

**Design Trust for Public Space, Inc.
Financial Statements
December 31, 2015**

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Independent Auditor's Report

To the Board of Trustees
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, 2015, and the related Statements of Activities, Cash Flows, and Functional Expenses 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, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited Design Trust for Public Space, Inc.'s, 2014 financial statements and in my report dated June 24, 2015, I expressed an unmodified opinion on those financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report 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 7, which is the responsibility of management, is presented for the purposes of additional analysis and is not a required part of the basic 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.

May 19, 2016

A handwritten signature in blue ink, appearing to be "J. R. Smith", written in a cursive style.

Design Trust for Public Space, Inc.
Statement of Financial Position
December 31, 2015
(With Summarized Financial Information for 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets		
Cash	\$ 390,616	\$ 404,160
Marketable securities	19,080	27,270
Prepaid expenses and other receivables	3,402	1,274
Pledges and grants receivable	175,221	82,301
Total Current Assets	588,319	515,005
Other Assets		
Property and equipment, net	11,338	18,762
Security deposits	8,699	8,683
Total Other Assets	20,037	27,445
Total Assets	\$ 608,356	\$ 542,450
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 27,917	\$ 15,495
Total current liabilities	27,917	15,495
Net Assets		
Unrestricted	419,711	514,480
Temporarily restricted	160,728	12,475
Total Net Assets	580,439	526,955
Total Liabilities and Net Assets	\$ 608,356	\$ 542,450

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, 2015
(With Summarized Financial Information for 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2015</u>	<u>2014</u>
Support and Revenue				
Contributions and grants	\$ 407,758	\$ 180,000	\$ 587,758	\$ 513,088
Government agencies	-	87,000	87,000	108,435
Contributed services	-	-	-	15,500
	<u>407,758</u>	<u>267,000</u>	<u>674,758</u>	<u>637,023</u>
Special event income	325,850	-	325,850	297,679
Less: Direct costs of special event	(75,949)	-	(75,949)	(77,319)
	<u>249,901</u>	<u>-</u>	<u>249,901</u>	<u>220,360</u>
Publication and program fee income	11,598	-	11,598	19,649
Investment and interest income (loss)	457	-	457	(248)
Net assets released from restrictions:				
Satisfaction of program restrictions	118,747	(118,747)	-	-
Total Support and Revenue	<u>788,461</u>	<u>148,253</u>	<u>936,714</u>	<u>876,784</u>
Expenses				
Program services	<u>575,360</u>	<u>-</u>	<u>575,360</u>	<u>560,768</u>
Supporting services:				
General and administrative	73,275	-	73,275	62,007
Fund-raising	234,595	-	234,595	218,268
Total supporting services	<u>307,870</u>	<u>-</u>	<u>307,870</u>	<u>280,275</u>
Total Expenses	<u>883,230</u>	<u>-</u>	<u>883,230</u>	<u>841,043</u>
Change in Net Assets	(94,769)	148,253	53,484	35,741
Beginning Net Assets	514,480	12,475	526,955	491,214
Ending Net Assets	<u>\$ 419,711</u>	<u>\$ 160,728</u>	<u>\$ 580,439</u>	<u>\$ 526,955</u>

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, 2015
(With Summarized Financial Information for 2014)

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 53,484	\$ 35,741
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,424	6,498
Unrealized loss on investments	(40)	1,141
Donation of stock	(9,574)	(13,056)
(Increase) decrease in operating assets:		
Prepaid expenses and other receivables	(2,128)	3,353
Pledges and grants receivable	(92,920)	77,719
Security deposit	(16)	-
(Decrease) Increase in operating liabilities:		
Accounts payable	12,422	4,661
Net cash provided by (used in) operating activities	(31,348)	116,057
Cash Flows from Investing Activities		
Purchase of equipment	-	(10,698)
Proceeds from sale of gifted stock	17,804	-
Net cash provided by (used in) investing activities	17,804	(10,698)
Increase (decrease) in Cash	(13,544)	105,359
Beginning Cash	404,160	298,801
Ending Cash	\$ 390,616	\$ 404,160

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, 2015
(With Summarized Financial Information for 2014)

