

Design Trust for Public Space, Inc.
Financial Statements
December 31, 2016

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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, 2016, and the related Statements of Activities, Functional Expenses 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, 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.

Report on Summarized Comparative Information

I have previously audited Design Trust for Public Space, Inc.'s 2015 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated May 19, 2016. In my opinion, the summarized comparative information presented herein, as of, and for the year ended December 31, 2015, 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 12, 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.

May 17, 2017

A handwritten signature in blue ink, appearing to be "G. Eisenkraft", is written in a cursive style.

Design Trust for Public Space, Inc.
Statement of Financial Position
December 31, 2016
(With Summarized Financial Information for 2015)

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets		
Cash	\$ 460,864	\$ 390,616
Marketable securities	10,119	19,080
Prepaid expenses and other receivables	1,541	3,402
Pledges and grants receivable	238,763	175,221
Total Current Assets	711,287	588,319
Other Assets		
Property and equipment, net	10,042	11,338
Security deposits	8,699	8,699
Total Other Assets	18,741	20,037
Total Assets	\$ 730,028	\$ 608,356
 Liabilities and Net Assets		
Liabilities		
Current liabilities		
Accounts payable	\$ 59,751	\$ 27,917
Total Current Liabilities	59,751	27,917
 Net Assets		
Unrestricted	545,442	419,711
Temporarily restricted	124,835	160,728
Total Net Assets	670,277	580,439
Total Liabilities and Net Assets	\$ 730,028	\$ 608,356

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, 2016
(With Summarized Financial Information for 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2016</u>	<u>2015</u>
Support and Revenue				
Contributions and grants	\$ 349,397	\$ 170,000	\$ 519,397	\$ 587,490
Government agencies	124,860	-	124,860	87,000
Contributed services	19,500	-	19,500	-
	<u>493,757</u>	<u>170,000</u>	<u>663,757</u>	<u>674,490</u>
Special event income	347,603	-	347,603	325,850
Less: Direct costs of special event	(84,343)	-	(84,343)	(75,949)
	<u>263,260</u>	<u>-</u>	<u>263,260</u>	<u>249,901</u>
Publication and program fee income	86,469	-	86,469	11,598
Investment and interest income	235	-	235	725
Net assets released from restrictions:				
Satisfaction of program restrictions	205,893	(205,893)	-	-
Total Support and Revenue	<u>1,049,614</u>	<u>(35,893)</u>	<u>1,013,721</u>	<u>936,714</u>
Expenses				
Program services	597,290	-	597,290	575,360
Supporting services:				
General and administrative	113,911	-	113,911	73,275
Fund-raising	212,682	-	212,682	234,595
Total Supporting Services	<u>326,593</u>	<u>-</u>	<u>326,593</u>	<u>307,870</u>
Total Expenses	<u>923,883</u>	<u>-</u>	<u>923,883</u>	<u>883,230</u>
Change in Net Assets	125,731	(35,893)	89,838	53,484
Beginning Net Assets	419,711	160,728	580,439	526,955
Ending Net Assets	<u>\$ 545,442</u>	<u>\$ 124,835</u>	<u>\$ 670,277</u>	<u>\$ 580,439</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, 2016
(With Summarized Financial Information for 2015)

	Supporting Services		Total <u>2016</u>	<u>2015</u>
	Program Services	Direct Costs of Special Event		
	\$	\$	\$	\$
Salaries and wages	276,382	69,096	115,159	427,467
Payroll taxes and HR service fees	31,492	7,873	13,122	50,074
Event and exhibit expenses	26,092	-	-	71,483
Professional fees	56,012	13,828	84,343	61,743
Fellowship and honoraria awards	82,000	-	-	83,900
Occupancy expenses	37,202	9,077	15,265	58,222
Employee benefits	31,110	7,778	12,962	47,274
Communication expenses	15,650	1,152	12,860	50,076
Office supplies and other expenses	12,942	2,571	6,158	20,086
Printing and production	12,847	302	7,079	45,235
Registration, processing fees and other	5,216	565	10,767	13,267
Depreciation expenses	4,975	1,244	2,073	7,424
Travel, meetings and meals	4,405	246	3,237	18,679
Hospitality and gifts	755	126	1,069	3,205
Advertising and marketing	210	53	107	1,044
	<u>597,290</u>	<u>113,911</u>	<u>212,682</u>	<u>959,179</u>
Less: Direct costs of special event	-	(84,343)	(84,343)	(75,949)
Total Expenses	<u>\$ 597,290</u>	<u>\$ 113,911</u>	<u>\$ 212,682</u>	<u>\$ 883,230</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, 2016
(With Summarized Financial Information for 2015)

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 89,838	\$ 53,484
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	8,292	7,424
Sale of stock	8,961	8,190
(Increase) decrease in operating assets:		
Prepaid expenses and other receivables	1,861	(2,128)
Pledges and grants receivable	(63,542)	(92,920)
Security deposit	-	(16)
Increase in operating liabilities:		
Accounts payable	31,834	12,422
Net cash provided by (used in) operating activities	77,244	(13,544)
 Cash Flows from Investing Activities		
Purchase of equipment	(6,996)	-
Net cash used in investing activities	(6,996)	-
 Increase (Decrease) in Cash	 70,248	 (13,544)
Beginning Cash	390,616	404,160
Ending Cash	\$ 460,864	\$ 390,616

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

Design Trust for Public Space, Inc.
Notes to Financial Statements
December 31, 2016

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, 2016, there were \$124,835 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, 2016, 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, 2016

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, 2016, the allowance for doubtful accounts was \$0.

