

**Design Trust for Public Space, Inc.
Financial Statements
December 31, 2012**

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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. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, 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 our 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, 2012, 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 the Design Trust for Public Space, Inc., 2011 financial statements, and my report dated June 14, 2012, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, 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 basic financial statements taken as a whole. The supplemental schedule of program expenses on page 10 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 audits of the basic financial statements and, accordingly I express no opinion about it. This supplemental information is the responsibility of the Organization's management.

New York, NY
July 8, 2013

Design Trust for Public Space, Inc.
Statement of Financial Position
December 31, 2012
(With Summarized Financial Information for 2011)

	<u>2012</u>	<u>2011</u>
Assets		
Current Assets		
Cash	\$ 407,589	\$ 332,996
Short-term investment	5,211	6,000
Prepaid expenses	1,432	3,105
Other receivables	6,861	3,036
Pledges and grants receivable	45,862	75,855
	466,955	420,992
Security deposit	8,683	8,627
Property and equipment, net	21,519	27,508
	\$ 497,157	\$ 457,127
 Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 14,977	\$ 45,094
Net Assets		
Unrestricted	338,253	281,835
Temporarily restricted	143,927	130,198
	482,180	412,033
	\$ 497,157	\$ 457,127

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

Design Trust for Public Space, Inc.
Statement of Activities
For the Year Ended December 31, 2012
(With Summarized Financial Information for 2011)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2012</u>	<u>2011</u>
Support and Revenue				
Contributions and grants	\$ 309,051	\$ 186,500	\$ 495,551	\$ 406,185
Government agencies	-	62,825	62,825	124,500
	<u>309,051</u>	<u>249,325</u>	<u>558,376</u>	<u>530,685</u>
Special event income	314,267	-	314,267	235,864
Less: direct costs of special event	(71,412)	-	(71,412)	(68,650)
	<u>242,855</u>	<u>-</u>	<u>242,855</u>	<u>167,214</u>
Rental income	-	-	-	11,360
Publication income	8,824	-	8,824	11,002
Investment and interest income	1,371	-	1,371	500
Satisfaction of program restrictions	235,596	(235,596)	-	-
	<u>797,697</u>	<u>13,729</u>	<u>811,426</u>	<u>720,761</u>
Expenses				
Program services	<u>505,268</u>	<u>-</u>	<u>505,268</u>	<u>497,719</u>
Supporting services:				
General and administrative	60,623	-	60,623	82,104
Fund-raising	175,388	-	175,388	150,961
	<u>236,011</u>	<u>-</u>	<u>236,011</u>	<u>233,065</u>
Total expenses	<u>741,279</u>	<u>-</u>	<u>741,279</u>	<u>730,784</u>
Increase (decrease) in net assets	56,418	13,729	70,147	(10,023)
Beginning net assets	281,835	130,198	412,033	422,056
Ending net assets	<u>\$ 338,253</u>	<u>\$ 143,927</u>	<u>\$ 482,180</u>	<u>\$ 412,033</u>

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

Design Trust for Public Space, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2012
(With Summarized Financial Information for 2011)

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 70,147	\$ (10,023)
Adjustment to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	8,494	10,071
(Increase) decrease in:		
Prepaid expenses	1,673	(1,552)
Accounts receivable	(3,825)	(1,634)
Pledges and grants receivable	29,993	(16,543)
Security deposit	(56)	(4,391)
Increase (decrease) in:		
Accounts payable and accrued expenses	(30,117)	16,944
Tenant security deposit	-	(800)
Net cash provided (used) by operating activities	76,309	(7,928)
Cash Flows from Investing Activities		
Purchase of equipment	(2,505)	(23,918)
Net increase in short-term investments	789	8,955
Net cash used in investing activities	(1,716)	(14,963)
Increase (decrease) in Cash	74,593	(22,891)
Beginning Cash	332,996	355,887
Ending Cash	\$ 407,589	\$ 332,996

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

Design Trust for Public Space, Inc.
Statement of Functional Expenses
Year Ended December 31, 2012
(With Summarized Financial Information for 2011)

