

**Buffalo Bayou Partnership**

Financial Statements  
and Independent Auditors' Report  
for the years ended December 31, 2020 and 2019

# Buffalo Bayou Partnership

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**Independent Auditors' Report**

To the Board of Directors of  
Buffalo Bayou Partnership:

We have audited the accompanying financial statements of Buffalo Bayou Partnership, which comprise the statements of financial position as of December 31, 2020 and 2019 and the related statements of activities, of functional expenses, and of cash flows for the years 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.

**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 Buffalo Bayou Partnership as of December 31, 2020 and 2019 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.

*Blazek & Vetterling*

July 22, 2021

## Buffalo Bayou Partnership

Statements of Financial Position as of December 31, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 1,976,161	\$ 2,821,943
Prepaid expenses and other receivables	475,701	244,524
Investments (Note 3)	15,597,331	4,359,428
Contributions receivable	6,572,139	1,962,373
Property, net (Note 5)	<u>20,252,613</u>	<u>18,538,494</u>
 TOTAL ASSETS	 <u>\$ 44,873,945</u>	 <u>\$ 27,926,762</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 319,563	\$ 152,383
Deferred revenue	247,981	248,886
Paycheck Protection Program refundable advance (Note 10)	396,100	
Advanced contributions (Note 10)	755,000	1,046,502
Notes payable (Note 6)	<u>2,693,946</u>	<u>2,753,053</u>
Total liabilities	<u>4,412,590</u>	<u>4,200,824</u>
Net assets:		
Without donor restrictions (Note 8)	22,266,294	20,280,585
With donor restrictions (Note 9)	<u>18,195,061</u>	<u>3,445,353</u>
Total net assets	<u>40,461,355</u>	<u>23,725,938</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 44,873,945</u>	 <u>\$ 27,926,762</u>

*See accompanying notes to financial statements.*

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## Buffalo Bayou Partnership

Statement of Activities for the year ended December 31, 2020

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Fees and program revenues:			
Contract service fees (Note 4)	\$ 3,488,820		\$ 3,488,820
Park rentals and fees	305,167		305,167
Contributions (Note 10)	438,171	\$ 18,380,231	18,818,402
Special events	467,549		467,549
Cost of direct donor benefits	(86,619)		(86,619)
Other income	327,730		327,730
	<hr/>	<hr/>	<hr/>
Total revenue	4,940,818	18,380,231	23,321,049
Net assets released from restrictions (Note 11)	<u>3,630,523</u>	<u>(3,630,523)</u>	
Total	<u>8,571,341</u>	<u>14,749,708</u>	<u>23,321,049</u>
EXPENSES:			
Buffalo Bayou development, maintenance and park programming	5,927,353		5,927,353
Management and general	361,959		361,959
Fundraising	<u>296,320</u>		<u>296,320</u>
Total expenses	<u>6,585,632</u>		<u>6,585,632</u>
CHANGES IN NET ASSETS	1,985,709	14,749,708	16,735,417
Net assets, beginning of year	<u>20,280,585</u>	<u>3,445,353</u>	<u>23,725,938</u>
Net assets, end of year	<u>\$ 22,266,294</u>	<u>\$ 18,195,061</u>	<u>\$ 40,461,355</u>

*See accompanying notes to financial statements.*

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## Buffalo Bayou Partnership

Statement of Activities for the year ended December 31, 2019

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Fees and program revenues:			
Contract service fees <i>(Note 4)</i>	\$ 3,358,860		\$ 3,358,860
Park rentals and fees	671,784		671,784
Contributions <i>(Note 10)</i>	911,100	\$ 3,583,146	4,494,246
Special events	137,051		137,051
Cost of direct donor benefits	(32,450)		(32,450)
Other income	178,198		178,198
Total revenue	5,224,543	3,583,146	8,807,689
Net assets released from restrictions <i>(Note 11)</i>	<u>1,220,072</u>	<u>(1,220,072)</u>	
Total	<u>6,444,615</u>	<u>2,363,074</u>	<u>8,807,689</u>
EXPENSES:			
Buffalo Bayou development, maintenance and park programming	5,869,626		5,869,626
Management and general	411,660		411,660
Fundraising	<u>413,116</u>		<u>413,116</u>
Total expenses	<u>6,694,402</u>		<u>6,694,402</u>
CHANGES IN NET ASSETS	(249,787)	2,363,074	2,113,287
Net assets, beginning of year	<u>20,530,372</u>	<u>1,082,279</u>	<u>21,612,651</u>
Net assets, end of year	<u>\$ 20,280,585</u>	<u>\$ 3,445,353</u>	<u>\$ 23,725,938</u>

