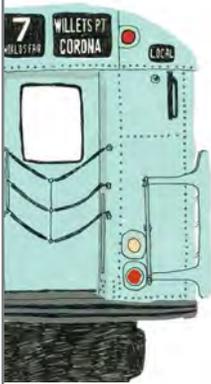




**FRIENDS OF THE**  
**NEW YORK TRANSIT MUSEUM**  
 2016 ANNUAL REPORT



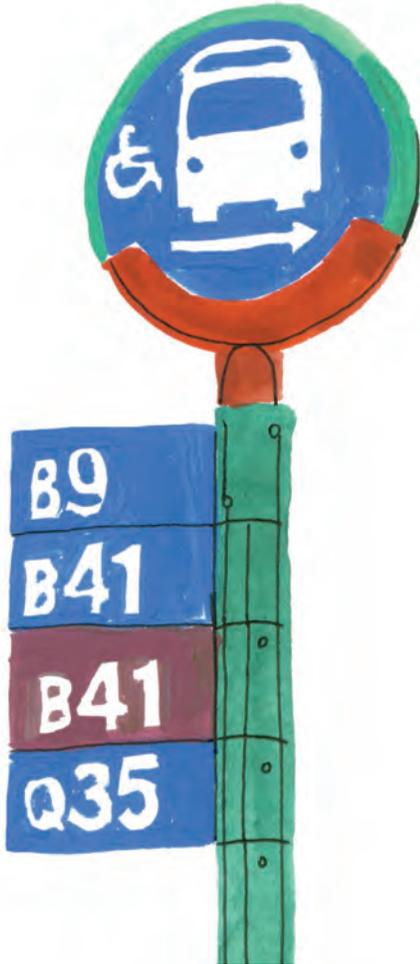
*40 Years Young!*



# MISSION

FOUNDED IN 1976, the New York Transit Museum is one of only a few museums in the world dedicated to telling the story of urban public transportation. The Museum collects, exhibits, interprets, and preserves the history, sociology, and technology of public transportation systems in the New York metropolitan region, and conducts research and educational programs that make its extensive collections accessible and meaningful to a broad audience.

Friends of the New York Transit Museum is a 501(c)3 not-for-profit organization chartered to support and effectuate the work of the New York Transit Museum. The New York Transit Museum is a self-supporting division of the Metropolitan Transportation Authority.



A budding bus driver fearlessly takes the helm in the Museum.



# NOTE from the CHAIR



**SUSAN GILBERT**  
Chair, Friends of the  
New York Transit Museum

BACK IN 1976, WHEN A TOKEN cost 50 cents, a handful of New York City Transit employees decided to create a Bicentennial exhibit to showcase New York’s public transportation system as one of the nation’s great engineering achievements. Using a decommissioned subway station, they brought in old subway cars, turnstiles, and even a motor truck still connected to a section of track complete with a (fortunately non-functional) third rail.

On Bicentennial Day July 4, 1976 the “New York City Transit Exhibit” opened; it was to stay open for six weeks. Forty years later, we’re still here!

Today, what has grown into the New York Transit Museum welcomes about half a million visitors a year to our subway station home in Brooklyn and the Museum’s Gallery Annex in Grand Central Terminal. Almost 25,000 of these visitors are schoolchildren, many with special needs. Our exhibitions and programs examine the history and impact of New

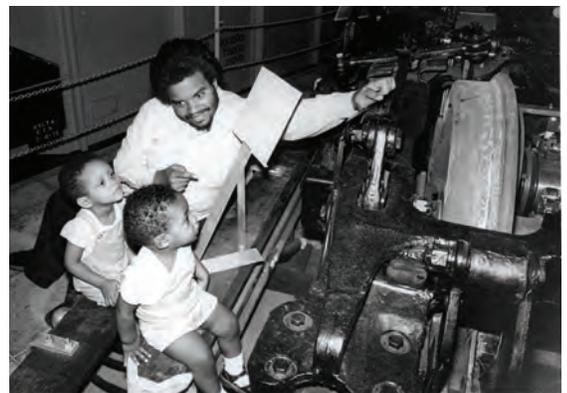
York’s subways, buses, railroads, bridges, and tunnels, showing how they shaped and continue to shape the city, the region, and our imaginations.

In many ways, 2016 was a milestone year for the Museum: Phase 1 of the Second Avenue Subway opened, adding a new chapter in New York’s transit history. We saw record visitation at our subway station home in Downtown Brooklyn, and record fundraising at our 40th Anniversary Gala. We were honored by an acknowledgment from First Lady Michelle Obama for our outstanding afterschool program for children with autism spectrum disorders.

That temporary exhibition sure has come a long way — and now, we are looking to the future. In January 2017, the Museum welcomed a new Director, Concetta Bencivenga. Under her leadership, I am confident that the Museum will continue to preserve, to grow, to educate, to enchant, and to give back to the communities we serve.

— SUSAN GILBERT

RIGHT: Entrance to the NYC Transit Exhibit on Boerum Place & Schermerhorn Street; tiny transit fans get a lesson on engineering; a busy New York Transit Exhibit store sells an assortment of “subway buff equipment & souvenirs”; an early visitor to the Exhibit passes through the turnstiles.



# 2016: THE NEW YORK TRANSIT MUSEUM'S 40TH ANNIVERSARY

IN 2016, WE JOYFULLY CELEBRATED our 40th anniversary with a dizzying array of events, programs, and exhibits. Visitors were invited to an early opening for cake, crafts, and dancing during **Party on Wheels**, played in the street and hopped aboard the vintage bus fleet at our **Block Party**, and were whisked away on vintage subway cars at Brighton Beach station during a **Parade of Trains**. Artist Julia Rothman's whimsical images depicting the Museum and its collection, **40 Years, 40 Objects** — appearing on the cover and throughout this report — could be seen on subway cars all around the city.



