



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

FINANCIAL STATEMENTS

December 31, 2021 and 2020



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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, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Conservancy as of December 31, 2021 and 2020, 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 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.

Carr, Riggs & Ingram, L.L.C.

Houston, Texas
October 11, 2022

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

<i>December 31,</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 1,144,497	\$ 1,438,970
Accounts receivable	41,583	32,131
Prepaid expenses	-	1,067
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Total assets	\$ 1,186,080	\$ 1,472,168
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Liabilities		
Accounts payable and accrued expenses	\$ 241,453	\$ 198,674
Net assets		
Without donor restrictions	15,175	(58,932)
With donor restrictions	929,452	1,332,426
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Total net assets	944,627	1,273,494
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Total liabilities and net assets	\$ 1,186,080	\$ 1,472,168
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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>	2021	2020
Changes in net assets without donor restrictions		
Revenues and support		
Contributions	\$ 716,433	\$ 310,000
In-kind contributions	657,908	611,314
Facilities revenues	22,976	25,638
Investment income	1,044	970
Net assets released from restrictions	1,115,998	1,106,704
Total revenues and support	2,514,359	2,054,626
Expenses		
Program services		
Legacy and new improvements	770,109	605,429
Park series	1,121,664	949,208
Park - art	37,351	200,972
Midtown Park garage	324,293	328,228
Total program services	2,253,417	2,083,837
Management and general	186,835	172,086
Total expenses	2,440,252	2,255,923
Change in net assets without donor restrictions	74,107	(201,297)
Changes in net assets with donor restrictions		
Grants and contributions	713,024	558,642
Net assets released from restrictions	(1,115,998)	(1,106,704)
Change in net assets with donor restrictions	(402,974)	(548,062)
Change in net assets	(328,867)	(749,359)
Net assets, beginning of year	1,273,494	2,022,853
Net assets, end of year	\$ 944,627	\$ 1,273,494

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, 2021</i>	Legacy and New	Park Series	Park - Art	Midtown	Total Programs	Management	Total Expenses
	Improvements			Parking Garage		and General	
Salaries and benefits	\$ 134,718	\$ 251,796	\$ 23,471	\$ 85,901	\$ 495,886	\$ 94,736	\$ 590,622
Services and professional fees	9,680	229,207	13,880	231,367	484,134	37,205	521,339
Office and occupancy	-	36,037	-	-	36,037	42,714	78,751
Travel and meeting	1,095	13,414	-	7,025	21,534	-	21,534
Insurance	-	-	-	-	-	12,180	12,180
Park programming	-	96,211	-	-	96,211	-	96,211
Maintenance expenses	624,616	494,999	-	-	1,119,615	-	1,119,615
Total expenses	\$ 770,109	\$ 1,121,664	\$ 37,351	\$ 324,293	\$ 2,253,417	\$ 186,835	\$ 2,440,252

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, 2020</i>	Legacy and New		Midtown			Management		Total Expenses
	Improvements	Park Series	Park - Art	Parking Garage	Total Programs	and General		
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	
Total expenses	\$ 605,429	\$ 949,208	\$ 200,972	\$ 328,228	\$ 2,083,837	\$ 172,086	\$ 2,255,923	

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>	2021	2020
Operating activities		
Change in net assets	\$ (328,867)	\$ (749,359)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Change in operating assets and liabilities		
Accounts receivable	(9,452)	41,137
Prepaid expenses	1,067	(204)
Accounts payable and accrued expenses	42,779	20,198
Net cash used in operating activities	(294,473)	(688,228)
Net change in cash and cash equivalents	(294,473)	(688,228)
Cash and cash equivalents, beginning of year	1,438,970	2,127,198
Cash and cash equivalents, end of year	\$ 1,144,497	\$ 1,438,970

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% of contribution revenue for each of the years ended December 31, 2021 and 2020. For the years ended December 31, 2021 and 2020, the Authority contributed an additional \$1,109,000 and \$921,000, 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.

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.

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.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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—Net assets that are not subject to or are no longer subject to donor imposed stipulations. The only limits on the use of net assets without donor restrictions are the broad limits results 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.

Net Assets with Donor Restrictions—Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

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.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Facilities revenues including 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. There were no contract assets, receivables, or contract liabilities outstanding at December 31, 2021, 2020 and January 1, 2020.

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 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's salaries and related benefits, office space, and equipment is paid for by a related party (See Note 8). The Conservancy records the related revenue and expense in the statements of activities based on actual costs incurred by the related party on its behalf.

Functional Allocation of Expenses

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.

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 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, 2021 and 2020, the Conservancy has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 11, 2022 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, 2021, the Conservancy has \$1,186,080 of financial assets available within one year of the statement of financial position date consisting of cash and cash equivalents of \$1,144,497 and accounts receivable of \$41,583 of which \$929,452 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, 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.

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 and new 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 and its upkeep.
- 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. No fundraising costs were incurred in 2020 or 2021.
- Management and general consists of general supporting services that are necessary for the Conservancy's daily operations and coordination of program activities.

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

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 3% 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 Authority and the District shall share the maintenance cost on a 50%-50% basis, provided the District agrees to assume maintenance responsibility for such new improvements. 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.

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 2021 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.

**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)

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 through December 31, 2020 and \$1,500, as amended on January 1, 2021. The amount of management fee shall not be increased before April 1, 2022, 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, 2021 and 2020 totaled \$5,211 and \$3,838, respectively and are included in facilities revenues on the statements of activities.

Note 7: NET ASSETS WITH DONOR RESTRICTIONS

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

<i>December 31,</i>	2021	2020
Capital campaign	\$ 481,781	\$ 752,262
Renewal and replacement - Legacy Improvements	8,633	8,633
Renewal and replacement	88,636	230,641
Maintenance of Legacy Improvements	178,899	211,386
Maintenance of New Improvements	171,503	129,504
Total	\$ 929,452	\$ 1,332,426

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

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 by the Authority without charge to the Conservancy. The Conservancy recognized approximately \$658,000 and \$611,000 (fair value of the annual services) as an in-kind contribution for the years ended December 31, 2021 and 2020, respectively.

The Conservancy provided maintenance and public improvements services to the Authority amounting to approximately \$549,000 and \$137,000 for the years ended December 31, 2021 and 2020, respectively. At December 31, 2021 and 2020, approximately \$10,000 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 approximately \$429,000 and \$422,000 for the years ended December 31, 2021 and 2020, respectively. At December 31, 2021 and 2020, approximately \$25,000 and \$17,000 was due from the District for reimbursable expenses.

In addition, in 2021, a member of the Authority serves on the board of the Conservancy and, in 2020, a member of the Authority and a member of the District serve on the board of the Conservancy. In 2021 and 2020, a member of the Conservancy's board 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, 2021.