



## **Financial Statements**

Years ended September 30, 2017 and 2016  
with Report of Independent Auditors

**M A R K S P A N E T H**

ACCOUNTANTS & ADVISORS

THE FRESH AIR FUND  
Financial Statements

Years ended September 30, 2017 and 2016  
with Report of Independent Auditors

The Fresh Air Fund

Financial Statements

Years Ended September 30, 2017 and 2016

**Contents**

Report of Independent Auditors .....	1
Statements of Financial Position.....	2
Statements of Activities .....	3
Statements of Functional Expenses .....	5
Statements of Cash Flows .....	7
Notes to Financial Statements.....	8

## 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 statements of financial position as of September 30, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 September 30, 2017 and 2016, 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.

*Marks Paneth LLP*

New York, NY  
January 23, 2018

# The Fresh Air Fund

## Statements of Financial Position

	<b>September 30,</b>	
	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 4,395,232	\$ 4,755,864
Accounts, grants and other receivables	200,533	109,991
Pledges receivable	1,598,225	1,182,650
Prepaid expenses	777,406	453,886
Investments	98,853,466	95,528,044
Land	7,069,753	3,116,404
Buildings and equipment, net	20,681,816	21,517,459
Beneficial interests in perpetual trusts	2,409,333	2,271,814
Other assets	392,011	392,011
Total assets	<u>\$ 136,377,775</u>	<u>\$ 129,328,123</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 539,522	\$ 1,942,257
Commitments and contingencies	-	-
<b>Net assets</b>		
Unrestricted -		
Operations	54,418	54,418
Board designated endowment	91,454,423	86,726,443
Land, buildings and equipment	27,751,569	24,633,863
Total unrestricted	119,260,410	111,414,724
Temporarily restricted	2,010,851	1,599,826
Permanently restricted	14,566,992	14,371,316
Total net assets	<u>135,838,253</u>	<u>127,385,866</u>
Total liabilities and net assets	<u>\$ 136,377,775</u>	<u>\$ 129,328,123</u>

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

The Fresh Air Fund  
Statement of Activities  
Year Ended September 30, 2017

	Unrestricted Net Assets			Total Unrestricted	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
	Operations	Board Designated Endowment	Land, Buildings and Equipment				
<b>Support, revenue and reclassifications</b>							
Support:							
Public Support:							
Received directly:							
Contributions	\$ 7,634,378	\$ -	\$ 1,300,000	\$ 8,934,378	\$ 1,011,175	\$ 6,500	\$ 9,952,053
Legacies and bequests	-	2,659,916	-	2,659,916	-	51,657	2,711,573
Off-Season Camping	1,217,367	-	-	1,217,367	-	-	1,217,367
Special events, net of direct benefit cost to donors of \$699,261	1,136,801	-	-	1,136,801	-	-	1,136,801
Other income	5,191	-	-	5,191	-	-	5,191
Government Support:							
Summer Food Program	330,497	-	-	330,497	-	-	330,497
Total support	10,324,234	2,659,916	1,300,000	14,284,150	1,011,175	58,157	15,353,482
Revenue:							
Total investment return, net of investment advisory fees of \$461,962	597,927	9,193,057	-	9,790,984	-	-	9,790,984
Gain on beneficial interests in perpetual trusts	-	-	-	-	-	137,519	137,519
Total revenue	597,927	9,193,057	-	9,790,984	-	137,519	9,928,503
Reclassifications:							
Satisfaction of donor imposed restrictions	570,150	-	30,000	600,150	(600,150)	-	-
Total support, revenue and reclassifications	11,492,311	11,852,973	1,330,000	24,675,284	411,025	195,676	25,281,985
<b>Expenses</b>							
Program services:							
Friendly Towns activities	4,216,003	-	149,284	4,365,287	-	-	4,365,287
Fresh Air Camping activities	7,501,220	-	1,360,694	8,861,914	-	-	8,861,914
Total program services	11,717,223	-	1,509,978	13,227,201	-	-	13,227,201
Supporting services:							
Fund-raising	3,598,108	-	64,463	3,662,571	-	-	3,662,571
Office services and administration	1,106,885	-	41,845	1,148,730	-	-	1,148,730
Total supporting services	4,704,993	-	106,308	4,811,301	-	-	4,811,301
Total expenses	16,422,216	-	1,616,286	18,038,502	-	-	18,038,502
Net Asset transfers	4,929,905	(8,333,897)	3,403,992	-	-	-	-
Pension changes other than net periodic costs	-	1,208,904	-	1,208,904	-	-	1,208,904
Change in net assets	-	4,727,980	3,117,706	7,845,686	411,025	195,676	8,452,387
Net Assets, beginning of year	54,418	86,726,443	24,633,863	111,414,724	1,599,826	14,371,316	127,385,866
Net Assets, end of year	\$ 54,418	\$ 91,454,423	\$ 27,751,569	\$ 119,260,410	\$ 2,010,851	\$ 14,566,992	\$ 135,838,253