Young riders keep it cool at the 23rd Annual Bus Festival.

# EXHIBITIONS

FROM TOKYO SUBWAYS TO CONEY ISLAND STREETCARS, the Transit Museum introduced six exhibitions in 2016 that took a look at transit history both local and global — and showcased art inspired by everyday scenes found throughout New York City.



## TRANSIT ETIQUETTE or: How I Learned To Stop Spitting and Step Aside in 25 Languages

**NYTM Gallery Annex & Store at  
Grand Central Terminal  
March – October 2016**

Whether it's 1916, 1956, or 2016, and in Toronto, New York, or Tokyo, inappropriate behaviors seemingly ubiquitous to mass transit have remained remarkably consistent and have annoyed commuters throughout the world for more than a century. This exhibition explored the creative and engaging visuals and broad scope of humor that transit agencies in the U.S. and abroad have used to cajole and scold passengers into better behavior, including original "Subway Sun" posters.



## UNDERGROUND: Joan Iaconetti Watercolors

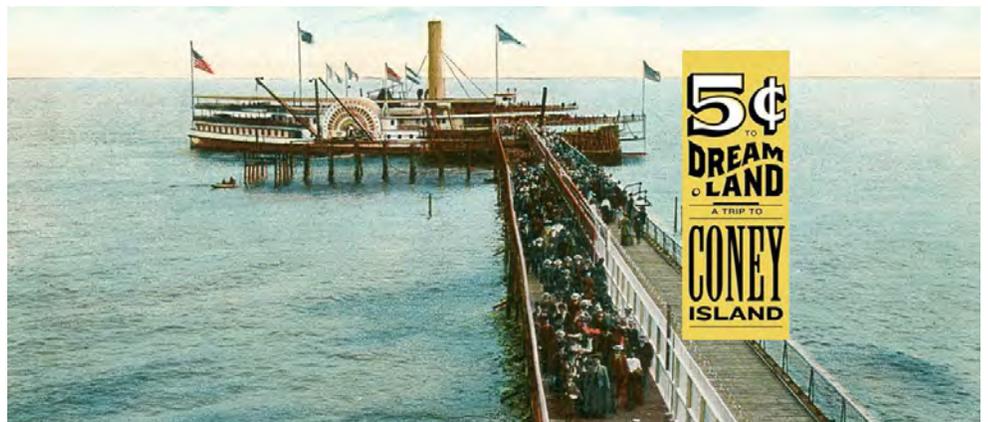
**NYTM Brooklyn  
May 2016 – January 2017**

*Underground: Joan Iaconetti Watercolors* featured 22 large-format paintings that imagine the New York City subway system as an underworld full of shadowed corners, dizzying angles, and ghost-like commuters.

## FIVE CENTS TO DREAMLAND: A Trip To Coney Island

**NYTM Brooklyn  
July 2016 – January 2017**

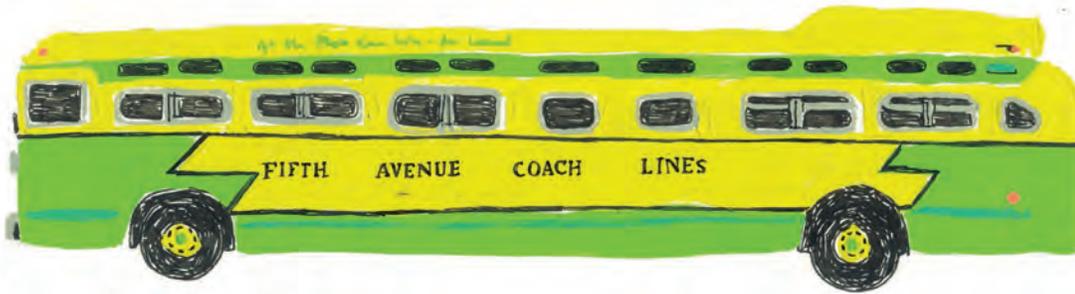
From horse-drawn streetcars, steamboats, and railroads, to the buses and subways of today, mass transportation has played a pivotal role in Coney Island's development. *Five Cents to Dreamland: A Trip to Coney Island* explored how transport to Coney Island has changed and developed with the times, propelling the Island's transformation from a retreat for the rich to the people's playground.



**40 YEARS, 40 OBJECTS:  
Paintings by Julia Rothman**

**NYTM Brooklyn  
June – September 2016**

*40 Years, 40 Objects* featured an assortment of original paintings by artist Julia Rothman depicting the Museum and its extensive collection for the celebration of our 40th anniversary.



**ART ON THE TRACKS: Teens  
Photograph the End of the Line**

**NYTM Brooklyn, October 2016**

Museum Educators led a four-session workshop in the spring for 9th-12th graders to hone photography fundamentals and self-expression. The group embarked on photography journeys near the “end of the line” for the 1 and 4 trains in the Bronx, the 7 train in Manhattan and Queens, and the F train in Brooklyn, culminating in an exhibition at the museum.

**15<sup>TH</sup> ANNUAL Grand Central  
Holiday Train Show**

**NYTM Gallery Annex and Store at  
Grand Central Terminal  
November 2016 – February 2017**

The annual Holiday Train Show was a great success once again! This year’s graphics featured images from Julia Rothman’s *40 Objects, 40 Years* series.





## EDUCATION

2016 MARKED THE LAUNCH of the **Erlitz Volunteer Program**, named after twin brothers and longtime Transit Museum volunteers John and Arthur Erlitz, which brought fresh faces to the Museum volunteer staff. Upwards of ten new and enthusiastic volunteers helped to lead our public tours of the Museum, off-site tours, and our ever-popular train simulator game on weekends.

The Museum also continued to expand its educational program offerings, with a renewed focus on serving older visitors, from middle schoolers to adults and seniors. Specialized programs on Immigration and Sustainability utilized the Museum's rich collections and archives in new ways, allowing visitors to make connections across history to the modern day and opening up conversations about topics that impact their daily lives.

