

**THE FRESH AIR FUND**

the *Fresh Air* fund  
*because a summer can last a lifetime™*

**FINANCIAL STATEMENTS**  
**(Together with Independent Auditors' Report)**

**Years Ended December 31, 2023 and 2022**

**THE FRESH AIR FUND**  
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**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
The Fresh Air Fund  
New York, NY

### **Opinion**

We have audited the financial statements of The Fresh Air Fund (the "Fund"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in *the Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Mayer Hoffman McCann CPAs*

New York, NY  
April 30, 2024

**THE FRESH AIR FUND**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2023 AND 2022**

<b>ASSETS</b>	<u>2023</u>	<u>2022</u>
Cash and cash equivalents (Notes 2C and 12)	\$ 5,557,094	\$ 3,491,328
Grants and other receivables (Notes 2G, 2L and 3)	2,514,518	2,664,321
Pledges receivable, net (Notes 2D, 2E, 2L, 3 and 4)	939,779	1,021,267
Prepaid expenses	414,851	491,458
Investments (Notes 2H, 2M, 5 and 6)	97,304,011	89,465,781
Other assets	288,835	315,291
Post-retirement benefits (Note 8)	-	6,115,085
Property and equipment, net (Notes 2I and 7)	27,945,521	29,115,971
Beneficial interest in perpetual trusts and pooled life income fund (Notes 2K, 5 and 10)	<u>2,652,383</u>	<u>2,360,006</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 137,616,992</u></b>	<b><u>\$ 135,040,508</u></b>
 <b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 774,853	\$ 1,041,950
Deferred revenue (Note 2P)	<u>407,603</u>	<u>294,500</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,182,456</u></b>	<b><u>1,336,450</u></b>
 <b>CONTINGENCIES</b> (Note 13)		
 <b>NET ASSETS</b> (Notes 2B and 10)		
Without donor restrictions:		
Operations	10,189,258	11,851,916
Board designated endowment	83,679,626	78,478,348
Property and equipment	<u>27,945,521</u>	<u>29,115,971</u>
Total without donor restrictions	<u>121,814,405</u>	<u>119,446,235</u>
With donor restrictions	<u>14,620,131</u>	<u>14,257,823</u>
Total with donor restrictions	<u>14,620,131</u>	<u>14,257,823</u>
<b>TOTAL NET ASSETS</b>	<b><u>136,434,536</u></b>	<b><u>133,704,058</u></b>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 137,616,992</u></b>	<b><u>\$ 135,040,508</u></b>

