

FRIENDS OF THE HIGH LINE, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2015

FRIENDS OF THE HIGH LINE, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Friends of the High Line, Inc.

We have audited the accompanying financial statements of Friends of the High Line, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 of 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 entity'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 entity'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 Friends of the High Line, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Friends of the High Line, Inc.'s 2014 financial statements, and our report dated April 27, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Lotz + Carr, LLP

New York, New York
April 27, 2016

FRIENDS OF THE HIGH LINE, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015 WITH COMPARATIVE TOTALS FOR 2014

	2015								2014			
	Operations			Campaign for the High Line					Total	Operations	Campaign for the High Line	Total
	Unrestricted	Temporarily Restricted	Total Operations	Unrestricted	Board Designated High Line Fund	Temporarily Restricted	Permanently Restricted	Total Campaign for the High Line				
Assets												
Cash and cash equivalents (Notes 1b and 9a)	\$ 1,402,520	\$ 303,498	\$ 1,706,018	\$ 3,871,431	\$ -	\$ -	\$ -	\$ 3,871,431	\$ 5,577,449	\$ 1,155,561	\$14,272,415	\$15,427,976
Unconditional promises to give (Notes 1e, 3 and 9b)												
Unrestricted	412,166	-	412,166	-	-	-	-	-	412,166	234,290	-	234,290
Restricted to future programs and periods	-	3,093,391	3,093,391	-	-	21,613,889	-	21,613,889	24,707,280	2,629,339	26,795,641	29,424,980
Restricted to endowments	-	-	-	-	-	-	85,000	85,000	85,000	-	1,142,121	1,142,121
Accounts receivable and other current assets	417,294	-	417,294	-	-	-	-	-	417,294	147,218	22,115	169,333
Accrued interest receivable	5,179	-	5,179	12,831	24,536	22,700	-	60,067	65,246	4,030	29,343	33,373
Inventory (Note 1f)	469,912	-	469,912	-	-	-	-	-	469,912	468,656	-	468,656
Investments (Notes 1c, 1d and 4)	5,403,881	-	5,403,881	25,579,346	29,700,230	95,947	5,097,139	60,472,662	65,876,543	5,769,762	36,378,142	42,147,904
Property and equipment, at cost (net of accumulated depreciation) (Notes 1g and 5)	768,150	-	768,150	-	-	-	-	-	768,150	711,205	-	711,205
Security deposits	9,343	-	9,343	-	-	-	-	-	9,343	11,726	-	11,726
Total Assets	\$ 8,888,445	\$ 3,396,889	\$12,285,334	\$29,463,608	\$29,724,766	\$21,732,536	\$ 5,182,139	\$86,103,049	\$98,388,383	\$11,131,787	\$78,639,777	\$89,771,564
Liabilities and Net Assets												
Liabilities												
Accounts payable and accrued expenses	\$ 736,680	\$ -	\$ 736,680	\$ 104,083	\$ -	\$ -	\$ -	\$ 104,083	\$ 840,763	\$ 530,682	\$ 70,034	\$ 600,716
Construction and renovation costs payable	-	-	-	400,687	-	-	-	400,687	400,687	-	589,502	589,502
Deferred compensation plan liability (Note 10a)	130,121	-	130,121	-	-	-	-	-	130,121	107,649	-	107,649
Refundable advances	72,520	-	72,520	-	-	-	-	-	72,520	75,000	-	75,000
Refundable deposits payable	16,500	-	16,500	-	-	-	-	-	16,500	3,000	-	3,000
Total Liabilities	<u>955,821</u>	<u>-</u>	<u>955,821</u>	<u>504,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>504,770</u>	<u>1,460,591</u>	<u>716,331</u>	<u>659,536</u>	<u>1,375,867</u>
Commitments (Notes 8 and 10)												
Net Assets												
Unrestricted (Note 2a)												
Operating	2,063,944	-	2,063,944	-	-	-	-	-	2,063,944	1,086,785	-	1,086,785
Board designated operating reserve	5,268,680	-	5,268,680	-	-	-	-	-	5,268,680	6,475,843	-	6,475,843
Board designated for future periods and purposes	600,000	-	600,000	-	-	-	-	-	600,000	-	-	-
Campaign for the High Line - Board Designated High Line Fund	-	-	-	-	29,724,766	-	-	29,724,766	29,724,766	-	26,305,200	26,305,200
Campaign for the High Line - other	-	-	-	28,958,838	-	-	-	28,958,838	28,958,838	-	20,373,691	20,373,691
Temporarily restricted (Note 2b)												
Operations	-	3,396,889	3,396,889	-	-	-	-	-	3,396,889	2,852,828	-	2,852,828
Campaign for the High Line	-	-	-	-	-	21,732,536	-	21,732,536	21,732,536	-	26,945,229	26,945,229
Permanently restricted (Notes 2c and 7)	-	-	-	-	-	-	5,182,139	5,182,139	5,182,139	-	4,356,121	4,356,121
Total Net Assets	<u>7,932,624</u>	<u>3,396,889</u>	<u>11,329,513</u>	<u>28,958,838</u>	<u>29,724,766</u>	<u>21,732,536</u>	<u>5,182,139</u>	<u>85,598,279</u>	<u>96,927,792</u>	<u>10,415,456</u>	<u>77,980,241</u>	<u>88,395,697</u>
Total Liabilities and Net Assets	\$ 8,888,445	\$ 3,396,889	\$12,285,334	\$29,463,608	\$29,724,766	\$21,732,536	\$ 5,182,139	\$86,103,049	\$98,388,383	\$11,131,787	\$78,639,777	\$89,771,564

See notes to financial statements.

