THE FRESH AIR FUND

the Fresh Air fund

because a summer can last a lifetime™

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

15-MONTH PERIOD ENDED DECEMBER 31, 2020

MARKS PANETH

ACCOUNTANTS & ADVISORS

THE FRESH AIR FUND

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

15-MONTH PERIOD DECEMBER 31, 2020

CONTENTS

Marks Paneth LLP
685 Third Avenue
New York, NY 10017
P 212.503.8800
F 212.370.3759
markspaneth.com

MARKS PANETH
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Fresh Air Fund

We have audited the accompanying financial statements of The Fresh Air Fund (the "Fund"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the 15-month period then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Fresh Air Fund as of December 31, 2020, and the changes in its net assets and its cash flows for the 15-month period then ended in accordance with accounting principles generally accepted in the United States of America.

Marks Paneth LLP

New York, NY
April 30, 2021

Morison KSi
Independent member

THE FRESH AIR FUND
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020

ASSETS	
Cash and cash equivalents (Notes 2C and 12)	$ 11,533,272
Accounts, grants and other receivables (Notes 2D, 2F, 2K and 3)	2,101,012
Pledges receivable (Notes 2E, 3 and 4)	50,000
Prepaid expenses	536,135
Investments (Notes 2G, 2L, 5 and 6)	101,552,055
Property and equipment, net (Notes 2H and 7)	25,509,717
Beneficial interest in perpetual trusts and pooled life income fund (Notes 2J, 5 and 10)	2,663,822
Other assets	502,057
TOTAL ASSETS	$ 144,448,070
LIABILITIES	
Accounts payable and accrued expenses	$ 1,012,421
Accrued postretirement benefits (Note 8)	1,735,237
Paycheck Protection Program loan payable (Note 9)	1,533,888
TOTAL LIABILITIES	4,281,546
COMMITMENTS AND CONTINGENCIES (Note 13)	
NET ASSETS (Notes 2B and 10)	
Without donor restrictions:	
Operations	267,192
Board designated endowment	97,947,464
Property and equipment	25,509,717
Total without donor restrictions	123,724,373
With donor restrictions	16,442,151
TOTAL NET ASSETS	140,166,524
TOTAL LIABILITIES AND NET ASSETS	$ 144,448,070

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

THE FRESH AIR FUND
STATEMENT OF ACTIVITIES
FOR THE 15-MONTH PERIOD ENDED DECEMBER 31, 2020

OPERATING ACTIVITIES:	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GRANTS, AND OTHER			
Public Support			
Contributions (Note 2E)	$ 11,525,012	$ 459,791	$ 11,984,803
Legacies and bequests (Note 2E)	3,101,919	-	3,101,919
Off-season camping (Note 2E)	454,505	-	454,505
Special events (net of direct expenses of $230,584) (Note 2N)	1,305,045	-	1,305,045
Grants from government agencies (Note 2F)			
New York State Office of Children and Family Services	750,000	-	750,000
Summer Food Program	6,289	-	6,289
Investment activity, net of investment advisory fees of $635,939 (Notes 2G, 2L, 5, 6 and 10)	10,945,373	1,513,030	12,458,403
Gain on beneficial interests in perpetual trusts	-	238,738	238,738
Other Income	19,880	-	19,880
Net assets released from restrictions (Notes 2B and 10)	3,684,219	(3,684,219)	-
TOTAL REVENUE, GRANTS AND OTHER	31,792,242	(1,472,660)	30,319,582
EXPENSES (Note 2I)**:**			
Program Services			
Friendly Towns	3,936,115	-	3,936,115
Fresh Air Camping	3,851,265	-	3,851,265
Sharpe Reservation	5,042,340	-	5,042,340
Virtual and Community program	2,546,000	-	2,546,000
Total Program Services	15,375,720	-	15,375,720
Supporting Services			
Management and general	4,797,580	-	4,797,580
Fundraising and development	4,427,387	-	4,427,387
Total Supporting Services	9,224,967	-	9,224,967
TOTAL EXPENSES	24,600,687	-	24,600,687
Change In Net Assets From Operations	7,191,555	(1,472,660)	5,718,895
NONOPERATING ACTIVITIES:			
Other components of net periodic pension credit (Note 8)	159,064	-	159,064
Postretirement related changes other than net periodic benefit cost (Note 8)	38,971	-	38,971
TOTAL NONOPERATING ACTIVITIES	198,035	-	198,035
CHANGE IN NET ASSETS	7,389,590	(1,472,660)	5,916,930
Net assets - beginning of period	116,334,783	17,914,811	134,249,594
NET ASSETS - END OF PERIOD	$ 123,724,373	$ 16,442,151	$ 140,166,524

