

FRIENDS OF THE HIGH LINE, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2016

FRIENDS OF THE HIGH LINE, INC.

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6-21
Supplementary Information	
Independent Auditors' Report on Supplementary Information	23
Schedule of Functional Expenses	24



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, 2016, 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, 2016, 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 2015 financial statements, and our report dated April 27, 2016, 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, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Lutz + Carr, LLP

New York, New York
April 24, 2017

FRIENDS OF THE HIGH LINE, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016 WITH COMPARATIVE TOTALS FOR 2015

	2016									2015		
	Operations			Campaign for the High Line						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	Total			
Assets												
Cash and cash equivalents (Notes 1b and 9a)	\$ 2,176,464	\$ 1,913,111	\$ 4,089,575	\$ 1,178,337	\$ -	\$ -	\$ 577,000	\$ 1,755,337	\$ 5,844,912	\$ 1,706,018	\$ 3,871,431	\$ 5,577,449
Unconditional promises to give (Notes 1e, 3 and 9c)												
Unrestricted	709,760	-	709,760	-	-	-	-	-	709,760	412,166	-	412,166
Restricted to future programs and periods	-	4,850,537	4,850,537	-	-	18,714,283	-	18,714,283	23,564,820	3,093,391	21,613,889	24,707,280
Restricted to endowments	-	-	-	-	-	-	1,500	1,500	1,500	-	85,000	85,000
Accounts receivable and other current assets	410,227	-	410,227	18,550	-	-	-	18,550	428,777	417,294	-	417,294
Accrued interest receivable	7,051	-	7,051	23,165	26,708	20,565	-	70,438	77,489	5,179	60,067	65,246
Inventory (Note 1f)	256,499	-	256,499	-	-	-	-	-	256,499	469,912	-	469,912
Investments (Notes 1c, 1d and 4)	4,881,902	-	4,881,902	26,514,042	34,974,348	277,423	5,202,139	66,967,952	71,849,854	5,403,881	60,472,662	65,876,543
Property and equipment, at cost (net of accumulated depreciation) (Notes 1g and 5)	652,479	-	652,479	-	-	-	-	-	652,479	768,150	-	768,150
Security deposits	-	-	-	-	-	-	-	-	-	9,343	-	9,343
Total Assets	\$ 9,094,382	\$ 6,763,648	\$15,858,030	\$27,734,094	\$35,001,056	\$19,012,271	\$ 5,780,639	\$87,528,060	\$103,386,090	\$12,285,334	\$86,103,049	\$98,388,383
Liabilities and Net Assets												
Liabilities												
Accounts payable and accrued expenses	\$ 835,503	\$ -	\$ 835,503	\$ 129,999	\$ -	\$ -	\$ -	\$ 129,999	\$ 965,502	\$ 736,680	\$ 104,083	\$ 840,763
Construction and renovation costs payable	-	-	-	340,533	-	-	-	340,533	340,533	-	400,687	400,687
Deferred compensation plan liability (Note 10a)	154,808	-	154,808	-	-	-	-	-	154,808	130,121	-	130,121
Refundable advances	522,141	-	522,141	-	-	-	-	-	522,141	72,520	-	72,520
Refundable deposits payable	26,500	-	26,500	-	-	-	-	-	26,500	16,500	-	16,500
Total Liabilities	1,538,952	-	1,538,952	470,532	-	-	-	470,532	2,009,484	955,821	504,770	1,460,591
Commitments (Notes 8 and 10)												
Net Assets												
Unrestricted (Note 2a)												
Operating	2,428,368	-	2,428,368	-	-	-	-	-	2,428,368	2,063,944	-	2,063,944
Board designated operating reserve	4,727,062	-	4,727,062	-	-	-	-	-	4,727,062	5,268,680	-	5,268,680
Board designated for future periods and purposes	400,000	-	400,000	-	-	-	-	-	400,000	600,000	-	600,000
Campaign for the High Line - Board Designated High Line Fund	-	-	-	-	35,001,056	-	-	35,001,056	35,001,056	-	29,724,766	29,724,766
Campaign for the High Line - other	-	-	-	27,263,562	-	-	-	27,263,562	27,263,562	-	28,958,838	28,958,838
Temporarily restricted (Note 2b)												
Operations	-	6,763,648	6,763,648	-	-	-	-	-	6,763,648	3,396,889	-	3,396,889
Campaign for the High Line	-	-	-	-	-	19,012,271	-	19,012,271	19,012,271	-	21,732,536	21,732,536
Permanently restricted (Notes 2c and 7)	-	-	-	-	-	-	5,780,639	5,780,639	5,780,639	-	5,182,139	5,182,139
Total Net Assets	7,555,430	6,763,648	14,319,078	27,263,562	35,001,056	19,012,271	5,780,639	87,057,528	101,376,606	11,329,513	85,598,279	96,927,792
Total Liabilities and Net Assets	\$ 9,094,382	\$ 6,763,648	\$15,858,030	\$27,734,094	\$35,001,056	\$19,012,271	\$ 5,780,639	\$87,528,060	\$103,386,090	\$12,285,334	\$86,103,049	\$98,388,383

