

**PROJECT FOR  
PUBLIC SPACES, INC.**

**Financial Statements  
for the year ended  
December 31, 2020**

## **Independent Auditor's Report**

To the Board of Directors  
Project for Public Spaces, Inc.

We have audited the accompanying financial statements of Project for Public Spaces, Inc. ("PPS"), which comprise the statement of financial position as of December 31, 2020 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***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to in the first paragraph on the previous page present fairly, in all material respects, the financial position of Project for Public Spaces, Inc. as of December 31, 2020 and the results of its activities 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***

We have previously audited PPS's 2019 financial statements, and our report dated March 24, 2021 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Condon O'Neavea McGinty + Donnelly LLP*

**PROJECT FOR PUBLIC SPACES, INC.**

**Statement of Financial Position**

**Assets**

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 365,742	\$ 335,987
Contracts receivables, net	76,213	458,863
Grants receivable	-	600,000
Prepaid expenses and other	15,494	15,502
Total current assets	<u>457,449</u>	<u>1,410,352</u>
<b>Security deposit</b>	100,700	100,700
<b>Leasehold improvements, furniture and equipment, at cost</b>	276,563	276,487
Less: accumulated depreciation and amortization	185,863	90,332
Net leasehold improvements, furniture and equipment	<u>90,700</u>	<u>186,155</u>
<b>Total assets</b>	<u><b>\$ 648,849</b></u>	<u><b>\$ 1,697,207</b></u>

**Liabilities and Net Assets**

<b>Current liabilities</b>		
Accounts payable	\$ 220,332	\$ 208,358
Accrued expenses	58,554	67,607
Total current liabilities	<u>278,886</u>	<u>275,965</u>
<b>Deferred rent</b>	<u>219,653</u>	<u>188,238</u>
Total liabilities	<u>498,539</u>	<u>464,203</u>
<b>Net assets</b>		
Without donor restrictions	150,310	633,004
With donor restrictions	-	600,000
Total net assets	<u>150,310</u>	<u>1,233,004</u>
<b>Total liabilities and net assets</b>	<u><b>\$ 648,849</b></u>	<u><b>\$ 1,697,207</b></u>

See notes to financial statements.

**PROJECT FOR PUBLIC SPACES, INC.**

**Statement of Activities  
For the year ended December 31, 2020  
(with Summarized Comparative Totals for the Year Ended December 31, 2019)**

	<b>2020</b>		<b>2019</b>	
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
<b>Public support and revenue</b>				
Grants	\$ 1,057,132	\$ -	\$ 1,057,132	\$ 2,400,000
Government Grant – PPP Loan	466,395	-	466,395	-
Contributions	-	-	-	10,549
Contract services	989,159	-	989,159	1,777,495
Investment return	-	-	-	4,024
Net assets released from restrictions	600,000	(600,000)	-	-
Total public support and revenue	3,112,686	(600,000)	2,512,686	4,192,068
<b>Expenses</b>				
Program services	2,306,436	-	2,306,436	2,924,147
Supporting activities				
Management and general	1,063,359	-	1,063,359	1,954,298
Fund-raising	225,585	-	225,585	46,685
Total expenses	3,595,380	-	3,595,380	4,925,130
<b>(Decrease) in net assets</b>	<b>(482,694)</b>	<b>(600,000)</b>	<b>(1,082,694)</b>	<b>(733,062)</b>
<b>Net assets, beginning of year</b>	<b>633,004</b>	<b>600,000</b>	<b>1,233,004</b>	<b>1,966,066</b>
<b>Net assets, end of year</b>	<b>\$ 150,310</b>	<b>\$ -</b>	<b>\$ 150,310</b>	<b>\$ 1,233,004</b>

See notes to financial statements.

**PROJECT FOR PUBLIC SPACES, INC.**

**Statement of Functional Expenses  
For the year ended December 31, 2020  
(with Summarized Comparative Totals for the Year Ended December 31, 2019)**

	2020			2019		
	Program Services	Supporting Activities		Total	Total	Total
	Management and General	Fund- Raising	Total	Total	Total	Total
Salaries and wages	\$ 1,492,423	\$ 118,491	\$ 2,069,055	\$ 2,069,055	\$ 2,204,374	
Payroll taxes and employee benefits	249,241	58,098	442,036	442,036	551,789	
Total payroll and related expenses	<u>1,741,664</u>	<u>176,589</u>	<u>2,511,091</u>	<u>2,511,091</u>	<u>2,756,163</u>	
Bank fees	3,220	751	5,805	5,805	19,756	
Consultants	283,341	-	446,988	446,988	988,026	
Depreciation and amortization	52,991	12,352	95,531	95,531	47,441	
Equipment rental	-	7,886	7,886	7,886	18,994	
Film and graphics	1,389	326	1,715	1,715	12,148	
Insurance	2,537	-	16,912	16,912	17,474	
Interest expense	-	301	301	301	31,888	
Occupancy	150,149	85,536	270,685	270,685	447,361	
Office supplies	22,417	27,398	49,815	49,815	48,838	
Other	-	5,211	5,211	5,211	52,284	
Postage	129	2,950	3,079	3,079	10,977	
Professional fees	-	112,963	112,963	112,963	121,896	
Telephone	-	12,027	12,027	12,027	14,402	
Travel and related	44,767	3,696	48,463	48,463	325,442	
Utilities	3,832	2,183	893	893	12,040	
<b>Total expenses</b>	<u>\$ 2,306,436</u>	<u>\$ 1,063,359</u>	<u>\$ 225,585</u>	<u>\$ 3,595,380</u>	<u>\$ 4,925,130</u>	