*See accompanying notes to financial statements.*

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## Buffalo Bayou Partnership

### Statement of Functional Expenses for the year ended December 31, 2020

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	BUFFALO BAYOU DEVELOPMENT, MAINTENANCE AND PARK PROGRAMMING	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and related costs	\$ 2,339,610	\$ 182,322	\$ 242,121	\$ 2,764,053
Professional fees and contract services	1,335,255	69,944	4,501	1,409,700
Park maintenance	791,805			791,805
Depreciation	326,635	6,959	6,959	340,553
Park equipment and supplies	312,334			312,334
Insurance	281,007	8,574	8,574	298,155
Supplies	199,305	1,961	4,622	205,888
Utilities	91,336	4,032	2,501	97,869
Rent	96,000			96,000
Technology and communication	37,515	25,651	5,150	68,316
Interest	44,380	7,497	7,497	59,374
Graphics and printing	35,132	3,141	10,874	49,147
Credit card and other fees		37,689		37,689
Transportation	19,013	71	66	19,150
Conferences and meetings	5,402	5,483	351	11,236
Marketing and advertising	2,343	877	1,262	4,482
Other	<u>10,281</u>	<u>7,758</u>	<u>1,842</u>	<u>19,881</u>
Total expenses	<u>\$ 5,927,353</u>	<u>\$ 361,959</u>	<u>\$ 296,320</u>	6,585,632
Cost of direct donor benefits				<u>86,619</u>
Total				<u>\$ 6,672,251</u>

*See accompanying notes to financial statements.*

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## Buffalo Bayou Partnership

### Statement of Functional Expenses for the year ended December 31, 2019

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	BUFFALO BAYOU DEVELOPMENT, MAINTENANCE AND PARK PROGRAMMING	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and related costs	\$ 2,112,331	\$ 146,871	\$ 241,068	\$ 2,500,270
Professional fees and contract services	987,639	105,197	13,836	1,106,672
Park maintenance	1,235,396			1,235,396
Depreciation	326,938	5,069	5,069	337,076
Park equipment and supplies	453,689			453,689
Insurance	235,844	8,939	8,939	253,722
Supplies	98,165	29,079	43,352	170,596
Utilities	84,667	3,594	2,506	90,767
Rent	96,000			96,000
Technology and communication	31,740	2,069	10,019	43,828
Interest	51,450	7,499	7,499	66,448
Graphics and printing	70,227	11,121	14,000	95,348
Credit card and other fees		74,965		74,965
Transportation	23,763	191	201	24,155
Conferences and meetings	34,349	4,661	54,899	93,909
Marketing and advertising	7,538	3,599	2,262	13,399
Other	<u>19,890</u>	<u>8,806</u>	<u>9,466</u>	<u>38,162</u>
Total expenses	<u>\$ 5,869,626</u>	<u>\$ 411,660</u>	<u>\$ 413,116*</u>	6,694,402
Cost of direct donor benefits				<u>32,450</u>
Total				<u>\$ 6,726,852</u>

\*Fundraising expenses for supplies and conferences and meetings include venue and other costs related to the gala for 2019 that was cancelled. In 2018, these were included in the cost of direct donor benefits.