See notes to financial statements.

FRIENDS OF THE HIGH LINE, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016 WITH COMPARATIVE TOTALS FOR 2015

	2016								2015			
	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				
Changes in Net Assets												
Revenues and Other Support												
Contributions (Notes 1e and 9b)	\$ 4,158,329	\$ 4,147,282	\$ 8,305,611	\$ 212,974	\$ -	\$ 711,619	\$ 598,500	\$ 1,523,093	\$ 9,828,704	\$ 4,949,247	\$ 4,445,235	\$9,394,482
Benefit income	4,983,688	-	4,983,688	-	-	-	-	-	4,983,688	4,653,990	-	4,653,990
Less: Direct benefit expense (Note 6)	(1,088,965)	-	(1,088,965)	-	-	-	-	-	(1,088,965)	(993,693)	-	(993,693)
Donated services (Note 6)	406,386	-	406,386	-	-	-	-	-	406,386	595,078	-	595,078
Investment income (loss) (Note 4)	67,376	-	67,376	412,592	1,876,290	179,341	-	2,468,223	2,535,599	11,437	(494,507)	(483,070)
Sublicensing restaurant income (Note 8c)	1,046,508	-	1,046,508	-	-	-	-	-	1,046,508	1,040,381	-	1,040,381
Sublicensing concessions income	347,719	-	347,719	-	-	-	-	-	347,719	372,216	-	372,216
Facility and venue rentals	1,606,500	-	1,606,500	-	-	-	-	-	1,606,500	448,500	-	448,500
Merchandise sales, net of cost of goods sold \$534,768 (2016) and \$552,731 (2015)	642,606	-	642,606	-	-	-	-	-	642,606	741,880	-	741,880
Field trips and walking tours	55,015	-	55,015	-	-	-	-	-	55,015	43,384	-	43,384
Repairs, maintenance and improvement funding (Notes 8g and 8h)	428,653	-	428,653	78,954	-	-	-	78,954	507,607	-	-	-
Other revenue	56,938	-	56,938	-	-	-	-	-	56,938	110,997	-	110,997
	<u>12,710,753</u>	<u>4,147,282</u>	<u>16,858,035</u>	<u>704,520</u>	<u>1,876,290</u>	<u>890,960</u>	<u>598,500</u>	<u>4,070,270</u>	<u>20,928,305</u>	<u>11,973,417</u>	<u>3,950,728</u>	<u>15,924,145</u>
Net assets released from restrictions												
Satisfaction of operating program and period restrictions (\$928,154 in 2015)	1,087,477	(1,087,477)	-	-	-	-	-	-	-	-	-	-
Satisfaction of period restrictions on campaign pledges (\$7,309,469 in 2015)	-	-	-	3,611,225	-	(3,611,225)	-	-	-	-	-	-
Board designation of contribution to Operations (Note 2a)	200,000	-	200,000	-	-	-	-	-	200,000	-	-	-
Appropriations for use in operations	-	-	-	-	-	-	-	-	-	575,736	(575,736)	-
Total Revenues and Other Support	<u>13,998,230</u>	<u>3,059,805</u>	<u>17,058,035</u>	<u>4,315,745</u>	<u>1,876,290</u>	<u>(2,720,265)</u>	<u>598,500</u>	<u>4,070,270</u>	<u>21,128,305</u>	<u>12,549,153</u>	<u>3,374,992</u>	<u>15,924,145</u>
Expenses (Note 11)												
Program Services												
High Line planning and construction	133,100	-	133,100	3,044,725	-	-	-	3,044,725	3,177,825	215,537	1,915,274	2,130,811
High Line operations	6,372,180	-	6,372,180	-	-	-	-	-	6,372,180	5,480,602	-	5,480,602
Programming and education	2,680,368	-	2,680,368	-	-	-	-	-	2,680,368	2,392,060	-	2,392,060
Total Program Services	<u>9,185,648</u>	<u>-</u>	<u>9,185,648</u>	<u>3,044,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,044,725</u>	<u>12,230,373</u>	<u>8,088,199</u>	<u>1,915,274</u>	<u>10,003,473</u>
Supporting Services												
Management and general	1,543,417	-	1,543,417	-	-	-	-	-	1,543,417	1,807,575	-	1,807,575
Fundraising	2,437,606	-	2,437,606	-	-	-	-	-	2,437,606	2,317,371	-	2,317,371
Campaign for the High Line fundraising	8,753	-	8,753	566,296	-	-	-	566,296	575,049	21,951	741,680	763,631
Total Supporting Services	<u>3,989,776</u>	<u>-</u>	<u>3,989,776</u>	<u>566,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>566,296</u>	<u>4,556,072</u>	<u>4,146,897</u>	<u>741,680</u>	<u>4,888,577</u>
Total Expenses	<u>13,175,424</u>	<u>-</u>	<u>13,175,424</u>	<u>3,611,021</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,611,021</u>	<u>16,786,445</u>	<u>12,235,096</u>	<u>2,656,954</u>	<u>14,892,050</u>
Increase (Decrease) in Net Assets Before Non-Operating Activity (carried forward)	<u>822,806</u>	<u>3,059,805</u>	<u>3,882,611</u>	<u>704,724</u>	<u>1,876,290</u>	<u>(2,720,265)</u>	<u>598,500</u>	<u>459,249</u>	<u>4,341,860</u>	<u>314,057</u>	<u>718,038</u>	<u>1,032,095</u>