FRIENDS OF THE HIGH LINE, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015 WITH COMPARATIVE TOTALS FOR 2014

	2015							2014				
	Operations			Campaign for the High Line				Total	Operations	Campaign for the High Line		
	Unrestricted	Temporarily Restricted	Total Operations	Unrestricted	Board Designated High Line Fund	Temporarily Restricted	Permanently Restricted			Total Campaign for the High Line	High Line	Total
Changes in Net Assets												
Revenues and Other Support												
Contributions (Notes 1e and 9b)	\$ 3,477,032	\$ 1,472,215	\$ 4,949,247	\$ 1,491,500	\$ -	\$ 2,127,717	\$ 826,018	\$ 4,445,235	\$ 9,394,482	\$ 4,890,503	\$ 8,593,065	\$13,483,568
Benefit income	4,653,990	-	4,653,990	-	-	-	-	-	4,653,990	5,196,115	-	5,196,115
Less: Direct benefit expense (Note 6)	(993,693)	-	(993,693)	-	-	-	-	-	(993,693)	(1,295,820)	-	(1,295,820)
Donated services (Note 6)	595,078	-	595,078	-	-	-	-	-	595,078	569,667	-	569,667
Investment income (loss) (Note 4)	11,437	-	11,437	(58,868)	(404,698)	(30,941)	-	(494,507)	(483,070)	58,697	497,434	556,131
Sublicensing restaurant income (Note 8c)	1,040,381	-	1,040,381	-	-	-	-	-	1,040,381	-	-	-
Sublicensing concessions income	372,216	-	372,216	-	-	-	-	-	372,216	341,312	-	341,312
Facility and venue rentals	448,500	-	448,500	-	-	-	-	-	448,500	375,450	-	375,450
Merchandise sales, net of cost of goods sold \$552,731 (2015) and \$363,823 (2014)	741,880	-	741,880	-	-	-	-	-	741,880	588,955	-	588,955
Field trips and walking tours	43,384	-	43,384	-	-	-	-	-	43,384	35,155	-	35,155
Other revenue	110,997	-	110,997	-	-	-	-	-	110,997	22,030	-	22,030
	<u>10,501,202</u>	<u>1,472,215</u>	<u>11,973,417</u>	<u>1,432,632</u>	<u>(404,698)</u>	<u>2,096,776</u>	<u>826,018</u>	<u>3,950,728</u>	<u>15,924,145</u>	<u>10,782,064</u>	<u>9,090,499</u>	<u>19,872,563</u>
Net assets released from restrictions												
Satisfaction of operating program and period restrictions (\$1,014,158 in 2014)	928,154	(928,154)	-	-	-	-	-	-	-	-	-	-
Satisfaction of period restrictions on campaign pledges (\$6,779,521 in 2014)	-	-	-	7,309,469	-	(7,309,469)	-	-	-	-	-	-
Change in allowance of temporarily restricted pledges	-	-	-	-	-	-	-	-	-	-	1,000,000	1,000,000
Appropriations for use in operations	575,736	-	575,736	-	(575,736)	-	-	(575,736)	-	322,613	(322,613)	-
Total Revenues and Other Support	<u>12,005,092</u>	<u>544,061</u>	<u>12,549,153</u>	<u>8,742,101</u>	<u>(980,434)</u>	<u>(5,212,693)</u>	<u>826,018</u>	<u>3,374,992</u>	<u>15,924,145</u>	<u>11,104,677</u>	<u>9,767,886</u>	<u>20,872,563</u>
Expenses (Note 12)												
Program Services												
High Line planning and construction	215,537	-	215,537	1,915,274	-	-	-	1,915,274	2,130,811	332,734	3,979,185	4,311,919
High Line operations	5,480,602	-	5,480,602	-	-	-	-	-	5,480,602	4,644,758	-	4,644,758
Programming and education	2,392,060	-	2,392,060	-	-	-	-	-	2,392,060	2,216,094	-	2,216,094
Total Program Services	<u>8,088,199</u>	<u>-</u>	<u>8,088,199</u>	<u>1,915,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,915,274</u>	<u>10,003,473</u>	<u>7,193,586</u>	<u>3,979,185</u>	<u>11,172,771</u>
Supporting Services												
Management and general	1,807,575	-	1,807,575	-	-	-	-	-	1,807,575	1,688,326	-	1,688,326
Fundraising	2,317,371	-	2,317,371	-	-	-	-	-	2,317,371	2,383,373	-	2,383,373
Campaign for the High Line fundraising	21,951	-	21,951	741,680	-	-	-	741,680	763,631	33,700	840,439	874,139
Total Supporting Services	<u>4,146,897</u>	<u>-</u>	<u>4,146,897</u>	<u>741,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>741,680</u>	<u>4,888,577</u>	<u>4,105,399</u>	<u>840,439</u>	<u>4,945,838</u>
Total Expenses	<u>12,235,096</u>	<u>-</u>	<u>12,235,096</u>	<u>2,656,954</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,656,954</u>	<u>14,892,050</u>	<u>11,298,985</u>	<u>4,819,624</u>	<u>16,118,609</u>
Increase (Decrease) in Net Assets Before Non-Operating Activity (carried forward)	<u>(230,004)</u>	<u>544,061</u>	<u>314,057</u>	<u>6,085,147</u>	<u>(980,434)</u>	<u>(5,212,693)</u>	<u>826,018</u>	<u>718,038</u>	<u>1,032,095</u>	<u>(194,308)</u>	<u>4,948,262</u>	<u>4,753,954</u>

See notes to financial statements.

