The Buffalo Bayou Partnership

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2018 and 2017

The Buffalo Bayou Partnership

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Blazek & Vetterling

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors of
The Buffalo Bayou Partnership:

We have audited the accompanying financial statements of The Buffalo Bayou Partnership, which comprise the statements of financial position as of December 31, 2018 and 2017 and the related statements of activities and of cash flows for the years then ended, the related statement of functional expenses for the year ended December 31, 2018, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audits 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 auditors' 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 above present fairly, in all material respects, the financial position of The Buffalo Bayou Partnership as of December 31, 2018 and 2017 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Adoption of New Accounting Standard

As discussed in Note 2 to the financial statements, The Buffalo Bayou Partnership adopted the amendments of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities,* as of and for the year ended December 31, 2018. These amendments have been applied on a retrospective basis to the financial statements as of and for the year ended December 31, 2017, except that certain information has been omitted as permitted by the ASU. Our opinion is not modified with respect to this matter.

Blazek & Vetterling

May 31, 2019

The Buffalo Bayou Partnership

Statements of Financial Position as of December 31, 2018 and 2017

	2018	2017
ASSETS		
Cash	$ 1,546,792	$ 5,464,064
Prepaid expenses and other receivables	230,308	355,918
Investments *(Note 4)*	4,035,487	2,877,764
Contributions receivable *(Note 6)*	1,014,076	2,344,676
Property, net *(Note 7)*	18,847,052	16,376,761
TOTAL ASSETS	$ 25,673,715	$ 27,419,183
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 432,610	$ 317,634
Hurricane repairs and construction payables	80,000	417,295
Deferred revenue	230,136	230,636
Advanced contributions *(Note 6)*	250,000	250,000
Advance on future property sale		2,712,528
Notes payable *(Note 8)*	3,068,318	603,239
Total liabilities	4,061,064	4,531,332
Net assets:		
Without donor restrictions *(Note 9)*	20,530,372	18,314,360
With donor restrictions *(Note 10)*	1,082,279	4,573,491
Total net assets	21,612,651	22,887,851
TOTAL LIABILITIES AND NET ASSETS	$ 25,673,715	$ 27,419,183

See accompanying notes to financial statements.

The Buffalo Bayou Partnership

Statement of Activities for the year ended December 31, 2018

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contract service fees *(Note 5)*	$ 3,316,339		$ 3,316,339
Contributions *(Note 11)*	538,962	$ 894,963	1,433,925
Special events	705,567		705,567
Cost of direct donor benefits	(166,372)		(166,372)
Program fees and other income	888,250		888,250
Total revenue	5,282,746	894,963	6,177,709
Net assets released from restrictions *(Note 12)*	4,386,175	(4,386,175)	
Total	9,668,921	(3,491,212)	6,177,709
EXPENSES:			
Buffalo Bayou development, maintenance and park programming	5,829,547		5,829,547
Management and general	266,043		266,043
Fundraising	269,535		269,535
Total expenses	6,365,125		6,365,125
Changes in net assets before involuntary conversion	3,303,796	(3,491,212)	(187,416)
Net results of involuntary conversion *(Note 13)*	(1,087,784)		(1,087,784)
CHANGES IN NET ASSETS	2,216,012	(3,491,212)	(1,275,200)
Net assets, beginning of year	18,314,360	4,573,491	22,887,851
Net assets, end of year	$ 20,530,372	$ 1,082,279	$ 21,612,651

See accompanying notes to financial statements.

The Buffalo Bayou Partnership

Statement of Activities for the year ended December 31, 2017

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contract service fees *(Note 5)*	$ 3,063,921		$ 3,063,921
Contributions *(Note 11)*	460,494	$ 6,104,302	6,564,796
Special events	715,716		715,716
Cost of direct donor benefits	(164,800)		(164,800)
Program fees and other income	794,989		794,989
Total revenue	4,870,320	6,104,302	10,974,622
Net assets released from restrictions *(Note 12)*	6,627,018	(6,627,018)	
Total	11,497,338	(522,716)	10,974,622
EXPENSES:			
Buffalo Bayou development, maintenance and park programs	4,962,405		4,962,405
Management and general	240,111		240,111
Fundraising	262,020		262,020
Total expenses	5,464,536		5,464,536
Changes in net assets before involuntary conversion	6,032,802	(522,716)	5,510,086
Net results of involuntary conversion *(Note 13)*	(1,162,516)		(1,162,516)
CHANGES IN NET ASSETS	4,870,286	(522,716)	4,347,570
Net assets, beginning of year *(Note 2)*	13,444,074	5,096,207	18,540,281
Net assets, end of year	$ 18,314,360	$ 4,573,491	$ 22,887,851

See accompanying notes to financial statements.