*See accompanying notes to financial statements.*

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## Buffalo Bayou Partnership

Statements of Cash Flows for the years ended December 31, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 16,735,417	\$ 2,113,287
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	340,553	337,076
Realized and unrealized (gain) loss on investments	3,585	(2,150)
Changes in operating assets and liabilities:		
Prepaid expenses and other receivables	(231,177)	(14,216)
Contributions receivable	(4,609,766)	(948,297)
Accounts payable and accrued expenses	167,180	(280,227)
Deferred revenue	(905)	18,750
Advanced contributions	(291,502)	796,502
Paycheck Protection Program refundable advance	<u>396,100</u>	
Net cash provided by operating activities	<u>12,509,485</u>	<u>2,020,725</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Expenditures for purchases of property	(2,054,672)	(108,518)
Proceeds from sales and maturities of investments	500,440	
Net change in certificates of deposit and money market mutual funds	<u>(11,741,928)</u>	<u>(321,791)</u>
Net cash used by investing activities	<u>(13,296,160)</u>	<u>(430,309)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of notes payable and line of credit	<u>(59,107)</u>	<u>(315,265)</u>
NET CHANGE IN CASH	(845,782)	1,275,151
Cash, beginning of year	<u>2,821,943</u>	<u>1,546,792</u>
Cash, end of year	<u>\$ 1,976,161</u>	<u>\$ 2,821,943</u>
<i>Supplemental disclosure of cash flow information:</i>		
Interest paid	\$60,210	\$68,057

*See accompanying notes to financial statements.*

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## Buffalo Bayou Partnership

Notes to Financial Statements for the years ended December 31, 2020 and 2019

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### NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – 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 manages and maintains Buffalo Bayou Park (the Park) and 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 watercraft 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.

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. At December 31, 2020, all contributions receivable were due within one year.

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 4.

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.

Contract service fees – Revenue from contracts is derived from contract fees with government organizations for the maintenance and operations of certain parkland and navigable waters of the Bayou. Revenue is recognized over time on a monthly basis as the services are provided routinely. The amount recognized reflects the consideration the Partnership expects to be entitled to in exchange for those

services. Payments are due during the contract year and are reported as contract liabilities until the revenue is recognized. Contract liabilities related to contracts total approximately \$230,000 at December 31, 2020 and 2019 and were reported as deferred revenue.

Park rentals and fees – The Park accommodates visitors by offering rentable outdoor and indoor space for private events and other outdoor activities. Additionally, the Park and the Bayou are utilized for special city-wide events. Fees for rentals, permits, and events are based on the specific requirements of the event vendor or visitor. Fees are net of any discounts and are recognized at the point in time the event or activity occurs. There are no contract assets and contract liabilities at December 31, 2020 and 2019 were approximately \$18,000.

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 subject to one or more barriers that must be overcome before the Partnership is entitled to receive or retain the funds. Conditional contributions are recognized in the same manner when the conditions are met. Funding received before the conditions are met is reported as advanced contributions.

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.

Special event revenue is the total amount paid by sponsors and attendees of an event and includes elements of both contributions and exchange transactions. Special event revenue is recognized when the event occurs. Amounts received for future events represent conditional contributions and are reported in the statement of financial position as deferred revenue until earned. Direct donor benefit costs represent the cost of goods and services provided to attendees of special events.

Functional allocation of expenses – Expenses are reported by their functional classification. 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 more than one activity 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.

## NOTE 2 – 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 comprise the following:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 1,976,161	\$ 2,821,943
Receivables	278,833	56,700
Investments	15,597,331	4,359,428
Contributions receivable	<u>6,572,139</u>	<u>1,962,373</u>
Total financial assets	24,424,464	9,200,444
Less financial assets not available for general expenditure:		
Donor-restricted assets subject to satisfaction of restriction and the passage of time	(18,189,027)	(314,935)
Contractually-restricted assets for park maintenance and capital improvements ( <i>Note 4</i> )	<u>(1,874,791)</u>	<u>(1,475,498)</u>
Total financial assets available for general expenditure	<u>\$ 4,360,646</u>	<u>\$ 7,410,011</u>

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 4).

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, money market mutual funds and treasury instruments with staggered maturities based upon expected needs.