FRIENDS OF THE HIGH LINE, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015 WITH COMPARATIVE TOTALS FOR 2014

	2015								2014			
	Operations			Campaign for the High Line					Total	Operations	Campaign for the High Line	Total
	Unrestricted	Temporarily Restricted	Total Operations	Unrestricted	Board Designated High Line Fund	Temporarily Restricted	Permanently Restricted	Total Campaign for the High Line				
Increase (Decrease) in Net Assets Before Non-Operating Activity (brought forward)	\$ (230,004)	\$ 544,061	\$ 314,057	\$ 6,085,147	\$ (980,434)	\$(5,212,693)	\$ 826,018	\$ 718,038	\$ 1,032,095	\$ (194,308)	\$ 4,948,262	\$ 4,753,954
Non-Operating Activity												
Contribution (Note 2a)	5,000,000	-	5,000,000	-	-	-	-	-	5,000,000	-	-	-
Board designation of contribution to Campaign for the High Line (Note 2a)	(4,400,000)	-	(4,400,000)	4,400,000	-	-	-	4,400,000	-	-	-	-
Transfers to fund Board Designated High Line Fund (\$5,536,666 in 2014)	-	-	-	(4,400,000)	4,400,000	-	-	-	-	(2,175,000)	2,175,000	-
Reimbursement of capital funds (Note 8f)	-	-	-	2,500,000	-	-	-	2,500,000	2,500,000	-	-	-
Transfer of property and equipment to operations	-	-	-	-	-	-	-	-	-	454,146	(454,146)	-
Increase (decrease) in unrestricted net assets	369,996	-	-	8,585,147	3,419,566	-	-	-	-	(1,733,250)	7,968,097	6,234,847
Increase (decrease) in temporarily restricted net assets	-	544,061	-	-	-	(5,212,693)	-	-	-	(181,912)	(3,306,759)	(3,488,671)
Increase in permanently restricted net assets	-	-	-	-	-	-	826,018	-	-	-	2,007,778	2,007,778
Increase (Decrease) in Net Assets	369,996	544,061	914,057	8,585,147	3,419,566	(5,212,693)	826,018	7,618,038	8,532,095	(1,915,162)	6,669,116	4,753,954
Net assets, beginning of year, as previously reported	7,731,458	2,852,828	10,584,286	20,204,861	26,305,200	25,992,602	4,356,121	76,858,784	87,443,070	12,499,448	71,142,295	83,641,743
Prior period adjustment (Note 11)	(168,830)	-	(168,830)	168,830	-	952,627	-	1,121,457	952,627	(168,830)	168,830	-
Net assets, beginning of year, as restated	7,562,628	2,852,828	10,415,456	20,373,691	26,305,200	26,945,229	4,356,121	77,980,241	88,395,697	12,330,618	71,311,125	83,641,743
Net Assets, End of Year	\$ 7,932,624	\$ 3,396,889	\$11,329,513	\$28,958,838	\$29,724,766	\$21,732,536	\$ 5,182,139	\$85,598,279	\$96,927,792	\$10,415,456	\$77,980,241	\$88,395,697

See notes to financial statements.

FRIENDS OF THE HIGH LINE, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2015 WITH COMPARATIVE TOTALS FOR 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 8,532,095	\$ 4,753,954
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	195,464	210,813
Change in allowance of temporarily restricted pledges to net realizable value	-	(1,000,000)
Realized gain on investments	(176,284)	(426,086)
Unrealized loss on investments	1,325,489	390,896
Donated securities	(703,103)	(342,796)
Endowment contributions	(826,018)	(7,778)
(Increase) decrease in:		
Unconditional promises to give	5,362,963	3,623,360
Accounts receivable and other current assets	(247,961)	82,120
Accrued interest receivable	(31,873)	(13,228)
Inventory	(1,256)	(23,367)
Security deposits	2,383	33,524
Increase (decrease) in:		
Accounts payable and accrued expenses	240,047	(57,139)
Construction and renovation costs payable	(188,815)	(796,497)
Deferred compensation plan liability	22,472	35,511
Refundable advances	(2,480)	25,000
Refundable deposits payable	13,500	(163,097)
Net Cash Provided By Operating Activities	<u>13,516,623</u>	<u>6,325,190</u>
Cash Flows From Investing Activities		
Endowment contributions received	1,060,000	638,334
Purchase of investments	(39,737,507)	(26,653,564)
Proceeds from sale of investments	15,562,766	20,802,107
Purchase of property and equipment	(252,409)	(278,547)
Net Cash Used By Investing Activities	<u>(23,367,150)</u>	<u>(5,491,670)</u>
Net increase (decrease) in cash and cash equivalents	(9,850,527)	833,520
Cash and cash equivalents, beginning of year	<u>15,427,976</u>	<u>14,594,456</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,577,449</u>	<u>\$15,427,976</u>

See notes to financial statements.

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

Friends of the High Line, Inc. (the "Organization") is a non-profit conservancy responsible for maintaining an extraordinary public space on the High Line. The High Line is a 1.45-mile elevated freight rail line transformed into a public park on Manhattan's West Side. It is owned by The City of New York, and maintained and operated by Friends of the High Line under a license agreement (Note 8).

Founded in 1999 by community residents, Friends of the High Line worked to preserve and transform the structure, and now works with the New York City Department of Parks & Recreation in overseeing maintenance, operations, and public programming for the park. Friends of the High Line also works to raise private funds to support the park's annual operating budget.

On September 21, 2014, the High Line at the Rail Yards, the third and northernmost section of the historic structure, which runs between West 30th and West 34th Streets, opened to the public.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid instruments, purchased with a maturity of three months or less, such as money market funds and short-term deposits, to be cash equivalents, except for amounts being managed within the investment account.

c - Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-based measurement. Generally accepted accounting principles establish a framework for measuring fair value which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those the market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumptions about the inputs market participants would use in pricing the asset, based on the best information available in the circumstances. Fair value measurements are categorized into three levels as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

c - Fair Value Measurements (continued)

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 Inputs that are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

d - Investments

The Organization reflects investments in marketable securities at fair value in the statement of financial position, except for certain limited partnerships and investment funds which are reported at cost. Interest, dividends, and gains and losses on investments are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Gains and other investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in unrestricted net assets if the restrictions are met in the same fiscal year in which the gains and other investment income are recognized.

Investments are measured at fair value on a recurring basis. Investments with fair values that are based on quoted market prices in active markets are classified within Level 1.

Investments that trade in markets that are not considered to be active, but are valued using other observable inputs are classified within Level 2.