The Buffalo Bayou Partnership

Statement of Functional Expenses for the year ended December 31, 2018

	BUFFALO BAYOU DEVELOPMENT, MAINTENANCE AND PARK PROGRAMMING	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and related costs	$ 1,877,071	$ 157,195	$ 212,253	$ 2,246,519
Professional fees and contract services	1,955,513	61,368	1,650	2,018,531
Park maintenance	878,731			878,731
Insurance	220,834	5,766	5,766	232,366
Depreciation	172,495	2,760	2,760	178,015
Park equipment and supplies	150,315			150,315
Utilities	91,879	2,839	1,914	96,632
Rent	96,000			96,000
Donation of park improvements to City of Houston	93,821			93,821
Supplies	73,862	7,814	7,776	89,452
Credit card and other fees	47,976	2,658	5,882	56,516
Graphics and printing	40,405	4,228	11,263	55,896
Interest	31,981	1,875	1,875	35,731
Technology and communication	33,079	2,493	7,092	42,664
Conferences and meetings	23,769	1,431	1,713	26,913
Transportation	25,328	53	151	25,532
Marketing and advertising	5,403	9,189	1,686	16,278
Other	11,085	6,374	7,754	25,213
Total expenses	$ 5,829,547	$ 266,043	$ 269,535	6,365,125
Cost of direct donor benefits				166,372
Total				$ 6,531,497

See accompanying notes to financial statements.

The Buffalo Bayou Partnership

Statements of Cash Flows for the years ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ (1,275,200)	$ 4,347,570
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	178,015	108,964
Contributions restricted for projects	(26,501)	(4,278,767)
Unrealized gain on U. S. Treasury securities	(2,191)	
Loss on impairment of park equipment		264,469
Donation of land and park improvements to the City of Houston	93,821	645,456
Changes in operating assets and liabilities:		
Prepaid expenses and other receivables	125,610	(93,921)
Contributions receivable (excluding projects)	(17,119)	6,964
Accounts payable and accrued expenses	(188,260)	496,549
Deferred revenue	(500)	230,636
Payable to the City of Houston		(370,000)
Advanced contributions	(212,763)	(15,000)
Net cash provided (used) by operating activities	(1,325,088)	1,342,920
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from insurance settlements	73,094	340,925
Expenditures for purchases of property	(2,846,830)	(1,487,234)
Purchases of U. S. Treasury securities	(499,684)	
Net change in certificates of deposit and money market mutual funds	(655,848)	(277,764)
Net cash used by investing activities	(3,929,268)	(1,424,073)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for projects	1,371,770	3,412,070
Repayment of notes payable and line of credit	(34,686)	(1,308,331)
Net cash provided by financing activities	1,337,084	2,103,739
NET CHANGE IN CASH	(3,917,272)	2,022,586
Cash, beginning of year	5,464,064	3,441,478
Cash, end of year	$ 1,546,792	$ 5,464,064

Supplemental disclosure of cash flow information:

Interest paid	$36,140	$47,916
Property sale advance converted to loan	$2,499,765	

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – The Buffalo Bayou Partnership (the Partnership) was established in 1986 for the purpose of serving as an advisory resource and liaison among the groups that are pursuing development of Buffalo Bayou (the Bayou) amenities and the many private and public sector entities with interest in or jurisdiction over various Bayou functions. The Partnership also coordinates integration of major amenities into the Bayou Greenbelt and seeks ways to increase community development in Bayou-related activities. The Partnership is to be administered to benefit the City of Houston (the City) and Harris County, Texas (the County). Significant Partnership programs and projects include: land acquisition, hike and bike trail design and construction, redevelopment of major waterfront destinations, special event coordination, and operation of a specially designed water craft to remove bayou debris.

