

Design Trust for Public Space, Inc.
Financial Statements
December 31, 2018

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Independent Auditor's Report

To the Board of Directors of
Design Trust for Public Space, Inc.

I have audited the accompanying financial statements of Design Trust for Public Space, Inc., which comprise the Statement of Financial Position as of December 31, 2018, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Design Trust for Public Space, Inc., as of December 31, 2018, 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

I have previously audited Design Trust for Public Space, Inc.'s 2017 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated July 11, 2018. In my opinion, the summarized comparative information presented herein, as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Disclaimer of Opinion on Supplemental Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedule of program expenses on page 13, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, I do not express an opinion or provide any assurance on it.

July 15, 2019

A handwritten signature in blue ink, consisting of several loops and flourishes, positioned to the right of the date.

Design Trust for Public Space, Inc.
Statement of Financial Position
December 31, 2018
(With Summarized Financial Information for 2017)

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets		
Cash	\$ 190,000	\$ 173,028
Prepaid expenses	7,302	5,089
Account receivable	12,175	102,442
Pledges and grants receivable	156,522	228,341
Total Current Assets	365,999	508,900
Other Assets		
Property and equipment, net	13,349	17,318
Security deposits	8,733	8,716
Total Other Assets	22,082	26,034
Total Assets	\$ 388,081	\$ 534,934
Liabilities and Net Assets		
Liabilities		
Current liabilities		
Accounts payable	\$ 40,765	\$ 37,794
Total Current Liabilities	40,765	37,794
Net Assets		
Without donor restrictions	204,284	363,108
With donor restrictions	143,032	134,032
Total Net Assets	347,316	497,140
Total Liabilities and Net Assets	\$ 388,081	\$ 534,934

See independent auditor's report and accompanying notes to the financial statements.

Design Trust for Public Space, Inc.
Statement of Activities
For the Year Ended December 31, 2018
(With Summarized Financial Information for 2017)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2018</u>	<u>2017</u>
Support and Revenue				
Contributions and grants	\$ 467,679	\$ 56,900	\$ 524,579	\$ 648,853
Government agencies	-	95,125	95,125	32,750
Other income	162	-	162	-
	<u>467,841</u>	<u>152,025</u>	<u>619,866</u>	<u>681,603</u>
Special event income	364,248	-	364,248	335,575
Less: Direct costs of special event	(76,520)	-	(76,520)	(99,114)
	<u>287,728</u>	<u>-</u>	<u>287,728</u>	<u>236,461</u>
Publication and program fee income	20,534	-	20,534	81,987
Investment and interest income	17	-	17	83
Net assets released from restrictions:				
Satisfaction of program restrictions	143,025	(143,025)	-	-
Total Support and Revenue	<u>919,145</u>	<u>9,000</u>	<u>928,145</u>	<u>1,000,134</u>
Expenses				
Program services	<u>703,566</u>	<u>-</u>	<u>703,566</u>	<u>766,025</u>
Supporting services:				
General and administrative	124,644	-	124,644	182,091
Fund-raising	249,759	-	249,759	225,155
Total Supporting Services	<u>374,403</u>	<u>-</u>	<u>374,403</u>	<u>407,246</u>
Total Expenses	<u>1,077,969</u>	<u>-</u>	<u>1,077,969</u>	<u>1,173,271</u>
Change in Net Assets	(158,824)	9,000	(149,824)	(173,137)
Beginning Net Assets	363,108	134,032	497,140	670,277
Ending Net Assets	<u>\$ 204,284</u>	<u>\$ 143,032</u>	<u>\$ 347,316</u>	<u>\$ 497,140</u>

See independent auditor's report and accompanying notes to the financial statements.