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

**THE FRESH AIR FUND**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>Year Ended December 31, 2023</u>			<u>Year Ended December 31, 2022</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2023</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2022</u>
<b>OPERATING ACTIVITIES:</b>						
<b>REVENUE, GRANTS AND OTHER</b>						
Public Support						
Contributions (Note 2E)	\$ 7,808,994	\$ 290,946	\$ 8,099,940	\$ 8,711,078	\$ 150,000	\$ 8,861,078
Noncash contributions in-kind (public service announcements and legal) (Notes 2E and 2F)	860,094	-	860,094	1,073,983	-	1,073,983
Legacies and bequests (Note 2E)	1,334,956	-	1,334,956	1,587,942	-	1,587,942
Off-season camping (Note 2E)	952,677	-	952,677	891,633	-	891,633
Special events, net of direct expenses of \$565,410 and \$554,902 in 2023 and 2022, respectively (Note 2O)	1,579,300	-	1,579,300	1,533,549	-	1,533,549
Grants from government agencies - New York State Office of Children and Family Services (Note 2G)	1,174,460	-	1,174,460	1,000,000	-	1,000,000
Other grant revenue	666,659	-	666,659	162,209	-	162,209
Summer Food Program	107,224	-	107,224	71,833	-	71,833
Investment activity, net of investment advisory fees of \$527,805 and \$629,000 in 2023 and 2022, respectively (Notes 2H, 5 and 10)	9,417,869	1,250,894	10,668,763	(16,852,842)	(2,301,902)	(19,154,744)
Gain (loss) on beneficial interests in perpetual trusts	-	292,377	292,377	-	(583,523)	(583,523)
Other income (Note 2Q)	86,912	-	86,912	80,649	-	80,649
Forgiveness of debt (Note 9)	-	-	-	450,000	-	450,000
Net assets released from restrictions (Notes 2B and 10)	1,471,909	(1,471,909)	-	2,098,291	(2,098,291)	-
<b>TOTAL REVENUE, GRANTS AND OTHER</b>	<u>25,461,054</u>	<u>362,308</u>	<u>25,823,362</u>	<u>808,325</u>	<u>(4,833,716)</u>	<u>(4,025,391)</u>
<b>EXPENSES (Note 2J):</b>						
<b>Program Services</b>						
Friendly Towns	2,712,989	-	2,712,989	3,009,621	-	3,009,621
Fresh Air Camping Activities	9,475,729	-	9,475,729	5,917,201	-	5,917,201
Sharpe Reservation	3,144,651	-	3,144,651	2,824,451	-	2,824,451
Other Community Programs	1,402,341	-	1,402,341	3,592,912	-	3,592,912
<b>Total Program Services</b>	<u>16,735,710</u>	<u>-</u>	<u>16,735,710</u>	<u>15,344,185</u>	<u>-</u>	<u>15,344,185</u>
<b>Supporting Services</b>						
Management and general	1,912,142	-	1,912,142	2,056,177	-	2,056,177
Fundraising and development	3,589,058	-	3,589,058	3,586,429	-	3,586,429
<b>Total Supporting Services</b>	<u>5,501,200</u>	<u>-</u>	<u>5,501,200</u>	<u>5,642,606</u>	<u>-</u>	<u>5,642,606</u>
<b>TOTAL EXPENSES</b>	<u>22,236,910</u>	<u>-</u>	<u>22,236,910</u>	<u>20,986,791</u>	<u>-</u>	<u>20,986,791</u>
<b>Change In Net Assets From Operations</b>	<u>3,224,144</u>	<u>362,308</u>	<u>3,586,452</u>	<u>(20,178,466)</u>	<u>(4,833,716)</u>	<u>(25,012,182)</u>
<b>NONOPERATING ACTIVITY:</b>						
Post-retirement related changes other than net periodic benefit (cost) income (Note 8)	152,779	-	152,779	2,188,878	-	2,188,878
Net periodic benefit (cost) income (Note 8)	(1,008,753)	-	(1,008,753)	882,761	-	882,761
<b>TOTAL NONOPERATING ACTIVITY</b>	<u>(855,974)</u>	<u>-</u>	<u>(855,974)</u>	<u>3,071,639</u>	<u>-</u>	<u>3,071,639</u>
<b>CHANGE IN NET ASSETS</b>	<u>2,368,170</u>	<u>362,308</u>	<u>2,730,478</u>	<u>(17,106,827)</u>	<u>(4,833,716)</u>	<u>(21,940,543)</u>
<b>Net assets - beginning of year</b>	<u>119,446,235</u>	<u>14,257,823</u>	<u>133,704,058</u>	<u>136,553,062</u>	<u>19,091,539</u>	<u>155,644,601</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 121,814,405</u>	<u>\$ 14,620,131</u>	<u>\$ 136,434,536</u>	<u>\$ 119,446,235</u>	<u>\$ 14,257,823</u>	<u>\$ 133,704,058</u>

