

Forest Park Forever, Inc.

Independent Auditor's Report and Financial Statements

December 31, 2020 and 2019

Forest Park Forever, Inc.
December 31, 2020 and 2019

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Independent Auditor's Report

Board of Directors
Forest Park Forever, Inc.
St. Louis, Missouri

We have audited the accompanying financial statements of Forest Park Forever, Inc. (the "Organization"), 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.

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.

Auditor's 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 the audit 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 auditor's 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 Organization'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 Organization'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.

Board of Directors
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Forest Park Forever, Inc. 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.

BKD, LLP

St. Louis, Missouri
July 22, 2021

Forest Park Forever, Inc.
Statements of Financial Position
December 31, 2020 and 2019

Assets

	2020	2019
Cash and cash equivalents	\$ 11,975,918	\$ 14,183,000
Investments	185,813,993	161,140,636
Other receivables	217,921	168,951
Contributions receivable	13,605,545	17,854,349
Prepaid expenses, deposits and other assets	1,103,620	1,242,557
Property and equipment, net	1,019,600	1,217,271
Total assets	\$ 213,736,597	\$ 195,806,764

Liabilities and Net Assets

Liabilities

Accounts payable and other liabilities	\$ 3,083,871	\$ 2,455,137
Total liabilities	3,083,871	2,455,137

Net Assets

Without donor restrictions	9,589,395	9,569,619
With donor restrictions	201,063,331	183,782,008
Total net assets	210,652,726	193,351,627
Total liabilities and net assets	\$ 213,736,597	\$ 195,806,764

Forest Park Forever, Inc.
Statements of Activities
Years Ended December 31, 2020 and 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Contributions	\$ 2,879,538	\$ 7,992,293	\$ 10,871,831
Women's committee income	200,200	-	200,200
Net investment return	1,152,019	18,827,531	19,979,550
Endowment operating support	4,490,856	(4,490,856)	-
Other income	42,607	57,675	100,282
Net assets released from restrictions	5,105,320	(5,105,320)	-
	<u>13,870,540</u>	<u>17,281,323</u>	<u>31,151,863</u>
Expenses			
Program expenses			
Park operations and maintenance	5,827,254	-	5,827,254
Education, volunteer and visitor services	1,149,465	-	1,149,465
Communication/community awareness	530,011	-	530,011
Capital project	3,981,079	-	3,981,079
	<u>11,487,809</u>	<u>-</u>	<u>11,487,809</u>
Administration			
Administration	1,053,408	-	1,053,408
Annual and combined fundraising campaign	1,309,547	-	1,309,547
	<u>13,850,764</u>	<u>-</u>	<u>13,850,764</u>
Change in Net Assets	19,776	17,281,323	17,301,099
Net Assets, Beginning of Year	<u>9,569,619</u>	<u>183,782,008</u>	<u>193,351,627</u>
Net Assets, End of Year	<u>\$ 9,589,395</u>	<u>\$ 201,063,331</u>	<u>\$ 210,652,726</u>

2019

Without Donor Restrictions	With Donor Restrictions	Total
\$ 2,995,614	\$ 12,775,153	\$ 15,770,767
474,353	-	474,353
1,396,115	20,468,035	21,864,150
4,246,773	(4,246,773)	-
147,217	55,394	202,611
<u>5,095,800</u>	<u>(5,095,800)</u>	<u>-</u>
<u>14,355,872</u>	<u>23,956,009</u>	<u>38,311,881</u>
6,277,029	-	6,277,029
1,395,679	-	1,395,679
570,648	-	570,648
<u>2,528,871</u>	<u>-</u>	<u>2,528,871</u>
10,772,227	-	10,772,227
1,085,916	-	1,085,916
<u>1,795,334</u>	<u>-</u>	<u>1,795,334</u>
<u>13,653,477</u>	<u>-</u>	<u>13,653,477</u>
702,395	23,956,009	24,658,404
<u>8,867,224</u>	<u>159,825,999</u>	<u>168,693,223</u>
<u>\$ 9,569,619</u>	<u>\$ 183,782,008</u>	<u>\$ 193,351,627</u>