Design Trust for Public Space, Inc.
Statement of Functional Expenses
Year Ended December 31, 2018
(With Summarized Financial Information for 2017)

	Program Services	Supporting Services			Total 2018	2017
	\$	General and Administrative	Fund-raising	Direct Costs of Special Event	\$	\$
Salaries and wages	371,602	71,380	144,358	-	587,340	532,314
Payroll taxes and HR service fees	45,448	8,767	17,924	-	72,139	67,176
Employee benefits	37,806	7,293	14,910	-	60,009	51,167
Event and exhibit expenses	58,677	1,067	520	76,520	136,784	152,196
Professional fees	85,578	10,293	19,146	-	115,017	167,249
Occupancy expenses	38,250	8,344	17,488	-	64,082	64,088
Fellowship and honoraria awards	42,377	-	-	-	42,377	125,830
Office supplies and other expenses	7,845	3,125	12,297	-	23,267	24,287
Registration, processing fees and other	5,825	6,991	3,169	-	15,985	14,884
Travel, meetings and meals	6,233	3,745	611	-	10,589	12,759
Printing and production	-	918	8,942	-	9,860	16,218
Communication expenses	374	934	8,550	-	9,858	26,557
Depreciation expenses	3,446	695	1,579	-	5,720	3,483
Hospitality and gifts	-	513	265	-	778	2,762
Advertising	105	581	-	-	686	1,415
Bad debt expense	-	-	-	-	-	10,000
	703,566	124,644	249,759	76,520	1,154,489	1,272,385
Less: Direct costs of special event	-	-	-	(76,520)	(76,520)	(99,114)
Total Expenses	\$ 703,566	\$ 124,644	\$ 249,759	\$ -	\$ 1,077,969	\$ 1,173,271

Less: Direct costs of special event

Total Expenses

See independent auditor's report and accompanying notes to the financial statements.

Design Trust for Public Space, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2018
(With Summarized Financial Information for 2017)

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (149,824)	\$ (173,137)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	5,720	3,483
(Increase) decrease in operating assets:		
Account receivables	90,267	22,059
Prepaid expenses	(2,213)	(3,548)
Pledges and grants receivable	71,819	(114,079)
Security deposits	(17)	(17)
Increase (decrease) in operating liabilities:		
Accounts payable	2,971	(21,957)
Net cash provided by (used in) operating activities	18,723	(287,196)
Cash Flows from Investing Activities		
Purchase of equipment	(1,751)	(10,759)
Sale of marketable securities	-	10,119
Net cash used in investing activities	(1,751)	(640)
Increase (Decrease) in Cash	16,972	(287,836)
Beginning Cash	173,028	460,864
Ending Cash	\$ 190,000	\$ 173,028

See independent auditor's report and accompanying notes to the financial statements.

Design Trust for Public Space, Inc.
Notes to Financial Statements
December 31, 2018

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Founded in 1995, the Design Trust for Public Space, Inc. (Design Trust) is a not - for - profit organization dedicated to the future of public space in New York City. Their projects bring together city agencies, community groups and private sector experts to make a lasting impact through design on how New Yorkers live, work and play.

Today, Design Trust is a nationally recognized incubator that transforms and evolves the city's landscape with city agencies and community collaborators. Their works can be seen, felt and experienced throughout all five boroughs, from parks and plazas to streets and public buildings.

Design Trust was incorporated in the State of New York in 1995.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Financial Statement Presentation

Design Trust reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and donor restricted net assets.

Net assets without donor restrictions represent revenues and expenses related to the operations and management of the Organization's primary programs and supporting services. If funds are raised and set aside by the Board for future use, these are considered without donor restrictions. Donor restricted contributions that are expended for their restricted purpose in the same reporting period as received may be recorded as without donor restrictions.

Net assets with donor restrictions represent resources available for use, but expendable only for the time and/or purpose specifically stated by the donor. On December 31, 2018, there was \$143,032 of net assets with donor restrictions.

Use of Estimates

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

Cash

Cash consists of demand deposit accounts held at major financial institutions and may at times exceed the insurable amount. Management believes it mitigates its risk by investing in a major financial institution and in funds that are currently U.S. federal government insured. Recoverability of investments is dependent upon the performance of the issuer.