	Program Services	Supporting Services			Total 2015	2014
		General and Administrative	Fund-raising	Direct Costs of Special Event		
Salaries and wages	\$ 236,322	\$ 48,376	\$ 142,769	\$ -	\$ 427,467	\$ 403,214
Payroll taxes and HR service fees	30,039	4,882	15,153	-	50,074	46,945
Fellowship and honoraria awards	83,900	-	-	-	83,900	63,829
Event and exhibit expenses	10,980	-	970	59,533	71,483	98,462
Professional fees	43,846	3,760	14,135	2	61,743	52,735
Occupancy expenses	35,079	5,626	17,511	6	58,222	53,678
Communication expenses	28,539	2,202	10,106	9,229	50,076	65,906
Employee benefits	28,360	4,609	14,305	-	47,274	48,996
Printing and production	38,255	638	5,515	827	45,235	31,923
Travel, meetings and meals	16,162	447	2,030	40	18,679	10,541
Office supplies and other expenses	12,578	1,392	5,203	913	20,086	20,567
Registration, processing fees and other	4,822	404	3,223	4,818	13,267	13,741
Depreciation expenses	4,454	724	2,246	-	7,424	6,498
Hospitality and gifts	1,360	122	1,142	581	3,205	1,327
Promotion and advertising	664	93	287	-	1,044	-
	<u>575,360</u>	<u>73,275</u>	<u>234,595</u>	<u>75,949</u>	<u>959,179</u>	<u>918,362</u>
Less: Direct costs of special event	-	-	-	(75,949)	(75,949)	(77,319)
Total Expenses	<u>\$ 575,360</u>	<u>\$ 73,275</u>	<u>\$ 234,595</u>	<u>\$ -</u>	<u>\$ 883,230</u>	<u>\$ 841,043</u>

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

Design Trust for Public Space, Inc.
 Supplemental Schedule of Program Expenses
 Year Ended December 31, 2015
 (with Summarized Financial Information for 2014)

Program Services

	<u>General Program</u>	<u>Five Borough Farm Ph. III</u>	<u>Future Culture(SI)</u>	<u>Laying the Groundwork</u>	<u>Opening the Edge</u>	<u>The World's Park</u>	<u>Under the Elevated</u>	<u>Under the Elevated II</u>	<u>Total 2015</u>
Salaries and wages	\$ 117,314	\$ 9,011	\$ 4,170	\$ 26,418	\$ 2,567	\$ 21,179	\$ 37,057	\$ 18,606	\$ 236,322
Payroll taxes and HR service fees	14,756	1,047	556	3,660	341	2,669	4,381	2,629	30,039
Fellowship and honoraria awards	-	14,300	-	31,000	-	17,600	9,000	12,000	83,900
Event and exhibit expenses	2,008	1,042	-	203	-	5,976	1,629	122	10,980
Professional fees	31,281	806	428	2,909	262	2,761	3,374	2,025	43,846
Occupancy expenses	17,013	1,239	654	4,286	392	3,259	5,133	3,103	35,079
Communication expenses	18,034	3,772	251	1,651	154	1,204	2,287	1,186	28,539
Employee benefits	13,931	988	525	3,456	321	2,520	4,137	2,482	28,360
Printing and production	2,204	137	73	479	45	349	34,265	703	38,255
Travel, meetings and meals	10,195	3,741	51	341	31	762	801	240	16,162
Office supplies and other expenses	7,352	327	188	1,044	97	817	1,937	816	12,578
Registration, processing fees and other	2,943	332	45	296	28	291	674	213	4,822
Depreciation expenses	2,188	155	82	543	50	396	650	390	4,454
Hospitality and gifts	931	26	14	91	8	66	159	65	1,360
Promotion and advertising	304	20	11	69	6	51	83	120	664
Total Program Expenses	\$ 240,454	\$ 36,943	\$ 7,048	\$ 76,446	\$ 4,302	\$ 59,900	\$ 105,567	\$ 44,700	\$ 575,360

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

Design Trust for Public Space, Inc.
Notes to Financial Statements
December 31, 2015

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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets represent revenues and expenses related to the operations and management of Design Trust's primary programs and supporting services. If funds are raised and set aside by the Board for future use, these are considered unrestricted. Temporarily restricted contributions that are expended for their restricted purpose in the same reporting period as received may be recorded as unrestricted.

Temporarily restricted net assets represent resources available for use, but expendable only for the purpose specifically stated by the donor. As of December 31, 2015, there were \$160,728 of temporarily restricted net assets.