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

The Fresh Air Fund  
Statement of Activities  
Year Ended September 30, 2016

	Unrestricted Net Assets			Total Unrestricted	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
	Operations	Board Designated Endowment	Land, Buildings and Equipment				
<b>Support, revenue and reclassifications</b>							
Support:							
Public Support:							
Received directly:							
Contributions	\$ 7,110,099	\$ -	\$ 27,500	\$ 7,137,599	\$ 246,000	\$ 5,800	\$ 7,389,399
Legacies and bequests	-	1,497,084	-	1,497,084	-	1,133	1,498,217
Off-Season Camping	970,052	-	-	970,052	-	-	970,052
Special events, net of direct benefit cost to donors of \$640,358	1,415,581	-	-	1,415,581	-	-	1,415,581
Government Support:							
Summer Food Program	314,923	-	-	314,923	-	-	314,923
Total support	9,810,655	1,497,084	27,500	11,335,239	246,000	6,933	11,588,172
Revenue:							
Total investment return, net of investment advisory fees of \$184,906	138,993	2,367,299	-	2,506,292	-	-	2,506,292
Gain on beneficial interests in perpetual trusts	-	-	-	-	-	59,610	59,610
Total revenue	138,993	2,367,299	-	2,506,292	-	59,610	2,565,902
Reclassifications:							
Satisfaction of donor imposed restrictions	605,713	-	-	605,713	(605,713)	-	-
Total support, revenue and reclassifications	10,555,361	3,864,383	27,500	14,447,244	(359,713)	66,543	14,154,074
<b>Expenses</b>							
Program services:							
Friendly Towns activities	4,218,148	-	147,067	4,365,215	-	-	4,365,215
Fresh Air Camping activities	7,406,623	-	1,305,938	8,712,561	-	-	8,712,561
Total program services	11,624,771	-	1,453,005	13,077,776	-	-	13,077,776
Supporting services:							
Fund-raising	3,717,899	-	63,506	3,781,405	-	-	3,781,405
Office services and administration	1,757,561	-	41,223	1,798,784	-	-	1,798,784
Total supporting services	5,475,460	-	104,729	5,580,189	-	-	5,580,189
Total expenses	17,100,231	-	1,557,734	18,657,965	-	-	18,657,965
Net Asset transfers	6,544,870	(7,348,849)	798,979	(5,000)	-	5,000	-
Pension changes other than net periodic costs	-	(733,587)	-	(733,587)	-	-	(733,587)
Change in net assets	-	(4,218,053)	(731,255)	(4,949,308)	(359,713)	71,543	(5,237,478)
Net Assets, beginning of year	54,418	90,944,496	25,365,118	116,364,032	1,959,539	14,299,773	132,623,344
Net Assets, end of year	\$ 54,418	\$ 86,726,443	\$ 24,633,863	\$ 111,414,724	\$ 1,599,826	\$ 14,371,316	\$ 127,385,866

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

The Fresh Air Fund  
Statement of Functional Expenses  
Year Ended September 30, 2017