	<u>Program Services</u>		<u>Supporting Services</u>			<u>Total</u> <u>2012</u>	<u>2011</u>
	<u>General and Administrative</u>	<u>Fund-raising</u>	<u>Direct Costs of Special Event</u>				
Salaries and wages	\$ 227,772	\$ 84,752	-	-	\$ 353,133	330,463	
Employee benefits	24,317	9,048	-	-	37,702	30,351	
Payroll taxes and HR service fees	26,416	9,830	-	-	40,956	38,426	
Professional fees	26,327	34,860	595	-	64,062	167,772	
Event and exhibit expenses	8,116	6,905	45,195	-	60,376	67,198	
Printing and production	45,712	3,512	4,281	-	53,758	6,399	
Communication expenses	40,823	2,260	6,428	-	49,592	14,785	
Fellowship and honoraria awards	47,800	1,050	-	-	48,850	45,976	
Occupancy expenses	27,993	10,447	-	-	43,432	48,749	
Office supplies	14,843	3,231	1,257	-	20,703	17,094	
Registration, processing fees and other	4,665	3,975	11,143	-	20,233	11,867	
Depreciation expenses	5,480	2,037	-	-	8,494	10,071	
Travel, meeting and meals	4,023	2,490	953	-	7,761	7,658	
Hospitality and gifts	981	991	1,560	-	3,639	2,625	
	<u>505,268</u>	<u>175,388</u>	<u>71,412</u>	<u>71,412</u>	<u>812,691</u>	<u>799,434</u>	
Less: direct costs of special event	-	-	(71,412)	-	(71,412)	(68,650)	
	<u>\$ 505,268</u>	<u>\$ 175,388</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 741,279</u>	<u>730,784</u>	

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

Design Trust for Public Space, Inc.
 Supplemental Schedule of Program Expenses
 Year Ended December 31, 2012
 (with Summarized Financial Information for 2011)

	General Program	Photo Urbanism	Public Space Potlucks	Five Borough Farm	Five Borough Farm Ph II	Making Midtown	Taxi of Tomorrow	Under the Elevated	Total 2012	2011
Salaries and wages	\$ 54,736	\$ 7,063	\$ 7,063	\$ 60,033	\$ 21,188	\$ 56,501	\$ 10,594	\$ 10,594	\$ 227,772	193,981
Payroll taxes and HR service fees	6,348	819	819	6,962	2,457	6,553	1,229	1,229	26,416	21,135
Employee benefits	5,844	754	754	6,409	2,262	6,032	1,131	1,131	24,317	16,694
Fellowship and honoraria awards	-	2,000	-	16,300	3,500	26,000	-	-	47,800	44,476
Printing and production	340	8,470	44	24,673	132	10,255	1,732	66	45,712	(188)
Communication expenses	1,808	2,209	14	23,901	42	11,167	1,661	21	40,823	8,372
Occupancy expenses	6,727	868	868	7,378	2,604	6,944	1,302	1,302	27,993	26,799
Professional fees	5,074	397	397	9,906	1,190	8,173	595	595	26,327	156,042
Office supplies	2,599	556	291	7,251	725	2,668	396	357	14,843	10,101
Event and exhibit expenses	765	28	164	3,659	83	3,333	42	42	8,116	4,505
Depreciation expenses	1,317	170	170	1,444	510	1,359	255	255	5,480	5,537
Registration, processing fees and other	2,630	78	139	693	235	656	117	117	4,665	4,582
Travel, meetings and meals	898	63	51	1,723	427	629	155	77	4,023	4,859
Hospitality and gifts	170	19	19	348	56	313	28	28	981	824
	\$ 89,256	\$ 23,494	\$ 10,793	\$ 170,680	\$ 35,411	\$ 140,583	\$ 19,237	\$ 15,814	\$ 505,268	497,719

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

Design Trust for Public Space, Inc.
Notes to Financial Statements
December 31, 2012

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

Nature of Activities

Founded in 1995, the Design Trust for Public Space (Design Trust) is a 501(c)(3) not - for - profit organization dedicated to bringing design innovation to New York City's public spaces to make a more dynamic, livable, and sustainable city. We create collaborations among city agencies, community groups, and private sector experts to work on emerging design and policy projects that result in effective urban strategies. Since our founding, the Design Trust has launched 28 multi-year projects, awarded over 60 fellowships, and partnered with more than 40 city agencies and community partners to enrich our built environment.

For the past 18 years, the Design Trust for Public Space has been at the forefront of shaping New York City's public realm. Public space is all around us, yet for most citizens it remains invisible and unchangeable. The Design Trust believes that a vibrant public realm is essential to the cultural and democratic life of our city. Great and thoughtful design—informed by the needs and desires of community users—makes the difference between those places that are vital, well used and well managed, and those that are not. Our ability to engage city agencies, community groups and private sector experts ensures that New York City is a dynamic, livable and sustainable metropolis for residents and visitors.