Federal income tax status – The Partnership is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(vi).

Investments in marketable securities are reported at fair value. Investments in certificates of deposit are reported at face value plus accrued interest.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts due in more than one year are discounted, if material, to estimate the present value of future cash flows.

Property is reported at cost if purchased and at fair value at the date of gift if donated. Depreciation is calculated on a straight-line basis over estimated useful lives of 3 to 20 years. Bayou improvements for collaborative projects with the City or County are the property of the City or County and are expensed as incurred, except as disclosed in Note 5.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service unless the donor also has placed a time restriction on the use of the long-lived asset, in which case the release occurs over the term of the time restriction. Donor-restricted endowment earnings are released when those earnings are appropriated in accordance with spending policies and are used for the stipulated purpose.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as restricted support. Conditional contributions are recognized in the same manner when the conditions are substantially met.

In-kind contributions – Donated facilities, materials, and services are recognized at fair value as contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Contract service fees are recognized as the services are provided. Amounts received in advance are reported as deferred revenue.

Advertising costs are expensed as incurred.

Functional allocation of expenses – Expenses are reported by their functional classification as program services or supporting activities. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to one or more program or supporting activities are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Depreciation, interest expense, and occupancy costs are allocated based on square footage. Information technology costs are allocated based on estimates of time and costs of specific technology utilized.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Recent financial accounting pronouncements – In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which replaces most existing revenue recognition guidance for exchange transactions not specifically covered by other guidance. This ASU does not apply to non-exchange transactions such as contributions. The core principle of the new guidance is that an entity should recognize revenue in an amount that reflects the consideration to which it expects to be entitled in exchange for transferred goods or services and establishes a 5-step process to determine when performance obligations are satisfied and revenue is recognized. The ASU is effective for fiscal year 2019 and must be applied retrospectively. The Partnership is required to adopt this ASU in 2019. Management does not expect this adoption will have a material impact on the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction and provide additional guidance on determining whether a contribution is conditional or unconditional. This ASU could impact the timing of revenue recognition and the financial statement disclosures related to such transactions. The Partnership is required to adopt this ASU in 2019. The amendments should be applied on a modified prospective basis, but retrospective application also is permitted. Management does not expect this adoption will have a material impact on the financial statements.

NOTE 2 – ADOPTION OF ACCOUNTING STANDARDS UPDATE 2016-14

The Partnership adopted the amendments of ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities,* as of and for the year ended December 31, 2018. These amendments have been applied on a retrospective basis to the financial statements for the year ended December 31, 2017, except that information regarding liquidity and availability of resources and presentation of expenses by both nature and function has been omitted as permitted by the ASU. Adoption of this ASU resulted in reclassification of previously reported net assets to conform to the 2018 presentation but had no impact on total net assets or total changes in net assets for 2017.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2018 comprise the following:

Financial assets at December 31, 2018:	
Cash	$ 1,546,792
Receivables	56,763
Investments	4,035,487
Contributions receivable	1,014,076
Total financial assets	6,653,118
Less financial assets not available for general expenditure:	
Donor-restricted assets subject to satisfaction of restriction and the passage of time	812,852
Contractually restricted assets for park maintenance and capital improvements	1,309,871
Total financial assets available for general expenditure	$ 4,530,395

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Partnership considers all expenditures related to its ongoing activities of the development and stewardship of the Bayou, as well as the conduct of services undertaken to support those activities, to be general expenditures. The Partnership has entered into maintenance contracts with local governmental entities that require amounts paid in excess of amounts used in each given year to be accumulated for future maintenance and capital improvements (see Note 5).

As part of the Partnership's liquidity management, it structures its financial assets to be available as its general expenditures and liabilities become due or as additional funding opportunities are presented by maintaining a significant portion of its assets in cash. Short-term funds are invested in liquid certificates of deposit or treasury instruments with staggered maturities based upon expected needs.

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.

- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.