## NOTE 3 – 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, 2020 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Money market mutual funds	\$15,097,326			\$15,097,326
Certificates of deposit	<u>                    </u>	\$ 500,005	<u>                    </u>	<u>500,005</u>
Total investments	<u>\$15,097,326</u>	<u>\$ 500,005</u>	<u>\$ 0</u>	<u>\$15,597,331</u>

Assets measured at fair value at December 31, 2019 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Money market mutual funds	\$ 3,855,403			\$ 3,855,403
U. S. Treasury securities	<u>504,025</u>	<u>                    </u>	<u>                    </u>	<u>504,025</u>
Total investments	<u>\$ 4,359,428</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,359,428</u>

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

- *Mutual funds* are valued at reported net asset value.
- *Certificates of deposit* are valued using prices obtained from independent quotation bureaus that use computerized valuation formulas which may include market-corroborated inputs for credit risk factors, interest rate and yield curves and broker quotes, to calculate fair values.
- *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 4 – GOVERNMENT AND OTHER RELATED CONTRACTS**

In 2012, the Partnership entered into an operating agreement with the City, Reinvestment Zone Number Three, Downtown Redevelopment Authority (the Authority), and Harris County Flood Control District to provide maintenance of Buffalo Bayou Park. Under this agreement, the Authority agrees to pay the Partnership on behalf of the City an annual maintenance fee of approximately \$2,000,000 adjusted annually for inflation for an initial term of 30 years. During 2020 and 2019, the Partnership earned \$2,410,730 and \$2,382,020, respectively, in annual fees 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 Park. 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, 2020 and 2019, \$1,700,405 and \$1,351,112 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 2021. The District will pay \$343,091 annually under this agreement, which is included in contract service fees.

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 \$555,000 and \$550,000 in contract service fees in 2020 and 2019, respectively, under this agreement. A portion of the fee is to be used for capital projects, improvements and repairs other than routine maintenance and upkeep. At December 31, 2020 and 2019, \$174,386 and \$124,386, respectively, was being held as capital reserve for the project.

#### NOTE 5 – PROPERTY

Property consists of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 12,388,092	\$ 10,761,200
Buildings and improvements	7,531,013	7,531,013
Park equipment	995,191	593,290
Boats	334,813	321,395
Office equipment and furniture	128,435	115,974
Vehicles	<u>97,357</u>	<u>97,357</u>
Total property, at cost	21,474,901	19,420,229
Accumulated depreciation	<u>(1,222,288)</u>	<u>(881,735)</u>
Property, net	<u>\$ 20,252,613</u>	<u>\$ 18,538,494</u>

The Partnership has nine right-of-way easements totaling 8.6 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 and provide access to the Partnership property from the City's public right-of-way. 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 6 – NOTES PAYABLE

Notes payable consist of the following:

	<u>2020</u>	<u>2019</u>
Note payable to a local governmental corporation with payments due monthly starting in 2020, maturing on September 17, 2058, secured by deed of trust on property at 1019 Commerce Street; interest rate of 2%.	\$ 2,488,753	\$ 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, 2020.	<u>205,193</u>	<u>253,288</u>
Total notes payable	<u>\$ 2,693,946</u>	<u>\$ 2,753,053</u>

Principal payments at December 31, 2020 are due as follows:

2021	\$ 249,721
2022	45,426
2023	46,343
2024	47,279
2025	48,233
Thereafter	<u>2,256,944</u>
Total	<u>\$ 2,693,946</u>

The Partnership recognized interest expense of approximately \$59,000 in 2020 and \$66,000 in 2019.

#### NOTE 7 – COMMITMENTS

In 2020, the Partnership entered into a contract with a construction contractor to construct a downtown hike and bike trail. At December 31, 2020, outstanding commitments under this contract totaled approximately \$1,560,000.

