

**PROJECT FOR PUBLIC SPACES, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**



LOTZ AND CARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the accompanying financial statements of Project for Public Spaces, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year 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 Project for Public Spaces, Inc. as of December 31, 2023, 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.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Project for Public Spaces, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Project for Public Spaces, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' 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 auditors' 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 Project for Public Spaces, Inc.'s 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 Project for Public Spaces, Inc.'s 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.

*Lutz + Carr, LLP*

New York, New York  
May 1, 2024

## PROJECT FOR PUBLIC SPACES, INC.

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

**Assets**

Cash and cash equivalents (Notes 1b and 4a)	\$1,075,483
Certificate of deposit (Notes 1c and 1d)	300,000
Contracts receivable (Note 1e)	2,460
Prepaid expenses and other assets	<u>7,280</u>

**Total Assets**\$1,385,223**Liabilities and Net Assets**

## Liabilities

Accounts payable and accrued expenses	\$ 77,959
Grants payable (Note 1g)	240,000
Deferred revenue (Note 1i)	<u>12,298</u>
Total Liabilities	<u>330,257</u>

## Net Assets (Deficit)

Without donor restrictions	(207,090)
With donor restrictions (Note 3)	<u>1,262,056</u>
Total Net Assets	<u>1,054,966</u>

**Total Liabilities and Net Assets**\$1,385,223

See notes to financial statements.

**PROJECT FOR PUBLIC SPACES, INC.**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Changes in Net Assets</b>			
Revenue and Support (Note 4b)			
Grants	\$ 18,260	\$ 1,132,642	\$ 1,150,902
Contributions	86,025	-	86,025
In-kind contributions (Note 6)	12,987	-	12,987
Events	260,352	-	260,352
Contract services	137,461	-	137,461
Memberships	6,639	-	6,639
Interest income	163	-	163
Other income	10,689	-	10,689
Net assets released from restrictions	<u>829,022</u>	<u>(829,022)</u>	<u>-</u>
Total Revenue and Support	<u>1,361,598</u>	<u>303,620</u>	<u>1,665,218</u>
Expenses			
Program Services	<u>1,267,842</u>	<u>-</u>	<u>1,267,842</u>
Supporting Services			
Management and general	622,345	-	622,345
Fundraising	<u>123,474</u>	<u>-</u>	<u>123,474</u>
Total Supporting Services	<u>745,819</u>	<u>-</u>	<u>745,819</u>
Total Expenses	<u>2,013,661</u>	<u>-</u>	<u>2,013,661</u>
Increase (decrease) in net assets	<u>(652,063)</u>	<u>303,620</u>	<u>(348,443)</u>
Net assets, beginning of year, as previously reported	444,973	1,088,436	1,533,409
Prior period adjustments (Note 7)	<u>-</u>	<u>(130,000)</u>	<u>(130,000)</u>
Net assets, beginning of year, as restated	<u>444,973</u>	<u>958,436</u>	<u>1,403,409</u>
<b>Net Assets (Deficit), End of Year</b>	<u><u>\$ (207,090)</u></u>	<u><u>\$ 1,262,056</u></u>	<u><u>\$ 1,054,966</u></u>

See notes to financial statements.

**PROJECT FOR PUBLIC SPACES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2023**

	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total Expenses</b>
		<b>Management and General</b>	<b>Fundraising</b>	
Salaries	\$ 471,879	\$377,005	\$ 66,948	\$ 915,832
Payroll taxes and employee benefits	117,831	92,532	15,325	225,688
Total payroll and related expenses	<u>589,710</u>	<u>469,537</u>	<u>82,273</u>	<u>1,141,520</u>
Grants awarded	390,000	-	-	390,000
Consultants	149,314	15,975	41,000	206,289
Professional fees	-	44,330	-	44,330
Travel and related	61,671	7,146	46	68,863
Conference and training	-	1,256	69	1,325
Occupancy	42,352	35,179	-	77,531
Utilities	2,545	20,724	-	23,269
Office supplies	383	1,585	-	1,968
Postage	46	36	-	82
Printing and advertising	11,227	2,867	-	14,094
Telephone	-	1,673	-	1,673
Insurance	4,702	4,918	-	9,620
Bank fees	15,892	542	86	16,520
Other	-	16,577	-	16,577
Total Expenses	<u>\$ 1,267,842</u>	<u>\$622,345</u>	<u>\$123,474</u>	<u>\$ 2,013,661</u>

See notes to financial statements.

## PROJECT FOR PUBLIC SPACES, INC.

## STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023

<b>Cash Flows From Operating Activities</b>	
Decrease in net assets	\$ (348,443)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:	
(Increase) decrease in:	
Contracts receivable, net	58,757
Prepaid expenses and other assets	(7,280)
Increase (decrease) in:	
Accounts payable and accrued expenses	(16,846)
Grants payable	110,000
Deferred revenue	12,298
Net Cash Used By Operating Activities	<u>(191,514)</u>
<b>Cash Flows From Investing Activities</b>	
Purchase of certificate of deposit	<u>(300,000)</u>
Net decrease in cash and cash equivalents	(491,514)
Cash and cash equivalents, beginning of year	<u>1,566,997</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$1,075,483</u></u>

See notes to financial statements.

**PROJECT FOR PUBLIC SPACES, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2023****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

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.

**b - Cash and Cash Equivalents**

For purposes of the statement of cash flows, PPS considers all highly liquid debt instruments, purchased with a maturity of three months or less, to be cash equivalents.

**c - Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-based measurement. Generally accepted accounting principles establish a framework for measuring fair value which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those the market participants would use in pricing the asset based on market data obtained from sources independent of PPS. Unobservable inputs reflect PPS' assumptions about the inputs market participants would use in pricing the asset developed based on the best information available in the circumstances. Fair value measurements are categorized into three levels as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that PPS has the ability to access at the measurement date.