See notes to financial statements.

FRIENDS OF THE HIGH LINE, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016 WITH COMPARATIVE TOTALS FOR 2015

	2016									2015		
	Operations			Campaign for the High Line						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	Total			
Increase (Decrease) in Net Assets Before Non-Operating Activity (brought forward)	\$ 822,806	\$ 3,059,805	\$ 3,882,611	\$ 704,724	\$ 1,876,290	\$ (2,720,265)	\$ 598,500	\$ 459,249	\$ 4,341,860	\$ 314,057	\$ 718,038	\$ 1,032,095
Non-Operating Activity												
Contribution (Note 2a)	-	-	-	-	-	-	-	-	-	5,000,000	-	5,000,000
Fiscal sponsorship contributions (Note 8i)	48,500	306,954	355,454	-	-	-	-	-	355,454	-	-	-
Fiscal sponsorship disbursements (Note 8i)	(48,500)	-	(48,500)	-	-	-	-	-	(48,500)	-	-	-
Board designation of contribution to Operations (Note 2a)	(200,000)	-	(200,000)	-	-	-	-	-	(200,000)	-	-	-
Board designation of contribution to Campaign for the High Line (Note 2a)	-	-	-	-	-	-	-	-	-	(4,400,000)	4,400,000	-
Transfers to fund Board Designated High Line Fund	(1,000,000)	-	(1,000,000)	(2,400,000)	3,400,000	-	-	1,000,000	-	-	-	-
Reimbursement of capital funds (Note 8f)	-	-	-	-	-	-	-	-	-	-	2,500,000	2,500,000
Increase (decrease) in unrestricted net assets	(377,194)	-	-	(1,695,276)	5,276,290	-	-	-	-	369,996	12,004,713	12,374,709
Increase (decrease) in temporarily restricted net assets	-	3,366,759	-	-	-	(2,720,265)	-	-	-	544,061	(5,212,693)	(4,668,632)
Increase in permanently restricted net assets	-	-	-	-	-	-	598,500	-	-	-	826,018	826,018
Increase (decrease) in net assets	(377,194)	3,366,759	2,989,565	(1,695,276)	5,276,290	(2,720,265)	598,500	1,459,249	4,448,814	914,057	7,618,038	8,532,095
Net assets, beginning 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
Net Assets, End of Year	\$ 7,555,430	\$ 6,763,648	\$14,319,078	\$27,263,562	\$35,001,056	\$19,012,271	\$ 5,780,639	\$87,057,528	\$101,376,606	\$11,329,513	\$85,598,279	\$96,927,792