See notes to financial statements.

**PROJECT FOR PUBLIC SPACES, INC.**

**Statement of Cash Flows**

	<b>For the year ended</b>	
	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>		
(Decrease) in net assets	\$(1,082,694)	\$ (733,062)
Adjustments to reconcile (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	95,531	47,441
Unrealized loss on investments	-	1,016
Realized (gain) on sale of investments	-	(4,863)
Decrease in current assets		
Contracts receivables, net	382,650	66,343
Grants receivable	600,000	100,000
Prepaid expenses and other	8	55,660
Increase (decrease) in current liabilities		
Accounts payable	11,974	(140,649)
Accrued expenses	(9,053)	(18,035)
Increase in deferred rent	31,415	40,479
Net cash provided by (used in) operating activities	<u>29,831</u>	<u>(585,670)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	-	70,147
Purchase of furniture and equipment	(76)	(64,385)
Net cash provided by (used in) investing activities	<u>(76)</u>	<u>5,762</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>29,755</b>	<b>(579,908)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>335,987</u></b>	<b><u>915,895</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 365,742</u></b>	<b><u>\$ 335,987</u></b>

See notes to financial statements.

## PROJECT FOR PUBLIC SPACES, INC.

### Notes to Financial Statements December 31, 2020

#### **Note 1 – Nature of organization and summary of significant accounting policies**

##### Nature of organization and purpose

Project for Public Spaces, Inc. (“PPS”) was incorporated in 1975 under the Not-for-Profit Corporation Law of the State of New York. PPS specializes in the planning, design and management of public spaces. Its mission is dedicated to helping people create and sustain public spaces that build stronger communities.

##### Financial reporting

PPS recognizes all unconditional grants and contributions as support on the statement of activities. Grants or contributions without restrictions are recognized as net assets without donor restrictions. Grants or contributions that are restricted for a particular purpose or relate to future periods are reflected as net assets with donor restrictions.

PPS maintains its net assets in two classes as follows:

##### Without donor restrictions

Net assets without restrictions are used to account for the general activity of PPS.

##### With donor restrictions

##### Temporary donor restrictions

Contributions are reported as an increase in net assets without donor restrictions if the restrictions are satisfied within the same year the contributions are received. Net assets with temporary donor restrictions represent expendable gifts and grants, which are restricted by the donor or relate to future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The net assets that were released from donor restrictions during 2020 were used to fund the programs as described in the nature of organization and purpose paragraph above.

##### Donated services

Organizations are required to recognize contributions of services if they create or enhance non-financial assets, or require specialized skills, are provided by individuals possessing those skills and typically would have been purchased if not provided in-kind. PPS receives donated services from an external organization. These services do not meet the criteria to be recorded and have not been included in the financial statements.

##### Contracts services

PPS receives revenues under contracts with governmental and other agencies. As determined by provisions of each contract, revenue from contracts is recognized as costs are incurred. Any significant reduction in the level of this support could have an effect on PPS’s programs.

**PROJECT FOR PUBLIC SPACES, INC.****Notes to Financial Statements (continued)  
December 31, 2020****Note 1 – Nature of organization and summary of significant accounting policies (continued)**Cash equivalents

PPS considers highly liquid assets with original maturities of ninety days or less to be cash equivalents.

Allowance for doubtful accounts

As of December 31, 2020, PPS has an allowance for doubtful accounts of approximately \$12,000 for any possible uncollectible contracts receivables. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

Leasehold improvements, furniture and equipment

PPS capitalizes expenditures above a nominal amount that have a useful life greater than one year. Leasehold improvements are recorded at cost and are being amortized over the life of improvements or the life of the lease, whichever is shorter. Furniture and equipment are being depreciated on the straight-line method over their estimated useful lives ranging from five to ten years.

Allocation of expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. The statement of functional expenses represents the national classification detail of expenses by function. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques primarily consisting of salary and wages and time and effort reporting.

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 amounts reported in the financial statements. Actual results could differ from these estimates.