In 2016, the Museum's educational programs were visited by **871 general education school groups**, **149 special needs school groups**, and **50 adult groups**, continuing its commitment to providing programming for a wide range of ages and abilities.



ABOVE: Two tiny straphangers examine a vintage map aboard an R-33 World's Fair subway car.



ABOVE: Students listen to a song in the Trolley and Bus Study Center during our Summer Camp program.



ABOVE: First Lady Michelle Obama presented Subway Sleuth Ian Aquino and Deputy Director Regina Asborn with the 2016 National Arts and Humanities Youth Program Award.

## ACCESS PROGRAMS

THE EDUCATION DEPARTMENT earned the Museum one of the highest honors for an arts and culture organization: the **2016 National Arts and Humanities Youth Program Award** for our afterschool program for children with autism spectrum disorders, Subway Sleuths. The award was presented to the Museum's Deputy Director, Regina Asborn, and Ian Aquino, a program participant, by **First Lady Michelle Obama** at a ceremony at the White House on November 15, 2016. Subway Sleuths is an afterschool program at the Museum for children living with ASD that uses their love of trains to help build social skills and foster connections with their peers under the guidance of trained facilitators. The exposure from the NAHYP award resulted in a slew of press attention for the Museum, including a *New York Times* article about the positive impact the program has had on Sleuths' lives.

As the first classes of our Subway Sleuths grow into adolescence, the Museum's program offerings for visitors with special needs grew as well. In 2016, the Education department piloted **Studio Underground**, an art-making workshop for teens with developmental disabilities, and expanded our **Day Hab Day** programs for adult groups from day habilitation centers. Former Sleuths and their families and teachers reconnected at a Subway Sleuths reunion, in the same space where they first met and shared their passion for transit.



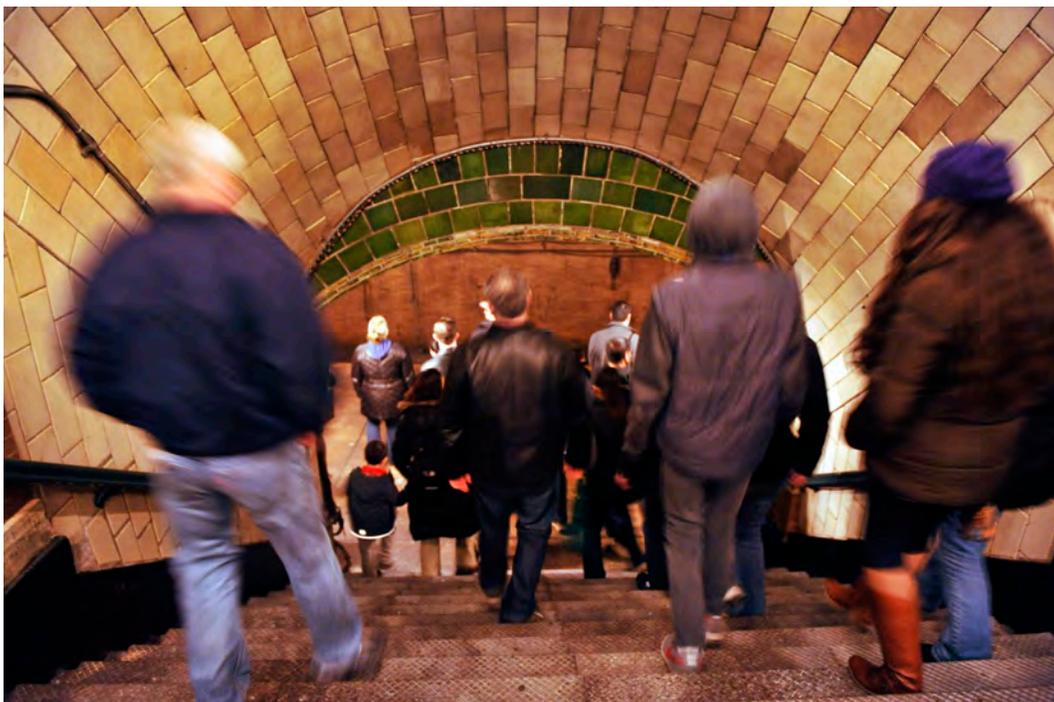
LEFT: Subway Sleuths gives kids with autism spectrum disorders a place where they can explore and make connections while enjoying the things they love.

# MEMBERSHIP

BY THE END OF 2016, the Transit Museum's membership roster swelled to a record **3,251 individual members!** Members continued to enjoy benefits such as free admission to our on-site public programs and advance registration on offsite excursions and tours. Exclusive members-only tours included **Behind the Scenes: Coney Island Overhaul Shop & Tower**, which gave visitors a peek into one of the largest overhaul and repair facilities in the world, and our perennially popular tour of **Old City Hall Station**. In April, August, and December, members were given first pick at these ever-popular excursions — many of which sold out within minutes.

This year also ushered in the beginning of our **Institutional Membership** program, a partnership between the Transit Museum and libraries throughout the region.

Partner institutions receive two loanable Family membership cards to the Museum, encouraging visitation from communities across the region. The year ended with 35 new library partners, including the Bellmore, Freeport, and White Plains Public Libraries. Total membership revenue for 2016 reached \$204,709, an increase of more than 5% from the previous year.



ABOVE: Members enjoy a hardhat tour of the Coney Island NYCT Transit Complex  
LEFT: Members embark on a tour of Old City Hall Station

# DEVELOPMENT

THE MUSEUM THREW a **Party On Wheels** for its birthday! More than 200 children and adults celebrated with us at our third annual family benefit on June 12, 2016. Guests enjoyed face painting, crafts, access to a real conductor's cab for a family photo booth, and especially special shuttle rides on a 1930s IND R 1-9 subway car from the Museum platform to Hoyt-Schermerhorn Station and back. The event finished with a great big birthday cake and a loop around the neighborhood aboard a vintage bus. It raised nearly **\$20,000** to support the Museum's education programs.