Forest Park Forever, Inc.
Statement of Functional Expenses
Year Ended December 31, 2020

	Park Operations & Maintenance	Education, Volunteer & Visitor Services	Communication/ Community Awareness	Capital Project	Administration	Fundraising	Total
Salaries & Benefits	\$ 2,125,958	\$ 638,674	\$ 415,076	\$ -	\$ 558,513	\$ 887,821	\$ 4,626,042
Professional Services	-	-	13,741	-	144,746	194,830	353,317
Advertising & Promotion	-	-	10,103	-	-	-	10,103
Office Expenses	35,864	-	17,804	-	37,939	31,521	123,128
Educational Programs	-	39,099	-	-	-	-	39,099
Volunteer Services & Programs	-	4,914	-	-	-	-	4,914
Visitor Services	-	143,358	-	-	-	-	143,358
Information Technologies	-	-	27,808	-	122,532	-	150,340
Occupancy	-	307,501	-	-	37,648	-	345,149
Travel	-	-	-	-	6,311	-	6,311
Conferences	-	-	-	-	5,895	-	5,895
Depreciation	195,400	-	-	-	19,834	-	215,234
Insurance	18,656	15,919	-	-	64,378	-	98,953
Park Renovations	2,423,442	-	-	3,981,079	-	-	6,404,521
Park Maintenance	1,027,934	-	-	-	-	-	1,027,934
Membership & Special Events	-	-	-	-	-	117,564	117,564
Other	-	-	45,479	-	55,612	77,811	178,902
Total	\$ 5,827,254	\$ 1,149,465	\$ 530,011	\$ 3,981,079	\$ 1,053,408	\$ 1,309,547	\$ 13,850,764

Forest Park Forever, Inc.
Statement of Functional Expenses
Year Ended December 31, 2019

	Park Operations & Maintenance	Education, Volunteer & Visitor Services	Communication/ Community Awareness	Capital Project	Administration	Fundraising	Total
Salaries & Benefits	\$ 1,899,790	\$ 638,910	\$ 379,834	\$ -	\$ 516,128	\$ 927,113	\$ 4,361,775
Professional Services	-	98,664	34,750	-	205,217	42,638	381,269
Advertising & Promotion	-	3,792	80,013	-	-	-	83,805
Office Expenses	27,360	18,005	4,944	-	52,826	443,484	546,619
Educational Programs	18,271	31,199	-	-	-	-	49,470
Volunteer Services & Programs	-	27,511	-	-	-	-	27,511
Visitor Services	-	242,771	-	-	-	-	242,771
Information Technologies	7,971	-	47,340	-	67,430	-	122,741
Occupancy	279,898	311,963	-	-	29,785	-	621,646
Travel	4,452	-	-	-	6,311	-	10,763
Conferences	11,190	-	1,315	-	86,106	-	98,611
Depreciation	193,957	-	-	-	18,968	-	212,925
Insurance	13,174	22,864	-	-	44,766	-	80,804
Park Renovations	2,508,338	-	-	2,528,871	-	-	5,037,209
Park Maintenance	1,312,628	-	-	-	-	-	1,312,628
Membership & Special Events	-	-	-	-	-	382,099	382,099
Other	-	-	22,452	-	58,379	-	80,831
Total	\$ 6,277,029	\$ 1,395,679	\$ 570,648	\$ 2,528,871	\$ 1,085,916	\$ 1,795,334	\$ 13,653,477