	Program Services			Supporting Services			Direct Benefit to Donors	Total Expenses
	Friendly Towns Activities	Fresh Air Camping Activities	Total Program Expenses	Fund- Raising	Office Services and Administration	Total Supporting Services Expenses		
Staff salaries and benefits	\$ 1,984,096	\$ 4,160,825	\$ 6,144,921	\$ 761,595	\$ 901,693	\$ 1,663,288	\$ 5,412	\$ 7,813,621
Communication	207,357	136,947	344,304	1,931,575	26,827	1,958,402	58,257	2,360,963
Insurance	262,373	136,324	398,697	-	6,630	6,630	-	405,327
Professional fees	288,500	128,335	416,835	609,973	515,078	1,125,051	30,808	1,572,694
Occupancy (repairs, maintenance, utilities)	353,727	890,113	1,243,840	257,309	111,244	368,553	5,686	1,618,079
Transportation	406,774	232,266	639,040	975	-	975	-	640,015
Food	1,719	1,473,039	1,474,758	1,766	-	1,766	-	1,476,524
Volunteer expense	492,183	1,759	493,942	5,566	-	5,566	-	499,508
Program supplies and equipment	192,950	306,664	499,614	9,515	-	9,515	-	509,129
Contracted services	-	4,403	4,403	5,237	-	5,237	598,014	607,654
Other	26,324	30,545	56,869	14,597	7,375	21,972	1,084	79,925
Total functional expenses before depreciation	4,216,003	7,501,220	11,717,223	3,598,108	1,568,847	5,166,955	699,261	17,583,439
Depreciation	149,284	1,360,694	1,509,978	64,463	41,845	106,308	-	1,616,286
Total functional expenses	4,365,287	8,861,914	13,227,201	3,662,571	1,610,692	5,273,263	699,261	19,199,725
Less cost of direct benefits to donors	-	-	-	-	-	-	(699,261)	(699,261)
Less cost of investment advisory fees	-	-	-	-	(461,962)	(461,962)	-	(461,962)
Total expenses reported by function in the statement of activities	\$ 4,365,287	\$ 8,861,914	\$ 13,227,201	\$ 3,662,571	\$ 1,148,730	\$ 4,811,301	\$ -	\$ 18,038,502

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

The Fresh Air Fund  
Statement of Functional Expenses  
Year Ended September 30, 2016

	Program Services			Supporting Services			Direct Benefit to Donors	Total Expenses
	Friendly Towns Activities	Fresh Air Camping Activities	Total Program Expenses	Fund- Raising	Office Services and Administration	Total Supporting Services Expenses		
Staff salaries and benefits	\$ 1,968,198	\$ 4,069,843	\$ 6,038,041	\$ 1,029,997	\$ 1,107,791	\$ 2,137,788	\$ 5,699	\$ 8,181,528
Communication	156,073	117,900	273,973	1,931,002	23,392	1,954,394	50,827	2,279,194
Insurance	254,732	125,069	379,801	-	6,388	6,388	-	386,189
Professional fees	433,560	211,704	645,264	558,535	686,815	1,245,350	20,550	1,911,164
Occupancy (repairs, maintenance, utilities)	252,593	853,450	1,106,043	174,876	102,833	277,709	-	1,383,752
Transportation	412,886	236,185	649,071	950	-	950	-	650,021
Food	1,512	1,547,870	1,549,382	2,923	-	2,923	-	1,552,305
Volunteer expense	468,120	1,280	469,400	4,729	-	4,729	-	474,129
Program supplies and equipment	248,330	222,401	470,731	2,178	-	2,178	-	472,909
Contracted services	-	510	510	2,441	-	2,441	561,699	564,650
Other	22,144	20,411	42,555	10,268	15,248	25,516	1,583	69,654
Total functional expenses before depreciation	4,218,148	7,406,623	11,624,771	3,717,899	1,942,467	5,660,366	640,358	17,925,495
Depreciation	147,067	1,305,938	1,453,005	63,506	41,223	104,729	-	1,557,734
Total functional expenses	4,365,215	8,712,561	13,077,776	3,781,405	1,983,690	5,765,095	640,358	19,483,229
Less cost of direct benefit to donors	-	-	-	-	-	-	(640,358)	(640,358)
Less cost of investment advisory fees	-	-	-	-	(184,906)	(184,906)	-	(184,906)
Total expenses reported by function in the statement of activities	\$ 4,365,215	\$ 8,712,561	\$ 13,077,776	\$ 3,781,405	\$ 1,798,784	\$ 5,580,189	\$ -	\$ 18,657,965

