



**Midtown Improvement and  
Development Corporation  
dba Midtown Parks Conservancy**

**FINANCIAL STATEMENTS**

December 31, 2020 and 2019



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Carr, Riggs & Ingram, LLC  
Two Riverway  
15th Floor  
Houston, TX 77056  
  
713.621.8090  
713.621.6907 (fax)  
CRlcpa.com

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Midtown Improvement and Development Corporation  
dba Midtown Parks Conservancy  
Houston, Texas

### **Opinion**

We have audited the accompanying financial statements of Midtown Improvement and Development Corporation, dba Midtown Parks Conservancy, (the Conservancy), which comprise the statements of financial position as of December 31, 2020 and 2019, 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 the Conservancy 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.

### **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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Conservancy 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 the Conservancy'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, 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 the Conservancy'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 the Conservancy'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.

*Carri Riggs & Ingram, L.L.C.*

Houston, Texas  
November 9, 2021

**Midtown Improvement and Development Corporation  
dba Midtown Parks Conservancy  
Statements of Financial Position**

<i>December 31,</i>	<b>2020</b>	2019
<b>Assets</b>		
Cash and cash equivalents	\$ 1,438,970	\$ 2,127,198
Accounts receivable	32,131	73,268
Prepaid expenses	1,067	863
<b>Total assets</b>	<b>\$ 1,472,168</b>	<b>\$ 2,201,329</b>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 198,674	\$ 178,476
Commitments and contingencies		
<b>Net assets</b>		
Without donor restrictions	(58,932)	142,365
With donor restrictions	1,332,426	1,880,488
<b>Total net assets</b>	<b>1,273,494</b>	<b>2,022,853</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,472,168</b>	<b>\$ 2,201,329</b>

*The accompanying notes are an integral part of these financial statements.*

**Midtown Improvement and Development Corporation**  
**dba Midtown Parks Conservancy**  
**Statements of Activities**

<i>For the years ended December 31,</i>	<b>2020</b>	2019
<b>Changes in net assets without donor restrictions</b>		
Revenues and support		
Contributions	\$ 310,000	\$ 864,118
In-kind contributions	611,314	462,722
Park rental revenue	21,800	80,661
Parking garage revenue	3,838	78,107
Investment income	970	574
Net assets released from restrictions	1,106,704	490,812
<b>Total revenues and support</b>	<b>2,054,626</b>	1,976,994
Expenses		
Program services		
Legacy and new improvements	605,429	388,614
Park series	949,208	845,573
Park - art	200,972	285,495
Midtown Park garage	328,228	270,336
<b>Total program services</b>	<b>2,083,837</b>	1,790,018
<b>Management and general</b>	<b>172,086</b>	254,833
<b>Total expenses</b>	<b>2,255,923</b>	2,044,851
<b>Decrease in net assets without donor restrictions</b>	<b>(201,297)</b>	(67,857)
<b>Changes in net assets with donor restrictions</b>		
Grants and contributions	558,642	396,311
Net assets released from restrictions	(1,106,704)	(490,812)
<b>Decrease in net assets with donor restrictions</b>	<b>(548,062)</b>	(94,501)
<b>Change in net assets</b>	<b>(749,359)</b>	(162,358)
<b>Net assets, beginning of year</b>	<b>2,022,853</b>	2,185,211
<b>Net assets, end of year</b>	<b>\$ 1,273,494</b>	\$ 2,022,853

