

**PROJECT FOR  
PUBLIC SPACES, INC.**

**Financial Statements  
for the year ended  
December 31, 2021**

## **Independent Auditor's Report**

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

### ***Opinion***

We have audited the accompanying financial statements of Project for Public Spaces, Inc. ("PPS"), which comprise the statements of financial position as of December 31, 2021 and December 31, 2020, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PPS as of December 31, 2021 and December 31, 2020, and the result of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PPS, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about PPS's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

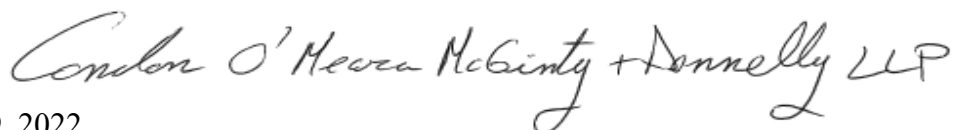
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 PPS' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PPS' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Report on Summarized Comparative Information***

We have previously audited PPS' 2020 financial statements, and our report dated October 25, 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, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



October 19, 2022

**PROJECT FOR PUBLIC SPACES, INC.**

**Statement of Financial Position**

**Assets**

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 672,542	\$ 365,742
Contracts receivables, net	312,780	76,213
Prepaid expenses and other	509	15,494
Total current assets	985,831	457,449
<b>Security deposit</b>	-	100,700
<b>Leasehold improvements, furniture and equipment, at cost</b>	-	276,563
Less: accumulated depreciation and amortization	-	185,863
Net leasehold improvements, furniture and equipment	-	90,700
<b>Total assets</b>	<b>\$ 985,831</b>	<b>\$ 648,849</b>

**Liabilities and Net Assets**

<b>Current liabilities</b>		
Accounts payable	\$ 148,119	\$ 220,332
Accrued expenses	-	58,554
Total current liabilities	148,119	278,886
<b>Deferred rent</b>	-	219,653
Total liabilities	148,119	498,539
<b>Net assets</b>		
Without donor restrictions	20,956	150,310
With donor restrictions	816,756	-
Total net assets	837,712	150,310
<b>Total liabilities and net assets</b>	<b>\$ 985,831</b>	<b>\$ 648,849</b>

See notes to financial statements.

**PROJECT FOR PUBLIC SPACES, INC.**

**Statement of Activities**  
**For the year ended December 31, 2021**  
**(with Summarized Comparative Totals for the Year Ended December 31, 2020)**

	<b>2021</b>			<b>2020</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
<b>Public support and revenue</b>				
Grants	\$ 82,092	\$ 1,059,345	\$ 1,141,437	\$ 1,057,132
Government Grant – PPP Loan	455,125	-	455,125	466,395
Contributions	661,146	-	661,146	-
Contract services	624,638	-	624,638	989,159
Investment return	13,090	-	13,090	-
Net assets released from restrictions	242,589	(242,589)	-	-
Total public support and revenue	2,078,680	816,756	2,895,436	2,512,686
<b>Expenses</b>				
Program services	1,577,909	-	1,577,909	2,306,436
Supporting activities				
Management and general	573,671	-	573,671	1,063,359
Fund-raising	56,454	-	56,454	225,585
Total expenses	2,208,034	-	2,208,034	3,595,380
<b>Increase (decrease) in net assets</b>	<b>(129,354)</b>	<b>816,756</b>	<b>687,402</b>	<b>(1,082,694)</b>
<b>Net assets, beginning of year</b>	<b>150,310</b>	<b>-</b>	<b>150,310</b>	<b>1,233,004</b>
<b>Net assets, end of year</b>	<b>\$ 20,956</b>	<b>\$ 816,756</b>	<b>\$ 837,712</b>	<b>\$ 150,310</b>

See notes to financial statements.

**PROJECT FOR PUBLIC SPACES, INC.**

**Statement of Functional Expenses  
For the year ended December 31, 2021  
(with Summarized Comparative Totals for the Year Ended December 31, 2020)**