The Museum hosted its **40th Anniversary Gala** on October 20, 2016, honoring MTA New York City Transit President Veronique Hakim. After 20 years in Grand Central Terminal's Vanderbilt Hall, the event moved this year to the spectacular River Pavilion at the Jacob K. Javits Convention Center. More than 1,000 guests enjoyed a seated dinner and a view over the Hudson River, and the event raised a record-breaking **\$1.2 million**.



LEFT: Gala honoree and MTA New York City Transit President Veronique Hakim speaks at the 40th Anniversary Gala.



RIGHT: Partygoers pose in the R-33 conductor's cab during the Museum's Party on Wheels.



# ARCHIVES and COLLECTIONS

2016 SAW THE OFFICIAL OPENING of the **Gabrielle Shubert Research Center**, named in honor of the Museum's recently retired director who led the institution for 24 years. It is a brand-new 14,380 sq. foot environmentally controlled collection storage space in Sunset Park, Brooklyn that holds over 5,800 artifacts, approximately 25,000 architectural and engineering drawings, and 1,775 linear feet of archival documents, books, moving images, and institutional records – with room to grow.

In 2016 the Archives was also awarded a Local Government Records Management Improvement Fund Grant for \$49,896 to process a collection of **79,736 photographic materials** transferred to the Archives in 2015 from the New York City Transit (NYCT) Photographic Unit. The Collection documents NYCT facilities, operations, surface and rapid transit fleets, personnel and events from the 1970s through 2004.

The Archives also took in **53 donations and internal MTA transfers**. Highlights include the Manhattan Railway Financial Ledger from 1893-94, a collection of 2500 slides from the late photographer Ralph Curcio, hundreds of beautiful pencil sketches and architectural drawings of the transit system, Long Island Rail Road Real Estate records, and photographs of the Brooklyn Rapid Transit 58th Street Depot training school in 1917. The archives also obtained material highlighting the 40th Anniversary of the Museum, including a proposal for the original layout of the Transit Exhibit by architect Michael Herbstman, and a scrapbook made during the opening of the Transit Exhibit in 1976 from donor William Humphries.

In 2016 the Archives served **321 researchers** via email and phone, and had **57 on-site visits**. As the collection grew, the staff worked

hard to make more material accessible by adding **1,100 new cataloged records** into the museum's collection database, updating our digital online collection found at [nytransitmuseum.org/collections](http://nytransitmuseum.org/collections), and sharing collections on social media platforms such as Twitter, Facebook, and Instagram.



ABOVE: A sketch of the original proposal for the Transit Exhibit layout by architect Michael Herbstman, made in 1976.



ABOVE: The new Gabrielle Shubert Research Center at Sunset Park, Brooklyn houses nearly 6,000 artifacts for the Archives.

# PUBLIC PROGRAMS

THE TRANSIT MUSEUM'S unique public programs are beloved by many, and in 2016 we offered a wide assortment of events, tours, and excursions throughout the city.

Our 40th anniversary was the perfect opportunity for birthday celebrations! Adults and children alike were invited to play games and tour our vintage buses on Schermerhorn Street at our **Block Party**, and rode seven different types of historic subway and elevated train cars — including our Brooklyn Union elevated cars, 112 years young — at the **Parade of Trains** at Brighton Beach Station. At the **23rd Annual Bus Festival** on Boerum Place, we celebrated with scavenger hunts,

songs, and storytelling alongside costumed historical interpreters and vintage buses.

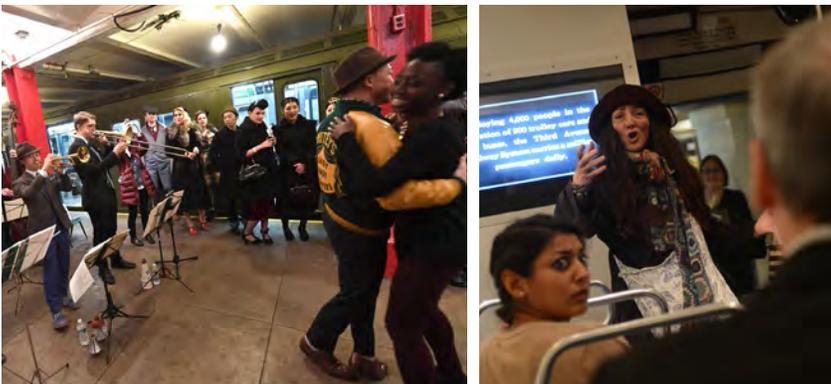
Public programming also provides a chance to use our unique museum space in unexpected ways, and nowhere was that more true than at **PLATFORM: Creative Musings on Mass Transit**. Artists and urban historians were invited to showcase their transit-related work at the Museum in this special after-hours event, and 2016's lineup brought together painters, dancers and actors for one wildly successful night that featured everything from a live painting session to a shadow puppet performance. Later in the year, nostalgic straphangers donned their best vintage clothes and danced the night away from 2nd Avenue to Downtown Brooklyn during **Subway Swing**.



ABOVE: Parents and kids alike climbed aboard our historic buses at our 40th Anniversary Block Party on Schermerhorn Street.



ABOVE: The Museum celebrated its 40th anniversary with the Parade of Trains at Brighton Beach Station; Passengers gaze at the passing scenery aboard a 1930s IND R 1-9 train car.



ABOVE: Dancers sway to live music on the Museum platform during Subway Swing; Transit riders discover unexpected connections at PLATFORM: Creative Musings on Mass Transit in CAUTION, THIS BUS KNEELS, STAND CLEAR, a play by Tony nominee Tina Howe.