Forest Park Forever, Inc.
Statement of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Operating Activities		
Change in net assets	\$ 17,301,099	\$ 24,658,404
Items not requiring (providing) operating activities cash flows		
Contributions with donor restriction for Forest Park endowment	(186,661)	(5,534,958)
Amounts spent by third party for capital improvements	-	20,270
Depreciation	215,234	212,925
Net realized and unrealized gains on investments	(16,766,010)	(17,993,230)
Changes in		
Contributions receivable	4,248,804	(769,515)
Other receivables	(48,970)	46,324
Prepaid expenses, deposits and other assets	138,937	(913,047)
Accounts payable and other liabilities	628,734	449,934
Net cash provided by operating activities	5,531,167	177,107
Investing Activities		
Purchase of property and equipment	(17,563)	(139,209)
Purchase of investments	(35,741,317)	(33,787,600)
Proceeds from disposition of investments	27,833,970	30,442,795
Net cash used in investing activities	(7,924,910)	(3,484,014)
Financing Activity		
Proceeds from contributions with donor restriction for Forest Park endowment	186,661	5,534,958
Net cash provided by financing activity	186,661	5,534,958
Increase (Decrease) in Cash and Cash Equivalents	(2,207,082)	2,228,051
Cash and Cash Equivalents, Beginning of Year	14,183,000	11,954,949
Cash and Cash Equivalents, End of Year	\$ 11,975,918	\$ 14,183,000

Forest Park Forever, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Forest Park Forever, Inc. (the “Organization”) is a not-for-profit organization, organized under the laws of Missouri in 1986 that works in partnership with the City of St. Louis (the “City”). The Organization’s mission and principal activities are to restore, maintain and sustain Forest Park through wide-based financial and citizen support in order that Forest Park retain its preeminence as one of America’s greatest urban public parks.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts, are not considered to be cash and cash equivalents. At December 31, 2020 and 2019, cash equivalents consisted primarily of money market accounts and sweep accounts. The sweep accounts are invested in U.S. treasury-backed money market funds. At December 31, 2020, the Organization’s cash accounts exceeded federally insured limits by approximately \$4,750,000. At December 31, 2020, the sweep account balance was approximately \$2,148,000.

Investments

The Organization measures securities, other than investments that qualify for the equity method of accounting, at fair value. Investments in private equity funds and hedge funds are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments.

Net Investment Return

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

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Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Organization maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Spending Policy

Under the Organization's investment policy, unless otherwise stipulated by the donor of the principal, 4 percent of the 12 quarter average market value of existing endowed investments is available for spending.

Based on this policy, the Organization had available approximately \$4,491,000, and \$4,250,000 for spending in 2020 and 2019, respectively. Transfers from the endowment for operations in 2020 and 2019 were \$4,490,856 and \$4,246,773, respectively.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Leasehold improvements	15 years
Furniture and fixtures	5-10 years
Equipment	5 years

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2020 and 2019.

Forest Park Forever, Inc.
Notes to Financial Statements
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Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method. The Organization does not provide an allowance for doubtful accounts on its contributions receivable; instead, delinquent receivables are written off based on individual credit evaluation and specific circumstances of the donor.

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When a donor 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. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions. Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Revenue from annual membership giving is deferred and recognized during the annual period to which it relates.

In-Kind Contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors which include professional services, legal services, printing of newsletters and brochures, advertising and other various goods. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its financial statements and similarly increase contribution revenue by a like amount. No in-kind contributions were received in 2020 or 2019.

Special Event Revenues

Special event revenue is recognized at the point in time when the Organization satisfies performance obligations under its contracts. Revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Organization expects to be entitled in exchange for attendance at the event. The Organization determines the transaction price based on standard charges for goods and services provided, reduced by implicit and explicit price concessions. The Organization determines its estimates of implicit and explicit price concessions based upon contractual agreements, its discount policies and historical experience.

Income Taxes

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of Missouri state law. However, the Organization is subject to federal income tax on any unrelated business taxable income. The Organization files tax returns in the U.S. federal jurisdiction.

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Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on time spent and other methods.

Deferred Revenue – Paycheck Protection Program (PPP) Loan

On March 27, 2020, the President signed into law the *Coronavirus Aid, Relief and Economic Security Act* (CARES). On April 13, 2020, the Organization received a loan in the amount of \$701,700 pursuant to the PPP. The Organization anticipates using all of the proceeds to make eligible payments and, therefore, expect substantially all of the loan will be forgiven. The Organization has elected to account for the PPP loan as deferred revenue in accordance with the Financial Accounting Standards Board Accounting Standards Codification Topic 958-605, *Revenue Recognition*. The balance is included in other liabilities on the statements of financial position. Revenue is recognized when conditions are met, which include meeting FTE and salary reduction requirements and incurring eligible expenditures. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to the recognition of revenue. As such, the loans have been recorded as other liabilities on the statements of financial position and have been included in the change in deferred revenue within operating activities on the statements of cash flows. Subsequent to year end, the Organization received forgiveness on the full amount of the PPP Loan.