*The accompanying notes are an integral part of these financial statements.*

**Midtown Improvement and Development Corporation  
dba Midtown Parks Conservancy  
Statement of Functional Expenses**

<b><i>For the year ended December 31, 2020</i></b>	Legacy and New Improvements	Park Series	Park - Art	Midtown Parking Garage	Total Programs	Management and General	Total Expenses
Salaries and benefits	\$ 116,840	\$ 266,641	\$ 24,578	\$ 65,712	\$ 473,771	\$ 88,280	\$ 562,051
Services and professional fees	30,775	230,948	176,394	260,493	698,610	45,114	743,724
Office and occupancy	-	43,880	-	-	43,880	27,237	71,117
Travel and meeting	1,517	2,183	-	2,023	5,723	-	5,723
Insurance	-	-	-	-	-	11,455	11,455
Park programming	-	45,862	-	-	45,862	-	45,862
Maintenance expenses	456,297	359,694	-	-	815,991	-	815,991
<b>Total expenses</b>	<b>\$ 605,429</b>	<b>\$ 949,208</b>	<b>\$ 200,972</b>	<b>\$ 328,228</b>	<b>\$ 2,083,837</b>	<b>\$ 172,086</b>	<b>\$ 2,255,923</b>

*The accompanying notes are an integral part of these financial statements.*

**Midtown Improvement and Development Corporation**  
**dba Midtown Parks Conservancy**  
**Statement of Functional Expenses**

<i>For the year ended December 31, 2019</i>	Legacy and New			Midtown			Management	
	Improvements	Park Series	Park - Art	Parking Garage	Total Programs		and General	Total Expenses
Salaries and benefits	\$ 78,048	\$ 234,140	\$ 33,448	\$ 94,772	\$ 440,408	\$	117,069	\$ 557,477
Services and professional fees	8,847	216,776	252,047	162,168	639,838	\$	86,533	726,371
Office and occupancy	-	32,315	-	-	32,315	\$	40,417	72,732
Travel and meeting	-	7,288	-	13,396	20,684	\$	-	20,684
Insurance	-	-	-	-	-	\$	10,814	10,814
Park programming	-	134,177	-	-	134,177	\$	-	134,177
Maintenance expenses	301,719	220,877	-	-	522,596	\$	-	522,596
<b>Total expenses</b>	<b>\$ 388,614</b>	<b>\$ 845,573</b>	<b>\$ 285,495</b>	<b>\$ 270,336</b>	<b>\$ 1,790,018</b>	<b>\$</b>	<b>254,833</b>	<b>\$ 2,044,851</b>

*The accompanying notes are an integral part of these financial statements.*



**Midtown Improvement and Development Corporation  
dba Midtown Parks Conservancy  
Statements of Cash Flows**

<i>For the years ended December 31,</i>	<b>2020</b>	2019
<b>Operating activities</b>		
Change in net assets	\$ (749,359)	\$ (162,358)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Change in operating assets and liabilities		
Accounts receivable	41,137	(57,922)
Prepaid expenses	(204)	(551)
Accounts payable and accrued expenses	20,198	(249,417)
<b>Net cash used in operating activities</b>	<b>(688,228)</b>	<b>(470,248)</b>
<b>Net change in cash and cash equivalents</b>	<b>(688,228)</b>	<b>(470,248)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>2,127,198</b>	<b>2,597,446</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,438,970</b>	<b>\$ 2,127,198</b>

*The accompanying notes are an integral part of these financial statements.*

**Midtown Improvement and Development Corporation  
dba Midtown Parks Conservancy  
Notes to Financial Statements**

**Note 1: DESCRIPTION OF THE ORGANIZATION**

Midtown Improvement and Development Corporation (MIDCorp), is a Texas not-for-profit organization and was formed on December 30, 2013. In October 2016, MIDCorp filed with the State of Texas to assume the name Midtown Parks Conservancy (the Conservancy). MIDCorp was formed to aid and assist Midtown Redevelopment Authority (the Authority) and Midtown Management District (the District) with the promotion, development, encouragement and maintenance of employment, commerce, transportation, housing, tourism, recreation, the arts, entertainment, economic development, safety and the public welfare in Midtown Houston. In addition, the Conservancy maintains and operates several Authority owned facilities including Midtown Park, Midtown Park Parking Garage and Bagby Park.

The Conservancy's primary sources of operating income are contributions from local government corporations and private corporate donors. Two contributors accounted for 100% and 99% of contribution revenue for the years ended December 31, 2020 and 2019, respectively. For the years ended December 31, 2020 and 2019, the Authority contributed an additional \$921,000 and \$1,327,000, respectively, to the Conservancy in cash and in-kind contributions for general operations. This contribution was in addition to the Authority's obligations under executed agreements (see Note 5).