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

The Fresh Air Fund  
Statements of Cash Flows

	<b>Years ended September 30,</b>	
	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 8,452,387	\$ (5,237,478)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Pension changes nonperiodic pension costs	(1,208,904)	733,587
Depreciation expense	1,616,286	1,557,734
Contributions permanently restricted	(58,157)	(6,933)
Contributions for capital items	(1,300,000)	(27,500)
Pledge discount amortization	(32,875)	-
Net realized and unrealized gain in investment portfolio	(9,655,019)	(2,552,205)
Change in value of beneficial interests in perpetual trusts	(137,519)	(59,610)
Change in operating assets and liabilities		
(Increase) Decrease in receivables	(473,242)	1,127,632
(Increase) Decrease in prepaid expenses	(323,520)	22,830
Decrease in accounts payable and accrued liabilities	(193,831)	(164,314)
Net cash used in operating activities	(3,314,394)	(4,606,257)
<b>Cash flows from investing activities</b>		
Purchases of investments	(17,067,168)	(42,726,584)
Sales of investments	23,396,765	49,340,386
Purchase of land	(3,953,349)	(368,772)
Purchases of buildings and equipment	(780,643)	(457,707)
Net cash provided by investing activities	1,595,605	5,787,323
<b>Cash flows from financing activities</b>		
Contributions permanently restricted	58,157	6,933
Contributions for capital items	1,300,000	27,500
Net cash provided by financing activities	1,358,157	34,433
Net change in cash and cash equivalents	(360,632)	1,215,499
Cash and cash equivalents, beginning of year	4,755,864	3,540,365
Cash and cash equivalents, end of year	\$ 4,395,232	\$ 4,755,864

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

# The Fresh Air Fund

## Notes to Financial Statements

September 30, 2017 and 2016

### **1. Organization and Nature of Activities**

The Fresh Air Fund, (the “Fund”) an independent, not-for-profit agency, has provided free summer experiences to more than 1.8 million New York City children from low-income communities since 1877. Each summer, thousands of children visit volunteer host families in rural and suburban communities along the East Coast and Southern Canada or attend five Fresh Air camps on a more than 2,000 acre site in Fishkill, New York. Young people also participate in year-round leadership and educational programs.

#### **Tax Status**

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.

#### **Description of Program Services**

##### **Friendly Towns Activities**

Approximately 3,000 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 discover a cultural exchange of traditions, foods, and fun by sharing personal, day-to-day experiences.

##### **Fresh Air Camping and Year-Round Activities**

The Fresh Air Fund’s camping programs take place year-round on an over 2,000 acre property in Fishkill, New York. In the summer, 3,000 New York City children experience outdoor adventures and benefit from educational experiences. During the school year, students participate in weekend camping retreats, academic enrichment and leadership programs. Year-round programs include The Fund’s Career Awareness Program, College Connections Program, and Young Women’s Leadership Program.

# The Fresh Air Fund

## Notes to Financial Statements (continued)

### 1. Organization and Nature of Activities (continued)

#### **Fund-Raising Services**

Fund-raising services relate to the activities of the development department in raising general and specific contributions.

#### **Office Services and Administration**

Office services and administration include finance, administration and general support activities. Certain administrative costs that relate to specific programs have been allocated to such programs.

#### **Direct Benefit to Donor Costs**

Direct benefit to donor costs are costs incurred in connection with special events related to items benefiting attendees of such events, such as meals and entertainment.

### 2. Summary of Significant Accounting and Financial Reporting Policies

#### **Basis of Presentation**

The financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

#### **Net Assets**

To adhere to restrictions placed on the resources available to the organization, the Fund follows the principles of fund accounting. This is the procedure by which resources are classified for accounting and reporting purposes into funds established according to their nature and purpose.

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Fund are classified and reported as follows:

*Unrestricted Net Assets:* Net assets of the Fund that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. These include operations, the Board-designated endowment, and the land, buildings and equipment funds. The Board of Directors has a policy of putting certain legacies and bequests and contributions in the Board-designated endowment fund. Annual transfers from this fund to the operating fund are based on the average of the most recent 12 quarters of the market values of Board-designated endowment investments. In addition, transfers to the land, buildings and equipment fund are made for capital additions, net of current year depreciation expense. The land, buildings and equipment fund reflects the net asset value of land, buildings and equipment.

# The Fresh Air Fund

## Notes to Financial Statements (continued)

### **2. Summary of Significant Accounting and Financial Reporting Policies (continued)**

*Temporarily Restricted Net Assets:* Net assets of the Fund 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 restricted stipulations. When a prior year donor restriction expires, the restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as satisfaction of donor-imposed restrictions. The Fund reports program-related restricted contributions whose stipulations were met in the same year as unrestricted contributions.