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

THE FRESH AIR FUND
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE 15-MONTH PERIOD ENDED DECEMBER 31, 2020

	Program Services					Supporting Services			
	Friendly Towns	**Fresh Air Camping**	**Sharpe Reservation**	**Virtual and Community Program**	**Total Program**	**Management and General**	**Fundraising**	**Direct Benefit to Donors**	**Total**
Salaries	$ 1,994,605	$ 1,769,417	$ 1,384,916	$ 1,074,765	$ 6,223,703	$ 1,153,479	$ 861,868	$ 2,121	$ 8,241,171
Payroll taxes and employee benefits (Note 8)	398,348	620,256	595,061	217,281	1,830,946	440,159	351,691	-	2,622,796
Total salaries and related costs	2,392,953	2,389,673	1,979,977	1,292,046	8,054,649	1,593,638	1,213,559	2,121	10,863,967
Periodic pension costs other than the service cost (Note 8)	(36,657)	(32,580)	(35,661)	(7,339)	(112,237)	(24,950)	(21,877)	-	(159,064)
Communication	132,286	88,315	59,019	43,035	322,655	25,521	1,805,581	10,959	2,164,716
Insurance	520,669	43,658	192,674	10,533	767,534	13,367	-	-	780,901
Professional fees	165,694	207,929	7,122	425,111	805,856	438,865	913,651	8,555	2,166,927
Occupancy (repairs, maintenance, utilities)	302,162	393,203	660,147	284,141	1,639,653	128,924	366,412	139	2,135,128
Transportation	(316)	35,266	110,718	2,200	147,868	-	-	-	147,868
Food	160	92,755	190,632	1,792	285,339	-	2,677	-	288,016
Volunteer expense	250,853	358	-	-	251,211	-	1,607	-	252,818
Program supplies and equipment	7,207	90,537	60,236	407,562	565,542	-	12,416	-	577,958
Contracted services	-	321,710	-	-	321,710	-	-	208,334	530,044
Other	10,964	85,538	19,340	2,837	118,679	11,104	9,161	476	139,420
Bad debt expense	-	-	-	-	-	2,535,000	-	-	2,535,000
Depreciation and amortization (Notes 2H and 7)	153,483	102,323	1,762,475	76,743	2,095,024	51,161	102,323	-	2,248,508
Sub-total	3,899,458	3,818,685	5,006,679	2,538,661	15,263,483	4,772,630	4,405,510	230,584	24,672,207
Less: other components of net period pension credit	36,657	32,580	35,661	7,339	112,237	24,950	21,877	-	159,064
Less: Special event direct expenses (Note 2N)	-	-	-	-	-	-	-	(230,584)	(230,584)
TOTAL EXPENSES	$ 3,936,115	$ 3,851,265	$ 5,042,340	$ 2,546,000	$ 15,375,720	$ 4,797,580	$ 4,427,387	$ -	$ 24,600,687

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

THE FRESH AIR FUND
STATEMENT OF CASH FLOWS
FOR THE 15-MONTH PERIOD ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ 5,916,930
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Pension changes nonperiodic pension costs	198,035
Depreciation and amortization	2,248,508
Bad debt expense	2,535,000
Realized and unrealized gain on investments	(11,531,705)
Gain in value of beneficial interest in perpetual trusts	(238,738)
Subtotal	(871,970)
Changes in operating assets and liabilities:	
(Increase) or decrease in assets:	
Accounts, grants and other receivables	(618,536)
Pledges receivable	82,853
Prepaid expenses	(60,234)
Other assets	61,692
Increase or (decrease) in liabilities:	
Accounts payable and accrued expenses	345,255
Accrued postretirement benefits	(247,789)
Net Cash Used in Operating Activities	(1,308,729)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(1,722,009)
Proceeds from the sale of investments	7,353,270
Net Cash Provided by Investing Activities	5,631,261
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from Paycheck Protection Program loan payable	1,533,888
Net Cash Provided by Financing Activities	1,533,888
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,856,420
Cash and cash equivalents - beginning of the period	5,676,852
CASH AND CASH EQUIVALENTS - END OF PERIOD	$ 11,533,272