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

**THE FRESH AIR FUND  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2022)**

For the Year Ended December 31, 2023

	Program Services				Supporting Services			Total 2023	Total 2022	
	Friendly Towns Activities	Fresh Air Camping Activities	Sharpe Reservation Activities	Other Community Programs	Total Program Services	Management and General	Fundraising and Development			Total Supporting Services
Salaries	\$ 1,053,021	\$ 3,448,369	\$ 1,374,935	\$ 390,423	\$ 6,266,748	\$ 866,065	\$ 662,147	\$ 1,528,212	\$ 7,794,960	\$ 7,157,500
Payroll taxes and employee benefits (Note 8)	263,144	634,764	327,671	90,456	1,316,035	222,858	148,226	371,084	1,687,119	1,682,606
<b>Total salaries and related costs</b>	1,316,165	4,083,133	1,702,606	480,879	7,582,783	1,088,923	810,373	1,899,296	9,482,079	8,840,106
Communication	140,375	515,997	22,606	72,490	751,468	27,969	2,185,290	2,213,259	2,964,727	3,005,986
Insurance	688,041	120,146	6,956	71,160	886,303	36,078	-	36,078	922,381	968,786
Professional fees (Note 2F)	208,306	824,463	84,037	122,590	1,239,396	209,547	465,207	674,754	1,914,150	1,904,790
Occupancy (repairs, maintenance, utilities)	39,154	775,180	558,541	34,067	1,406,942	187,466	64,829	252,295	1,659,237	1,373,526
Transportation	73,303	211,865	4,805	12,537	302,510	5,878	5,042	10,920	313,430	135,265
Food	2,111	708,938	210,377	41,398	962,824	9,402	848	10,250	973,074	542,728
Volunteer expense	91,293	211	680	6,105	98,289	-	3,456	3,456	101,745	162,178
Program supplies and equipment (Note 2F)	30,448	407,109	54,361	86,427	578,345	2,364	860	3,224	581,569	393,237
Contracted services (Note 2F)	38,366	190,384	28,969	41,919	299,638	135,307	14,619	149,926	449,564	824,066
Scholarships and stipends	15,969	62,226	-	376,943	455,138	-	-	-	455,138	598,462
Other	16,322	158,508	53,830	18,258	246,918	67,300	35,711	103,011	349,929	329,468
Benefit expense (Note 2O)	-	-	-	-	-	-	565,410	565,410	565,410	554,902
Depreciation and amortization (Notes 2I and 7)	53,136	1,417,569	416,883	37,568	1,925,156	141,908	2,823	144,731	2,069,887	1,908,193
<b>Sub-total</b>	2,712,989	9,475,729	3,144,651	1,402,341	16,735,710	1,912,142	4,154,468	6,066,610	22,802,320	21,541,693
Less: Special event direct expenses (Note 2O)	-	-	-	-	-	-	(565,410)	(565,410)	(565,410)	(554,902)
<b>TOTAL EXPENSES</b>	<u>\$ 2,712,989</u>	<u>\$ 9,475,729</u>	<u>\$ 3,144,651</u>	<u>\$ 1,402,341</u>	<u>\$ 16,735,710</u>	<u>\$ 1,912,142</u>	<u>\$ 3,589,058</u>	<u>\$ 5,501,200</u>	<u>\$ 22,236,910</u>	<u>\$ 20,986,791</u>

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

**THE FRESH AIR FUND  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

For the Year Ended December 31, 2022

	Program Services				Total Program Services	Supporting Services		Total Supporting Services	Total 2022
	Friendly Towns	Fresh Air Camping Activities	Sharpe Reservation	Virtual and Community Programs		Management and General	Fundraising and Development		
Salaries	\$ 1,151,409	\$ 2,017,744	\$ 1,190,932	\$ 1,401,898	\$ 5,761,983	\$ 816,316	\$ 579,201	\$ 1,395,517	\$ 7,157,500
Payroll taxes and employee benefits (Note 8)	249,325	514,842	288,482	291,885	1,344,534	221,166	116,906	338,072	1,682,606
<b>Total salaries and related costs</b>	1,400,734	2,532,586	1,479,414	1,693,783	7,106,517	1,037,482	696,107	1,733,589	8,840,106
Communication	206,446	416,535	23,571	274,448	921,000	32,061	2,052,925	2,084,986	3,005,986
Insurance	722,657	126,190	7,306	74,740	930,893	37,893	-	37,893	968,786
Professional fees (Note 2F)	213,142	406,632	115,466	280,759	1,015,999	251,631	637,160	888,791	1,904,790
Occupancy (repairs, maintenance, utilities)	49,872	426,672	487,499	158,277	1,122,320	178,998	72,208	251,206	1,373,526
Transportation	42,492	43,643	4,567	44,563	135,265	-	-	-	135,265
Food	761	284,240	189,976	66,442	541,419	1,136	173	1,309	542,728
Volunteer expense	152,016	26	-	167	152,209	-	9,969	9,969	162,178
Program supplies and equipment	37,351	192,581	33,337	128,680	391,949	91	1,197	1,288	393,237
Contracted services (Note 2F)	70,639	147,486	67,809	147,068	433,002	294,239	96,825	391,064	824,066
Scholarships and stipends	-	-	-	598,462	598,462	-	-	-	598,462
Other	41,677	102,640	55,697	41,740	241,754	67,849	19,865	87,714	329,468
Benefit expense (Note 2O)	-	-	-	-	-	-	554,902	554,902	554,902
Depreciation and amortization (Notes 2I and 7)	71,834	1,237,970	359,809	83,783	1,753,396	154,797	-	154,797	1,908,193
<b>Sub-total</b>	3,009,621	5,917,201	2,824,451	3,592,912	15,344,185	2,056,177	4,141,331	6,197,508	21,541,693
Less: Special event direct expenses (Note 2O)	-	-	-	-	-	-	(554,902)	(554,902)	(554,902)
<b>TOTAL EXPENSES</b>	<b>\$ 3,009,621</b>	<b>\$ 5,917,201</b>	<b>\$ 2,824,451</b>	<b>\$ 3,592,912</b>	<b>\$ 15,344,185</b>	<b>\$ 2,056,177</b>	<b>\$ 3,586,429</b>	<b>\$ 5,642,606</b>	<b>\$ 20,986,791</b>



