

**Design Trust for Public Space, Inc.  
Financial Statements  
December 31, 2017**

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# Gary S. Eisenkraft

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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, 2017, 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, 2017, 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 2016 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated May 17, 2017. In my opinion, the summarized comparative information presented herein, as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

July 11, 2018



**Design Trust for Public Space, Inc.**  
**Statement of Financial Position**  
**December 31, 2017**  
**(With Summarized Financial Information for 2016)**

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Current Assets		
Cash	\$ 173,028	\$ 460,864
Marketable securities	-	10,119
Prepaid expenses and other receivables	5,089	1,541
Pledges and grants receivable	330,783	238,763
Total Current Assets	508,900	711,287
Other Assets		
Property and equipment, net	17,318	10,042
Security deposits	8,716	8,699
Total Other Assets	26,034	18,741
Total Assets	\$ 534,934	\$ 730,028
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 37,794	\$ 59,751
Total Current Liabilities	37,794	59,751
<b>Net Assets</b>		
Unrestricted	363,108	545,442
Temporarily restricted	134,032	124,835
Total Net Assets	497,140	670,277
Total Liabilities and Net Assets	\$ 534,934	\$ 730,028

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, 2017**  
**(With Summarized Financial Information for 2016)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2017</u>	<u>2016</u>
<b>Support and Revenue</b>				
Contributions and grants	\$ 429,871	\$ 218,982	\$ 648,853	\$ 519,397
Government agencies	32,750	-	32,750	124,860
Contributed services	-	-	-	19,500
	<u>462,621</u>	<u>218,982</u>	<u>681,603</u>	<u>663,757</u>
Special event income	335,575	-	335,575	347,603
Less: Direct costs of special event	(99,114)	-	(99,114)	(84,343)
	<u>236,461</u>	<u>-</u>	<u>236,461</u>	<u>263,260</u>
Publication and program fee income	81,987	-	81,987	86,469
Investment and interest income	83	-	83	235
Net assets released from restrictions:				
Satisfaction of program restrictions	209,785	(209,785)	-	-
Total Support and Revenue	<u>990,937</u>	<u>9,197</u>	<u>1,000,134</u>	<u>1,013,721</u>
<b>Expenses</b>				
Program services	766,025	-	766,025	597,290
Supporting services:				
General and administrative	182,091	-	182,091	113,911
Fund-raising	225,155	-	225,155	212,682
Total Supporting Services	<u>407,246</u>	<u>-</u>	<u>407,246</u>	<u>326,593</u>
Total Expenses	<u>1,173,271</u>	<u>-</u>	<u>1,173,271</u>	<u>923,883</u>
Change in Net Assets	(182,334)	9,197	(173,137)	89,838
Beginning Net Assets	545,442	124,835	670,277	580,439
Ending Net Assets	<u>\$ 363,108</u>	<u>\$ 134,032</u>	<u>\$ 497,140</u>	<u>\$ 670,277</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, 2017**  
**(With Summarized Financial Information for 2016)**

	Program Services	Supporting Services			Total 2017	2016
	\$	General and Administrative	Fund-raising	Direct Costs of Special Event	\$	\$
Salaries and wages	314,961	84,002	133,351	-	532,314	460,637
Payroll taxes and HR service fees	39,746	10,601	16,829	-	67,176	52,487
Professional fees	116,154	41,317	9,778	-	167,249	82,664
Event and exhibit expenses	53,082	-	-	99,114	152,196	110,435
Fellowship and honoraria awards	125,830	-	-	-	125,830	82,000
Occupancy expenses	37,921	10,113	16,054	-	64,088	61,544
Employee benefits	30,275	8,074	12,818	-	51,167	51,850
Communication expenses	15,850	2,347	8,360	-	26,557	29,662
Office supplies and other expenses	13,053	2,795	8,439	-	24,287	21,671
Printing and production	3,687	4,206	8,325	-	16,218	20,228
Registration, processing fees and other	5,322	3,982	5,580	-	14,884	16,548
Travel, meetings and meals	7,336	2,098	3,325	-	12,759	7,888
Bad debt expense	-	10,000	-	-	10,000	-
Depreciation expenses	2,061	550	872	-	3,483	8,292
Hospitality and gifts	652	1,156	954	-	2,762	1,950
Advertising and marketing	95	850	470	-	1,415	370
	766,025	182,091	225,155	99,114	1,272,385	1,008,226
Less: Direct costs of special event	-	-	-	(99,114)	(99,114)	(84,343)
Total Expenses	\$ 766,025	\$ 182,091	\$ 225,155	\$ -	\$ 1,173,271	\$ 923,883

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, 2017**  
**(With Summarized Financial Information for 2017)**

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (173,137)	\$ 89,838
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,483	8,292
(Increase) decrease in operating assets:		
Prepaid expenses and other receivables	(3,548)	1,861
Pledges and grants receivable	(92,020)	(63,542)
Security deposits	(17)	-
Increase (decrease) in operating liabilities:		
Accounts payable	(21,957)	31,834
Net cash provided by (used in) operating activities	(287,196)	68,283
<b>Cash Flows from Investing Activities</b>		
Purchase of equipment	(10,759)	(6,996)
Sale of marketable securities	10,119	8,961
Net cash provided by (used in) investing activities	(640)	1,965
Increase (Decrease) in Cash	(287,836)	70,248
Beginning Cash	460,864	390,616
Ending Cash	\$ 173,028	\$ 460,864

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

**Design Trust for Public Space, Inc.**  
**Notes to Financial Statements**  
**December 31, 2017**

**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, 2017, there was \$134,032 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, 2017, 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, 2017**

**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, 2017, 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.

Reclassifications

Certain reclassifications 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, 2017**

**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.

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 July 11, 2018, 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, 2017, advertising expense was \$1,415.