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 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, 2016

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 May 17, 2017, 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, 2016, advertising expense was \$370.

Note 2 - Property and Equipment

Property and equipment consists of:

Computers and equipment	\$ 14,700
Furniture and fixtures	30,863
Property and equipment, total	<u>45,563</u>
Less: accumulated depreciation	<u>(35,521)</u>
Property and equipment, net	<u>\$ 10,042</u>

Depreciation expense was \$8,292 for the year ended December 31, 2016.

See independent auditor's report.

Design Trust for Public Space, Inc.
Notes to Financial Statements
December 31, 2016

Note 3 – 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.

Securities held of the following at market value:

	Level 1	Level 2	Level 3	Total
U.S. Equity	\$ 10,119	\$ -	\$ -	\$ 10,119
	\$ 10,119	\$ -	\$ -	\$ 10,119

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 \$5,268 to the plan and is included in the Statements of Functional Expenses during the year ended December 31, 2016.

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, 2016, under the lease terms are as follows:

Year ending:	December 31, 2017	\$	38,190
	2018		39,144
	2019		40,123
	2020		41,126
	2021		42,154
		\$	200,737

Rent expense for the year ended December 31, 2016 was \$42,748 and is included in occupancy expenses in the Statement of Functional Expenses.

See independent auditor's report.

Design Trust for Public Space, Inc.
Notes to Financial Statements
December 31, 2016

Note 6 - Financial Ratios

Expenses as a percentage of the total were as follows:

Program services	65	%
General and administrative	12	
Fundraising	23	
	100	%

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, 2016, were as follows:

	Balance December 31, 2015	Additions	Release From Restrictions	Balance December 31, 2016
<u>Restricted as to purpose:</u>				
Communication	\$ 15,000	\$ -	\$ (12,533)	\$ 2,467
Under the Elevated II	130,063	35,000	(86,749)	78,314
<u>Restricted as to time:</u>				
Future Culture (Staten Island) Fiscal Year Ended 2016	-	100,000	(83,549)	16,451
Opening the Edge Fiscal Year Ended 2016	15,665	-	(15,665)	-
Years ending December 31, 2016 and 2017	-	35,000	(7,397)	27,603
	\$ 160,728	\$ 170,000	\$ (205,893)	\$ 124,835

See independent auditor's report.

Design Trust for Public Space, Inc.
Supplemental Schedule of Program Expenses
For the Year Ended December 31, 2016
(With Summarized Financial Information for 2015)

Program Services										
	General Program	20th Anniversary	Advisory Services	Future Culture(SI)	Laying the Groundwork	Opening the Edge	The World's Park	RFP/New Projects	Under the Elevated II	Total 2016
Salaries and wages	\$ 154,801	\$ 1,509	\$ 4,926	\$ 41,641	\$ 12,041	\$ 16,702	\$ 6,500	\$ 5,182	\$ 33,080	\$ 276,382
Payroll taxes and HR service fees	31,492	-	-	-	-	-	-	-	-	31,492
Fellowship and honoraria awards	-	-	-	28,500	-	16,000	2,500	-	35,000	82,000
Event and exhibit expenses	11,160	-	-	-	5,804	270	653	-	8,205	26,092
Professional fees	20,240	-	33,800	-	-	518	1,408	-	46	56,012
Occupancy expenses	18,122	151	463	6,761	1,801	2,850	976	1,291	4,787	37,202
Communication expenses	5,000	10,650	-	-	-	-	-	-	-	15,650
Employee benefits	18,996	167	545	4,605	-	1,847	719	573	3,658	31,110
Printing and production	2,847	-	-	-	10,000	-	-	-	-	12,847
Office supplies and other expenses	7,315	56	109	1,913	622	750	256	351	1,570	12,942
Registration, processing fees and other	5,216	-	-	-	-	-	-	-	-	5,216
Depreciation expenses	4,975	-	-	-	-	-	-	-	-	4,975
Travel, meetings and meals	3,718	-	13	129	70	72	-	-	403	4,405
Hospitality and gifts	755	-	-	-	-	-	-	-	-	755
Promotion and advertising	210	-	-	-	-	-	-	-	-	210
Total Program Expenses	\$ 284,847	\$ 12,533	\$ 39,856	\$ 83,549	\$ 30,338	\$ 39,009	\$ 13,012	\$ 7,397	\$ 86,749	\$ 597,290

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