Pandemic

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may affect the financial position, results of operations and cash flows of the Organization. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Reclassifications

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 financial statement presentation. These reclassifications has no effect on the change in net assets.

Note 2: Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets

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- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2020 and 2019:

	2020			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 6,058,827	\$ 6,058,827	\$ -	\$ -
Mutual funds				
Large cap	40,695,232	40,695,232	-	-
Small cap	17,406,091	17,406,091	-	-
International	33,508,811	33,508,811	-	-
Fixed income	13,775,124	13,775,124	-	-
Other	1,031,986	1,031,986	-	-
Certificates of deposits	1,494,000	-	1,494,000	-
Federal agency bonds	10,064,707	-	10,064,707	-
Corporate bonds	9,489,547	-	9,489,547	-
Municipal bonds	2,031,166	-	2,031,166	-
Asset backed securities	2,915,423	-	2,915,423	-
City bonds	18,325,000	-	-	18,325,000
Investments measured at fair value	156,795,914	<u>\$ 112,476,071</u>	<u>\$ 25,994,843</u>	<u>\$ 18,325,000</u>
Investments measured at net asset value (A)	29,018,079			
	<u>\$ 185,813,993</u>			
Contributions receivable	<u>\$ 13,605,545</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,605,545</u>

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	2019			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 2,136,839	\$ 2,136,839	\$ -	\$ -
Equity securities	6,335,140	6,335,140	-	-
Mutual funds				
Large cap	34,780,095	34,780,095	-	-
Small cap	6,477,254	6,477,254	-	-
International	28,861,383	28,861,383	-	-
Fixed income	11,817,302	11,817,302	-	-
Other	805,814	805,814	-	-
Certificates of deposits	3,025,096	-	3,025,096	-
Federal agency bonds	7,145,140	-	7,145,140	-
Corporate bonds	8,502,544	-	8,502,544	-
Municipal bonds	2,353,496	-	2,353,496	-
Asset backed securities	4,431,749	-	4,431,749	-
City bonds	20,215,000	-	-	20,215,000
Investments measured at fair value	136,886,852	<u>\$ 91,213,827</u>	<u>\$ 25,458,025</u>	<u>\$ 20,215,000</u>
Investments measured at net asset value (A)	24,253,784			
	<u>\$ 161,140,636</u>			
Contributions receivable	<u>\$ 17,854,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,854,349</u>

(A) In accordance with Subtopic 820-10, a certain investment that was measured at NAV per share (or its equivalent) has not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the Statements of Financial Position.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2020. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

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Investments

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of investments with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projects and cash flow. Such investments are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy.

Alternative Investments

As of December 31, 2020 and 2019, the fair value of alternative investments has been estimated using the NAV per share of the investments. Alternative investments held at December 31 consist of the following:

	December 31, 2020			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-strategy hedge funds (A)	\$ 11,379,439	\$ -	Quarterly	45 days
Real estate funds (B)	\$ 9,865,617	\$ 3,740,675	Quarterly	45 days
Private equity funds (C)	<u>\$ 7,773,023</u>	\$ 6,905,332	Non-redeemable	Non-redeemable
	<u>\$ 29,018,079</u>			
	December 31, 2019			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-strategy hedge funds (A)	\$ 9,620,466	\$ -	Quarterly	45 days
Real estate funds (B)	\$ 9,469,268	\$ 1,133,050	Quarterly	45 days
Private equity funds (C)	<u>\$ 5,164,050</u>	\$ 5,767,288	Non-redeemable	Non-redeemable
	<u>\$ 24,253,784</u>			

- (A) This category includes an investment in a hedge fund that pursues multiple strategies to diversify risks and reduce volatility. The fund's composite portfolio includes investments in a variety of U.S. and global equity positions and some real estate. This fund includes a one year lock-up.
- (B) This category includes investments in real estate investment trust funds that invest primarily in U.S. commercial real estate. Redemption requests will be redeemed to the extent that the fund has liquid assets available. One of the three investment funds within this category can never be redeemed with the funds. Instead, the nature of this particular fund within this category is that distributions are received through the liquidation of underlying assets of the fund.