Alternative investments, which do not have readily determinable fair values, are reported based upon the underlying net asset value per share or its equivalent, which is estimated at fair value by the fund manager or general partner in a manner consistent with accounting principles generally accepted in the United States for investment companies. The Organization reviews and evaluates the values provided by the fund managers and general partners and agrees with the valuation methods and assumptions used in determining the net asset values of these investments. These estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed.

The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

e - Contributions and Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectable promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

f - Inventory

The Organization's inventory consists primarily of books and apparel and is stated at the lower of cost, as determined by the average cost method, or market.

g - Property and Equipment

Purchased property and equipment acquired are recorded at cost and are depreciated using the straight-line method over the estimated useful life of the related asset. Leasehold improvements are depreciated over the term of the lease. Expenditures paid for the maintenance of or improvements to the High Line are not capitalized due to the Organization's status as a non-owner licensee.

h - Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

The Organization presents information related to its operations separately from information related to the Campaign for the High Line (the "Campaign"). Operations include the regular, recurring revenues and expenses from managing, maintaining, and providing programming on the High Line. The Campaign includes fundraising for direct costs related to the construction and renovation of the High Line, and to establish endowments (donor-restricted and board designated) to provide for the ongoing operations and maintenance of the High Line.

i - Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

j - Functional Allocation of Expenses

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and the supporting services in reasonable ratios determined by management.

k - Tax Status

Friends of the High Line, Inc. is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

l - Subsequent Events

The Organization has evaluated subsequent events through April 27, 2016, the date that the financial statements are considered available to be issued.

m - Prior Year Information

For comparability, certain 2014 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2015.

n - New Accounting Pronouncements

In May 2015, the FASB issued Accounting Standards Update ASU No. 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)* which amends disclosure requirements of Accounting Standards Codification Topic 820, Fair Value Measurement, for reporting entities that measure the fair value of an investment using the net asset value per share (or its equivalent) as a practical expedient. The amendments remove 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 also remove the requirements 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. The ASU is effective for the fiscal years beginning after December 15, 2016, with early application permitted. The Organization elected to adopt ASU 2015-07 as of December 31, 2015. Where appropriate, disclosures related to 2014 have been adjusted following the early adoption of the ASU 2015-07.

Note 2 - Net Assets

a - Unrestricted

Board Designated Operating Reserve

The Organization maintains an operating reserve with a minimum balance requirement of \$3,000,000. At December 31, 2015, the balance of the reserve totaled \$5,268,680.

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 2 - Net Assets (continued)

a - Unrestricted (continued)

Board Designated for Future Periods and Purposes

In 2015, the Organization received a \$5,000,000 gift from the estate of a donor. The Organization's Board designated \$4,400,000 of the funds received towards the Campaign for the High Line and \$600,000 towards future operating periods and purposes.

Campaign for the High Line

Campaign for the High Line net assets include unrestricted funds raised through a campaign to provide for the direct costs related to the construction and renovation of the High Line, and to establish board designated endowment funds to support the ongoing operations and maintenance of the High Line.

In 2011, the Organization established the Board Designated High Line Fund to sustain the park's long-term maintenance and operations. For 2015, \$575,736 was appropriated to operations pursuant to the Organization's spending policy (Note 7). At December 31, 2015, the balance of this Fund was \$29,724,766.

b - Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following future periods and programs:

	<u>2015</u>	<u>2014</u>
Campaign		
Unconditional promises to give restricted to future periods	\$36,513,214	\$42,181,683
Allowance for uncollectible amounts	(5,000,000)	(5,000,000)
Less: Discount to present value	<u>(9,899,325)</u>	<u>(10,386,042)</u>
	21,613,889	26,795,641
Accumulated investment earnings – permanently restricted endowments	<u>118,647</u>	<u>149,588</u>
Sub-total - Campaign	<u>21,732,536</u>	<u>26,945,229</u>
Programs and Operations		
Future periods	4,581,621	4,274,668
Art program	200,625	67,875
Horticulture, history and design programs	100,000	160,000
Education and other programs	189,653	219,762
Community outreach and development	175,000	-
Elevator maintenance	12,500	18,750
Volunteer programs	-	4,762
	<u>5,259,399</u>	<u>4,745,817</u>
Allowance for uncollectible amounts	(90,000)	(90,000)
Less: Discount to present value	<u>(1,772,510)</u>	<u>(1,802,989)</u>
Sub-total - Programs and Operations	<u>3,396,889</u>	<u>2,852,828</u>
	<u>\$25,129,425</u>	<u>\$29,798,057</u>

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 2 - Net Assets (continued)

c - Permanently Restricted Net Assets

Permanently restricted net assets include contributions restricted by the donors for the following endowments:

1. Endowment for Sustainability - to support the operations of the High Line including, but not limited to, horticulture, maintenance, visitor services, public programs, public art commissions, and school and youth programs.	\$1,876,000
2. Horticultural and Stewardship Fund - to support the horticultural care and general maintenance of the public park on the High Line.	2,500,000
3. Public Programs Fund - to support public programs on the park, including the High Line teen job program, school field trips and public art projects.	<u>806,139</u>
	<u>\$5,182,139</u>

Note 3 - Unconditional Promises to Give

Unconditional promises to give are expected to be collected as follows:

	<u>2015</u>	<u>2014</u>
Due in less than one year	\$ 6,730,086	\$12,189,120
Due in one to five years	6,567,875	6,689,860
Due in six to forty five years	<u>28,668,320</u>	<u>29,206,320</u>
	41,966,281	48,085,300
Less: Discount to net present value	(11,671,835)	(12,193,909)
Less: Valuation allowance	<u>(5,090,000)</u>	<u>(5,090,000)</u>
	<u>\$25,204,446</u>	<u>\$30,801,391</u>

Unconditional promises to give due after one year are reflected at present value of estimated future cash flows using a discount rate of 3%.