See notes to financial statements.

FRIENDS OF THE HIGH LINE, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2016 WITH COMPARATIVE TOTALS FOR 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 4,448,814	\$ 8,532,095
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	271,432	195,464
Realized (gain) loss on investments	525,563	(176,284)
Unrealized (gain) loss on investments	(2,102,505)	1,325,489
Donated securities	(1,077,880)	(703,103)
Endowment contributions	(598,500)	(826,018)
(Increase) decrease in:		
Unconditional promises to give	844,866	4,536,945
Accounts receivable and other current assets	(11,483)	(247,961)
Accrued interest receivable	(12,243)	(31,873)
Inventory	213,413	(1,256)
Security deposits	9,343	2,383
Increase (decrease) in:		
Accounts payable and accrued expenses	124,739	240,047
Construction and renovation costs payable	(60,154)	(188,815)
Deferred compensation plan liability	24,687	22,472
Refundable advances	449,621	(2,480)
Refundable deposits payable	10,000	13,500
Net Cash Provided By Operating Activities	<u>3,059,713</u>	<u>12,690,605</u>
Cash Flows From Investing Activities		
Endowment contributions received	682,000	1,886,018
Purchase of investments	(17,026,483)	(39,737,507)
Proceeds from sale of investments	13,707,994	15,562,766
Purchase of property and equipment	(155,761)	(252,409)
Net Cash Used By Investing Activities	<u>(2,792,250)</u>	<u>(22,541,132)</u>
Net increase (decrease) in cash and cash equivalents	267,463	(9,850,527)
Cash and cash equivalents, beginning of year	<u>5,577,449</u>	<u>15,427,976</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,844,912</u>	<u>\$ 5,577,449</u>

See notes to financial statements.

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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, 2016

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, 2016

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, 2016

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 24, 2017, the date that the financial statements are considered available to be issued.

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, 2016, the balance of the reserve totaled \$4,727,062.

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. As of December 31, 2016, \$400,000 remains designated towards future operating periods.

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. After more than thirteen years, the Campaign for the High Line was closed in February 2016.

In 2011, the Organization established the Board Designated High Line Fund to sustain the park's long-term maintenance and operations. For 2016, no funds were appropriated to operations pursuant to the Organization's spending policy (Note 7). At December 31, 2016, the balance of this Fund was \$35,001,056.

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 2 - Net Assets (continued)

b - Temporarily Restricted Net Assets

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

	<u>2016</u>	<u>2015</u>
Campaign		
Unconditional promises to give restricted to future periods	\$32,901,987	\$36,513,214
Allowance for uncollectible amounts	(5,000,000)	(5,000,000)
Less: Discount to present value	<u>(9,187,704)</u>	<u>(9,899,325)</u>
	18,714,283	21,613,889
Accumulated investment earnings – permanently restricted endowments	<u>297,988</u>	<u>118,647</u>
Sub-total - Campaign	<u>19,012,271</u>	<u>21,732,536</u>
Programs and Operations		
Future periods	4,180,252	4,581,621
Maintenance and operations	1,500,000	-
Art program	969,906	200,625
Horticulture, history and design programs	700,000	100,000
Fiscal sponsorship – Mile Long Opera	306,954	-
Internship program	250,000	-
Education and other programs	277,643	189,653
High Line Network	216,253	-
Community outreach and development	115,177	175,000
Equity training	93,000	-
Elevator maintenance	<u>6,250</u>	<u>12,500</u>
	8,615,435	5,259,399
Allowance for uncollectible amounts	(90,000)	(90,000)
Less: Discount to present value	<u>(1,761,787)</u>	<u>(1,772,510)</u>
Sub-total - Programs and Operations	<u>6,763,648</u>	<u>3,396,889</u>
	<u>\$25,775,919</u>	<u>\$25,129,425</u>