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 Inputs that are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

**PROJECT FOR PUBLIC SPACES, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2023****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****d - Certificate of Deposit**

Certificates of deposit are reported at fair value in the statement of financial position. The value of certificates of deposit are based on quoted market prices in active markets and are, therefore, classified within Level 1 of the fair value hierarchy.

**e - Allowance for Doubtful Accounts**

As of December 31, 2023, PPS has not provided for an allowance for doubtful accounts for any potentially uncollectible receivables. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

**f - Contributions**

Contributions are recognized when the donor makes a promise to give to PPS, that is, in substance, unconditional. Conditional promises to give, with a measurable performance-related or other barrier and right of return of assets transferred or release of a promisor's obligation to transfer assets in the future, are not recognized until the conditions on which they depend have been met.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**g - Grants Payable**

Grants are accrued at the time an unconditional award is authorized. At December 31, 2023, all grants payable are due to be paid within one year.

**h - In-Kind Donations**

PPS recognizes in-kind donations for contributed services if the services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind.

**PROJECT FOR PUBLIC SPACES, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2023****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****i - Revenue Recognition**

PPS' earned revenues accounted for as exchange transactions include events, contract services, and memberships. Revenue from events is recognized when the event takes place. Contract services revenue is recognized upon the incurrence of billable expenses under the contract. Revenues received in advanced of events taking place of contract services being performed is deferred.

PPS has various categories of memberships that last for a one-year term. Membership benefits consist primarily of networking opportunities. In addition, one membership category includes a complimentary event registration. Memberships are billed and collected at the beginning of the membership period and recognized as contribution revenue, except for any portion related to complimentary event registration, which is recognized upon the event taking place.

**j - Financial Statement Presentation**

The financial statements of PPS have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require PPS to report information regarding its financial position and activities according to the following net asset classifications:

**Net Assets Without Donor Restrictions**

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of PPS. These net assets may be used at the discretion of PPS' management and Board of Directors.

**Net Assets With Donor Restrictions**

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of PPS or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**k - Functional Allocation of Expenses**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses are applied directly to programs, where applicable, or allocated on a reasonable and consistent basis. Expenses that are allocated include salaries, payroll taxes and employee benefits, which are allocated based on employees' time and effort.

**PROJECT FOR PUBLIC SPACES, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2023****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****l - Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**m - Tax Status**

Project for Public Spaces, Inc. is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

**n - Subsequent Events**

PPS has evaluated subsequent events through May 1, 2024, the date that the financial statements are considered available to be issued.

**o - New Accounting Standard**

In June 2016, the FASB issued ASU 2016-13 (FASB ASC 326), *Financial Instruments — Credit Losses*, which changes how organizations measure credit losses for certain financial instruments. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. The expected loss model requires immediate recognition of estimated credit losses expected to occur. Financial assets held by PPS that are subject to the guidance in FASB ASC 326 were contracts receivable. PPS adopted FASB ASC 326 effective January 1, 2023. The standard did not have a material impact on the financial statements.

**Note 2 - Information Regarding Liquidity and Availability**

PPS operates with a balanced budget for each year based on the revenues expected to be available to fund anticipated expenses. A substantial amount of annual revenue is comprised of grants and contributions raised during the current year, and revenues earned for contract services. PPS considers general expenditures to consist of all expenses related to ongoing program activities, and the expenses related to management and general and fundraising activities undertaken to support these services.

**PROJECT FOR PUBLIC SPACES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**Note 2 - Information Regarding Liquidity and Availability (continued)**

PPS' financial assets as of December 31, 2023 available to meet cash needs for general expenditures within one year are summarized as follows:

Financial Assets at Year End:	
Cash and cash equivalents	\$1,075,483
Certificate of deposit	300,000
Contracts receivable	<u>2,460</u>
Total Financial Assets	1,377,943
Less: Amounts not Available to be Used within One Year:	
Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(1,262,056)
Plus: Net assets with donor restrictions expected to be met in less than one year	<u>1,262,056</u>
Financial Assets Available to Meet General Expenditures within One Year	<u><u>\$1,377,943</u></u>

**Note 3 - Net Assets With Donor Restrictions**

Net assets with donor restrictions as of December 31, 2023 are restricted for the Community Placemaking program.

**Note 4 - Concentrations**

a - Concentration of Credit Risk

PPS maintains its cash and cash equivalents on deposit with one high credit quality financial institution that, at times, may exceed federally insured limits. PPS has not experienced, nor does it anticipate, any losses with respect to such accounts.

b - Revenue and Support

For the year ended December 31, 2023, approximately 70% of PPS' total revenue and support was received from two foundations.

## PROJECT FOR PUBLIC SPACES, INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

**Note 5 - Retirement Plan**

PPS maintains a 401(k) plan for which all employees are eligible to participate in upon hire. A discretionary annual employer matching contribution may be made by PPS. Total expense under this plan for the year ended December 31, 2023 was \$7,000.

**Note 6 - In-Kind Contributions**

During the year ended December 31, 2023, PPS received the following in-kind contributions:

Venue rental fees	\$ 7,332
Event sponsorship/advertising	5,000
Airplane tickets	<u>655</u>
Total	<u>\$12,987</u>

The in-kind contributions were utilized by PPS in connection with its program service activities. The fair value of in-kind contributions is determined based on current market rates charged.

**Note 7 - Prior Period Adjustments**

Net assets as of January 1, 2023 have been restated for the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
To reflect unconditional grant expenses payable	\$(130,000)	\$ -	\$(130,000)
To release net assets with donor restrictions	<u>130,000</u>	<u>(130,000)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$(130,000)</u>	<u>\$(130,000)</u>