**THE FRESH AIR FUND  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 2,730,478	\$ (21,940,543)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Post-retirement related changes other than net periodic benefit cost	(152,779)	(2,188,878)
Depreciation and amortization	2,069,887	1,908,193
Realized and unrealized (gain) loss on investments	(10,968,954)	18,704,314
(Gain) loss in value of beneficial interests in perpetual trusts	(292,377)	583,523
Discount on pledges receivable	(8,496)	(17,342)
Forgiveness of Paycheck Protection Program loan payable	-	(450,000)
Subtotal	(6,622,241)	(3,400,733)
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Grants and other receivables	149,803	140,386
Pledges receivable	89,984	220,237
Prepaid expenses	76,607	173,870
Other assets	26,456	687,844
Accrued post-retirement benefits	6,267,864	(882,761)
Increase or (decrease) in liabilities:		
Accounts payable and accrued expenses	(267,097)	(111,789)
Deferred revenue	113,103	31,500
<b>Net Cash Used in Operating Activities</b>	(165,521)	(3,141,446)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(899,437)	(4,602,763)
Proceeds from the sale of investments	3,130,724	5,845,443
<b>Net Cash Provided by Investing Activities</b>	2,231,287	1,242,680
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,065,766	(1,898,766)
Cash and cash equivalents - beginning of year	3,491,328	5,390,094
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 5,557,094	\$ 3,491,328

**THE FRESH AIR FUND  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**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.

Programs operated by the Fund are as follows:

**Friendly Towns**

Hundreds of 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 a typical summer, 3,000 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. In a typical 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.

**THE FRESH AIR FUND  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**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 statements 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 acquired 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. *Pledges 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.

**THE FRESH AIR FUND  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Contributions** – Contributions, including cash and in-kind contributions, are accounted for under Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) 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.

**F. Noncash Contributions In-Kind** – For the years ended December 31, 2023 and 2022, the Fund recorded the fair value of noncash contributions amounting to approximately \$860,000 and \$1,074,000, respectively. Such amounts are included as noncash contributions in-kind in the accompanying statements of activities and contracted services expense, professional fees and program supplies and equipment expense in the statements of functional expenses.