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 4 - Investments

The following summarizes investments at December 31:

	<u>2015</u>		<u>2014</u>	
	<u>Cost Basis</u>	<u>Fair Value</u>	<u>Cost Basis</u>	<u>Fair Value</u>
Money market funds and cash held for investment	\$ 2,062,537	\$ 2,062,537	\$ 2,024,260	\$ 2,024,260
Mutual Funds and Exchange Traded Funds:				
Equity funds	16,123,338	16,293,027	9,951,627	10,954,307
Fixed income funds	33,583,712	33,286,822	12,158,414	12,095,952
Real estate fund	1,063,755	1,130,279	558,649	711,693
Exchange traded commodities fund	-	-	600,600	437,285
Diversified strategies-balanced funds	3,060,277	2,835,294	3,236,522	3,207,939
Structured commodities notes	-	-	200,000	113,440
Corporate bonds	3,238,486	3,211,795	2,768,926	2,755,216
Mortgage backed securities	723,868	725,443	753,357	757,784
Alternative Investments:				
Cash in transit	-	-	4,275,000	4,275,000
Hedge funds	4,875,000	4,820,248	3,860,000	4,233,832
Private equity funds	<u>1,248,456</u>	<u>1,511,098</u>	<u>529,920</u>	<u>581,196</u>
	<u>\$65,979,429</u>	<u>\$65,876,543</u>	<u>\$40,917,275</u>	<u>\$42,147,904</u>

The following summarizes investments at December 31, by the levels within the fair value hierarchy used to measure their respective fair values:

	<u>2015</u>			
	<u>Fair Value</u>	<u>Level 1 (Quoted Prices In Active Markets for Identical Assets)</u>	<u>Level 2 (Quoted Reasonably Available Observable Inputs)</u>	<u>Level 3 (Significant Unobservable Inputs)</u>
Money market funds and cash held for investment	\$ 2,062,537	\$ 2,062,537	\$ -	\$ -
Mutual Funds and Exchange Traded Funds:				
Equity funds	16,293,027	16,293,027	-	-
Fixed income funds	33,286,822	33,286,822	-	-
Real estate fund	1,130,279	1,130,279	-	-
Diversified strategies-balanced funds	2,835,294	2,835,294	-	-
Corporate bonds	3,211,795	-	3,211,795	-
Mortgage backed securities	<u>725,443</u>	<u>-</u>	<u>725,443</u>	<u>-</u>
	59,545,197	<u>\$55,607,959</u>	<u>\$3,937,238</u>	<u>\$ -</u>
Alternative investments measured at net asset value	<u>6,331,346</u>			
	<u>\$65,876,543</u>			

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 4 - Investments (continued)

	2014			
	Fair Value	Level 1 (Quoted Prices In Active Markets for Identical Assets)	Level 2 (Quoted Reasonably Available Observable Inputs)	Level 3 (Significant Unobservable Inputs)
Money market funds and cash held for investment	\$ 2,024,258	\$ 2,024,258	\$ -	\$ -
Mutual Funds and Exchange Traded Funds:				
Equity funds	10,954,307	10,954,307	-	-
Fixed income funds	12,095,952	12,095,952	-	-
Real estate fund	711,693	711,693	-	-
Exchange traded commodities fund	437,285	437,285	-	-
Diversified strategies-balanced funds	3,207,939	3,207,939	-	-
Structured commodities notes	113,440	-	-	113,440
Corporate bonds	2,755,216	-	2,755,216	-
Mortgage backed securities	<u>757,784</u>	<u>-</u>	<u>757,784</u>	<u>-</u>
	33,057,874	<u>\$29,431,434</u>	<u>\$3,513,000</u>	<u>\$113,440</u>
Alternative investments measured at net asset value	<u>9,090,028</u>			
	<u>\$42,147,902</u>			

The Organization's investments included structured notes, which are debt obligations that contain embedded derivative components with characteristics that adjust the security's risk/return profile. The valuation of a structured note is based on the value of its component parts. These parts will normally have a valuation that can be readily verified by the market prices of the underlying assets.

Net investment income for 2015 and 2014 is summarized as follows:

	2015	2014
Interest and dividends	\$ 801,314	\$600,459
Realized gain on sale of investments	176,284	426,086
Unrealized loss on investments	(1,325,489)	(390,896)
Investment management fees	<u>(135,179)</u>	<u>(79,518)</u>
Net Investment Income (Loss)	<u>\$ (483,070)</u>	<u>\$ 556,131</u>

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 4 - Investments (continued)

The following summarizes changes in fair value of the Organization's Level 3 Structured Commodities Notes investments for 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$113,440	\$206,620
Sales	(113,485)	-
Realized gain	45	-
Unrealized loss	<u>-</u>	<u>(93,180)</u>
Balance, End of Year	<u>\$ -</u>	<u>\$113,440</u>

At December 31, 2014, cash in transit represented amounts transferred to nine hedge funds for investment as of January 1, 2015. In 2015, the Organization redeemed \$4,245,910 invested in a single hedge fund of funds.

The investments included in the Organization's investment portfolio, valued using the net asset value, are redeemable based on the following terms and conditions as of December 31, 2015:

Hedge Funds

Maturity with 7 days' notice	\$ 514,651
Maturity, redemption notice given for April 30, 2016 redemption	684,034
Maturity with 65 days' notice	785,856
Quarterly with 45-65 days' notice	1,350,801
Quarterly with 45 days' notice, subject to lockup through July 31, 2016	321,957
Quarterly with 45 days' notice, subject to lockup through December 31, 2016	693,531
Annual with 95 days' notice	<u>469,418</u>
	4,820,248

Private Equity Funds

No opportunity for redemption; only distributions made at fund's discretion	<u>1,511,098</u>
	<u>\$6,331,346</u>

The following are descriptions of the investment strategies of these investments:

Hedge Funds

These funds invest in equity, fixed income, and derivative investments and vary their investment strategies in response to changing market opportunities.

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 4 - Investments (continued)

Private Equity Funds

These funds employ buyout and venture capital strategies, with a particular focus on purchase, improvement and development of companies not traded on a stock exchange.