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

The Fresh Air Fund, (the “Fund”) an independent, not-for-profit organization, has provided free summer experiences to more than 1.8 million New York City children from low-income communities since 1877. Each year, thousands of children experience outdoor summer adventures through visits with volunteer host families in rural and suburban communities along the East Coast and Southern Canada and at the Fund’s six overnight camps in New York’s Lower Hudson Valley. Fresh Air children also participate in year-round leadership and educational programs. The Fund’s Sharpe Reservation welcomes thousands more students and guests for its environmental educational and team-building programs.

The Fund is a not-for-profit voluntary organization exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the “Code”) and, accordingly, is not subject to federal income taxes under Section 501(a) of the Code. As a not-for-profit organization, the Fund is exempt from New York State and New York City income and sales taxes. The Fund has been classified as an organization, which is not a private foundation and has been designated as a publicly supported organization under Section 509(a)(1) of the Code and qualifies for the maximum charitable contribution deduction for donors.

In November 2020, the Fund’s Board of Directors voted to change the Fund’s year end from September 30th to December 31st. As a result, the financial statements are as of and for the fifteen-month period ended December 31, 2020.

Programs operated by the Fund are as follows:

Friendly Towns

Approximately 2,000 Fresh Air children visit rural, suburban and small-town communities along the East Coast and Southern Canada, called Friendly Towns, during the summer. During the one or two week visits with volunteer host families, children and their hosts form bonds of friendship and fun by sharing personal, day-to-day experiences. Children travel to a new place, develop independence, make new friends, learn new skills, and gain a new perspective, all while making memories and having fun. Every family goes through a rigorous screening process including a home visit, interview, references and a background check. Many Fresh Air children are re-invited to stay with the same host family year after year and form friendships that last a lifetime. Children on first-time visits are seven to 13 years old. Reinvited children may continue through age 18 and may enjoy extended trips.

Fresh Air Camping and Year-Round

The Fresh Air Fund’s camping programs take place year-round on the Fund’s Sharpe Reservation and during the summer at Harriman State Park in Southfields, New York. In the summer, 3,500 New York City children learn and grow through immersive outdoor experiences. For two weeks, campers swim and row boats on the lake, stargaze, hike nature trails and learn about animals and where their food comes from at the camp farm and nutrition center. Campers return home with more confidence, new skills and new friends.

During the school year, campers are invited to participate in year-round leadership and educational programs through tutoring and mentoring programs. The Fund’s academic enrichment and leadership programs provide students with a strong network of support on their academic journey through its Career Awareness Program, the College Connections Programs and its Teen Leadership Programs.

Fresh Air Sharpe Reservation

The Fund’s Sharpe Reservation has over 2,000 acres of wilderness property with lakes, ponds, streams and hiking trails through the woods. During the school year, over 10,000 people from community and school groups in the tristate region participate in the Fund’s environmental educational programs. Students and community groups are offered hands-on, interactive experiences to learn about the environment and explore nature. Groups visit the Sharpe Environmental Center, the Gustafson Planetarium, the high and low ropes courses, and the numerous nature trails across the Reservation. The programs are customized to meet the unique needs of each group and focus on teaching team-building, problem solving, critical thinking, and effective communication along with learning about caring for the environment.

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

Virtual and Community Programs

In Summer 2020, when traditional programs were cancelled due to the COVID-19 pandemic, the Fund developed four new programs to connect children with nature through live educational programming and outdoor activities or by bringing the "outdoors indoors": Fresh Air Everywhere, Fresh Air Teen Programs, Fresh Air Family Wellness and Fresh Air Summer Spaces. All programming is connected to the Fund's positive youth development framework to develop inner strength; build relationships and support networks; expand perspectives and set goals; and take on challenges and learn life skills.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ***Basis of Accounting –*** The Fund's financial statements have been prepared on the accrual basis. The Fund adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP").

B. ***Financial Statement Presentation -*** The Fund maintains its net assets under the following two classes:

- Without donor restrictions:

  Operations – represents resources available for support of the Fund's operations over which the Board of Directors has discretionary control.