Assets measured at fair value at December 31, 2018 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Money market mutual funds	$ 2,524,215			$ 2,524,215
U. S. Treasury securities	501,875			501,875
Total assets measured at fair value	$ 3,026,090	$ 0	$ 0	3,026,090
Certificates of deposit				1,009,397
Total investments				$ 4,035,487

Investments at December 31, 2017 consisted of certificates of deposit of $2,877,764 carried at face value plus accrued interest.

Valuation methods used for assets measured at fair value are as follows:

- *Mutual funds* are valued at reported net asset value.
- *U. S. Treasury securities* are valued using prices obtained from active market maker and inter-dealer brokers on a daily basis.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Partnership believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market, and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

NOTE 5 – GOVERNMENT AND OTHER RELATED CONTRACTS

In February 2011, the Partnership entered into a tri-party agreement with the Harris County Flood Control District (the District) and the City to delegate responsibilities of the redevelopment of the Bayou from Shepherd to Sabine Buffalo Bayou Park. The agreement gave the Partnership rights to manage development, construction, maintenance, and operations of the parkland in the project area. The park improvements were completed for the Bayou from Shepherd to Sabine project in December 2015, and under this agreement the Partnership transferred ownership to the City at that time. An additional $94,000 and $165,000 in park improvements were transferred to the City in 2018 and 2017, respectively. Under this agreement, the City pays the Partnership an annual city maintenance fee of approximately $2,000,000 adjusted annually for inflation for an initial term of 30 years for ongoing maintenance of Buffalo Bayou Park. During 2018 and 2017, the Partnership earned $2,343,289 and $2,288,477, respectively, in fees for services under this maintenance agreement. Additionally, in any year during the operating phase when the City maintenance fee paid for the year exceeds the actual cost of maintenance and operations of the project, the Partnership is required to hold any such excess in a maintenance reserve to be used to cover certain future costs related to the operations of the project. Concession revenue paid to the Partnership under its agreements with licensees and vendors is required to be held by the Partnership in a capital reserve until used for capital improvements. At December 31, 2018 and 2017, $1,208,776 and $968,554 was being held as maintenance and capital reserve for the project, respectively.

In July 2011, the Partnership entered into an agreement with the District whereby the Partnership would provide a program for management and removal of floatables, litter and other pollutants from the Bayou and its tributaries. The agreement was renewed for an additional term through July 2019. The District will pay $343,091 annually under this agreement, which is included in fees for services.

In March 2016, the Partnership entered into an agreement with a local government corporation, a component unit of the City, whereby the Partnership will manage, operate and maintain the green spaces adjacent to the Bayou in downtown Houston known as Sabine Promenade and Sesquicentennial Park through March 31, 2027. The Partnership recognized $550,000 in 2018 and 2017 under this agreement, which is included in fees for services. A portion of the fee is to be used for capital projects, improvements and repairs other than routine maintenance and upkeep. At December 31, 2018 and 2017, $101,095 and $100,000, respectively, was being held as capital reserve for the project.

In September 2017, the Partnership contributed .54 acres of land along Japhet Creek purchased in May 2017 for $351,100 to the City to enhance the ecological, conservation and recreational values of Japhet Creek. In October 2017, the Partnership contributed 1.73 acres of land recorded at $129,850 to the City to be used for construction of trails for public access along the Bayou's east sector.

NOTE 6 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are as follows:

	2018	2017
Operating contributions receivable	$ 38,867	$ 21,748
Contributions receivable restricted for projects	975,209	2,322,928
Total contributions receivable	$ 1,014,076	$ 2,344,676

Contributions receivable at December 31, 2018 are expected to be collected within one year.

Concentration

At December 31, 2018, approximately 89% of contributions were due from four donors. At December 31, 2017, approximately 83% of contributions were due from one donor.

NOTE 7 – PROPERTY

Property consists of the following:

	2018	2017
Land	$ 10,761,200	$ 8,468,833
Buildings and improvements	7,531,013	7,517,748
Park equipment	569,345	319,197
Boats	321,395	278,043
Office equipment and furniture	116,052	66,878
Vehicles	97,357	97,357
Total property, at cost	19,396,362	16,748,056
Accumulated depreciation	(549,310)	(371,295)
Property, net	$ 18,847,052	$ 16,376,761

The Partnership has eight right-of-way easements totaling 8.4 acres along the Bayou's east sector. These easements were granted to the Partnership to allow completion of hike and bike trails for public use. The Partnership does not have ownership of the land and improvements related to these easements; therefore, no amounts have been recorded as assets in these financial statements.