Based on information provided by the investment fund managers, management expects that the investment horizon of the nonredeemable private equity funds will be ten years or more.

At December 31, 2015, the Organization had outstanding commitments to invest in private equity funds in the amount of \$1,781,476.

Note 5 - Property and Equipment

Property and equipment consist of the following at December 31:

	<u>Life</u>	<u>2015</u>	<u>2014</u>
Computer equipment	3-5 years	\$ 62,182	\$ 62,182
Equipment and furniture	3-5 years	450,884	450,884
Website	3-5 years	322,150	239,400
Software	3 years	161,868	57,793
High Line machinery and equipment	5 years	<u>289,161</u>	<u>223,577</u>
		1,286,245	1,033,836
Less: Accumulated depreciation		<u>(518,095)</u>	<u>(322,631)</u>
		<u>\$ 768,150</u>	<u>\$ 711,205</u>

Depreciation expense for the years ended December 31, 2015 and 2014 was \$195,464 and \$201,613, respectively.

Note 6 - Donated Services

The Organization received the following donated services and materials:

	<u>2015</u>	<u>2014</u>
Legal fees	\$529,178	\$382,067
Direct benefit and other event expenses	65,900	147,600
Art space rental	<u>-</u>	<u>40,000</u>
	<u>\$595,078</u>	<u>\$569,667</u>

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 7 - Endowment Funds

The Organization's endowment consists of the donor-restricted funds described in Note 2c and the Board Designated High Line Fund. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Consistent with New York State Not-for-Profit Corporation Law, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of any applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization.

Balances in endowment funds for the years ended December 31, 2015 and 2014 are summarized as follows:

	2015			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board designated endowment	\$29,724,766	\$ -	\$ -	\$29,724,766
Donor-restricted endowment	<u>(110,648)</u>	<u>118,647</u>	<u>5,097,139</u>	<u>5,105,138</u>
Endowment Funds, End of Year	<u>\$29,614,118</u>	<u>\$118,647</u>	<u>\$5,097,139</u>	<u>\$34,829,904</u>

	2014			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board designated endowment	\$26,305,200	\$ -	\$ -	\$26,305,200
Donor-restricted endowment	<u>-</u>	<u>149,588</u>	<u>3,214,000</u>	<u>3,363,588</u>
Endowment Funds, End of Year	<u>\$26,305,200</u>	<u>\$149,588</u>	<u>\$3,214,000</u>	<u>\$29,668,788</u>

In addition to the above invested funds, permanently restricted endowment pledges receivable at December 31, 2015 and 2014 totaled \$85,000 and \$1,142,121, respectively.

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 7 - Endowment Funds (continued)

Changes in endowment funds for the years ended December 31, 2015 and 2014 are summarized as follows:

	2015			Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowment funds, beginning of year	\$26,305,200	\$149,588	\$ 3,214,000	\$29,668,788
Net investment loss	(515,346)	(30,941)	-	(546,287)
Transfer to fund endowment	4,400,000	-	-	4,400,000
Transfer to fund operations	(575,736)	-	-	(575,736)
Contributions	-	-	<u>1,883,139</u>	<u>1,883,139</u>
Endowment Funds, End of Year	<u>\$29,614,118</u>	<u>\$118,647</u>	<u>\$5,097,139</u>	<u>\$34,829,904</u>

	2014			Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowment funds, beginning of year	\$20,666,471	\$118,837	\$ 1,575,666	\$22,360,974
Net investment income	424,676	30,751	-	455,427
Transfer to fund endowment	5,536,666	-	-	5,536,666
Transfer to fund operations	(322,613)	-	-	(322,613)
Contributions	-	-	<u>1,638,334</u>	<u>1,638,334</u>
Endowment Funds, End of Year	<u>\$26,305,200</u>	<u>\$149,588</u>	<u>\$3,214,000</u>	<u>\$29,668,788</u>

Endowment assets include board-designated funds raised through the Campaign for the High Line and donor-restricted funds that the Organization must hold in perpetuity. Under its endowment investment policy, as approved by the Organization's Finance Committee, endowment assets are invested in a manner that is intended to achieve a favorable long-term portfolio-wide target rate of return of 5% in real terms by taking a balanced approach to investing, while limiting significant exposure to risk. The Organization's investment objectives are to safeguard its assets and preserve the real purchasing power of its assets while earning investment returns that are commensurate with its risk tolerance and sufficient to meet its operational requirements.

The investment instruments that will be utilized to achieve the Organization's investments strategy are a conservatively-managed mix of money market instruments, bonds, stocks, and alternative investments including, but not limited to, commodities, currencies, hedge funds, direct real estate, and private equity funds. In order to preserve its purchasing power the Organization aims to seek returns on its investments that are in excess of the rate of inflation, taking into consideration its spending policy. It seeks to achieve growth in its assets in excess of inflation by emphasizing long-term investment fundamentals in structuring its investments. It also seeks to control risk and reduce the volatility in its portfolio through diversification.

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 7 - Endowment Funds (continued)

The Organization's spending policy is consistent with its investment objective of achieving real growth on its long-term assets. In order to achieve such long-term growth, the market value used for the Organization's spending policy shall be based on the moving twelve quarter average ending market value of its long-term investments, through the third quarter of the prior fiscal year. The spending rate for the Board Designated High Line Fund shall be set at 4% of such market value or, if less, an amount needed to break even where revenues do not exceed expenses. For donor restricted funds, the spending rate for a fiscal year shall be determined annually by the Board of Directors based on market performance of the endowments and the Organization's needs for funding of operations supported by the endowments.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts. When donor endowment deficits exist, they are classified as a reduction of unrestricted net assets. Deficits of this nature reported in unrestricted net assets were \$110,648 as of December 31, 2015. These deficits resulted from unfavorable market fluctuations that occurred shortly after the investment of newly established endowments.