  Board-designated endowment – the Fund's Board of Directors has a policy of putting certain legacies and bequests and contributions in a Board-designated endowment.

  Property and equipment – represents the net book value of land, buildings and equipment.

- With donor restrictions – represents assets resulting from contributions and other inflows of assets whose use by the Fund is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Fund pursuant to those stipulations. When a restriction expires (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 statement of activities as net assets released from restrictions. In addition, net assets with donor restrictions represent those resources subject to donor-imposed stipulations that they be maintained intact in perpetuity by the Fund. The earnings from these donor restricted endowment assets are also included in the net assets with donor restrictions class until they have been appropriated by the Board. When such appropriations occur, net assets with donor restrictions are reduced through an additional release from restrictions. The donors of certain of these assets specify the use of a portion of income earned on related investments.

C. ***Cash and Cash Equivalents –*** The Fund considers highly liquid debt instruments purchased with a maturity of 90 days or less to be cash equivalents, except for cash and money market funds held in the Fund's investment portfolio.

D. ***Accounts Receivable -*** Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

E. ***Contributions*** - Contributions, including cash and in-kind contributions, are accounted for under Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) (see Note 2O for further details), and recorded as revenue in the period in which they are received. Many volunteers, including members of the Board of Directors, have made significant contributions of time in furtherance of the Fund's policies and programs. The value of this contributed time does not meet the criteria for recognition and, therefore, is not reflected in the statements of activities. Legacies are recognized as support when the wills have passed probate and the sum is certain.

The Fund is the beneficiary of legacies and bequests under various wills. The Fund's share of such bequests is recorded when the Fund has an irrevocable right to the bequest and the proceeds are measurable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. ***Grants from Governmental Agencies -*** Government grants nonexchange transactions are accounted for under ASU 2018-08 (see Note 2O for further details). Multi-year governmental contracts included under government grants are cancellable by the funder upon its sole discretion. Governmental grants are recognized as revenue when barriers within the contract are overcome, and there is no right of return.

As of December 31, 2020, the Fund received conditional grants from government agencies in the aggregate amount of $250,000, that have not been recorded in the accompanying financial statements, as they have not been earned. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants. The Fund has not been remitted any funds in advance.

G. ***Investments -*** Investments are stated at fair value based on quoted market prices. The investments in limited partnerships are valued at fair value using the net asset valuations provided by the underlying limited partnerships, unless management determines another valuation is more appropriate. Substantially all the underlying assets of the limited partnership consist of cash and cash equivalents, readily marketable securities, and other investments stated at fair value.

H. ***Property and Equipment -*** Property and equipment is stated at cost less accumulated depreciation or amortization. The carrying value of property and equipment does not purport to represent replacement or realizable values. The Fund capitalizes all property and equipment with a useful life of more than one year and a cost of $500 or more. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The Fund amortizes the cost of equipment and renovations incurred at its leased property in Harriman State Park on a straight-line basis over their estimated useful lives or the 10-year lease term, whichever is shorter.

I. ***Functional Allocation of Expenses -*** The costs of providing the Fund's program and supporting services have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited as determined by management. The expenses that are allocated include salaries and payroll taxes and employee benefits, which are allocated based on estimates of time and effort. Other allocated expenses include occupancy, professional and contracted services, program supplies and equipment, insurance, communications, and depreciation which are allocated based on full-time employees per program.

J. ***Beneficial Interest in Perpetual Trusts –*** The Fund is the beneficiary of perpetual trusts held by other entities, as trustees. The fair value of the Fund's beneficial interest in these trusts is estimated to be equal to the fair market value of that portion of the assets underlying the trusts attributable to the Fund's interest. The assets consist primarily of equities, fixed income and short-term investments.

K. ***Allowance for Doubtful Accounts -*** As of December 31, 2020, the Fund determined that no allowance for doubtful accounts should be provided for accounts, grants, pledges and other receivables. Such estimate is based on management's estimates of the creditworthiness of its donors as well as current economic conditions and historical information.

L. ***Fair Value Measurements -*** Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 6.

M. ***Use of Estimates -*** The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. ***Special Events Direct Costs -*** The direct costs of special events include expenses for the benefit of the donor. For example, meals and facilities rental are considered direct costs of special events.