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- (C) This category includes private equity funds that invest primarily in buyouts on a global basis and venture companies in high-growth industries as well as special situation private equity and debt fund purchases and co-investment in common or preferred stock. These investments can never be redeemed with the funds. Instead, the nature of the investments in this category is that distributions are received through the liquidation of underlying assets of the fund.

Contributions Receivable

As permitted by Topic 825, the Organization has elected to measure contributions receivable at fair value. Management has elected the fair value option for contributions receivable because management believes the net present value should be calculated annually at current discount rates. Fair value is estimated at the present value of the future payments expected to be received. Due to the nature of the valuation inputs, the contributions receivable is classified within Level 3 of the hierarchy.

Note 3: Contributions Receivable

Contributions receivable consisted of the following:

	December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 2,504,566	\$ 1,444,373	\$ 3,948,939
Due in one to five years	-	9,741,321	9,741,321
Due in more than five years	-	33,729	33,729
	2,504,566	11,219,423	13,723,989
Less			
Unamortized discount	-	118,444	118,444
	\$ 2,504,566	\$ 11,100,979	\$ 13,605,545

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	December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 2,767,306	\$ 5,786,337	\$ 8,553,643
Due in one to five years	-	9,586,239	9,586,239
Due in more than five years	-	123,667	123,667
	2,767,306	15,496,243	18,263,549
Less			
Unamortized discount	-	409,200	409,200
	\$ 2,767,306	\$ 15,087,043	\$ 17,854,349

The discount rates used were .36 percent and 1.28 percent for 2020 and 2019, respectively.

Note 4: Property and Equipment

Property and equipment at December 31 consists of:

	2020	2019
Buildings and leasehold improvements	\$ 1,079,475	\$ 1,079,475
Furniture and fixtures	1,486,842	1,469,280
	1,546,717	1,331,484
Less accumulated depreciation	-	-
	\$ 1,019,600	\$ 1,217,271

Note 5: Annuities Payable

The Organization has been the recipient of several gift annuities which require future payments to the donor or their named beneficiaries. The assets received from the donor are recorded at fair value. The Organization has recorded a liability at December 31, 2020 and 2019, of \$1,871 and \$8,064, respectively, which represents the present value of the future annuity obligations.

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Note 6: Park Projects Fund

The park projects fund is used to account for the various park projects which utilize donor restricted net assets activity for the years ended December 31, 2020 and 2019, was as follows:

	2020			
	January 1, 2020 Balance	Income	Expenses/ Release of Restrictions	December 31, 2020 Balance
Aviation Field	\$ 15,941	\$ -	\$ -	\$ 15,941
Horse stables and maintenance	72,399	-	3,405	68,994
Forever Capital	18,025,466	5,361,687	4,525,160	18,861,993
Forever Unrestricted	37,503,562	260,366	-	37,763,928
Liberal Arts Bridge	478,815	-	-	478,815
Golf scholarships	15,000	-	5,000	10,000
Nature Works Collaborative	96,425	84,466	66,741	114,150
Park benches	335,991	61,513	46,916	350,588
Round Lake Hillside	13,123	-	5,500	7,623
Visitor Guide	-	25,000	-	25,000
Tree and brick tributes	-	39,070	39,070	-
MDC Co-Op	-	30,000	14,515	15,485
Kennedy Forest Restoration	121,987	1,500,000	78,227	1,543,760
Waterways Restoration Project	62,000	-	-	62,000
City Water Monitoring Project	30,349	-	4,400	25,949
FPF Youth Conservation Corps	27,163	-	-	27,163
Wildlife Brochure	2,457	-	-	2,457
Bush Honeysuckle Plan	2,500	-	-	2,500
Bellweather Foundation	-	125,000	-	125,000
Sporacio	-	27,000	10,709	16,291
Tamm Playground Restoration	65,000	78,244	-	143,244
Round Lake Vista	20,000	-	-	20,000
Total	\$ 56,888,178	\$ 7,592,346	\$ 4,799,643	\$ 59,680,881