**PROJECT FOR PUBLIC SPACES, INC.****Notes to Financial Statements (continued)  
December 31, 2020****Note 1 – Nature of organization and summary of significant accounting policies (continued)**Concentrations of credit risks

PPS's financial instruments that are exposed to concentrations of credit risks consist primarily of cash, cash equivalents and receivables. PPS places its cash and cash equivalents with what it believes to be quality financial institutions. At times during the year, cash balances exceeded the FDIC insurance limit; however, PPS have not experienced losses on these cash and cash equivalents accounts. PPS routinely assesses the financial strength of its financial institutions. The receivables consist primarily from grants and various program contracts with other organizations. PPS monitors the collectibility of its receivables on an ongoing basis. PPS believes no significant risk of loss is likely as a result of credit risk concentrations with respect to its cash, cash equivalents and receivables.

Comparative financial information

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with PPS's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Risks and uncertainty

On March 13, 2020, a national emergency was declared due to extraordinary circumstances resulting from the novel coronavirus 2019 (COVID-19) pandemic. Management believes that the COVID-19 pandemic may have a significant impact on its financial condition, results of operations and outlook for year ending December 31, 2021. The extent to which the COVID-19 pandemic may impact business activity and PPS's operations will depend on future developments, which are uncertain and cannot prudently be predicted.

Subsequent events

PPS has evaluated events and transactions for potential recognition or disclosure through October 25, 2021, which is the date the financial statements were available to be issued.

**PROJECT FOR PUBLIC SPACES, INC.**

**Notes to Financial Statements (continued)**  
**December 31, 2020**

**Note 2 – Liquidity and availability of financial assets**

PPS's working capital and cash flows vary due to timing of payments received for grants and contracts.

As of December 31, 2020, financial assets and liquidity resources available within one year of the statement of financial position date for general expenditures were as follows:

	<u>2020</u>
Financial assets	
Cash and cash equivalents	\$ 365,742
Grants and contracts receivables, net	<u>89,433</u>
Total	<u>\$ 455,175</u>

**Note 3 – Commitment**

During August 2019, PPS entered into a 124-month lease agreement for office space in New York City with a commencement date of September 1, 2018. The lease requires an initial annual base fixed rent of \$402,800 in equal monthly installments starting January 1, 2019, for the first year of the lease increasing to \$517,029 on January 1, 2028. The base rental expense is recognized on a straight-line basis over the extended life of the lease rather than in accordance with the actual lease payments. The difference is reflected as deferred rent on the statement of financial position, which represents the adjustment to future years' rents as a result of using the straight-line method. In connection with the lease, PPS has a \$100,700 security deposit with the landlord. For the 2020, total rent expense was \$447,361 and it is included in occupancy in the statement of functional expenses.

During April 2021, due to COVID-19, PPS vacated and surrendered its office space in New York City. In addition, in connection with the surrender agreement, PPS has surrendered its security deposit and certain specified personal property, as outlined in a termination agreement.

**Note 4 – Retirement plan**

PPS provides a 403(b) retirement saving plan to all employees. Employees may make pre-tax salary deferrals effective immediately upon employment. PPS did not make any maturing contributions to their plan for 2020.

**PROJECT FOR PUBLIC SPACES, INC.**

**Notes to Financial Statements (continued)  
December 31, 2020**

**Note 5 – Net assets with donor restrictions**

Temporary donor restrictions

The activities in the net assets with temporary donor restrictions consist of the following as of and for the year ended December 31, 2020:

	Balance at December 31 <u>2019</u>	Net Assets Released From <u>Restrictions</u>	Balance at December 31 <u>2020</u>
BASS – 2019-2020	\$ 600,000	\$ (600,000)	\$ -

**Note 6 – Employment management agreement**

PPS has an employment management agreement with a Certified Professional Employer Organization that provides a comprehensive personnel management system encompassing a broad range of services, including benefits and payroll administration, health and worker's compensation insurance programs, personnel records management, employer liability management, etc.

**Note 7 – Payroll Protection Program Loan**

On May 1, 2020, PPS received loan proceeds in the amount of \$466,395 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying organizations for amounts up to 2.5 times the average monthly payroll expenses of the organization. The loan was forgivable if PPS met certain guidelines as defined in the PPP loan documents. On February 12, 2021, PPS was notified that it had met all criteria for full forgiveness of the PPP loan, and the loan was fully forgiven. PPS recorded the forgiveness as a government grant in the 2020 statement of activities.

During April 2021, PPS applied for a second PPP loan totaling \$455,125, at terms substantially similar to the aforementioned first PPP loan. During October 2021 PPS was notified that the second PPP loan was forgiven, and it will be recorded in the 2021 statement of activities.

**Note 8 – Tax status**

PPS is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"). PPS has been determined by the Internal Revenue Service to be a publicly supported organization, and not a private foundation under the meaning of Sections 509(a)(1) and 170(b)(A)(vii) of the Code. PPS qualifies for the maximum charitable contribution deduction for donors.