#### NOTE 8 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are comprised of the following:

	<u>2020</u>	<u>2019</u>
Property, net of notes payable	\$ 17,420,386	\$ 15,785,441
Park maintenance and capital improvements under operating agreements	1,874,791	1,475,498
Undesignated	<u>2,971,117</u>	<u>3,369,646</u>
Total net assets without donor restrictions	<u>\$ 22,266,294</u>	<u>\$ 20,630,585</u>

#### NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
East Sector implementation project	\$ 16,025,750	\$ 415,000
Hike and bike trail projects	2,016,145	2,328,045
North Canal project	108,895	
Water Works improvements		350,000
Land acquisition		312,690
Other	<u>2,132</u>	<u>2,245</u>
Total subject to expenditure for specified purpose	<u>18,152,922</u>	<u>3,407,980</u>
Subject to passage of time:		
Contributions receivable that are not restricted by donors, but which are unavailable for expenditures until due	<u>42,139</u>	<u>37,373</u>
Total net assets with donor restrictions	<u>\$ 18,195,061</u>	<u>\$ 3,445,353</u>

## NOTE 10 – CONTRIBUTIONS

### *Concentration*

The Partnership has raised significant funds for land and building improvements, and funding is often concentrated in a small number of donors. In 2020, approximately \$17,000,000 or 90% of contributions were from three donors. In 2019, approximately \$2,000,000 or 45% of contributions were from two donors.

At December 31, 2020, approximately 90% of contributions receivable were due from two donors. At December 31, 2019, approximately 91% of contributions receivable were due from three donors.

### *Conditional contributions*

The Partnership received a \$396,100 Paycheck Protection Program (PPP) loan through the Small Business Administration in April 2020. PPP loan principal and interest may be forgiven, in whole or in part, if the Partnership meets eligibility requirements and uses the loan to fund qualified payroll and other eligible costs. Amounts not forgiven, if any, bear interest at 1.0% and may be repaid over 2 years. In April 2021, the Partnership was notified that the loan had been forgiven and the federal contribution will be recognized in 2021.

The Partnership has received conditional contributions of approximately \$2,500,000 that are conditioned upon a completed design and award of a contract to begin construction on a trail link along the south side of the Bayou and entering agreements to construct a trail paralleling Commerce Street in downtown Houston. These gifts will be recognized as contribution revenue when the conditions the donor has established are met. The Partnership has received advanced payments on these conditional contributions. At December 31, 2020 and 2019, \$750,000 and \$1,046,502 is included in advanced contributions, respectively.

In 2019, the Partnership received a commitment of \$2,000,000 from Downtown Redevelopment Authority and Reinvestment Zone Number Three, City of Houston to construct a trail paralleling Commerce Street in downtown Houston. The commitment is conditioned upon approval of specific components of the project and completion of construction of those components. The commitment will be recognized as contribution revenue when the conditions are met.

### *In-kind contributions*

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

	<u>2020</u>	<u>2019</u>
Facility rent from the City	\$ 96,000	\$ 96,000
Other goods and services	<u>          </u>	<u>10,000</u>
Total in-kind contributions	<u>\$ 96,000</u>	<u>\$ 106,000</u>



## NOTE 11 – NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Donor restrictions on contributions were satisfied for the following purposes:

	<u>2020</u>	<u>2019</u>
East Sector master plan project	\$ 1,831,750	
Buffalo Bayou Park operations	757,282	\$ 220,919
Land acquisition	317,690	158,063
Hike and bike trail projects	315,700	295,857
Cistern operations and programming	181,305	32,067
Clean and Green program	153,205	164,330
North Canal project	36,105	
Trail repairs		300,000
Disaster relief and clean-up		10,000
Other	<u>37,486</u>	<u>38,836</u>
Total net assets released from donor restrictions	<u>\$ 3,630,523</u>	<u>\$ 1,220,072</u>

## NOTE 12 – SUBSEQUENT EVENTS

The Partnership is in negotiations to become a co-developer and 51% general partner of an affordable housing project (Lockwood South GP, LLC). The development is expected to close in September 2021 with funding of approximately \$13 million from 9% tax credits and \$7.5 million in City of Houston CDBG 2017 Disaster Recovery funds along with approximately \$6 million in debt.

Management has evaluated subsequent events through July 22, 2021, which is the date that the financial statements were available for issuance. As a result of this evaluation, other than as disclosed in Note 10, no other events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

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