Cash Equivalents

For purposes of the statement of cash flows, Design Trust considers all highly liquid investments purchased with original maturities of three months or less when purchased to be cash equivalents.

See independent auditor's report.

Design Trust for Public Space, Inc.
Notes to Financial Statements
December 31, 2018

Note 1 - (Continued)

Functional Allocation of Expenses

The costs of providing various program and other activities have been summarized on a functional basis in the statement of activities. Certain expenses have been classified based on direct expenditures, other cost were allocated based on estimates made by management such as time spent, quantities of items consumed and the proportion of physical space used.

Contributions

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 net assets without donor restrictions if the restriction expires in the same reporting period in which the contributions are recognized. All other donor restricted contributions are reported as increases in donor restricted net assets. When a restriction expires donor restricted net assets are reclassified to net assets without donor restrictions.

Revenue Recognition

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and / or nature of any restrictions the donor has placed on the contributions.

Income is recognized on an accrual basis when earned.

Accounts, Pledges and Grants Receivable

Accounts, pledges and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. For the year ended December 31, 2018, the allowance for doubtful accounts was \$0.

All pledges and grants receivable are expected to be collected within the current operating cycle of one year.

Property and Equipment

Property and equipment are recorded at cost or, if donated, the approximate fair value at the date of donation. Depreciation is provided on the straight line method over the estimated useful lives of the assets as follow:

Equipment	5 years
Furniture and fixtures	5 years

It is the policy of Design Trust to capitalize items with a value greater than \$1,000.

Expenditures for maintenance and repairs are charged to operations as incurred. Significant renovations and replacements, which improve and extend the life of the assets, are capitalized.

See independent auditor's report.

Design Trust for Public Space, Inc.
Notes to Financial Statements
December 31, 2018

Note 1 - (Continued)

Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

Income Taxes

Design Trust is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been provided for in the accompanying financial statements.

Concentrations

Approximately 41% of pledges and grants receivable were due from one organization during year ended December 31, 2018.

Donated Services

Donated services are recognized as contributions if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Design Trust. Volunteers provide various services that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Subsequent Events

In preparing these financial statements, Design Trust has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through July 15, 2019, the date the financial statements were available to be issued.

Advertising Costs

The Organization expenses advertising costs as incurred. For the year ended December 31, 2018, advertising expense was \$686.

Note 2 - Property and Equipment

Property and equipment consists of:

Computers and equipment	\$ 23,202
Furniture and fixtures	34,870
Property and equipment, total	<u>58,072</u>
Less: accumulated depreciation	<u>(44,723)</u>
Property and equipment, net	<u>\$ 13,349</u>

Depreciation expense was \$5,720 for the year ended December 31, 2018.

See independent auditor's report.

Design Trust for Public Space, Inc.
Notes to Financial Statements
December 31, 2018

Note 3 - Employee benefits

Design Trust maintains a 401(k) retirement plan. Design Trust matches 25% of eligible employee contributions up to a maximum of 3% of compensation.

Design Trust contributed \$6,687 to the plan and it is included in the Statements of Functional Expenses in employee benefits for year ended December 31, 2018.

Note 4 - Commitment

On June 9, 2011, Design Trust entered into a ten year lease term for premises. The lease began September 1, 2011 and expires August 30, 2021. Future minimum rental payments as of December 31, 2018, under the lease terms are as follows:

Year ending December 31, 2019	\$ 40,123
2020	41,126
2021	<u>42,154</u>
	<u>\$ 123,403</u>

Rent expense for the year ended December 31, 2018 was \$39,144 and is included in occupancy expenses in the Statement of Functional Expenses.

Note 5 - Financial Ratios

Expenses as a percentage of the total were as follows:

Program services	65 %
General and administrative	12
Fundraising	<u>23</u>
	<u>100 %</u>

Percentages were computed by dividing the total expenses by function on the statement of functional expenses by the total expenses on the statement.

