benefits paid and expenses recognized by the Library were $296 and $191, respectively, for the year ended June 30, 2015, respectively.

(11) Postretirement Benefits Other than Pensions

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

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. Effective July 1, 2014, the Library changed its method of determining the amount of accrued postretirement benefit costs for both union and non-union employees whose salaries and fringe benefits are funded by the City. Accounting principles permit an employer to consider sources of funding when measuring the accrued postretirement obligation. The Library believes that it is preferable to consider the City's continued commitment to fund the postretirement benefit costs when payable in the future similar to how it considers the expected retiree contributions and Medicare subsidies when determining funded status. Therefore, the Library's postretirement benefit obligation now considers the present value of the future appropriations from the City to fund a significant portion of postretirement benefits as they become due. Previously, the Library accrued such benefit costs for both union and non-union employees whose salaries and fringe benefits are funded by the City without considering the City's funding of such benefit costs.

(In thousands of dollars)

As a result of this change in accounting principle, the Library recognized a change in the funded status of the postretirement benefit plan on its balance sheet retrospectively to June 30, 2014 and increased net assets by $89,551 based on the following:

Accrued postretirement benefit obligation at June 30, 2014, as previously reported	$	173,266
Present value of expected City appropriation for City funded employees		89,551
Accrued postretirement benefit obligation at June 30, 2014, as adjusted	$	83,715

In addition, for the year ended June 30, 2015, this change in accounting increased change in net assets from operating activities by $3,781, increased postretirement benefit changes other than net periodic benefit cost by $10,836, and decreased change in net assets by $7,055. These changes only impact unrestricted net assets.

(In thousands of dollars)

The following table sets forth the changes in the postretirement benefit obligation as of and for the year ended June 30, 2015:

Change in benefit obligation:		
Accumulated postretirement obligation at beginning of year, as adjusted	$	83,715
Service cost		2,211
Interest cost		3,486
Amendments		(1,891)
Participant contributions		864
Actuarial net loss		17,172
Benefits paid		(6,556)
Federal subsidy on benefits paid		152
City funding offset		2,434
Accumulated postretirement obligation at end of year		101,587
Change in plan assets:		
Fair value of plan assets at beginning of year		—
Employer contribution		3,106
Participant contributions		864
Federal subsidy on benefits paid		152
Benefits paid		(6,556)
City funding offset		2,434
Fair value of plan assets at end of year		—
Accrued postretirement benefits as reflected in the balance sheet	$	101,587

The accrued postretirement benefit obligation of $101,587 as of June 30, 2015 includes the present value of future City funding offset of $82,192.

(In thousands of dollars)

Net periodic postretirement benefit cost for the year ended June 30, 2015 includes the following components:

Service cost	$	2,211
Interest cost		3,486
Net amortization and deferral		129
Net periodic postretirement benefit cost	$	5,826
Weighted average assumptions used to determine benefit obligations – discount rate		4.50%
Weighted average assumptions used to determine net periodic benefit cost – discount rate		4.25%

Accumulated amounts recorded in unrestricted net assets other than through net periodic postretirement benefit cost at June 30, 2015 consist of the following:

Net loss	$	55,693
Prior service credit		(20,614)
Total	$	35,079

The expected amortization to be included in net periodic postretirement benefit cost for fiscal year 2016 is $3,331 and $2,419 of net actuarial loss and prior service credit, respectively.

Other changes recognized in unrestricted net assets other than net periodic postretirement benefit cost during the year ended June 30, 2015 were as follows:

Net loss	$	17,172
Prior service credit		361
Amortization of net loss		(2,381)
Total	$	15,152

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 7.3% and 7.5% for pre-65 participants and post-65 participants, respectively, and decreases gradually to 4.5% by 2028 and remains at that level thereafter. All other benefits are assumed to increase at an annual rate of 4.0%.