Note 8 - Agreements and Campaign Commitments

a - The Organization manages and maintains the High Line under the terms of a license agreement with the New York City ("City") Department of Parks and Recreation ("Parks") that expires on February 23, 2021, unless terminated sooner by Parks, and may be renewed at the discretion of Parks for two successive five year periods. The license agreement also provides for the use and occupancy of a newly constructed maintenance and operations facility, which the Organization moved its staff into in January 2014. The facility is owned by The City of New York, which provides occupancy to the Organization at no cost. The LEED building is situated adjacent to the southern end of the park and is designed to have direct access to the High Line, and to allow access to public restrooms and an elevator, as well as vehicular access for maintenance vehicles. The building includes a number of public functions, including a public elevator, restrooms, and a meeting room that can be used for public programs.

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 8 - Agreements and Campaign Commitments (continued)

a - (continued)

The Organization is responsible for maintaining and repairing the High Line by raising funds from private sources to support more than 98% of the public park's annual budget for staffing and day-to-day maintenance and operations, and for conducting public programming and outreach to cultivate a community around the park. The City of New York is responsible for maintaining the steel and concrete bridge structure, for any repairs arising from structural defects or from defects in construction of the High Line, and for providing security and utilities for the High Line. In 2014, the Organization was responsible for 10% of the cost of security staff. The obligation increased to 40% for 2015. In 2016, the Organization will be responsible for the full cost of approximately \$300,000 per annum.

Beginning January 2014, and for the term of the agreement, the Organization must spend annually a minimum of \$4 million (the "Base Amount") with respect to maintenance, repairs, programming, landscaping, and the renovation and rehabilitation of the facilities on the High Line. Beginning in 2018, the Base Amount will increase annually by the greater of 2.5% or the change in the Consumer Price Index ("CPI") from the previous twelve-month period ending October 31, up to a maximum of 4%.

The Organization is required to account for separately all revenues derived from activities on the High Line, including horticulture, education, athletic, maintenance, recreation, tours, food, products, programs and concerts, which are required to be expended solely for operating, managing, maintaining and improving the High Line. As more fully described in the agreement, the Organization is also subject to various reporting and other requirements.

b - In December 2013, the Organization amended its February 2011 license agreement with Parks for the operation and maintenance of food and beverage concessions at High Line locations. The license agreement has a ten-year term, renewable for a subsequent ten-year term, and provides for earlier termination in the event of termination of the license agreement for the maintenance and operation of the High Line (Note 8a). Under the agreement, the Organization is permitted to operate cafes or other food service establishments, and to enter into sublicense agreements for their operation under a transparent competition process. The agreement also permits the Organization to hold or license a limited number of special events on the High Line. Should annual revenues derived from food and beverage concessions, the sale of merchandise, and special events exceed High Line operation and maintenance costs, such excess revenue shall be paid to the City to fund its operation and maintenance obligations.

No amounts were due to the City in 2015 or 2014, per the terms of the amended agreement.

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 8 - Agreements and Campaign Commitments (continued)

- c - Under its concession agreement with Parks (Note 8b), the Organization was responsible for the costs of constructing the core and shell of a restaurant at Gansevoort Plaza. Construction was completed in 2014, with costs totaling \$3.9 million.

The Organization entered into a sublicense agreement with a company (the "Operator") to fit out, furnish, operate, maintain and manage the restaurant and outdoor seating area. The sublicense term is for ten years, which commenced in December 2014, and has a renewal option for an additional five year period. The agreement provides for an annual sublicense fee, based on a percentage of the Operator's gross receipts, subject to a fixed dollar minimum of \$500,000, increased annually by 3%. The restaurant opened to the public in January of 2015.

- d - Capital funding allocations and commitments of approximately \$112,200,000 from the City of New York, \$20,700,000 from Federal sources, \$200,000 from New York State, and \$6,889,000 from private developer contributions, totaling \$139,989,000, have been made towards the total estimated project cost of Sections 1 and 2 of \$153,000,000. These amounts are not included in the Organization's net assets because they directly funded the construction costs and are not the Organization's assets.
- e - The total cost of Phases 1 and 2 of the construction of Section 3 of the High Line is estimated to be \$65 - \$70 million. Friends of the High Line has committed to raise \$25 - \$30 million in funding from private philanthropic contributions as part of its Campaign for the High Line. The City of New York has dedicated a total of \$11 million in funding. As part of the development of Hudson Yards, Related Companies and Oxford Properties Group contributed \$29.2 million in funding toward the construction of the High Line at the Rail Yards, as well as additional funding for the park's ongoing maintenance. The amounts from the City and the Related Companies amounts are not included in the Organization's net assets because they directly fund the construction costs which are not the Organization's assets. Phases 1 and 2 are expected to be completed during 2016. Phase 3 of the construction of Section 3 will be a future project, the timing and scope of which have not yet been determined.
- f - In 2015, the Organization received a refund of unspent funds paid in a prior year to the City for construction of Section 3.
- g - As outlined in the City's 2011 rezoning of the Eastern Rail Yards, the developer of the Hudson Yards is required to make an annual payment to the City for the ordinary maintenance and repair of the High Line along 30th Street between 10th and 11th Avenue. In December of 2015, the City, acting through Parks, entered into an agreement with the developer of the Hudson Yards that allows the payment to be made directly to Friends of the High Line, the Organization maintaining and operating the High Line. The first annual payment was received in March of 2016 in the amount of \$514,383.

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 9 - Concentrations

- a - The Organization maintains its cash and cash equivalents at one financial institution located in New York, New York.
- b - In 2015, the Organization received approximately 51% of its contributions for the Campaign for the High Line from three donors. In 2014, the Organization received approximately 55% of its contributions for the Campaign for the High Line from four donors.

At December 31, 2015 and 2014, approximately 78% and 61%, respectively, of unconditional promises to give for the Campaign for the High Line represent amounts due from two donors.