# COMMUNICATIONS

IN MAY OF 2016, the Transit Museum launched its brand new and improved website: [www.nytransitmuseum.org](http://www.nytransitmuseum.org). The Museum's stylish new online home made it easier for visitors to learn about upcoming programs, purchase tickets to events, read about the Museum's exhibits, or simply get directions to our locations in Downtown Brooklyn and Grand Central Terminal. Our online presence at the year's end was stronger than ever, with a **15% increase in followers** on Twitter and a **77% increase** in followers on Facebook from 2015, while our new website averaged **over 90,000 monthly pageviews**.



## NEW YORK TRANSIT MUSEUM

VISIT PROGRAMS EXHIBITS & COLLECTIONS LEARN GIVE & JOIN ABOUT SHOP



### EXPLORE: VINTAGE SUBWAY & ELEVATED CARS

Explore our lower level platform featuring over 20 historic cars - some more than 100 years old!

[LEARN MORE](#)



#### ACCESS FOR ALL: DESIGNING EXPERIENCES FOR PEOPLE WITH AUTISM

Join us on May 1, 2017 to learn how your

#### BECOME A MEMBER

Membership is the best way to enjoy everything the Transit Museum has to offer! Museum members receive free or discounted access to exhibits, programs and special events.

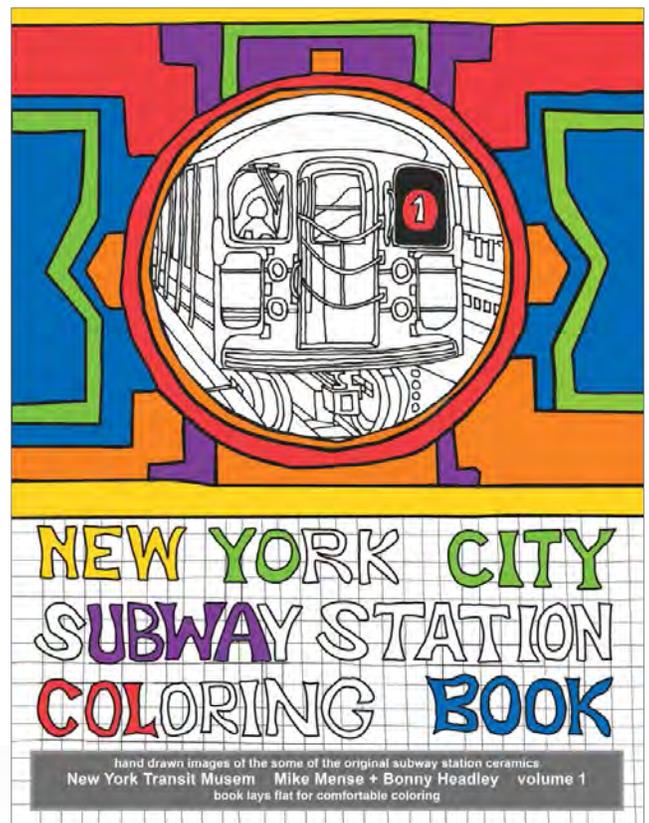
[READ MORE >](#)

# RETAIL

IN CONJUNCTION WITH THE **Transit Etiquette** exhibition, the Store developed an assortment of products using various **courtesy campaign slogans**. The products included tee shirts, postcards, mugs, magnets, coasters and mousepads. The most popular of these have been the “manspread” and “pole dancing” slogans. These two images generated sales of 500 postcards, 600 tee shirts, 470 mugs, 770 magnets and 85 mousepads! They’ve been so popular that we’ve continued to stock these images. As a result of the **Transit Etiquette** exhibit the Museum sold a total of **5,000 pieces** valued at **\$35,000**.

In conjunction with the 40th Anniversary celebration, the Retail department developed several products based on the artwork of **Julia Rothman’s 40 Years, 40 Objects** paintings. Ms. Rothman’s artwork has historically been quite popular in a variety of the Store’s products over the years and those chosen from the poster continued this trend

Capturing the increasing popularity of coloring books for all ages, the Store introduced a **New York City Subway Station Coloring Book**, highlighting various mosaics found within the NYC subway system. Introduced in mid-November for the 2016 Holiday season, the book has continued to sell well. To date, the Store has sold over **250 copies** with projections to sell more than 500 in 2017.



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Bob Breuer, *Education Volunteer*  
William Bullock, *Museum Educator/ Birthday Party Leader*  
Roberto Chavez, *Museum Educator*  
Christina Cuadrado, *Museum Educator*  
Robert Delmonico, *Education Volunteer*  
Max Diamond, *Education Volunteer*  
Polly Desjarlais, *Education Assistant*  
Marie Fazio, *Museum Educator*

Kristin Fields, *Education Coordinator*  
James Giovan, *Museum Educator*  
Meredith Gregory, *Special Education & Access Coordinator*  
Filip Jeremic, *Costumed Interpreter*  
Mike Kam, *Education Volunteer*  
Kate Lanceley, *Museum Educator*  
Robert W. Lobenstein,  
*Education Volunteer*  
Ramon Lugo, *Education Volunteer*  
Levan Maisuradze, *Museum Educator*  
Iveethe Molina, *Education Intern*  
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Frank Moscatelli, *Education Volunteer*  
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Christopher Harris & Helen Hoepfner  
Trey Hatch & Emily Hutters  
John B. Hobby  
Jennifer Holt & Holly Holt  
Kenneth LaCapria  
John Lamonica  
Sarah Landreth  
Stuart Leffler  
Pierre Lehmuller