(In thousands of dollars)

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the plan. A 1% change in assumed healthcare cost trend rates would have the following effects as of June 30, 2015:

		1% Increase	1% Decrease
Effect on total of service and interest cost components	$	1,306	(911)
Effect on the postretirement benefit obligation		18,112	(14,506)

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

		Benefit payments before Medicare subsidy	Medicare subsidy	Net benefit payment
Fiscal year(s) ending:				
2016	$	4,013	(167)	3,846
2017		4,268	(188)	4,080
2018		4,575	(206)	4,369
2019		4,846	(225)	4,621
2020		5,086	(250)	4,836
2021–2025		29,892	(1,520)	28,372

As of June 30, 2015, the Library has considered any provisions of healthcare reform that would be expected to have a significant impact on the measured obligation.

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 effects of these amendments will be accounted for prospectively and have not yet been estimated.

The Library also contributes to a Taft-Hartley trust, District Council 37 New York Public Library Health and Security Plan Trust (the Plan), that 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 $3,521 for the year ended June 30, 2015. 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, 2014, the Plan's most recently issued financial statements, the Plan had net assets available for benefits of $9,158. The actuarial present value of estimated future benefits to plan participants who have provided services as of June 30, 2014 amounted to $70,886 ($870 currently payable, $17,780 for actives fully eligible, $23,330 for actives not fully eligible, and $28,906 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.

(In thousands of dollars)

(12) Note Payable

The Library entered into a NMTC financing transaction on December 18, 2014 in which a NMTC corporation is providing a $10,000 NMTC allocation to support the renovation project of the Schomburg Center for Research in Black Culture. The $10,000 allocation returns $3,900 in tax credits for the investor, and $2,951 in proceeds to the Qualified Active Low-Income Business, which is the Schomburg Center for Research in Black Culture, a portion of the business of the Library.

In connection with this NMTC financing, the Library agreed to borrow $9,800 under two notes, Note A in the amount of $6,849 and Note B in the amount of $2,951. Both notes carry a 1.000043% interest rate. The principal amount of Note A corresponds to a $6,849 loan made on December 18, 2014 by another bank to a controlled entity of the investor. The Library has a $6,164 participation in the $6,849 bank loan on which the Library receives interest at the rate of 0.50%. However, there is no right to offset the note receivable of $6,164 against the Note A payable of $6,849. Note A has a seven-year term, maturing on December 18, 2021. The principal balance of Note A is due upon maturity. Upon payment of the bank loan at maturity, the Library will receive the return of its $6,164 loan participation. As of June 30, 2015, $1,048 has been advanced on Note A. Unamortized cost of issuance at June 30, 2015 was $418. The Library's $6,164 participation in the bank loan is reported as government and other receivables in the accompanying balance sheet.

Note B has a 30-year term, maturing on December 18, 2044. The Library expects that shortly after December 18, 2021, the date the NMTC seven-year compliance period ends, Note B will be forgiven in exchange for the payment of $5 through the exercise of a put option by the investor. The Library has determined that, in substance, Note B is revenue to the Library for performance under the NMTC arrangement and maintenance of compliance over the seven-year period. Accordingly, such revenue will be recognized on the straight-line basis over the seven-year period. Funds received on Note B in excess of revenue earned is recorded as deferred revenue.

(13) Bonds Payable

Outstanding bonds payable at June 30, 2015 consisted of the following:

Fixed rate bonds, maturing July 1, 2045 (Series 2015)	$	185,000
Less unamortized costs of issuance		(1,426)
	$	183,574

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, and pay the costs of issuance. The remaining proceeds will be used to further the Library's general corporate purposes and finance several capital projects. In connection with the Series 2015 bonds' transaction, the Library entered into an interest rate lock agreement and recognized a gain of $1,215.

In April 1999, the Dormitory Authority of the State of New York issued the Series 1999 adjustable rate bonds on behalf of the Library aggregating $117,635. The adjustable rate on the Series 1999 bonds ranged from 0.01% to 0.05% during July 1, 2014 through April 9, 2015. On April 9, 2015, the Library redeemed the outstanding principal amount of the Series 1999 bonds and recognized a loss on extinguishment of $438, representing the remaining unamortized portion of the debt issuance cost. In addition, the Library terminated the letters of credit associated with the Series 1999 bonds on April 9, 2015.