**Note 2 - Property and Equipment**

Property and equipment consists of:

Computers and equipment	\$ 21,452
Furniture and fixtures	<u>34,870</u>
Property and equipment, total	56,322
Less: accumulated depreciation	<u>(39,004)</u>
Property and equipment, net	<u>\$ 17,318</u>

Depreciation expense was \$3,483 for the year ended December 31, 2017.

See independent auditor's report.

**Design Trust for Public Space, Inc.**  
**Notes to Financial Statements**  
**December 31, 2017**

**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 \$6,455 to the plan and it is included in the Statements of Functional Expenses in employee benefits for year ended December 31, 2017.

**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, 2017, under the lease terms are as follows:

Year ending:	December 31, 2018	\$	39,144
	2019		40,123
	2020		41,126
	2021		42,154
			<u>162,547</u>
		\$	<u>162,547</u>

Rent expense for the year ended December 31, 2017 was \$43,845 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	16	
Fundraising	19	
	<u>100</u>	<u>%</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, 2017**

**Note 6 - Temporarily Restricted Net Assets**

Temporarily restricted net assets by revenue source and changes therein for the year ended December 31, 2017, were as follows:

	Balance December 31, 2016	Additions	Release From Restrictions	Balance December 31, 2017
<b><u>Restricted as to purpose:</u></b>				
Communication	\$ 2,467	\$ -	\$ (2,467)	\$ -
Under the Elevated II	78,314	19,982	(91,364)	6,932
Future Culture (Staten Island)	-	25,000	(25,000)	-
Penn Station	-	47,000	(41,900)	5,100
Professional Development	-	10,000	(5,000)	5,000
<b><u>Restricted as to time:</u></b>				
Year Ending December 31, 2018	-	67,000	-	67,000
<b><u>Restricted as to time and purpose:</u></b>				
Future Culture (Staten Island) Fiscal Year Ended December 31, 2017	16,451	-	(16,451)	-
2018 Design Trust Equitable Public Fellowship Support Fiscal Years Ending 2018 and 2019	-	20,000	-	20,000
Founder's Circle Fiscal Years Ending 2018 and 2019	-	30,000	-	30,000
The Community Compact Fiscal Years Ending 2017 and 2018	27,603	-	(27,603)	-
	<b>\$ 124,835</b>	<b>\$ 218,982</b>	<b>\$ (209,785)</b>	<b>\$ 134,032</b>

See independent auditor's report.

**Design Trust for Public Space, Inc.**  
**Supplemental Schedule of Program Expenses**  
**For the Year Ended December 31, 2017**  
**(With Summarized Financial Information for 2016)**

**Program Services**

	<u>General Program</u>	<u>Advisory Services</u>	<u>Future Culture(SI)</u>	<u>Opening the Edge</u>	<u>Penn Station</u>	<u>Power in Space</u>	<u>RFP/New Projects</u>	<u>Under the Elevated II</u>	<u>Total 2017</u>
Salaries and wages	\$ 170,655	\$ 2,994	\$ 65,418	\$ 12,095	\$ -	\$ 19,222	\$ 28,479	\$ 16,098	\$ 314,961
Payroll taxes and HR service fees	21,535	378	8,255	1,526	-	2,426	3,594	2,032	39,746
Fellowship and honoraria awards	-	-	52,200	36,000	-	-	-	37,630	125,830
Event and exhibit expenses	1,450	-	12,742	1,087	-	-	8,232	29,571	53,082
Professional fees	24,027	16,546	23,158	2,242	41,900	2,265	4,119	1,897	116,154
Occupancy expenses	20,548	360	7,876	1,456	-	2,314	3,429	1,938	37,921
Communication expenses	4,000	-	-	-	-	-	11,850	-	15,850
Employee benefits	16,403	288	6,288	1,163	-	1,848	2,738	1,547	30,275
Printing and production	-	-	1,640	-	-	-	2,047	-	3,687
Office supplies and other expenses	8,223	100	2,176	402	-	640	947	565	13,053
Registration, processing fees and other	5,212	-	100	10	-	-	-	-	5,322
Depreciation expenses	2,061	-	-	-	-	-	-	-	2,061
Travel, meetings and meals	7,457	(1,269)	144	795	-	-	188	21	7,336
Hospitality and gifts	587	-	-	-	-	-	-	65	652
Advertising and marketing	95	-	-	-	-	-	-	-	95
<b>Total Program Expenses</b>	<b>\$ 282,253</b>	<b>\$ 19,397</b>	<b>\$ 179,997</b>	<b>\$ 56,776</b>	<b>\$ 41,900</b>	<b>\$ 28,715</b>	<b>\$ 65,623</b>	<b>\$ 91,364</b>	<b>\$ 766,025</b>

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

**Gary S. Eisenkraft**  
Certified Public Accountant