Noncash contributions in-kind for the year ended December 31, 2023, consisted of the following:

<u>Nonfinancial Asset</u>	<u>Amount</u>	<u>Usage in Programs/Activities</u>	<u>Donor-imposed Restrictions</u>	<u>Fair Value Techniques</u>
Public Service Announcements	\$ 566,500	Friendly Towns, camping activities and other programs	No associated donor restriction	Based on the fair value of contributed advertising received
Legal Services	\$ 185,476	Management and General	No associated donor restriction	Based on current rates of legal services provided by law firm
Program Supplies	\$ 108,118	Friendly Towns, camping activities and other programs	No associated donor restriction	Based on current value of goods donated

**THE FRESH AIR FUND  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Noncash contributions in-kind for the year ended December 31, 2022, consisted of the following:

<u>Nonfinancial Asset</u>	<u>Amount</u>	<u>Usage in Programs/Activities</u>	<u>Donor-imposed Restrictions</u>	<u>Fair Value Techniques</u>
Public Service Announcements	\$ 700,500	Friendly Towns, Camping activities and other programs	No associated donor restriction	Based on the fair value of contributed advertising received
Legal Services	\$ 236,533	Management and General	No associated donor restriction	Based on current rates of legal services provided by law firm
Program Supplies	\$ 136,950	Friendly Towns, camping activities and other programs	No associated donor restriction	Based on current value of goods donated

**G. Grants from Government Agencies** – Government grant nonexchange transactions are accounted for under ASU 2018-08. 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, 2023 and 2022, the Fund received conditional grants from government agencies in the aggregate amounts of \$695,000 and \$250,000, respectively, 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.

**H. 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 available marketable securities, and other investments stated at fair value.

**I. 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 \$5,000 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 ten-year lease term, whichever is shorter.

**J. 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.

**THE FRESH AIR FUND**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- K. *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.
- L. *Allowance for Doubtful Accounts*** – As of December 31, 2023 and 2022, the Fund determined that no allowance for doubtful accounts should be provided for grants, pledges and other receivables. Such estimate, if any, is based on management’s estimates of the creditworthiness of its donors as well as current economic conditions and historical information.
- M. *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.
- N. *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.
- O. *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.
- P. *Deferred Revenue*** – The Fund receives cash in advance for special events that will occur after the statements of financial position date. It is the Fund’s policy to refund money paid for an event if it is cancelled or postponed, and the donor does not wish to make an outright unrestricted donation to the Fund.
- Q. *Royalties*** – The Fund receives nonrefundable royalty payments for its interests in oil and gas minerals, and other products. Royalty income is recorded when initial nonrefundable royalty payments are received and when subsequent royalties are earned.
- R. *Reclassifications*** – Certain items on the December 31, 2022 statement of activities have been reclassified to conform to the December 31, 2023 presentation.

**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 services undertaken to support those activities, to be general expenditures.

The following financial assets could readily be made available from the statements of financial position date to meet general expenditures as of December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 5,557,094	\$ 3,491,328
Grants and other receivables	2,514,518	2,664,321
Pledges receivable, net	939,779	1,021,267
Payout on donor-restricted endowments for use over next 12 months	668,356	696,050
Payout on quasi-endowments for use over next 12 months	<u>4,619,276</u>	<u>4,591,167</u>
	14,299,023	12,464,133
Less: Pledges receivable due in one to five years	<u>-</u>	<u>(400,000)</u>
	<u>\$ 14,299,023</u>	<u>\$ 12,064,133</u>

**THE FRESH AIR FUND**  
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**NOTE 4 – PLEDGES RECEIVABLE, NET**

Pledges receivable, net, consist of the following as of December 31:

	2023	2022
Amounts due in less than one year	\$ 939,779	\$ 425,000
Amounts due in one to five years	-	400,000
Total	939,779	825,000
Less: Discount to present value	-	(8,496)
Total pledges receivable, net	\$ 939,779	\$ 816,504

For the year ended December 31, 2022, the Fund utilized a discount factor of 2.17% representing the risk adjusted interest rate applicable to pledges due in one to five years.

**NOTE 5 – INVESTMENTS**

Investments consist of the following as of December 31:

	2023	2022
Limited Partnerships		
Diversified managed funds	\$ 96,992,358	\$ 89,131,088
Equities	311,653	334,693
Total Investments	\$ 97,304,011	\$ 89,465,781

The alternative investment portfolios are made up 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 of 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 derivative products. Derivatives are tools used to maintain asset mix or adjust portfolio risk exposure.