*Permanently Restricted Net Assets:* Net assets of the Fund resulting from contributions and other inflows of assets whose use by the Fund is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Fund. Income earned on the assets may be expended by the Fund for donor-restricted program purposes.

#### **Revenue Recognition and Allowance for Doubtful Accounts**

The Fund records as revenue contributions, when they are received unconditionally at their fair value, including: cash, promises to give, certain contributed services and merchandise and gifts of long-lived and other assets. Conditional contributions are recognized as revenue when the conditions on which they depend on have been substantially met. The Fund's grants are cost reimbursement type grants and are considered conditional contributions for applying revenue recognition policies.

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. As of September 30, 2017 and 2016, the Fund determined that no allowance for doubtful accounts should be provided for accounts, grants and other receivables, and pledges and legacies receivable. Such estimate is based on a combination of factors, such as management's assessment of the aged basis of its contributors and government funding sources, creditworthiness of contributors, current economic conditions and historical experience.

#### **Cash and Cash Equivalents**

The Fund includes in cash and cash equivalents financial instruments which are highly liquid and have maturity dates of three months or less from the date of purchase. The carrying amounts reported in the statements of financial position approximate fair value.

#### **Legacies and Bequests**

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.

# The Fresh Air Fund

## Notes to Financial Statements (continued)

### 2. Summary of Significant Accounting and Financial Reporting Policies (continued)

#### Investments

The Fund carries its investments at fair value based on quoted market prices. The fair value of beneficial interests in perpetual trusts is approximated by the Fund's share of the fair value of the assets held by the trust. Realized and unrealized gains and losses on investments are reflected in the accompanying statements of activities.

Interests in limited partnerships and offshore limited liability companies are stated at fair value as estimated in an unquoted market. Individual investment holdings within these investments include primarily market-traded securities, as well as other nonmarketable securities. Fair values of these investments are determined by the investment managers or general partners. Values may be based on historical cost, appraisals, or other estimates that require varying degrees of judgment. Generally, fair value reflects net contributions to the investee and an ownership share of realized and unrealized investment income and expenses. Because of the inherent uncertainty of these investments, values of limited partnerships and limited liability companies' investments may differ significantly from values that would have been used had a ready market for the investments existed. The financial statements of the investees are audited annually by independent auditors.

The Fund's endowment investment policy is to invest primarily in a mix of equities, certificate of deposit and limited partnerships based on an asset allocation to satisfy its overall endowment financial and investment objectives, such as to preserve the principal, protect against inflation, receive stable returns and achieve long-term growth. The Fund relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Annual spending from the endowment funds is more fully described in Note 7.

*Fair Value:* 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.

#### Pension Plans

U.S. GAAP requires an employer to: (a) recognize in its statement of financial position an asset for a plan's overfunded status or a liability for a plan's underfunded status; (b) measure a plan's assets and its obligations that determine its funded status as of the end of the employer's fiscal year; and (c) recognize changes in the funded status of a defined benefit plan in the year in which the changes occur. The measurement date for the Fund's defined benefit plan corresponds to the fiscal year end and therefore the Fund is in compliance with the measurement date provisions of U.S. GAAP.

# The Fresh Air Fund

## Notes to Financial Statements (continued)

### **2. Summary of Significant Accounting and Financial Reporting Policies (continued)**

#### **Land, Buildings and Equipment**

The Fund capitalizes land, buildings and equipment at their cost, or appraised value on the date of purchase or contribution, provided their cost or value is at least \$500 and they have estimated useful lives of greater than one year. The Fund capitalizes all costs incurred in connection with construction/renovation of camping facilities. Depreciation is provided (other than land) on a straight-line basis over the estimated useful lives of the related assets. Such lives range from three to 30 years.

#### **Donated Materials, Investments and Services**

Donated materials, investments and services are reflected as contributions in the accompanying financial statements at their fair values at the date of receipt. Donated services are recognized as revenue if the services received create or enhance non-financial assets or require specified skills and are provided by individuals possessing those skills and typically need to be purchased if not provided by donation.