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

***Use of Estimates***

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to expense allocations.

***Cash and Cash Equivalents***

For the purposes of the statements of cash flows, the Conservancy considers demand deposit accounts and highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents.

**Midtown Improvement and Development Corporation  
dba Midtown Parks Conservancy  
Notes to Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Accounts Receivable***

Accounts receivable represents amounts owed to the Conservancy. An allowance for doubtful accounts is established based on a current review of the balances owed. The Conservancy considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If amounts become uncollectible, they will be charged to operations when that determination is made.

***Concentrations of Credit Risk***

At various times during the years, the Conservancy's cash balances may exceed federally insured limits. The Conservancy has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents, due to the financial strength of the financial institution where deposits are held.

***Fair Value Considerations***

The Conservancy uses fair value to measure financial and certain nonfinancial assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy established and prioritized fair value measurements into three levels based on the nature of the inputs. The hierarchy gives the highest priority to inputs based on market data from independent sources (observable inputs-Level 1) and the lowest priority to a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs-Level 3).

The fair value option allows entities to choose, at specified election dates, to measure eligible financial assets and financial liabilities at fair value that are not otherwise required to be measured at fair value. If an organization elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. The Conservancy did not elect the fair value option for the measurement of any eligible assets or liabilities. The Conservancy's financial instruments (primarily cash and cash equivalents, receivables, and liabilities) are carried in the accompanying statements of financial position at amounts which reasonably approximate fair value.

***Net Assets***

The Conservancy reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Conservancy, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

**Midtown Improvement and Development Corporation  
dba Midtown Parks Conservancy  
Notes to Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

***Revenue Recognition***

Park rental revenue and parking garage revenue are accounted for under ASC Topic 606, *Revenue from Contracts with Customers (ASC 606)*, recognizing revenue when performance obligations under the terms of the contracts with the customers are satisfied, that is, when the event for which the park is rented occurs; or over a period of time (monthly) as the parking garage service is provided. See also Note 6.

Funding received from the Authority and the District is considered by management to be contributions in accordance with ASU 2018-08.

The Conservancy recognizes contributions when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Contributions received are recorded as increases in net assets without donor restrictions or net asset with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

***Donated Materials and Services***

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people who possess those skills, and would otherwise be purchased by the Conservancy. The Conservancy benefits from office space, certain equipment and staff services paid for on its behalf by the Authority. See Note 8.

***Functional Allocation of Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The majority of the expenses can be directly identified with the program or supporting service to which they relate and are charged accordingly. Salaries and benefits, services and professional fees and office and occupancy have been allocated among the programs and supporting services benefited on the basis of estimates of time and effort.

**Midtown Improvement and Development Corporation  
dba Midtown Parks Conservancy  
Notes to Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Income Taxes***

The Conservancy is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity under Section 509(a)(2).

The Conservancy utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2020 and 2019, the Conservancy has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 9, 2021 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**Note 3 - LIQUIDITY AND FINANCIAL ASSETS AVAILABILITY**

The Conservancy has a goal to maintain liquid financial assets to cover one year of general expenditures. The Conservancy receives unrestricted contributions from the Authority twice a year and strives to keep cash on hand to meet operating budget needs for 90 days.

At December 31, 2020, the Conservancy has \$1,471,101 of financial assets available within one year of the statement of financial position date consisting of cash and cash equivalents of \$1,438,970 and accounts receivable of \$32,131 of which \$1,332,426 of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

At December 31, 2019, the Conservancy has \$2,200,466 of financial assets available within one year of the statement of financial position date consisting of cash and cash equivalents of \$2,127,198 and accounts receivable of \$73,268 of which \$1,880,488 of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

Net assets without donor restrictions as of December 31, 2020 is at a deficit of \$58,932. The deficit is attributable to an approximate 50% reduction in funding for operations received from the Authority during 2020 coupled by the impact of COVID-19 on programming events at the parks and a reduction in net revenue generated from the parking garage. The Authority's fiscal year 2021-2022 budget, once approved, has increased operating funding for the Conservancy.