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.	\$1,897,500
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>1,383,139</u>
	<u>\$5,780,639</u>

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 3 - Unconditional Promises to Give

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

	<u>2016</u>	<u>2015</u>
Due in less than one year	\$ 6,993,919	\$ 6,730,086
Due in one to five years	5,018,334	6,567,875
Due in six to forty-four years	<u>28,303,320</u>	<u>28,668,320</u>
	40,315,573	41,966,281
Less: Discount to net present value	(10,949,493)	(11,671,835)
Less: Valuation allowance	<u>(5,090,000)</u>	<u>(5,090,000)</u>
	<u>\$24,276,080</u>	<u>\$25,204,446</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%.

Note 4 - Investments

The following summarizes investments at December 31:

	<u>2016</u>		<u>2015</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	\$ 2,606,656	\$ 2,606,656	\$ 2,062,537	\$ 2,062,537
Mutual Funds and Exchange Traded Funds:				
Equity funds	17,061,640	18,798,149	16,123,338	16,293,027
Fixed income funds	34,903,598	34,808,475	33,583,712	33,286,822
Real estate fund	2,173,159	2,228,895	1,063,755	1,130,279
Diversified strategies-balanced funds	3,470,508	3,304,593	3,060,277	2,835,294
Corporate bonds	2,685,144	2,684,823	3,238,486	3,211,795
Mortgage backed securities	552,131	550,584	723,868	725,443
Alternative Investments:				
Hedge funds	4,698,764	4,715,947	4,875,000	4,820,248
Private equity funds	<u>1,694,272</u>	<u>2,151,732</u>	<u>1,248,456</u>	<u>1,511,098</u>
	<u>\$69,845,872</u>	<u>\$71,849,854</u>	<u>\$65,979,429</u>	<u>\$65,876,543</u>

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 4 - Investments (continued)

Net investment income for 2016 and 2015 is summarized as follows:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$1,056,614	\$ 801,314
Realized gain (loss) on sale of investments	(525,563)	176,284
Unrealized gain (loss) on investments	2,102,505	(1,325,489)
Investment management fees	<u>(97,957)</u>	<u>(135,179)</u>
Net Investment Income (Loss)	<u>\$2,535,599</u>	<u>\$ (483,070)</u>

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, 2016:

Hedge Funds

Maturity with 7 days' notice	\$ 482,841
Maturity with 65 days' notice	748,918
Quarterly with 45 - 95 days' notice	2,132,357
Quarterly with 50 days' notice, subject to lockup through July 29, 2017	325,572
Quarterly with 65 days' notice, subject to lockup through May 31, 2017	473,199
Annual with 95 days' notice	484,296
Redeemed in 2016, proceeds expected in mid-June 2017	<u>68,764</u>
	4,715,947

Private Equity Funds

No opportunity for redemption, distributions only made at fund's discretion	<u>2,151,732</u>
	<u>\$6,867,679</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.

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, 2016, the Organization had outstanding commitments to invest in private equity funds in the amount of \$1,343,495.

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 5 - Property and Equipment

Property and equipment consist of the following at December 31:

	<u>Life</u>	<u>2016</u>	<u>2015</u>
Computer equipment	3-5 years	\$ 62,182	\$ 62,182
Equipment and furniture	3-5 years	498,962	450,884
Website	3-5 years	256,678	322,150
Software	3 years	202,568	161,868
High Line machinery and equipment	5 years	<u>331,366</u>	<u>289,161</u>
		1,351,756	1,286,245
Less: Accumulated depreciation		<u>(699,277)</u>	<u>(518,095)</u>
		<u>\$ 652,479</u>	<u>\$ 768,150</u>

Depreciation expense for the years ended December 31, 2016 and 2015 was \$271,432 and \$195,464, respectively.