Joseph & Tamra Lhota  
Michele & Jon Lindgren  
Eric & Beth Liou  
Mark Littman & Johnny Mendoza  
Longi Engineering D.P.C.  
Constantine Mandros  
Thomas E. Mark & Amyjane Rettew  
James & Anne Martin  
Beth & Matthew Mead  
Becky D. Mode & Chris Erikson  
Andrea Monfried & Mike Harshman  
James & Tynelle Morris  
Murtagh, Cohen & Byrne  
My Little Pizzeria  
Harish & Sarah Nataraj  
Elyse Newman & Ben Dolnick  
Eric & Mary Oszustowicz  
PBDW ARCHITECTS  
Catherine Petras  
David Pirmann  
Piz-zetta  
Alfredo S. Quintero  
Kurt Raschke  
Michael Reiff & Tatiana Simonova  
Leonard Resto & Les Wolff  
Robert Wood Johnson Foundation  
Janna Rosenberg & Michael Berger  
Safe Environment Business  
Solutions, Inc.  
Sahadi Importing  
Soonae Sakow  
Steven Schmidt  
Samuel Schwartz / Sam Schwartz  
Engineering  
Ruby Siegel  
Timothy S. Speer & Teresa Vanderboom  
Peter Straus & Lili C. Byers  
Karl & Marie Stricker  
Joseph & Anne Taranto  
Nicolas Tordjman & Tina Tordjman-Nebe  
Jennifer & Douglas Tsao  
Esme Usdan & James Snyder  
Dena & Thaddeus Verhoff  
Samuel G. & Elizabeth White  
William & Janice Win

# **Friends of the New York Transit Museum**

Financial Statements  
Together with Report of Independent  
Certified Public Accountants

December 31, 2016

**FRIENDS OF THE NEW YORK TRANSIT MUSEUM**

**INDEX TO FINANCIAL STATEMENTS**

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**To the Board of Trustees of  
Friends of the New York Transit Museum:**

**Report on the Financial Statements**

We have audited the accompanying statement of financial position of Friends of the New York Transit Museum (a not-for-profit organization) 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. The prior year summarized comparative information has been derived from the Friends of the New York Transit Museum's 2015 financial statements and, in our report dated April 29, 2016, we expressed an unqualified opinion on those 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 of material misstatement, whether due to fraud or error.

**Auditor's 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 auditor's 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 New York Transit Museum 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.

*Bencivenga Ward & Company, CPA's, P.C.*

**BENCIVENGA WARD & COMPANY, CPA's, P.C.**

Valhalla, New York

May 16, 2017

**FRIENDS OF THE NEW YORK TRANSIT MUSEUM**

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2016  
(WITH COMPARATIVE AMOUNTS FOR 2015)**

	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,129,759	\$ 1,049,119
Investments, at fair value	8,336,198	7,944,672
Grants and contributions receivable	97,557	74,200
Accrued interest and other receivables	60,896	51,572
Prepaid expenses	1,874	1,790
<hr/>		
<b>Total assets</b>	<b>9,626,284</b>	<b>9,121,353</b>
<hr/>		
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	69,591	53,195
Payable to related party	150,215	292,566
<hr/>		
<b>Total liabilities</b>	<b>219,806</b>	<b>345,761</b>
<hr/>		
<b>Net Assets</b>		
Unrestricted	9,132,349	8,565,881
Temporarily restricted	274,129	209,711
<hr/>		
<b>Total net assets</b>	<b>9,406,478</b>	<b>8,775,592</b>
<hr/>		
<b>Total liabilities and net assets</b>	<b>\$ 9,626,284</b>	<b>\$ 9,121,353</b>

The accompanying notes are an integral part of this statement.

**FRIENDS OF THE NEW YORK TRANSIT MUSEUM**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(WITH COMPARATIVE TOTALS FOR 2015)**

	2016			2015 Total
	Unrestricted	Temporarily Restricted	Total	
<b>Public Support and Revenues</b>				
Public Support-				
Annual Gala, net of direct expenses	\$ 712,551	\$ -	\$ 712,551	\$ 590,741
Membership dues	202,169		202,169	190,846
Grants and contributions	42,234	382,381	424,615	545,760
Net assets released from restrictions	317,963	(317,963)	-	-
Total public support	1,274,917	64,418	1,339,335	1,327,347
Revenues-				
Investment income, net of advisor fees	106,701		106,701	96,680
Realized and unrealized gains (losses) on investments, net	215,530		215,530	(95,189)
Other income	446,217		446,217	154,541
Total revenues	768,448	-	768,448	156,032
<b>Total support and revenues</b>	<b>2,043,365</b>	<b>64,418</b>	<b>2,107,783</b>	<b>1,483,379</b>
<b>Expenses</b>				
Program services-				
Curatorial and archival	236,133		236,133	187,069
Educational programs	509,436		509,436	474,789
Exhibits	182,423		182,423	506,928
Other	106,705		106,705	151,986
Total program services	1,034,697	-	1,034,697	1,320,772
Supporting services-				
Development	249,148		249,148	246,612
Management and general	193,052		193,052	167,953
Total supporting services	442,200	-	442,200	414,565
<b>Total expenses</b>	<b>1,476,897</b>	<b>-</b>	<b>1,476,897</b>	<b>1,735,337</b>
<b>Change in net assets</b>	<b>566,468</b>	<b>64,418</b>	<b>630,886</b>	<b>(251,958)</b>
<b>Net assets, beginning of year</b>	<b>8,565,881</b>	<b>209,711</b>	<b>8,775,592</b>	<b>9,027,550</b>
<b>Net assets, end of year</b>	<b>\$ 9,132,349</b>	<b>\$ 274,129</b>	<b>\$ 9,406,478</b>	<b>\$ 8,775,592</b>

The accompanying notes are an integral part of this statement.