Design Trust for Public Space, Inc.
Notes to Financial Statements
December 31, 2018

Note 6 - Net Assets with Donor Restrictions

Temporarily restricted net assets by revenue source and changes therein for the year ended December 31, 2018, were as follows:

	Balance December 31, 2017	Additions	Release From Restrictions	Balance December 31, 2018
<u>Restricted as to purpose:</u>				
Under the Elevated II	\$ 6,932	\$ -	\$ (6,932)	\$ -
Penn Station	5,100	(5,100)	-	-
Future Culture (Staten Island)	-	8,869	(8,869)	-
New Project – Plaza Stewards	-	7,000	(4,880)	2,120
Professional Development	5,000	-	(5,000)	-
Power in Place	-	5,000	(5,000)	-
Opening the Edge	-	94,256	(20,344)	73,912
<u>Restricted as to time:</u>				
Year Ending December 31, 2018 and 2019	67,000	32,000	(67,000)	32,000
<u>Restricted as to time and purpose:</u>				
Design Trust Equitable Public Fellowship Support Fiscal Years Ending 2018 and 2019	20,000	-	(10,000)	10,000
Founder's Circle Fiscal Years Ending 2018 and 2019	30,000	10,000	(15,000)	25,000
	\$ 134,032	\$ 152,025	\$ (143,025)	\$ 143,032

See independent auditor's report.

Design Trust for Public Space, Inc.
Notes to Financial Statements
December 31, 2018

Note 7 – Liquidity and Availability of Financial Assets

The Organization's working capital and cash flows have seasonal variations during the year attributable to the timing of program and fundraising activities. Monthly cash outflows vary each year based on the specific requirements of the program activities. To manage liquidity the Organization budgets cash flow and conducts fundraising and program activities that are timed according to expected requirements.

The following reflects the Organization's financial assets as of the balance sheet date:

Cash	\$ 190,000
Accounts receivable	12,175
Pledges and grants receivable	<u>156,522</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 358,697</u>

See independent auditor's report.

Design Trust for Public Space, Inc.
Supplemental Schedule of Program Expenses
For the Year Ended December 31, 2018
(With Summarized Financial Information for 2017)

Program Services									
	General Program	Advisory Services	Future Culture(SI)	Opening the Edge	Power in Place	Plaza Stewards	Under the Elevated Phll	Total 2018	2017
Salaries and wages	\$ 233,175	458	\$ 35,387	\$ 22,397	\$ 32,391	\$ -	\$ 47,794	\$ 371,602	\$ 314,961
Payroll taxes and HR service fees	26,507	56	4,339	2,746	3,970	-	5,859	45,448	39,746
Fellowship and honoraria awards	2,000	-	5,040	18,250	7,087	-	10,000	42,377	125,830
Event and exhibit expenses	9,145	-	11,173	793	273	2,220	35,073	58,677	53,082
Professional fees	44,274	59	12,543	3,929	4,158	1,500	19,115	85,578	116,154
Occupancy expenses	22,658	52	3,986	2,523	3,648	-	5,383	38,250	37,921
Communication expenses	(55)	-	429	-	-	-	-	374	15,850
Employee benefits	22,023	47	3,616	2,288	3,310	-	4,883	37,806	30,275
Printing and production	-	-	-	-	-	-	-	-	3,687
Office supplies and other expenses	4,690	10	754	482	688	-	1,221	7,845	13,053
Registration, processing fees and other	5,575	-	-	-	-	-	250	5,825	5,322
Depreciation expenses	3,446	-	-	-	-	-	-	3,446	2,061
Travel, meetings and meals	1,252	196	43	7	16	1,094	3,625	6,233	7,336
Hospitality and gifts	-	-	-	-	-	-	-	-	652
Advertising	10	-	-	95	-	-	-	105	95
Total Program Expenses	\$ 374,700	878	\$ 77,310	\$ 53,510	\$ 55,541	\$ 4,814	\$ 133,203	\$ 703,566	\$ 766,025

See independent auditor's report and accompanying notes to the financial statements.