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	2019			
	January 1, 2019 Balance	Income	Expenses/ Release of Restrictions	December 31, 2019 Balance
Aviation Field	\$ 15,941	\$ -	\$ -	\$ 15,941
Horse stables and maintenance	99,596	-	27,197	72,399
Forever Capital	16,466,424	5,986,411	4,427,369	18,025,466
Forever Unrestricted	36,948,133	578,053	22,624	37,503,562
Liberal Arts Bridge	478,815	-	-	478,815
Golf scholarships	20,000	-	5,000	15,000
Nature Works Collaborative	90,313	92,000	85,888	96,425
Park benches	329,886	61,075	54,970	335,991
Round Lake Hillside	20,436	-	7,313	13,123
Statues and monuments	17,943	-	17,943	-
Tree and brick tributes	8,000	37,214	45,214	-
MDC Co-Op	-	30,000	30,000	-
Kennedy Forest Restoration	90,856	105,081	73,950	121,987
Jewish Memorial Restoration	-	89,500	89,500	-
Waterways Restoration Project	25,000	37,000	-	62,000
City Water Monitoring Project	30,349	-	-	30,349
FPF Youth Conservation Corps	27,163	-	-	27,163
Wildlife Brochure	2,457	-	-	2,457
Bush Honeysuckle Plan	5,000	2,500	5,000	2,500
Tamm Playground Restoration	40,000	25,000	-	65,000
Round Lake Vista	20,000	-	-	20,000
Total	\$ 54,736,312	\$ 7,043,834	\$ 4,891,968	\$ 56,888,178

Note 7: Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions at December 31 have been designated for the following purposes:

	2020	2019
Designated for Forest Park endowment	\$ 3,145,074	\$ 3,145,074
Invested in net property	1,019,600	1,217,271
Undesignated	5,424,721	5,207,274
	\$ 9,589,395	\$ 9,569,619

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Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31 are restricted for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose		
Park projects fund	\$ 59,680,881	\$ 56,888,178
Subject to passage of time for operations	<u>1,243,430</u>	<u>1,335,821</u>
	60,924,311	58,223,999
Endowments		
Subject to endowment spending policy and appropriation	<u>140,139,020</u>	<u>125,558,009</u>
	<u>\$ 201,063,331</u>	<u>\$ 183,782,008</u>

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2020</u>	<u>2019</u>
Satisfaction or purpose restrictions		
Park projects	\$ 4,799,643	\$ 4,891,968
Expiration of time restrictions for operations	305,677	203,832
Restricted purpose spending-rate distributions and appropriations for maintenance of the park	<u>4,490,856</u>	<u>4,246,773</u>
	<u>\$ 9,596,176</u>	<u>\$ 9,342,573</u>

Note 8: Endowment

The Organization's endowment consists of six individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization's board of directors is subject to the State of Missouri's Prudent Management of Institutional Funds Act (SPMIFA). As a result, the Organization classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board appropriates such amounts for expenditure. Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net

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assets without donor restrictions. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Organization and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Organization
7. Investment policies of the Organization

The composition of net assets by type of endowment fund at December 31, 2020 and 2019, was:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 3,145,074	\$ -	\$ 3,145,074
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be held in perpetuity	-	92,412,355	92,412,355
Accumulated investment gains	-	47,726,665	47,726,665
Total endowment funds	\$ 3,145,074	\$ 140,139,020	\$ 143,284,094
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 3,145,074	\$ -	\$ 3,145,074
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be held in perpetuity	-	92,168,019	92,168,019
Accumulated investment gains	-	33,389,990	33,389,990
Total endowment funds	\$ 3,145,074	\$ 125,558,009	\$ 128,703,083