O. ***Recent Accounting Pronouncements -*** Financial Accounting Standards Board ("FASB") ASU 2018-08 was adopted by the Fund. The core guidance is to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution or government grant is conditional as further described in Notes 2E and 2F.

In 2020, the Fund adopted the provisions of FASB ASU 2017-07, *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, that require an employer to report the service cost component separate from the other components of net benefit cost. The service cost component is reported in the same line of the statement of activities as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are reported as non-operating activities. Service cost is disclosed in Note 8.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURES

The Fund regularly monitors liquidity required to meet its operating needs and other obligations as they become due, while also striving to maximize the investment of its available funds. The Fund has various sources of liquidity at its disposal, including cash and cash equivalents, accounts, pledges, grants and other receivables and investments.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Fund considers all expenditures related to its ongoing program activities as well as service undertaken to support those activities to be general expenditures.

As of December 31, 2020, the following financial assets could readily be made available immediately from the statement of financial position date to meet general expenditures:

Cash and cash equivalents	$ 11,533,272
Accounts receivable, pledges, grants and other receivables	2,151,012
Payout on donor-restricted endowments for use over next 12 months	788,968
Payout on quasi-endowments for use over next 12 months	4,421,826
	$ 18,895,078

NOTE 4 – PLEDGES RECEIVABLE

Receivables, amounting to $50,000, are scheduled to be collected within one year from December 31, 2020.

NOTE 5 – INVESTMENTS

Investments consist of the following as of December 31, 2020:

Limited Partnerships	
Diversified managed funds	$ 101,077,600
Equities	474,455
Total Limited partnerships	$ 101,552,055

NOTE 5 – INVESTMENTS (Continued)

The alternative investment portfolios are made up of fund of funds that invest primarily in limited partnerships. Investments in limited partnerships are valued at fair value, as determined by the General Partner. Such value generally represents the Partnership's proportionate share of the Partner's capital of the investment partnerships as reported by their general partners. Securities with no readily available market are initially valued at cost, with subsequent adjustments to values which reflect either the basis of meaningful third-party transactions in the private market or the fair value deemed appropriate by the general partners of the underlying investment partnership. In such instances, consideration is also given to the financial condition and operating results of the issuer, the amount that the investment partnerships can reasonably expect to realize upon the sale of the securities, and any other factors deemed relevant. Securities with readily available markets (listed on a securities exchange or traded in the over-the-counter market) are valued at quoted market prices, or at an appropriate discount from such price if marketability of the securities is limited.

The Fund has an agreement with Global Endowment Management ("GEM") outsourcing the management of the Fund's investment portfolio to GEM on a discretionary basis. In connection therewith, the Fund liquidated substantially all its marketable securities and provided notice of redemption for all other funds permitting redemptions. Upon receipt, the proceeds of such liquidations and redemptions were transferred to FAF Investments Holdings ("FAF IH"), a limited partnership managed by GEM. In addition, the Fund transferred control of its illiquid limited partnership interests ("legacy portfolio") which are pooled accounts managed by unaffiliated third parties to FAF IH.

FAF IH offers an endowment-style investment program for the Fund and invests with a long-term horizon, seeking varied and non-traditional investment opportunities in an effort to provide a diversified, single-portfolio investment strategy for the Fund. This strategy is paired with the Fund's legacy portfolio of investments.

Through FAF IH, the Fund owns interests in certain investments, including limited partnerships, that create indirect exposure to the Fund through short sales of securities, and trading in futures and forward contracts, options, swaps, and other derivatives products. Derivatives are tools used to maintain asset mix or adjust portfolio risk exposure. Each of these financial instruments contains varying degrees of risk whereby changes in the fair value of the securities underlying the financial instruments or the cost of satisfying obligations may exceed the amount recognized in the statements of financial position of the investees. Investments are subject to market volatility that could change their carrying value in the near term.

The Fund also has beneficial interests in certain perpetual trusts administered by third parties (valued at approximately $2,664,000 as of December 31, 2020 that are reflected as such in the accompanying statement of financial position. The underlying assets of the perpetual trusts are invested in mutual funds, publicly traded securities, and other investable assets as determined by the third-party custodians.