Note 10 - Commitments

- a - During 2012, the Organization established a deferred compensation plan (under Section 457(b) of the Internal Revenue Code) for certain eligible employees. The assets of this plan remain the property of the Organization until distributed to the employee or their beneficiary at retirement or severance from employment. Total employer contributions under this plan for the years ended December 31, 2015 and 2014 were \$25,083 and \$34,500, respectively. As of December 31, assets of \$130,121 (2015) and \$107,649 (2014) are included in the Organization's investments, and a liability in the same amount is included in the accompanying statement of financial position.
- b - The Organization maintains a 403(b) defined contribution pension plan for all eligible employees, who may elect to make voluntary contributions. In 2015, the Organization made a discretionary contribution equal to one percent of annual base compensation for those employees qualified under the plan. Total employer contributions under the plan for the year ended December 31, 2015 were \$46,280.
- c - The Organization entered into an employment contract with an officer which provides for annual base salary and incentive compensation through June 2019. In the event the Organization terminates employment without cause, severance compensation would be due in an amount of up to one year salary.
- d - The Organization is involved in various claims and legal actions arising in the ordinary course of business. Management believes that the ultimate disposition of these matters will not have a material adverse effect on the Organization's financial condition. The City and Parks have agreed to indemnify and hold harmless the Organization from and against any and all liabilities, obligations, damages and expenses arising from maintenance obligations and other activities conducted on the High Line or the maintenance and operations facility.

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 11 - Prior Period Adjustment

Net assets as of December 31, 2014 have been restated for the following:

	<u>Operations</u>	<u>Campaign</u>		<u>Total</u>
	<u>Unrestricted</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	
To reclassify operating expenses charged to Campaign	\$(168,830)	\$168,830	\$ -	\$ -
To adjust for pledge not previously recorded	<u>-</u>	<u>-</u>	<u>952,627</u>	<u>952,627</u>
	<u>\$(168,830)</u>	<u>\$168,830</u>	<u>\$952,627</u>	<u>\$952,627</u>

Note 12 - Related Party Transaction

During the years ended December 31, 2015 and 2014, the Organization paid \$30,000 and \$392,300, respectively, to a company owned by a Board member for rentals and expenses related to special events.

SUPPLEMENTARY INFORMATION



LUTZ AND CARR
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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of
Friends of the High Line, Inc.

We have audited the financial statements of Friends of the High Line, Inc. as of and for the year ended December 31, 2015, and our report thereon dated April 27, 2016, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended December 31, 2015 with comparative totals for 2014 is presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lutz + Carr, LLP

New York, New York
April 27, 2016

FRIENDS OF THE HIGH LINE, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2015 WITH COMPARATIVE TOTALS FOR 2014

	Program Services			Supporting Services			2015	2014
	High Line Planning and Construction	High Line Operations	Programming and Education	Management and General	Fundraising	Campaign for the High Line	Total Expenses	Total Expenses
Salaries, payroll taxes and employee benefits	\$ 554,351	\$3,703,143	\$ 1,444,402	\$ 1,044,768	\$ 1,318,064	\$ 404,534	\$ 8,469,262	\$ 7,850,400
Professional fees and consulting (Note 6)	16,345	356,453	90,507	202,986	362,582	146,284	1,175,157	1,167,047
Legal fees (Note 6)	105,836	159,804	52,918	217,578	52,926	-	589,062	407,612
Audit and accounting fees	-	-	-	38,944	-	-	38,944	41,420
Contract labor, stipends and honoraria	-	3,000	22,927	22,673	12,219	560	61,379	68,020
High Line direct costs - construction, renovations and maintenance	1,422,700	-	-	-	-	-	1,422,700	3,322,854
Printing and publications	2,829	113,265	27,386	10,582	216,087	2,578	372,727	436,852
Postage and shipping	2,067	36,052	9,674	6,676	93,211	1,717	149,397	210,262
Repairs, maintenance and equipment rental	1,041	378,754	15,054	3,125	3,253	390	401,617	399,592
Security	-	153,411	-	-	1,250	1,490	156,151	36,413
NYC Parks concessions share	-	-	-	-	-	-	-	682
Other expenses	51	2,879	11,004	30,393	17,814	36,828	98,969	66,782
Occupancy	2,086	47,671	18,768	6,260	15,675	3,727	94,187	209,483
Art production (Note 6)	-	-	403,810	-	-	-	403,810	427,260
Supplies	8,326	252,966	120,216	30,871	97,063	10,070	519,512	447,893
Travel and meetings	2,299	24,749	21,938	32,572	10,713	4,688	96,959	68,982
Catering and other event expenses (Note 6)	-	13,833	58,968	43,173	28,492	140,706	285,172	401,776
Insurance	2,955	47,294	24,067	8,869	10,324	1,612	95,121	90,300
Telephone and internet	2,434	46,179	9,171	7,597	7,605	911	73,897	99,918
Licenses, permits and fees	-	6,371	216	7,600	175	4,550	18,912	29,442
Credit card and other processing fees	-	42,934	582	29,341	46,509	113	119,479	90,706
Staff development and certifications	-	11,344	1,679	41,081	-	68	54,172	34,100
Total expenses before depreciation and amortization	2,123,320	5,400,102	2,333,287	1,785,089	2,293,962	760,826	14,696,586	15,907,796
Depreciation and amortization	7,491	80,500	58,773	22,486	23,409	2,805	195,464	210,813
Total Expenses, 2015	<u>\$ 2,130,811</u>	<u>\$5,480,602</u>	<u>\$ 2,392,060</u>	<u>\$ 1,807,575</u>	<u>\$ 2,317,371</u>	<u>\$ 763,631</u>	<u>\$14,892,050</u>	
Total Expenses, 2014	<u>\$ 4,311,919</u>	<u>\$4,644,758</u>	<u>\$ 2,216,094</u>	<u>\$ 1,688,326</u>	<u>\$ 2,383,373</u>	<u>\$ 874,139</u>		<u>\$16,118,609</u>

See independent auditors' report on supplementary information.