Permanently restricted net assets are assets subject to donor-imposed stipulations that they be maintained permanently by Design Trust. Generally, the donors of these assets permit Design Trust to use all or part of the income earned on only related investments for general or specific purpose. As of December 31, 2015, there were no permanently restricted net assets.

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.

See independent auditor's report.

Design Trust for Public Space, Inc.
Notes to Financial Statements
December 31, 2015

Note 1 - (Continued)

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.

Contributions

Contributions are recognized when the donor makes a promise to give to Design Trust that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires 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 expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and / or nature of any donor restrictions. Design Trust has not received any contributions with donor-imposed restrictions that would result in permanently restricted net assets.

Income is recognized on an accrual basis when earned.

Pledges and Grants Receivable

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, 2015, the allowance for doubtful accounts was \$0.

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.

Reclassifications

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

See independent auditor's report.

Design Trust for Public Space, Inc.
Notes to Financial Statements
December 31, 2015

Note 1 - (Continued)

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.

Tax Uncertainties

Design Trust's policy is to record interest expense and penalties in operating expenses. For the year ended December 31, 2015, there was no interest and penalties expense recorded and no accrued interest and penalties.

Design Trust's Federal Forms 990 are open for examination for the years ended December 31, 2012 and thereafter.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Concentrations

Design Trust maintains cash balances in one financial institution, which at times exceeds federally insured limits. Design Trust has not experienced any losses related to these accounts and believes it is not exposed to any significant credit risk.

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 May 19, 2016, the date the financial statements were available to be issued.

Note 2 – Marketable Securities

Design Trust's financial assets, which are carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by U.S. generally accepted accounting principles.

Level 1 assets have observable market prices.

Level 2 assets do not have observable prices, but have inputs that are based on observable prices.

Level 3 assets have inputs that do not have observable prices.

See independent auditor's report.

Design Trust for Public Space, Inc.
Notes to Financial Statements
December 31, 2015

Note 2 – Marketable Securities (Continued)

Securities held of the following at market value:

Level 1 Securities:

Stock	<u>\$ 19,080</u>
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Note 3 - Property and Equipment

Property and equipment consists of:

Computers and equipment	\$ 12,524
Furniture and fixtures	<u>26,043</u>
Total property and equipment at cost	38,567
Less: accumulated depreciation	<u>(27,229)</u>
 Property and equipment, net	 <u>\$ 11,338</u>

Depreciation expense was \$7,424 for the year ended December 31, 2015.

Note 4 - 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 \$5,388 to the plan during the year ended December 31, 2015.

Note 5 - 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, 2015, under the lease terms are as follows:

For the year ending December 31,	2016	\$ 37,258
	2017	38,190
	2018	39,144
	2019	40,123
	2020	41,126
	Thereafter	<u>42,154</u>
		<u>\$ 237,995</u>

Rent expense for the year ended December 31, 2015 was \$36,349.

Design Trust for Public Space, Inc.
Notes to Financial Statements
December 31, 2015

Note 6 - Financial Ratios

Expenses as a percentage of the total were as follows:

Program services	65%
General and administrative	8%
Fundraising	<u>27%</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.

Note 7 - Temporarily Restricted Net Assets

Temporarily restricted net assets by revenue source and changes therein for the year ended December 31, 2015, were as follows:

	Balance December 31, <u>2014</u>	<u>Additions</u>	<u>Releases From Restrictions</u>	Balance December 31, <u>2015</u>
Restricted as to purpose:				
Communication	\$ -	30,000	(15,000)	15,000
Five Borough Farm Phase III	-	5,000	(5,000)	-
Laying the Groundwork	-	20,000	(20,000)	-
The World's Park	398	-	(398)	-
Under the Elevated	12,077	-	(12,077)	-
Under the Elevated II	-	175,000	(44,937)	130,063
Restricted as to time:				
Future Culture (Staten Island) Fiscal Year Ended 2016	-	5,000	(5,000)	-
Opening the Edge Fiscal Year Ended 2016	-	20,000	(4,335)	15,665
Under the Elevated Fiscal Year Ended 2016	-	12,000	(12,000)	-
	\$ 12,475	\$ 267,000	\$(118,747)	\$ 160,728

See independent auditor's report.