Investment activity consists of the following for the 15-month period ended December 31, 2020:

Interest and dividends	$ 1,562,637
Realized and unrealized gain on investments	11,531,705
Investment return	13,094,342
Investment advisory and custodial fees	(635,939)
	$ 12,458,403

NOTE 6 – FAIR VALUE MEASUREMENTS

The three levels of the fair value hierarchy under FASB Accounting Standards Codification ("ASC") 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Fund has the ability to access.

Level 2 - Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the assets or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2020.

Limited Partnerships:

Limited partnerships are valued using NAV provided by the underlying investment managers as a practical expedient.

Financial assets carried at fair value as of December 31, 2020 are classified in the table in one of the three levels as follows:

	Level 1	Level 2	Level 3	Total
Assets Carried at Fair Value:				
Equity Securities				
U.S. Regulated Investment Company	$ -	$ -	$ 474,455	$ 474,455
Total Equity Securities	-	-	474,455	474,455
Subtotal	$ -	$ -	$ 474,455	474,455
Alternative Investments – NAV as a practical expedient:				
Limited Partnerships – diversified managed funds				101,077,600
Total Assets Carried at Fair Value				$ 101,552,055

The changes in assets measured at fair value for which the Fund has used Level 3 inputs to determine fair value as of December 31, 2020 are as follows:

Balance, beginning of period	$ 860,332
Redemptions	(389,110)
Income	3,233
Balance, end of period	$ 474,455

NOTE 6 – FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth additional disclosures of the Fund's investments whose fair value is measured using the net asset value (NAVs) per share practical expedient as of December 31, 2020:

Investment Objective	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited Partnerships	$ 101,077,600	-	Various	Various
	$ 101,077,600	$ -		

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2020:

		Estimated Useful Lives
Land	$ 7,074,753	-
Office condominium	8,574,451	30 Years
Camping facilities and equipment	38,548,591	5 - 30 Years
Automobiles and trucks	602,123	5 Years
Furniture and equipment	1,337,739	5 Years
Software	588,752	5 Years
Total cost	56,726,409	
Accumulated depreciation and amortization	(31,216,692)	
Net book value	$ 25,509,717	

Depreciation and amortization expense amounted to $2,248,508 for the 15-month period ended December 31, 2020.

NOTE 8 – PENSION AND POSTRETIREMENT MEDICAL BENEFIT PLANS

The Fund sponsors a noncontributory defined benefit pension plan which provides retirement and death benefits for substantially all full-time employees based on years of service and compensation level. The Plan's assets are invested in equity mutual funds and guaranteed insurance contracts. Effective February 1, 2011, the Plan was amended to update the accrued benefits as of that date to a percentage of the current five-year average salary multiplied by years of service.

NOTE 8 – PENSION AND POSTRETIREMENT MEDICAL BENEFIT PLANS (Continued)

The funded status of the postretirement medical plan consists of the following as of December 31, 2020:

Change in benefit obligation:	
Benefit obligation at beginning of period	$ 19,681,954
Service cost	878,281
Interest cost	840,398
Actuarial loss	2,314,510
Benefits paid	(947,336)
Benefits obligation at end of period	$ 22,767,807
Change in plan assets:	
Fair value of plan assets at beginning of period	$ 17,876,963
Actual return	3,352,943
Employer contribution	750,000
Benefits paid	(947,336)
Fair value of plan assets at end of period	21,032,570
Funded Status	(1,735,237)
Accumulated benefit obligation	$ 22,767,807

The net periodic benefit obligations and the components of the benefit cost for the 15-month period ended December 31, 2020 consists of the following:

Service cost	$ 878,281
Other components of cost:	
Interest cost	840,398
Expected return on plan assets	(1,461,175)
Amortization of accumulated loss	356,709
Amortization of prior service cost	105,004
Total other components	(159,064)
Net periodic benefits cost	$ 719,217

The amounts recognized in the change in net assets without donor restrictions for the 15-month period ended December 31, 2020 were as follows:

Net actuarial loss	$ 14,447,717
Prior service cost	768,033
	$ 15,215,750

Other changes in plan assets and benefit obligations recognized in net assets without donor restrictions for the 15-month period ended December 31, 2020 consist of the following:

Net actuarial loss	$ (422,742)
Amortization of accumulated loss	356,709
Amortization of prior service cost	105,004
	$ 38,971