**Midtown Improvement and Development Corporation  
dba Midtown Parks Conservancy  
Notes to Financial Statements**

**Note 4: PROGRAM AND SUPPORTING SERVICES**

The following program and supporting services are included in the statements of activities and statements of functional expenses:

- Legacy improvements are improvements to property owned by the Authority and the District under the management and maintenance agreement discussed in Note 5.
- Park series are programming responsibilities assumed over parks owned by the Authority under the management and maintenance agreement discussed in Note 5.
- Park – Art consists of costs of artists contracted for the design and installation of works of art in the parks owned by the Authority.
- Midtown Park garage consists of costs associated to manage, operate and maintain Midtown Park Parking Garage under the parking management agreement discussed in Note 6.
- Fundraising activities are directed at soliciting and receiving funds, gifts, and grants to enable the Conservancy to fulfill its purpose.
- Management and general consists of general supporting services that are necessary for the Conservancy's daily operations and coordination of program activities.

**Note 5: AGREEMENTS WITH MIDTOWN REDEVELOPMENT AUTHORITY AND MIDTOWN MANAGEMENT DISTRICT**

In July 2015, MIDCorp and the Authority and the District entered into a Management and Maintenance Agreement. Also in July 2015, MIDCorp entered into an Operating Agreement with the Authority. The Authority is a public non-profit local government corporation created and organized under the provisions of Chapter 431, Texas Transportation Code, and authorized and approved by the City of Houston, Texas (the City) and the District is a special purpose district created under Chapter 3809, Texas Special District Local Laws.

***Management and Maintenance Agreement***

Under the terms of the Management and Maintenance Agreement, the Conservancy will provide management and maintenance services related to certain public improvements (the Improvements) that are beyond the maintenance responsibility of the City and are within the boundaries of the Service Area, as defined in the agreement. The Agreement is effective for ten years from July 1, 2015 and automatically renews in consecutive ten year periods.

Both the Authority and the District will budget and contribute funds annually to fund the maintenance obligations as defined in the agreement. Beginning February 1, 2016, the District shall make a contribution totaling \$200,000, and in each subsequent year, the District's contribution shall be equal to the prior year's contribution plus three percent subject to the District's budget and approval. The Authority will provide an annual contribution equal to 25% of the annual District contribution beginning February 1, 2016. The Authority's annual budget is subject to approval by City Council. Contributions from the District will be used to maintain, repair and replace, as needed, the Legacy Improvements as defined in the agreement. The Agreement was subject to amendment on or after July 1, 2018. However, as of the date of this report, no amendments has been made to the Agreement.

In addition, the Authority will also assist the Conservancy in establishing a Renewal and Replacement Fund, to which the Authority will budget and contribute a minimum of \$25,000 annually until the Renewal and Replacement Fund reaches five percent of the value of the Improvements in the Service Area. The value of the improvements is subject to reevaluation every five years.

**Midtown Improvement and Development Corporation  
dba Midtown Parks Conservancy  
Notes to Financial Statements**

**Note 5: AGREEMENTS WITH MIDTOWN REDEVELOPMENT AUTHORITY AND MIDTOWN MANAGEMENT DISTRICT (Continued)**

***Operating Agreement***

Under the terms of the Operating Agreement, the Conservancy will operate, manage, maintain and preserve the Park Facilities (including Bagby Park, Midtown Park and Midtown Park Parking Garage), as defined in the agreement. The agreement is effective for 40 years and automatically renews for two consecutive 20 year periods. Under the terms of the Operating Agreement, the Authority shall pay an Annual Management Fee totaling \$250,000 per year for the first two years, then each year thereafter an amount not to exceed \$500,000 per year based on the Conservancy's fiscal year 2020 Annual Operating Plan. Certain credits are applied towards the Annual Maintenance Fee based on excess facilities revenues as defined by the terms of the agreement. The Authority's annual budget is subject to approval by City Council.