**THE FRESH AIR FUND**  
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**NOTE 5 – INVESTMENTS (Continued)**

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 and pooled life income funds administered by third parties (valued at approximately \$2,652,000 and \$2,360,000 as of December 31, 2023 and 2022, respectively, that are reflected as such in the accompanying statements 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 years ended December 31:

	2023	2022
Interest and dividends	\$ 227,614	\$ 178,570
Unrealized gain (loss) on investments	10,968,954	(18,704,314)
	11,196,568	(18,525,744)
Investment advisory and custodial fees	(527,805)	(629,000)
	\$ 10,668,763	\$ (19,154,744)

**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.



**THE FRESH AIR FUND**  
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**NOTE 6 – FAIR VALUE MEASUREMENTS (Continued)**

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, 2023.

**Limited Partnerships:**

Limited partnerships are valued using Net Asset Value (“NAV”) provided by the underlying investment managers as a practical expedient and are not reported in the fair value hierarchy.

The following table sets forth additional disclosures of the Fund’s investments whose fair value is measured using the NAVs per share practical expedient as of December 31:

	<u>2023</u> <u>Fair Value</u>	<u>2022</u> <u>Fair Value</u>	<u>Unfunded</u> <u>Commitments</u>	<u>Redemption</u> <u>Frequency</u>	<u>Redemption</u> <u>Notice Period</u>
Limited Partnerships	\$ 97,304,011	\$ 89,465,781	\$ -	Semi-Annually	Semi-Annually
	<u>\$ 97,304,011</u>	<u>\$ 89,465,781</u>	<u>\$ -</u>		

**NOTE 7 – PROPERTY AND EQUIPMENT, NET**

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

	<u>2023</u>	<u>2022</u>	<u>Estimated</u> <u>Useful Lives</u>
Land	\$ 7,074,753	\$ 7,074,753	-
Office condominium	8,574,451	8,574,451	30 Years
Camping facilities and equipment	44,266,428	43,570,095	5 - 30 Years
Automobiles and trucks	756,763	674,645	5 Years
Furniture and equipment	3,048,499	3,019,422	5 Years
Software	<u>1,019,535</u>	<u>927,626</u>	5 Years
Total cost	64,740,429	63,840,992	
Accumulated depreciation and amortization	<u>( 36,794,908)</u>	<u>( 34,725,021)</u>	
Net book value	<u>\$ 27,945,521</u>	<u>\$ 29,115,971</u>	

Depreciation and amortization expense amounted to \$2,069,887 and \$1,908,193 for the years ended December 31, 2023 and 2022, respectively.

**THE FRESH AIR FUND**  
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**NOTE 8 – PENSION AND POST-RETIREMENT MEDICAL BENEFIT PLANS**

The Fund sponsors a noncontributory defined benefit pension plan (the “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. Effective December 31, 2021, the Plan was frozen to all new employees and all future benefit accruals to all participants was frozen. As of July 1, 2023, the Fund terminated the Plan and paid a termination liability of \$8,441,274 to create annuities with a third-party for the benefit of the participants.

The funded status of the post-retirement medical plan consists of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 10,937,197	\$ 21,849,133
Service cost	-	-
Interest cost	67,605	642,482
Actuarial loss (gain)	1,075,678	(4,696,913)
Benefits paid	(86,775)	(835,425)
Settlements	<u>(11,993,705)</u>	<u>(6,022,080)</u>
Benefit obligation at end of year	<u>\$ -</u>	<u>\$ 10,937,197</u>
Change in fair value of plan assets:		
Fair value of plan assets at beginning of year	\$ 17,052,282	\$ 24,892,579
Actual return	82,108	(982,792)
Employer contribution	205,201	-
Benefits paid	(86,775)	(835,425)
Settlements	(11,993,705)	(6,022,080)
Distribution	<u>(5,259,111)</u>	<u>-</u>
Fair value of Plan assets at end of year	-	17,052,282
Funded status	<u>-</u>	<u>6,115,085</u>
Accumulated benefit obligation	<u>\$ -</u>	<u>\$ 10,937,197</u>

The net periodic benefit obligations and the components of the benefit (income) cost for the years ended December 31, are as follows:

	<u>2023</u>	<u>2022</u>
Service cost	<u>\$ -</u>	<u>\$ -</u>
Other components of cost		
Interest cost	67,605	642,482
Expected return on Plan assets	(129,048)	(1,609,367)
Settlement	<u>1,070,196</u>	<u>84,124</u>
Total other components	<u>1,008,753</u>	<u>(882,761)</u>
Net periodic benefit cost (income)	<u>\$ 1,008,753</u>	<u>\$ (882,761)</u>

**THE FRESH AIR FUND**  
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**NOTE 8 – PENSION AND POST-RETIREMENT MEDICAL BENEFIT PLANS (Continued)**

Pension related changes other than net periodic pension costs and other components of net periodic pension costs recognized in the change in net assets without donor restrictions were as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Net actuarial loss	\$ -	\$ 152,779
	<u>\$ -</u>	<u>\$ 152,779</u>

The amounts recognized in the change in net assets without donor restrictions for the years ended December 31, were as follows:

	<u>2023</u>	<u>2022</u>
Net actuarial (loss) gain	\$ (917,417)	\$ 2,104,754
Settlement	<u>1,070,196</u>	<u>84,124</u>
	<u>\$ 152,779</u>	<u>\$ 2,188,878</u>

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

	<u>2023</u>	<u>2022</u>
Discount rate	4.94%	4.96%
Rate of compensation increase	N/A	N/A

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

	<u>2023</u>	<u>2022</u>
Discount rate	4.94%	4.96%
Expected return on Plan assets	6.50%	6.50%
Rate of compensation increase	N/A	N/A

The weighted average allocation as of December 31, is as follows:

	<u>2023</u>	<u>2022</u>
Equity mutual funds	0.00%	43.5%
Guaranteed-rate insurance contracts	0.00%	56.5%

**THE FRESH AIR FUND**  
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**NOTE 8 – PENSION AND POST-RETIREMENT MEDICAL BENEFIT PLANS (Continued)**

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, 2023 and 2022, 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.

Pension Plan assets carried at fair value for the year ended December 31, 2022 are as follows:

	Level 1	Level 3	Total
Equity mutual funds	\$ 7,421,419	\$ -	\$ 7,421,419
Guaranteed-rate insurance contracts	-	9,630,863	9,630,863
	\$ 7,421,419	\$ 9,630,863	\$ 17,052,282

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 custodian, 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 5% 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 \$255,628 and \$141,944 for the years ended December 31, 2023 and 2022, respectively.

**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 Security 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 loans secured by the Small Business Administration (“SBA”). The loan may be forgiven if the proceeds from the loan are used for specified purposes.

In April 2020, the Fund received loan proceeds in the amount of \$1,533,888. Management has opted to account for the PPP loan under FASB ASC Topic 470, *Debt*, and recognized the gain, resulting from the forgiveness upon legal release of its obligation. The PPP loan was forgiven on July 23, 2021.

The Fund participated in the second round of PPP, which enabled the Fund to obtain a second loan. The Fund received the PPP loan in the amount of \$450,000, on February 23, 2021. The terms and conditions of this PPP loan are substantially similar to the first loan. This PPP loan was forgiven on February 4, 2022 and the Fund recognized forgiveness income of \$450,000 which is reported as forgiveness of debt in the accompanying statement of activities for the year ended December 31, 2022.

**THE FRESH AIR FUND  
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**NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2023</u>	<u>2022</u>
Perpetual in Nature:		
Beneficial interest in perpetual trusts	\$ 2,652,383	\$ 2,360,006
Endowment fund with donor restrictions	<u>12,158,159</u>	<u>12,158,159</u>
Total Perpetual in Nature	<u>14,810,542</u>	<u>14,518,165</u>
Restricted for Purpose and Time:		
Unappropriated endowment earnings	(1,511,349)	(1,911,172)
College connections program	823,974	1,137,014
Other purpose restricted assets	379,528	414,285
Time restricted assets	<u>117,436</u>	<u>99,531</u>
Total Restricted for Purpose and Time	<u>(190,411)</u>	<u>(260,342)</u>
Total Net Assets with Donor Restrictions	<u>\$ 14,620,131</u>	<u>\$ 14,257,823</u>

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 as further discussed on the following page.