NOTE 8 – NOTES PAYABLE

Notes payable consist of the following:

	2018	2017
Note payable to a local governmental corporation with payments due monthly starting in 2020, maturing on September 17, 2058, secured by deed of trust at property at 1019 Commerce Street; interest rate of 2%.	$ 2,499,765	
Note payable to a bank with payments due on a quarterly basis based on a 20-year amortization, maturing April 28, 2021, secured by land; interest rate of 3.95% at December 31, 2018.	568,553	$ 603,239
Total notes payable	$ 3,068,318	$ 603,239

Principal payments at December 31, 2018 are due as follows:

2019	$ 35,985
2020	44,724
2021	539,707
2022	45,426
2023	46,343
Thereafter	2,356,133
Total	$ 3,068,318

The Partnership recognized interest expense of approximately $35,730 in 2018 and $22,150 in 2017. Interest capitalized was approximately $22,000 in 2017.

NOTE 9 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are comprised of the following:

	2018	2017
Property, net of debt	$ 15,778,734	$ 15,773,522
Park maintenance and capital improvements under operating agreements	1,309,871	1,068,554
Undesignated	3,441,767	1,472,284
Total net assets without donor restrictions	$ 20,530,372	$ 18,314,360

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	2018	2017
Subject to expenditure for specified purpose:		
Hike and bike trail projects	$ 570,282	$ 895,326
Land acquisition	470,683	2,900,304
East End master plan project		592,418
Sediment removal		134,119
Other	2,447	29,880
Total subject to expenditure for specified purpose	1,043,412	4,552,047
Subject to passage of time:		
Contributions receivable that are not restricted by donors, but which are unavailable for expenditures until due	38,867	21,444
Total net assets with donor restrictions	$ 1,082,279	$ 4,573,491

NOTE 11 – CONTRIBUTIONS

Conditional contributions

In January 2011, the Partnership received a $1,000,000 contribution to fund the construction of trails for public access for two segments along the south side of the Bayou. The contribution is conditioned upon a completed design and award of a contract to begin construction on each trail. The contribution will be recognized as contribution revenue when the conditions are met. The Partnership has received payments of $765,000 on this conditional contribution on both trail segments. The Partnership has met conditions for a portion of the contribution to be recognized. The conditions for recognition had not been met on the remaining portion of these trail segments at December 31, 2018. At December 31, 2018 and 2017, $250,000 is included in advanced contributions.

In-kind contributions

The Partnership recognized the fair value of services and materials as contributed capital assets and program expenses, as follows:

	2018	2017
Facility rent from the City	$ 96,000	$ 96,000
Land acquisition		58,600
Other goods and services	12,750	1,825
Total in-kind contributions	$ 108,750	$ 156,425

NOTE 12 – NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Donor restrictions on contributions were satisfied for the following purposes:

	2018	2017
Land acquisition	$ 2,394,216	$ 302,175
East End master plan project	611,868	343,160
Shepherd to Sabine project	510,869	94,124
Hike and bike trail projects	332,095	36,066
Disaster relief and clean-up	284,149	1,364,104
Clean and Green program	108,473	155,037
Cistern operations and programming	100,195	311,125
Sunset Coffee Building		3,867,444
Buffalo Bayou Park book project		81,470
Other	44,310	72,313
Total net assets released from restrictions	$ 4,386,175	$ 6,627,018

NOTE 13 – INVOLUNTARY CONVERSION

The Partnership incurred damage to Buffalo Bayou Park grounds and equipment and Sunset Coffee Building in August 2017 due to Hurricane Harvey requiring significant clean-up and repairs. A cumulative loss on involuntary conversion of $1,162,516 was recognized during 2017 as a result of the damage. During the year ended December 31, 2018, the following transaction related to the involuntary conversion was recognized in the statement of activities:

Insurance proceeds	$ 73,094
Clean-up and repair expenses incurred	(1,160,878)
Total	$ (1,087,784)

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 31, 2019, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.