In connection with the Series 1999 bonds, the Library entered into two interest rate swap agreements, whereby the Library paid the swap counterparties fixed rates of 3.852% and 4.009% on the notional amounts outstanding, in return for variable interest payments from the swap counterparties. The swap agreements were terminated on February 25, 2015 for termination payments amounting to $11,236, resulting in a net loss of $189.

For the year ended June 30, 2015, interest expense was $4,328.

The fair value of the Library's bonds approximates carrying value, which is based on observable interest rates that fall within Level 2 of the fair value hierarchy.

(In thousands of dollars)

(14) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets and the income on permanently restricted net assets were for the following purposes at June 30, 2015:

Temporarily restricted net assets:		
Program activities:		
Branch libraries	$	37,605
Research libraries		166,438
Conservation and cataloging		19,586
Exhibitions and public education programs		10,956
Other – principally, time restricted and for the general operations of the research libraries and library-wide programs		112,531
Net investment in plant not yet placed in service		4,862
Acquisition of fixed assets		4,565
Total	$	356,543

Permanently restricted net assets:		
Branch libraries	$	33,873
Research libraries		239,845
Conservation and cataloging		20,237
Exhibitions and public education programs		15,322
Other – principally, for the general operations of the research libraries and library-wide programs		133,751
Total	$	443,028

(15) 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 coverages, if any, would not have a material effect on the accompanying financial statements.

(Continued)

(In thousands of dollars)

(b) Collective Bargaining Agreements

At June 30, 2015, approximately 73% of the Library's salaried employees are unionized and are employed under collective bargaining agreements, which expired on March 2, 2010. The Library continues to manage under and follow the provisions of the expired agreements. However, the economics of the agreements have been renegotiated under a Memorandum of Agreement dated July 1, 2014 and ratified on August 5, 2014 for a term beginning on March 3, 2010 through July 2, 2017.

(c) Line 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 towards a standby letter of credit associated with the Library's paid-loss workers' compensation insurance program. The line of credit is available through February 26, 2016, subject to extension, and carries an interest rate equal to the prime rate or LIBOR plus 0.45%, as the Library may elect.

(d) Leases

The Library's future minimum lease payments under noncancelable operating leases, in total and for each of the next five years, are as follows at June 30:

2016	$	5,899
2017		5,442
2018		5,633
2019		5,731
2020		5,806
Thereafter		89,895
Total	$	118,406

Various leases provide for increases in annual base rentals based on various expenses and other increases. Rent expense for the year ended June 30, 2015 was approximately $7,269. Deferred rent obligation was $7,221 at June 30, 2015 and is included in accounts payable and accrued liabilities in the accompanying balance sheet.

(e) Construction-Related Purchase Commitments

The Library has entered into construction-related purchase commitments of approximately $30,587 as of June 30, 2015.

(In thousands of dollars)

(16) Functional Expense Classification

Expenses by functional classification for the year ended June 30, 2015 were as follows:

		Library services	Fundraising and membership development	Management and general	Total supporting services	Total
Salaries	$	106,577	4,079	12,388	16,467	123,044
Fringe benefits		52,205	2,031	6,028	8,059	60,264
Books and library materials		15,895	—	—	—	15,895
Binding and conservation expenditures		729	—	—	—	729
Office-related expenditures		2,067	453	105	558	2,625
Equipment rental and maintenance		3,734	20	133	153	3,887
Telecommunications		3,281	1	11	12	3,293
Building repairs and related expenditures		23,290	264	610	874	24,164
Contributed utilities and rent		11,487	—	—	—	11,487
Professional services		15,564	1,155	2,629	3,784	19,348
Promotional and special event expenses		718	1,402	393	1,795	2,513
Interest and accretion expense		3,844	154	356	510	4,354
Insurance expense		1,835	4	191	195	2,030
Other expenses		2,839	98	719	817	3,656
Total functional expenses before additions to research collections and depreciation and amortization		244,065	9,661	23,563	33,224	277,289
Additions to research collections		11,216	—	—	—	11,216
Depreciation and amortization		22,931	226	528	754	23,685
Total expenses	$	278,212	9,887	24,091	33,978	312,190