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 generally accepted accounting principles.

Revenue

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.

Use of Estimates

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

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided on the straight line method over the estimated useful lives of the assets.

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

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 made in the accompanying financial statement.

See independent auditor's report

Design Trust for Public Space, Inc.
Notes to Financial Statements
December 31, 2012

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

In preparing these financial statements, Design Trust has evaluated events and transactions for potential recognition or disclosure through July 8, 2013 the date the financial statements were available to be issued.

Reclassification

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

Concentrations

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

Approximately 23% of Design Trust contributions were provided by one foundation during the year ended December 31, 2012.

Note 2 - Short-term investment

Design Trust's financial assets 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.

Investments consist of the following at market value:

Level 1 Securities:

Stock	<u>\$5,211</u>
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See independent auditor's report

Design Trust for Public Space, Inc.
Notes to Financial Statements
December 31, 2012

Note 3 - Grants and Pledges Receivable

Grants and pledges receivable are recorded as support when pledged unless the pledge is conditional and the conditions have not yet been met. At December 31, 2012, all pledges receivable are expected to be collected; therefore, no allowance for uncollectible accounts is considered necessary at December 31, 2012.

Note 4 - Property and Equipment

Property and equipment consists of:

Computers and equipment	\$ 22,017
Leasehold improvements	23,219
Furniture and fixtures	<u>31,382</u>
	76,618
Less: accumulated depreciation	<u>(55,099)</u>
	<u>\$ 21,519</u>

Depreciation was \$8,494 for the year ended December 31, 2012.

Note 5 - Commitment

On June 9, 2011, Design Trust for Public Space, Inc., entered into a ten year lease term for premises beginning September 1, 2011 and expiring August 30, 2021.

Future minimum payments under the lease are:

Year ending December 31, 2013	\$ 34,598
2014	35,463
2015	36,349
2016	37,258
2017	38,190
Thereafter	<u>162,547</u>
	<u>\$344,405</u>

As stipulated in the lease Design Trust received a six month rent abatement for the period September 2011 through March 2012.

Rent expense for the year ended December 31, 2012 was \$28,175.

Note 6 - 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 \$6,139 to the plan during fiscal year ended December 31, 2012.

See independent auditor's report

Design Trust for Public Space, Inc.
Notes to Financial Statements
December 31, 2012

Note 7 - Temporarily Restricted Net Assets

Temporarily restricted net assets by revenue source and changes therein for the year ended December 31, 2012, were as follows:

	Balance December 31, 2011	Additions	Releases From Restrictions	Balance December 31, 2012
<u>Restricted to time and purpose:</u>				
Photo Urbanism	\$ 1,390	\$ 10,000	\$ 11,390	\$ -
Five Borough Farm	101,894	6,625	108,519	-
Five Borough Farm: Phase II	5,000	130,000	3,750	131,250
2012 Strategic Plan	-	38,000	38,000	-
Taxi of Tomorrow	21,914	-	19,237	2,677
Making Midtown	-	54,700	54,700	-
Design Trust website redesign	-	10,000	-	10,000
	<u>\$ 130,198</u>	<u>\$ 249,325</u>	<u>\$ 235,596</u>	<u>\$ 143,927</u>

Note 8 - Financial Ratios

Expenses as a percentage of the total were as follows:

	<u>2012</u>	<u>2011</u>
Program services	68.16%	68.11%
General and administrative	8.18	11.23
Fund-raising	<u>23.66</u>	<u>20.66</u>
	<u>100.00%</u>	<u>100.00%</u>

Note 9 - Strategic Plan

Design Trust undertook a formal strategic planning effort with an outside consultant, The Whelan Group, in 2012. The goal was a framework to strengthen programming, increase visibility, create a sustainable business model, and position the Design Trust as a thought leader on public space in New York City. Over the course of six months, The Whelan Group worked closely with the Strategic Planning Committee of the Board to develop a comprehensive multi-year plan that laid out a vision and a tactical road map for the Design Trust, identifying five major goals: mission focus, financial security, measurable impact, thought leadership and organizational effectiveness. The plan was formally presented and adopted by the Board of Directors at the October 10, 2012 meeting. The total expenses incurred to develop the plan were \$63,547 and were allocated to Program, Administrative and Fundraising activities.