Note 6 - Donated Services

The Organization received the following donated services and materials:

	<u>2016</u>	<u>2015</u>
Legal fees	\$306,049	\$529,178
Direct benefit and other event expenses	<u>100,337</u>	<u>65,900</u>
	<u>\$406,386</u>	<u>\$595,078</u>

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.

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 7 - Endowment Funds (continued)

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, 2016 and 2015 are summarized as follows:

	2016			Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Board designated endowment	\$35,001,056	\$ -	\$ -	\$35,001,056
Donor-restricted endowment	<u>-</u>	<u>297,988</u>	<u>5,202,139</u>	<u>5,500,127</u>
Endowment Funds, End of Year	<u>\$35,001,056</u>	<u>\$297,988</u>	<u>\$5,202,139</u>	<u>\$40,501,183</u>

	2015			Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</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>

In addition to the above invested funds, permanently restricted cash at December 31, 2016 totaled \$577,000, and permanently restricted endowment pledges receivable at December 31, 2016 and 2015 totaled \$1,500 and \$85,000, respectively.

Changes in endowment funds for the years ended December 31, 2016 and 2015 are summarized as follows:

	2016			Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowment funds, beginning of year	\$29,614,118	\$118,647	\$ 5,097,139	\$34,829,904
Net investment income	1,986,938	179,341	-	2,166,279
Transfer to fund endowment	3,400,000	-	-	3,400,000
Contributions	<u>-</u>	<u>-</u>	<u>105,000</u>	<u>105,000</u>
Endowment Funds, End of Year	<u>\$35,001,056</u>	<u>\$297,988</u>	<u>\$5,202,139</u>	<u>\$40,501,183</u>

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 7 - Endowment Funds (continued)

	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 income	(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>

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.

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.

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 7 - Endowment Funds (continued)

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. There was no such deficit as of December 31, 2016.

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.

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 2015, the Organization was responsible for 40% of the cost of security staff. As of 2016, the Organization is 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%.

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 8 - Agreements and Campaign Commitments (continued)

a - (continued)

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 2016 or 2015, per the terms of the amended agreement.

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.

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 8 - Agreements and Campaign Commitments (continued)

- 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. Phase 1 was completed in 2014. Phase 2 is expected to be completed during 2018. 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 \$514,383 and was received in March 2016, \$428,653 of which was recognized as revenue in 2016, with the balance deferred to 2017. The second annual payment was received in March 2017 for \$528,188.
- h - As outlined in the City's Special West Chelsea Zoning Resolution, developers with lots under the High Line between West 15th Street and 19th Streets can purchase additional floor area for their development from the City. Additionally, lots near the High Line between 19th Street and 30th Street may purchase additional floor area from the City to be transferred to a development site nearby. These funds are placed into an escrow account maintained by the City, and can be used solely for improvements to the High Line at the discretion of the Chairperson of the City Planning Commission. As of December 31, 2016, developers from several neighboring projects have contributed approximately \$17 million into the account. In 2016, the Organization incurred and requested reimbursement of expenses from the account totaling \$78,954.

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 8 - Agreements and Campaign Commitments (continued)

- i - In August 2016, the Organization entered into a fiscal sponsorship agreement for a future program to be conducted on the High Line. To defray the administrative cost of acting as fiscal sponsor, the Organization assesses a fee of 3% - 5% on each sponsorship gift received. Contributions that the grantee has yet to request disbursement for are recorded as temporarily restricted by the Organization.

In 2016, the Organization received a \$250,000 conditional grant through the fiscal sponsorship that was contingent on the grantee reaching \$750,000 in additional commitments restricted towards that future program. As of December 31, 2016, the condition had not been met, and as such is not recognized on these financial statements.

Note 9 - Concentrations

- a - The Organization maintains its cash and cash equivalents at one financial institution located in New York, New York.
- b - In 2016, the Organization received approximately 35% of its contributions from three donors. In 2015, the Organization received approximately 45% of its contributions from two other donors.
- c - At December 31, 2016 and 2015, approximately 80% and 76%, respectively, of unconditional promises to give 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, 2016 and 2015 were \$18,000 and \$25,083, respectively. As of December 31, assets of \$154,808 (2016) and \$130,121 (2015) are included in the Organization's investments, and a liability in the same amount is included in the accompanying statement of financial position.