	2021			2020	
	Supporting Activities				
	Program Services	Management and General	Fund- Raising	Total	Total
Salaries and wages	\$ 824,330	\$ 259,720	\$ 45,169	\$ 1,129,219	\$ 2,069,055
Payroll taxes and employee benefits	<u>205,952</u>	<u>64,889</u>	<u>11,285</u>	<u>282,126</u>	<u>442,036</u>
Total payroll and related expenses	1,030,282	324,609	56,454	1,411,345	2,511,091
Bank fees	2,911	1,795	-	4,706	5,805
Consultants	497,783	31,773	-	529,556	446,988
Conference and training	29,097	-	-	29,097	-
Depreciation and amortization	-	90,700	-	90,700	95,531
Equipment rental	-	7,944	-	7,944	7,886
Film and graphics	2,403	564	-	2,967	1,715
Insurance	-	15,130	-	15,130	16,912
Interest	-	411	-	411	301
Occupancy	848	2,339	-	3,187	270,685
Office supplies	-	7,926	-	7,926	49,815
Other	-	20,501	-	20,501	5,211
Postage	396	323	-	719	3,079
Professional fees	14,189	40,337	-	54,526	112,963
Telephone	-	1,787	-	1,787	12,027
Travel and related	-	3,078	-	3,078	48,463
Uncollectible receivables	-	24,454	-	24,454	-
Utilities	-	-	-	-	6,908
<b>Total expenses</b>	<b><u>\$ 1,577,909</u></b>	<b><u>\$ 573,671</u></b>	<b><u>\$ 56,454</u></b>	<b><u>\$ 2,208,034</u></b>	<b><u>\$ 3,595,380</u></b>

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><u>2021</u></b>	<b><u>2020</u></b>
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets	\$ 687,402	\$(1,082,694)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	90,700	95,531
Forgiveness of SBA PPP loan	(455,125)	(466,395)
(Increase) decrease in current assets		
Contracts receivables, net	(236,567)	382,650
Grants receivable	-	600,000
Prepaid expenses and other	14,985	8
Security deposit	100,700	-
Increase (decrease) in current liabilities		
Accounts payable	(72,213)	11,974
Accrued expenses	(58,554)	(9,053)
Increase (decrease) in deferred rent	<u>(219,653)</u>	<u>31,415</u>
Net cash (used in) operating activities	(148,325)	(436,564)
<b>Cash flows from investing activities</b>		
Purchase of furniture and equipment	-	(76)
<b>Cash flows from financing activities</b>		
Proceeds from SBA PPP loan	<u>455,125</u>	<u>466,395</u>
<b>Net increase in cash and cash equivalents</b>	<b>306,800</b>	<b>29,755</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>365,742</u></b>	<b><u>335,987</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 672,542</u></b>	<b><u>\$ 365,742</u></b>

See notes to financial statements.

## PROJECT FOR PUBLIC SPACES, INC.

### Notes to Financial Statements December 31, 2021

#### **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 2021 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, 2021****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, 2021, 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 capitalized expenditures above a nominal amount that had a useful life greater than one year. Leasehold improvements were recorded at cost and were being amortized over the life of improvements or the life of the lease, whichever is shorter. Furniture and equipment were being depreciated on the straight-line method over their estimated useful lives ranging from five to ten years. During 2021, PPS surrendered its office space and disposed of all its leasehold improvements and furniture and fixtures.

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, 2021**

**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, 2020, from which the summarized information was derived.

Subsequent events

PPS has evaluated events and transactions for potential recognition or disclosure through October 19, 2022, which is the date the financial statements were available to be issued.

Reclassification

Certain items in the 2020 financial statements have reclassified for comparative purposes only.

**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, 2021, financial assets and liquidity resources available within one year of the statement of financial position date for general expenditures were as follows:

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash and cash equivalents	\$ 672,542	\$ 365,742
Grants and contracts receivables, net	<u>312,780</u>	<u>89,433</u>
Total	<u>\$ 985,322</u>	<u>\$ 455,175</u>

**PROJECT FOR PUBLIC SPACES, INC.**

**Notes to Financial Statements (continued)  
December 31, 2021**

**Note 3 – Commitment**

During August 2020, 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, 2020, 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 2021, 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 matching contributions to their plan for 2021 or 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, 2021:

	Balance at December 31 2020	Grants	Net Assets Released From Restrictions	Balance at December 31 2021
GAF 2020-2021 regranting	\$ -	\$ 350,000	\$ (242,589)	\$ 107,411
Claritin 2021 regranting	-	300,000		300,000
Claritin 2021 labor	-	51,667	-	51,667
GM 2021 labor	-	140,000	-	140,000
GM 2021 regranting	-	120,000	-	120,000
The Port Authority	-	15,000	-	15,000
Jesse Ball Dupont	-	5,500	-	5,500
Mass Mutual	-	73,238	-	73,238
McKing Consulting	-	2,000	-	2,000
Federal Highway Administration	-	1,940	-	1,940
<b>Total</b>	<b>-</b>	<b>1,059,345</b>	<b>(242,589)</b>	<b>816,756</b>

**PROJECT FOR PUBLIC SPACES, INC.****Notes to Financial Statements (continued)  
December 31, 2021****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 and it 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 was 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.