Details of the amounts released from restrictions for the years ended December 31, are as follows:

	<u>2023</u>	<u>2022</u>
Purpose restrictions accomplished	\$ 620,838	\$ 547,220
Time restrictions accomplished	-	700,000
Board appropriations of endowment earnings	<u>851,071</u>	<u>851,071</u>
Net assets released from restrictions	<u>\$ 1,471,909</u>	<u>\$ 2,098,291</u>

The Fund has a board-designated fund whose purpose is to provide an ongoing stream of revenue that will support the Fund's operating and other activities currently, and in the future, while maintaining purchasing power. The Fund also has a donor restricted endowment fund which is perpetual in nature. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. See Note 2B for how the Fund maintains its net assets.

The Fund adheres to the New York State 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 7% 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 spending policy is to appropriate a) 5% of a moving 12-quarter average of the board-designated fund and b) capital expenditures from the board-designated fund to the Fund's operating budget. As discussed above, the Fund also appropriates, in accordance with NYPMIFA, 7% of the moving 20-quarter average of donor-restricted endowment funds. Amounts appropriated from donor-restricted endowment funds are allocated to board-designated funds.

**THE FRESH AIR FUND**  
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**NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

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, 2023 and 2022, such deficiencies amounted to \$1,511,349 and \$1,911,173, respectively.

Endowment net asset changes (other than perpetual beneficial interests) include the following as of December 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	
Investment activity	\$ 9,216,709	\$ 1,250,894	\$ -	\$ 10,467,603
Total investment activity	9,216,709	1,250,894	-	10,467,603
Legacies and bequests	1,334,956	-	-	1,334,956
Amount appropriated for expenditure	(6,201,458)	-	-	(6,201,458)
Board appropriations of endowment funds (7%)	<u>851,071</u>	<u>(851,071)</u>	<u>-</u>	<u>-</u>
Change in endowment net assets	5,201,278	399,823	-	5,601,101
Endowment net assets, beginning of year	<u>78,478,348</u>	<u>(1,911,172)</u>	<u>12,158,159</u>	<u>88,725,335</u>
Endowment net assets, end of year	<u>\$ 83,679,626</u>	<u>\$ (1,511,349)</u>	<u>\$ 12,158,159</u>	<u>\$ 94,326,436</u>

Endowment net asset changes (other than perpetual beneficial interests) include the following as of December 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	
Investment activity	\$ (16,960,639)	\$ (2,301,901)	\$ -	\$ (19,262,540)
Total investment activity	(16,960,639)	(2,301,901)	-	(19,262,540)
Legacies and bequests	1,587,942	-	-	1,587,942
Amount appropriated for expenditure	(9,889,981)	-	-	(9,889,981)
Board appropriations of endowment funds (7%)	<u>851,071</u>	<u>(851,071)</u>	<u>-</u>	<u>-</u>
Change in endowment net assets	(24,411,607)	(3,152,972)	-	(27,564,579)
Endowment net assets, beginning of year	<u>102,889,955</u>	<u>1,241,800</u>	<u>12,158,159</u>	<u>116,289,914</u>
Endowment net assets, end of year	<u>\$ 78,478,348</u>	<u>\$ (1,911,172)</u>	<u>\$ 12,158,159</u>	<u>\$ 88,725,335</u>

**THE FRESH AIR FUND  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 11 – INCOME TAXES**

The Fund believes it has no uncertain tax positions as of December 31, 2023 and 2022 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 one and two banks, respectively, that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits (\$250,000 per depositor, per financial institution) by approximately \$5.5 million and \$3.1 million as of December 31, 2023 and 2022, respectively.

**NOTE 13 – CONTINGENCIES**

- A. The Fund entered into a cooperative agreement with the Palisades Interstate Park Commission (“PIPC”) on March 22, 2022 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 \$39,078 annually. The agreement is for ten summer camping seasons and the Fund has the right, at its sole discretion, to terminate the agreement at any time by providing PIPC with 30 days’ notice.
- B. 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 and for the years ended December 31, 2023 and 2022.

**NOTE 14 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through April 30, 2024, the date the financial statements were available to be issued.