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Changes in endowment net assets for the years ended December 31, 2020 and 2019, were:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,145,074	\$ 125,558,009	\$ 128,703,083
Investment return, net	-	18,827,531	18,827,531
Contributions	-	244,336	244,336
Appropriation of endowment net assets for expenditures	-	(4,490,856)	(4,490,856)
Endowment net assets, end of year	\$ 3,145,074	\$ 140,139,020	\$ 143,284,094
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,145,074	\$ 103,746,394	\$ 106,891,468
Investment return, net	-	20,468,035	20,468,035
Contributions	-	5,590,353	5,590,353
Appropriation of endowment net assets for expenditures	-	(4,246,773)	(4,246,773)
Endowment net assets, end of year	\$ 3,145,074	\$ 125,558,009	\$ 128,703,083

Underwater Endowments

The Organization's governing body has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. At December 31, 2020 and 2019, there were no underwater funds.

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Investment and Spending Policies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Organization must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Organization’s policies, endowment assets are invested in a manner that is intended to produce results that exceed the rate of inflation while assuming a prudent level of investment risk. The Organization expects its endowment funds to provide an average rate of return in excess of the spending rate annually over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organization has a spending policy of appropriating for expenditure each year 4 percent of its endowment fund’s average fair value over the prior 12 quarters through the year-end preceding the year in which expenditure is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at the rate of inflation. This is consistent with the Organization’s objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Note 9: Liquidity and Availability

The Organization’s financial assets available within one year of the statement of financial position date for general expenditure are:

	2020	2019
Financial assets at year-end		
Cash without donor restrictions	\$ 9,159,782	\$ 7,432,011
Annual fund receivables	473,971	272,050
Other receivables	138,037	144,888
Approved endowment support	<u>4,778,508</u>	<u>4,490,848</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 14,550,298</u>	<u>\$ 12,339,797</u>

The Organization’s overall expenses fluctuate from year to year. The Organization and the City of St. Louis agree on maintenance projects each year which are funded with city bond principal and interest payments. Expenses for these projects are included in the Organization’s operating expenses.

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The Organization receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures.

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a target to maintain four to six months of operating expenses in cash reserves. The Organization has certificates of deposit with a historical cost of approximately \$1,245,000 and \$1,494,000, as of December 31, 2020 and 2019, respectively, maturing within one year, which relate to the Forever Campaign. It is the Organization's policy to re-invest such funds until needed.

Note 10: Defined Contribution Plan

Effective September 2019, the Organization terminated its 403B plan and amended its profit sharing plan to establish the Forest Park Forever 401K plan (the "Plan") covering all eligible employees. The Plan is funded by employee contributions, including employer matching and discretionary employer contributions as defined by the Plan. Total employer contributions are \$191,000 and \$190,000 in 2020 and 2019, respectively.

In addition, the Organization has a 457(f) plan to benefit the executive director subject to a five year vesting schedule. Discretionary amounts payable to the plan are included in accounts payable and other liabilities on the statements of financial position.

Note 11: Operating Leases

The Organization entered into a 25 year lease in 2004 with the City for the Dennis and Judith Jones Education and Visitors Center. The lease contains two renewal options; one for an additional 15 years after the original lease term and an additional five years after the first renewal term. Rent for the premises will be \$1 per year and the Organization additionally must assume responsibility for all leasehold improvements, which is estimated at \$3,850,000 over the life of the lease. The Organization is to pay all executory costs, utilities and insurance.

Note 12: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

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General Litigation

The Organization is subject to litigation that arise in the ordinary course of its activities. While events could occur that would change this estimate, it is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the Organization.

Contributions

As described in Note 1, the Organization receives gifts with and without restrictions which are included in contribution revenue. Accounting principles generally accepted in the United States of America require disclosure of current vulnerability due to certain concentrations.

Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows and are included in contributions receivable. Approximately 75 and 80 percent of all contributions receivable balances were from one donor in 2020 and two donors in 2019.