In addition, the Authority shall pay to the Conservancy for the first ten years of the Operating Agreement, \$50,000 to be applied to the Renewal and Replacement Fund as described in the Management and Maintenance Agreement.

**Joint Landscaping Maintenance Agreement**

In 2020, the District entered into an agreement with the Metropolitan Transit Authority of Harris County, Texas (Metro) in which the District is responsible for the maintenance of three esplanades that are adjacent to the railway for the Metro Rail Red Line train on Main Street between the Wheeler Transit Center and Gray Street, and located in the District's operational area. The District's responsibilities are effectuated through the Conservancy. Therefore, all expenses incurred by the Conservancy under this agreement are fully reimbursed by the District.

**Note 6: PARKING MANAGEMENT AGREEMENT**

Under the terms of the Parking Management Agreement, effective December 1, 2016, WINPARK Management, LLC (WINPARK) will manage, operate and maintain Midtown Park Parking Garage (Garage), as defined in the agreement. The agreement is effective for 5 years and can be extended for 1 year extension terms, upon written request. The Conservancy shall pay a monthly management fee totaling \$2,000, as amended on April 1, 2019. The amount of management fee shall not be increased before April 1, 2020, and is only subject to revision by mutual agreement of the parties. Under the terms of this agreement, WINPARK shall remit monthly receipts collected from charges for use of the parking facility net of operating expenses paid by WINPARK. If the monthly charges do not cover the monthly operating expenses, the Conservancy shall pay any deficit to WINPARK. The parking garage net receipts for the years ended December 31, 2020 and 2019 totaled \$3,838 and \$78,107, respectively and are included in Parking garage revenue on the statements of activities.

**Midtown Improvement and Development Corporation**  
**dba Midtown Parks Conservancy**  
**Notes to Financial Statements**

**Note 7: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes:

<i>December 31,</i>	<b>2020</b>	<b>2019</b>
Capital campaign	\$ 752,262	\$ 1,350,184
Renewal and replacement - Legacy Improvements	8,633	57,633
Renewal and replacement	230,641	249,242
Maintenance of Legacy Improvements	211,386	210,286
Maintenance of New Improvements	129,504	13,143
<b>Total</b>	<b>\$ 1,332,426</b>	<b>\$ 1,880,488</b>

**Note 8: RELATED PARTY TRANSACTIONS**

The Conservancy has an administrative contract with the Authority whereby the Authority provides administrative and management services to the Conservancy beginning January 1, 2016. The Authority provides office space, certain equipment and certain staff services to the Conservancy. Effective April 2019, the Conservancy entered into a verbal agreement with the Authority in which all services under the administrative contract for the operations of the Conservancy's programs as well as the administrative overhead would be provided in-kind by the Authority. The Conservancy recognized approximately \$611,000 and \$463,000 (fair value of the annual services) as an in-kind contribution for the years ended December 31, 2020 and 2019, respectively. For the year ended December 31, 2019, the Conservancy recognized a total of cash and in-kind contributions under the agreement of approximately \$620,000.

The Conservancy provided maintenance and public improvements services to the Authority amounting to \$137,000 and \$154,000 for the years ended December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, approximately \$10,000 and \$18,000 was due from the Authority for expenses paid by the Conservancy on behalf of the Authority.

The Conservancy provided maintenance and public improvements services to the District amounting to \$422,000 and \$243,000 for the years ended December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, approximately \$17,000 and \$42,000 was due from the District for reimbursable expenses.

In addition, members of the Conservancy's board serve on the board of the Authority and the District and a member serves as the Executive Director of both the Authority and the District.

**Note 9: UNCERTAINTIES**

In March 2020, the World Health Organization made the assessment that the outbreak of the novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the ongoing operating activities and the future results of the Conservancy. The occurrence and extent of such an impact will depend on future developments, including (i) the spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects in the economy overall, all of which are uncertain as of December 31, 2020.