NOTE 8 – PENSION AND POSTRETIREMENT MEDICAL BENEFIT PLANS (Continued)

The net periodic costs include reclassifications of amounts previously recognized as changes in net assets without donor restrictions and are as follows for the 15-month period ended December 31, 2020:

Prior service cost	$	105,004

The weighted average assumptions used to determine benefit obligations as of December 31, 2020 are as follows:

Discount rate	3.00%
Rate of compensation increase	3.00%

The weighted average assumptions used to determine net periodic benefit cost as of December 31, 2020 are as follows:

Discount rate	2.90%
Expected return on plan assets	6.50%
Rate of compensation increase	3.00%

The weighted average allocation as of December 31, 2020 are as follows:

Equity mutual funds	57.8%
Guaranteed-rate insurance contracts	42.2%

The Fund's investment policy for the Plan is to maintain the investments in the equity mutual funds and the guaranteed insurance contracts existing as of December 31, 2020 and to invest future contributions in the equity mutual funds. The expected long-term rate of return on plan assets of 6.50% was selected based on historical returns on invested assets and expectations for future returns. While the returns on the guaranteed insurance contract have declined, it is expected that the investment of the future contributions in equity securities will allow the Plan to achieve the 6.50% expected long-term rate of return.

The following schedule of benefit payments, which reflects expected future services, as appropriate, are expected to be paid in each of the next five years and in the aggregate for the five years thereafter:

2021	$ 781,000
2022	786,000
2023	778,000
2024	809,000
2025	795,000
Thereafter	45,646,000
	$ 49,595,000

The Fund expects to contribute approximately $600,000 to the pension plan for the year ending December 31, 2021.

Pension plan assets carried at fair value for the 15-month period ended December 31, 2020 are as follows:

	Level 1	Level 3	Total
Equity mutual funds	$ 12,158,145	$ -	$ 12,158,145
Guaranteed-rate insurance contracts	-	8,874,425	8,874,425
	$ 12,158,145	$ 8,874,425	$ 21,032,570

NOTE 8 – PENSION AND POSTRETIREMENT MEDICAL BENEFIT PLANS (Continued)

Pension plan investments in equity mutual funds are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Investments in fixed dollar guaranteed-rate insurance contracts are valued by the asset custodians, New York Life Investment Management, using prices in inactive markets (Level 3). Level 3 valuations based on unobservable inputs are used when little or no market data is available. The Fund also sponsors a defined contribution plan. The Fund makes contributions to the plan in the amount of 4% of eligible compensation for all employees with one or more years of credited service. Employees may also make voluntary before-tax contributions to the plan. The Fund contributed $205,762 for the 15-month period ended December 31, 2020.

NOTE 9 – PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Stability Act ("CARES Act"). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program ("PPP"). Participating in the PPP enables the business to obtain a loan from the Small Business Administration sector of the government. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven. The Fund applied for this loan through a Small Business Administration ("SBA") authorized lender and received $1,533,888 in April 2020. Management has opted to account for the PPP loan under FASB ASC Topic 470, "*Debt*" and expects to recognize the gain resulting from the forgiveness upon legal release of its obligation from the SBA. If the loan is not forgiven, the Fund must repay the loan on or before the due date in April 2022 with interest at 1% per annum. For the 15-month period ended December 31, 2020, no amount was recorded for interest expense as this was deemed immaterial to the financial statements.

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of December 31, 2020:

Perpetual in Nature:	
Beneficial interest in perpetual trusts	$ 2,663,822
Endowment fund with donor restrictions	12,158,159
Total Perpetual in Nature	14,821,981
Restricted for Purpose and Time:	
Unappropriated endowment earnings	662,787
College connections program	254,367
Other purpose restricted assets	390,696
Time restricted assets	312,320
Total Restricted for Purpose and Time	1,620,170
Total Net Assets with Donor Restrictions	$ 16,442,151

Net assets released from restrictions consist of two components. The first component reflects the satisfaction of donor purpose restrictions or the passage of time. The second component reflects the Board appropriation of earnings from net assets with restrictions in the endowment fund. The appropriation each year represents up to 7% of the adjusted average fair market value of the restricted endowment fund investments for the prior five years. To the extent that the 7% rate of appropriations exceed available funds, the Fund reduces the appropriations through a transfer, effectively reducing the percentage.