Approximately 61 percent and 62 percent of all contribution revenue was received from two non-related party donors in 2020 and one non-related party donor in 2019, respectively.

Investments

The Organization invests in various investments. Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statement of financial position.

Note 13: Maintenance and Trust Agreements

In March 2007, the Organization entered into a Trust Agreement “FPF Trust Agreement” and Maintenance Cooperation Agreement “Maintenance Agreement” with the City. The Organization and the City entered into such agreements with the intent of establishing a long-term funding mechanism for the maintenance of Forest Park. The City was authorized by Ordinance No. 67477 to enter into these agreements. The agreements became effective in 2007 and extend for a term of 50 years, unless terminated earlier under the provisions of the agreement.

Under the terms of the FPF Trust Agreement, the Organization agreed to make donations to the Trustee established under the Trust Agreement of \$1,800,000 annually (“FPF donations”), payable in equal installments on January 1 and July 1 of each year, beginning July 1, 2007, solely to pay for the costs of maintaining Forest Park, as defined and described in the Maintenance Agreement. For the years ended December 31, 2020 and 2019, the Organization made donations to the Trustee of \$1,800,000 each year, as required under the terms of the agreement. As of December 31, 2020 and

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2019, \$787,765 and \$1,012,955, respectively, remained on deposit with the Trustee solely to pay for the costs of maintaining Forest Park, and is recorded as prepaid expenses and deposits on the statements of financial position.

Pursuant to Ordinance No. 67477, the City also executed a Maintenance Trust Agreement with Barnes Jewish Organization (“BJH Trust Agreement”) to establish a long-term funding mechanism for Forest Park’s maintenance and operations. Under the BJH Trust Agreement, Barnes Jewish Hospital (BJH) will make donations in trust to a Trustee for the benefit of Forest Park to be used for the operation and maintenance of Forest Park (“BJH donation”) and not for new construction. The total amount initially payable annually by BJH under the BJH Trust Agreement is \$2,000,000.

Under the terms of the Trust Agreements, a Trustee was designated and an irrevocable trust fund established (“FPF Park Maintenance Fund”). A Steering Committee comprised of representatives of both the City and Forest Park Forever (FPF) annually prepares a budget of costs of maintaining Forest Park based on the City’s fiscal year beginning July 1. The total budget shall not exceed the amount of annual BJH donations plus the amount of FPF donations under the respective Trust Agreements.

The St. Louis Board of Alderman approved two pieces of legislation on Friday, December 2, 2011, that together provide the means to protect and invest in all city parks.

Ordinance No. 69049 provides funding and capital improvements in all 107 of the City’s public parks by allocating a combined \$64,000,000 for city parks - with \$30,000,000 designated for Forest Park and \$34,000,000 to support all parks throughout the city while using existing revenue and imposing no new taxes. This ordinance authorizes the City to issue bonds for up to \$30,000,000 to FPF. In 2018, FPF purchased remaining bonds with private contributions and the funds will be used to build the next phase of Master Plan projects.

Ordinance No. 69042 defines a new Maintenance Cooperation Agreement (“MCA”) which establishes the City Parks Department and FPF as partners in sustaining Forest Park, and expands FPF’s responsibilities over time to include enhanced landscape maintenance of all 860 non-leased acres of the park. This additional work will compliment work performed by the City. Bond payments authorized by Ordinance 69049 will then be used to support operations and maintenance in Forest Park. Under the MCA, FPF intends to raise an additional \$100,000,000 in new endowment funds to support maintenance, operations, education and visitor services in Forest Park.

Effective April 12, 2013, the Organization and the City consummated the agreement to purchase up to \$30,000,000 of bonds as authorized by Ordinance 69049. Under that Bond Purchase Agreement, bonds will be purchased by the Organization incrementally over time. Purchases were made and principal and interest payments were made to the Organization in 2020 and 2019 for a city bond balance of \$18,325,000 and \$20,215,000, respectively, at December 31, 2020 and 2019, and has been included in investments on the statements of financial position.

Note 14: Subsequent Events

Subsequent events have been evaluated through July 22, 2021, which is the date the financial statements were available to be issued.