FRIENDS OF THE HIGH LINE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 10 - Commitments (continued)

- b - The Organization maintains a 403(b) defined contribution pension plan for all eligible employees, who may elect to make voluntary contributions. In 2016, the Organization made a discretionary contribution equal to three percent of annual base compensation for those employees qualified under the plan. Total employer contributions under the plan for the year ended December 31, 2016 were \$150,302.
- 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.

Note 11 - Related Party Transaction

During the years ended December 31, 2016 and 2015, the Organization paid \$168,910 and \$30,000, respectively, to a company owned by a Board member for rentals and expenses related to special events.

SUPPLEMENTARY INFORMATION



LUTZ AND CARR
CERTIFIED PUBLIC ACCOUNTANTS, LLP
300 EAST 42ND ST., NEW YORK, NY 10017
212-697-2299 Fax 212-949-1768

**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, 2016, and our report thereon dated April 24, 2017, 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, 2016 with comparative totals for 2015 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 24, 2017

FRIENDS OF THE HIGH LINE, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016 WITH COMPARATIVE TOTALS FOR 2015

	Program Services			Supporting Services			2016	2015
	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	\$ 698,498	\$4,375,690	\$ 1,429,678	\$ 1,078,661	\$ 1,398,870	\$ 186,819	\$ 9,168,216	\$ 8,469,262
Professional fees and consulting	12,145	398,932	136,411	52,952	371,875	213,792	1,186,107	1,175,157
Legal fees (Note 6)	61,210	93,993	36,005	104,958	30,605	-	326,771	589,062
Audit and accounting fees	-	-	-	46,169	-	-	46,169	38,944
Contract labor, stipends and honoraria	-	19,341	73,444	1,003	9,524	-	103,312	61,379
High Line direct costs - construction, renovations and maintenance	2,368,052	-	-	-	-	-	2,368,052	1,422,700
Printing and publications	3,179	106,958	29,693	6,279	239,291	5,612	391,012	372,727
Postage and shipping	2,534	32,648	5,918	4,492	72,491	764	118,847	149,397
Repairs, maintenance and equipment rental	1,006	416,188	2,808	2,012	2,613	105	424,732	401,617
Security	-	274,244	5,862	-	15,821	861	296,788	156,151
Other expenses	-	-	18,059	22,212	18,153	350	58,774	98,969
Occupancy	415	47,364	17,385	830	12,173	1,123	79,290	94,187
Art production	-	-	538,946	-	-	-	538,946	403,810
Supplies	15,134	264,448	95,838	38,973	88,517	3,881	506,791	519,512
Travel and meetings	1,219	24,783	30,923	23,528	9,450	1,557	91,460	96,959
Catering and other event expenses (Note 6)	80	24,233	157,040	51,790	52,730	158,511	444,384	285,172
Insurance	3,526	28,648	20,236	7,053	9,444	619	69,526	95,121
Telephone and internet	2,742	54,740	10,512	5,485	7,138	285	80,902	73,897
Licenses, permits and fees	-	2,617	7,185	3,384	-	-	13,186	18,912
Credit card and other processing fees	-	33,778	9,289	26,918	48,463	-	118,448	119,479
Staff development and certifications	678	22,493	9,231	50,103	795	-	83,300	54,172
Total expenses before depreciation and amortization	3,170,418	6,221,098	2,634,463	1,526,802	2,387,953	574,279	16,515,013	14,696,586
Depreciation and amortization	7,407	151,082	45,905	16,615	49,653	770	271,432	195,464
Total Expenses, 2016	<u>\$ 3,177,825</u>	<u>\$6,372,180</u>	<u>\$ 2,680,368</u>	<u>\$ 1,543,417</u>	<u>\$ 2,437,606</u>	<u>\$ 575,049</u>	<u>\$16,786,445</u>	
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>

See independent auditors' report on supplementary information.