**FRIENDS OF THE NEW YORK TRANSIT MUSEUM**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(WITH COMPARATIVE AMOUNTS FOR 2015)**

	<b>2016</b>	<b>2015</b>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 630,886	\$ (251,958)
<b>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities-</b>		
Realized and unrealized (gains) losses on investments	(215,530)	95,189
Changes in operating assets and liabilities-		
(Increase) decrease in grants and contributions receivable	(23,357)	228,250
(Increase) in accrued interest and other receivables	(9,324)	(23,753)
(Increase) decrease in prepaid expenses	(84)	14,810
Increase (decrease) in accounts payable and accrued liabilities	16,396	(14,630)
<b>Net cash provided by operating activities</b>	<b>398,987</b>	<b>47,908</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	3,771,168	3,259,948
Purchases of investments	(3,947,164)	(3,620,343)
<b>Net cash (used) by investing activities</b>	<b>(175,996)</b>	<b>(360,395)</b>
<b>Cash Flows From Financing Activities</b>		
(Decrease) increase in payable to related party	(142,351)	74,333
<b>Net cash provided (used) by financing activities</b>	<b>(142,351)</b>	<b>74,333</b>
<b>Net increase (decrease) in cash</b>	<b>80,640</b>	<b>(238,154)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,049,119</b>	<b>1,287,273</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,129,759</b>	<b>\$ 1,049,119</b>

The accompanying notes are an integral part of this statement.

## **1. ORGANIZATION**

Friends of the New York Transit Museum (“Friends” or “Organization”) is a not-for-profit organization operating exclusively for the benefit of the New York Transit Museum (the “Museum”), a division of the Metropolitan Transportation Authority (“MTA”), by promoting, raising funds and assisting the Museum in carrying out its mission. Friends also supports various Museum programs, such as records management, education, processing and cataloging historical records and photographs, guided tours and conducting various exhibits.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (“GAAP”) as applicable to not-for-profit organizations.

### **Tax Status**

Friends is exempt from federal income taxes under Section 501(a) of the United States Internal Revenue Code (the “Code”) as an organization described in Section 501(c)(3), and has been classified as an organization that is not a private foundation under Section 509(a) of the Code. Contributions to Friends are tax deductible within the limits prescribed by the Code. Friends is also exempt from state and local income taxes.

Friends has processes presently in place to ensure the maintenance of its tax exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has a nexus; and to review other matters that may be considered tax positions.

### **Income Taxes**

The Organization is subject to the provisions of the Financial Accounting Standards Board’s Accounting Standards Codification (“ASC”) Topic 740-10-05 relating to accounting and reporting for uncertainty in income taxes. This requires management to evaluate tax positions taken and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (“IRS”). Due to the Organization’s general not-for-profit status, management believes there are no tax positions that would have a material impact on its financial statements.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Due to the expiration of the statute of limitations, the Organization is no longer subject to income tax examinations for years prior to 2013.

### **Classification of Net Assets**

In accordance with provisions of Financial Accounting Standards Board (“FASB”), net assets, revenues, expenses, gains and losses are classified based upon the existence or absence of donor-imposed restrictions. Friend’s net assets and changes therein are classified and reported as follows:

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -(continued)**

### **Classification of Net Assets – (continued)**

#### **Unrestricted**

Unrestricted net assets represent those resources that are not subject to donor-imposed restrictions and are available for support of the operations of the Organization.

#### **Temporarily Restricted**

Temporarily restricted net assets represent those resources that are subject to donor-imposed stipulations that will be met either by satisfaction of program restrictions or the passage of time. At December 31, 2016, there were temporarily restricted net assets in the amount of \$274,129.

#### **Permanently Restricted**

Permanently restricted net assets represent those endowment-related assets that are subject to restrictions of gift instruments, which require that the principal be held in perpetuity and the income be used for such purposes, if any, as the donors may direct. At December 31, 2016, Friends did not have permanently restricted net assets.

### **Investments**

The Organization has an investment policy in compliance with the New York State Prudent Management of Institutional Funds Act (“NYPMIFA”). Investments in equity and fixed-income securities and mutual funds are reported at their fair values, based on quoted market prices at the published market closing prices at the Statement of Financial Position date.

Gains and losses on securities are determined by a comparison of specific costs at acquisition to proceeds at the time of disposal, or to the fair values at year end, and are reported in the accompanying Statement of Activities. Purchases and sales of securities are reflected on a trade-date basis. Dividend and interest income are recognized when earned.

Donated securities are recorded at their fair values at the dates of donation and are sold as expeditiously as possible, upon receipt.

### **Grants and Contributions**

The Organization records contributions of cash and other assets when received or when the unconditional promise to give such assets is received from the donor. Contributions are recorded at the fair value of the assets received and are classified as unrestricted, temporarily restricted or permanently restricted, based on the existence and/or nature of donor restrictions. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period in which they are received are reported as unrestricted support in the financial statements.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -(continued)**

### **Contributed Services**

Friends recognizes contributions of services which: create or enhance non-financial assets; require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. Contributed services and promises to give services that do not meet the above criteria are not recognized in the financial statements. There were no contributed services that met this criteria for the periods presented.

Individuals contribute freely of their time and talent in furtherance of the Organization's goals. The Organization has not recorded the value of these services in its financial statements since a clearly measurable basis for a determination of such a value does not exist.

### **Membership Dues**

Membership dues are recognized as revenue in the year received.

### **Functional Expenses**

The costs of providing various programs and supporting services have been summarized on a functional basis in the accompanying Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on analysis of personnel time and utilization for related activities.

The majority of Friends expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function are allocated to components of these services based on allocation factors determined by management.

### **Cash and Cash Equivalents**

The Organization considers all highly liquid investments, with maturities of three months or less when purchased, to be cash equivalents, except for cash held as part of the investment portfolio. Cash and cash equivalents are carried at cost, which approximates fair value.

### **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates. Significant estimates and assumptions include the valuation of contributions receivable and the allocation of expenses to functional classifications.

### **Fair Value Measurements**

As further described in Note 3, the Organization is subject to ASC Topic 820-10-05 relating to fair-value measurement. Accordingly, Friends reports a fair value measurement of all applicable financial assets and liabilities, including investments, grants and contributions receivable and payables.