Details of the amounts released from restrictions for the 15-month period ended December 31, 2020 are as follows:

Purpose restrictions accomplished	$ 2,612,284
Time restrictions accomplished	221,692
Board appropriations of endowment earnings	850,243
Net assets released from restrictions	$ 3,684,219

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The Fund adheres to New York State's Prudent Management of Institutional Funds Act ("NYPMIFA"). The Fund recognizes that NYPMIFA permits the Board of Directors to appropriate for expenditure all earnings of endowment funds (both realized and unrealized) with a presumption of prudence to a ceiling of annually based on a quarterly rolling five-year average of the fair value of the endowment funds. Any unappropriated earnings that would otherwise be considered not restricted by the donor are reflected as net assets with donor restrictions until appropriated.

Each year, a portion of the return on the endowment funds may be used to fund general operating expenditures. The amount of that spending portion will be reviewed annually and the distribution recommended by the Executive Committee will be approved by the Board of Directors.

The Fund's long-term spending policy rate is 5% of a moving 12-quarter average for the board-designated portion and, in compliance with NYPMIFA, up to 7% of a moving 20-quarter average for the portion restricted in perpetuity of the investment portfolio market value. The amount appropriated is allocated to the Board-designated endowment fund as needed.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Fund to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature, if they occurred, are reported in net assets without donor restrictions. The deficiencies may result from unfavorable market fluctuations that occurred in the economy as a whole that may have affected the donor restricted endowment fund where the fair market value of the donor restricted endowment fund fell below the amount that is required to be retained in perpetuity. As of December 31, 2020, there were no such deficiencies.

Endowment net asset changes (other than perpetual beneficial interests) include the following as of December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions		Total
		Endowment Earnings	Endowment Corpus	
Investment activity:				
Unrealized gain	$ 10,676,115	$ 1,486,769	$ -	$ 12,162,884
Realized gain	188,571	26,261	-	214,832
Total investment activity	10,864,686	1,513,030	-	12,377,716
Legacies and bequests	3,101,919	-	-	3,101,919
Amount appropriated for expenditure	(7,098,794)	-	-	(7,098,794)
Board appropriations of endowment funds (7%)	850,243	(850,243)	-	-
Change in endowment net assets	7,718,054	662,787	-	8,380,841
Endowment net assets, beginning of period	90,229,410	-	12,158,159	102,387,569
Endowment net assets, end of period	$ 97,947,464	$ 662,787	$ 12,158,159	$ 110,768,410

NOTE 11 – INCOME TAXES

The Fund believes it has no uncertain tax positions as of December 31, 2020 in accordance with ASC 740, *Income Taxes*, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 12 – CONCENTRATIONS

Cash and cash equivalents that potentially subject the Fund to a concentration of credit risk include cash accounts with two banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits ($250,000 per depositor) by approximately $11 million as of December 31, 2020.

NOTE 13 – CONTINGENCIES

A. In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic, which continues to spread throughout the United States. The Fund could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of COVID-19. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on its mission, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. Accordingly, the Fund cannot predict the extent to which its financial condition and results of operations will be affected.

B. The Fund entered into a cooperative agreement with the Palisades Interstate Park Commission ("PIPC") on December 26, 2018 permitting the Fund to operate a summer camp within Harriman State Park on campsites identified as T6, T8 and T10. The Fund is obligated to pay PIPC $34,078 annually. The agreement is for 10 summer camping seasons and the Fund has the right, at its sole discretion, to terminate the agreement at any time by providing PIPC with 90 days' notice.

C. There are various lawsuits and threatened actions against the Fund, arising out of accidents to children and other matters, some of which claim substantial amounts of damages. In the opinion of the Fund's management, these lawsuits are either without merit, or are covered by insurance, and will not result in any material adverse effect on the financial position or changes in net assets of the Fund as of December 31, 2020.

NOTE 14 – SUBSEQUENT EVENTS

The Fund participated in the second round of PPP, which enabled the Fund to obtain a loan from the SBA. The Fund received the PPP loan in the amount of $450,000 on February 23, 2021.

Management has evaluated for potential recognition and disclosure, events subsequent to the date of the statement of the financial position through April 30, 2021, the date the financial statements were available to be issued.