### **Subsequent Events**

The Organization considers all accounting treatments, and the related disclosures in the current year's financial statements, that may be required as the result of all events or transactions that occur after year-end through the date of the audit report.

### **3. INVESTMENTS AND FAIR VALUE MEASUREMENTS**

ASC Topic 820-10-05 provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 - Valuations are based on observable inputs that reflect unadjusted quoted market prices in active markets for those investments, or similar investments, at the reporting date.

Level 2 - Valuations are based on: (i) quoted prices for those investments, or similar investments, in active markets, or (ii) quoted prices for those investments, or similar investments, in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. Level 2 assets include those investments that are redeemable at or near the balance-sheet date and for which a model was derived for valuation. If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Valuations are based on pricing inputs that are unobservable and include situations where: (i) there is little, if any, market activity for the investments, or (ii) the investments cannot be independently valued, or (iii) the investments cannot be immediately redeemed at or near year-end. Inputs are unobservable and reflect the Organization's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

#### **Assets and liabilities**

Cash and cash equivalents, grants, contributions, interest and other receivables, accounts payable and accrued liabilities, and payable to a related party have a carrying amount that is a reasonable estimate of fair value because of the short term maturity of these instruments.

#### **Investments**

Investments are reported at fair value in the Statement of Financial Position determined using Level 1 measurements as of December 31, 2016 and 2015:

**FRIENDS OF THE NEW YORK TRANSIT MUSEUM**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**3. INVESTMENTS AND FAIR VALUE MEASUREMENTS – (continued)**

	Fair Value Measurements			
	Significant Observable Inputs ( Level 1 )			
	December 31, 2016		December 31, 2015	
	Cost	Fair Value	Cost	Fair Value
Common Stocks	\$ 3,542,584	\$ 4,497,545	\$ 3,755,168	\$ 4,659,698
Government Securities-				
U.S. Treasury Notes and Bonds	1,408,989	1,388,359	985,965	994,202
Other Federal Agencies	1,099,130	1,094,711	1,022,297	1,031,170
Corporate Bonds	1,362,982	1,355,582	1,264,670	1,259,602
 Total Investments	 \$ 7,413,685	 \$ 8,336,198	 \$ 7,028,100	 \$ 7,944,672

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Friends believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investment income is reflected in the Statement of Activities net of advisor fees of \$79,707 and \$77,142 for the years ended December 31, 2016 and 2015, respectively.

**4. CASH AND CASH EQUIVALENTS**

The composition and fair value of cash and cash equivalents as of December 31, 2016 and 2015 are as follows:

	2016	2015
Cash in banks	\$ 816,761	\$ 663,701
Money market funds	312,998	385,418
	\$ 1,129,759	\$ 1,049,119

**5. CONCENTRATIONS OF CREDIT RISK AND UNCERTAINTIES**

The financial instruments that are exposed to concentrations of credit risk consist primarily of cash in banks, money market funds and investments. The Organization maintains cash accounts with banks located in New York State, which are insured by the FDIC up to \$250,000. The cash amount on deposit as of and during the year ended during December 31, 2016 exceeded the balance insured by the FDIC. Cash in money market funds are not Federal Deposit Insurance Corporation (“FDIC”) insured. Management does not believe it is exposed to any significant credit risk on cash and cash equivalents.

**FRIENDS OF THE NEW YORK TRANSIT MUSEUM**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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**5. CONCENTRATIONS OF CREDIT RISK AND UNCERTAINTIES – (continued)**

The Organization has significant investments in common stocks, government securities and corporate bonds and is, therefore, exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain securities, it is reasonably possible that changes in the values of these securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position.

**6. ANNUAL GALA**

Income from the Annual Gala is shown in the Statement of Activities net of direct costs for the years ended December 31, 2016 and 2015 as follows:

	<u>2016</u>	<u>2015</u>
Benefit Receipts	\$ 1,203,225	\$ 1,026,275
Less Direct Costs	(490,674)	(435,534)
Net Benefit Receipts	<u>\$ 712,551</u>	<u>\$ 590,741</u>

**7. TEMPORARILY RESTRICTED NET ASSETS**

As of December 31, 2016 and 2015, Friends had net assets restricted for the following programs and purposes:

	<u>2016</u>	<u>2015</u>
Museum Exhibits, Archival, General and Program Support	\$ 174,317	\$ 125,000
Museum Special Needs Programs	95,620	77,488
Museum Other Programs	4,192	7,223
Total Temporarily Restricted Net Assets	<u>\$ 274,129</u>	<u>\$ 209,711</u>

Net assets of \$317,963 were released from donor restrictions in 2016.

**8. RELATED PARTY AND CONTRIBUTED SERVICES**

The MTA has contributed administrative services, such as payroll, office facilities and the use of office equipment to Friends, which have not been reflected in the financial statements since they do not meet the criteria for recognition under the FASB. Balances due the MTA, which are shown as due to a related party in the Statement of Financial Position, relate to administrative services provided by Friends in connection with the retail operations of the Museum. The Organization is related to the Museum through common administrators.

**9. NEW ACCOUNTING PRONOUNCEMENT**

In August 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 will amend financial statement presentations and disclosures, with the goal of assisting not-for-profit entities in providing more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expense categorizations, (iv) liquidity and availability of resources, and (v) the presentation of operating cash flows. The new standard is effective for annual reporting periods beginning after December 15, 2017. The Organization will adopt this pronouncement when it becomes effective.

**10. PRIOR-YEAR FINANCIAL STATEMENTS**

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in connection with the Organization’s financial statements as of and for the year ended December 31, 2015, from which the summarized information was derived.

**NEW YORK TRANSIT MUSEUM**

130 Livingston Street, Floor 10, Brooklyn NY 11201