The Fund recorded both support and expenses of \$76,870 and \$65,820, for the years ended September 30, 2017 and 2016, respectively, of contributions-in-kind, primarily legal services and public service announcements. The Fund was also the beneficiary of donated land and buildings valued at \$1,300,000 above the purchase price contiguous to its Sharpe Reservation. In addition, a substantial number of volunteers donated significant amounts of their time to the Fund's program services. No amounts have been reflected in the accompanying financial statements for these donated services as such services do not meet the criteria for recognition under U.S. GAAP.

#### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### **Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

## The Fresh Air Fund

### Notes to Financial Statements (continued)

#### 3. Pledges Receivable

The estimated collection periods for pledges receivable as of September 30, 2017 and 2016 are as follows:

<i>Pledges receivable</i>	<b>2017</b>	<b>2016</b>
Less than one year	\$ 640,550	\$ 551,550
One to five years	990,550	631,100
	<b>1,631,100</b>	1,182,650
Less discount on long-term pledges receivable	<b>(32,875)</b>	-
	<b>\$ 1,598,225</b>	<b>\$ 1,182,650</b>

Pledges with a collection time frame longer than one year beyond the fiscal year end have been discounted at 1.89%, representing the applicable risk adjusted interest rate at the time of the pledge.

#### 4. Investments

Investments consist of the following as of September 30:

	<b>2017</b>		<b>2016</b>	
	Cost	Fair Value	Cost	Fair Value
Certificate of deposit	\$ -	\$ -	\$ 50,000	\$ 50,000
Limited partnerships:				
Diversified managed funds	86,930,520	95,206,818	68,070,019	67,661,026
Equities	-	1,466,597	15,926,488	23,654,778
Total limited partnerships	86,930,520	96,673,415	83,996,507	91,315,804
Cash pending investment	2,180,051	2,180,051	4,162,240	4,162,240
	<b>\$ 89,110,571</b>	<b>\$ 98,853,466</b>	<b>\$ 88,208,747</b>	<b>\$ 95,528,044</b>

Investments are subject to market volatility that could change their carrying values substantially in the near term.

As of April 1, 2016, the Fund entered into an agreement with Global Endowment Management (“GEM”) to outsource 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 are transferred to FAF Investments Holdings, a limited partnership managed by GEM. In addition, the Fund transferred control of its illiquid limited partnership interests with individual managers to FAF Investments Holdings.

# The Fresh Air Fund

## Notes to Financial Statements (continued)

### 4. Investments (continued)

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.

The Fund also has beneficial interests in certain perpetual trusts administered by third parties (valued at approximately \$2,409,000 and \$2,272,000 at September 30, 2017 and 2016, 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 return consists of the following for the years ended September 30:

	<u>2017</u>	<u>2016</u>
Investment return:		
Interest and dividends	\$ 597,927	\$ 138,993
Net realized and unrealized gain	9,655,019	2,552,205
	<u>\$ 10,252,946</u>	<u>\$ 2,691,198</u>

### 5. Buildings and Equipment

As of September 30, 2017 and 2016, buildings and equipment consist of the following:

	<u>2017</u>	<u>2016</u>
Office condominium	\$ 8,574,451	\$ 8,574,451
Camping facilities and equipment	39,410,243	38,711,139
Automobiles and trucks	1,061,328	1,032,873
Office furniture, equipment, etc.	2,025,623	1,972,539
Total depreciable assets	<u>51,071,645</u>	<u>50,291,002</u>
Less accumulated depreciation	<u>(30,389,829)</u>	<u>(28,773,543)</u>
	<u>\$ 20,681,816</u>	<u>\$ 21,517,459</u>

### 6. Fair Value Measurements

In determining fair value, the Fund utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs, to the extent possible in its assessment of fair value. The fair value hierarchy defines three levels as follows:

# The Fresh Air Fund

## Notes to Financial Statements (continued)

### 6. Fair Value Measurements (continued)

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

Financial assets carried at fair value at **September 30, 2017**, are classified in the table below as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Limited partnerships:				
Diversified managed funds	\$ -	\$ -	\$ 95,206,818	\$ 95,206,818
Equities	-		1,466,597	1,466,597
Total limited partnerships	-	-	96,673,415	96,673,415
Cash pending investment	2,180,051		-	2,180,051
	<u>\$ 2,180,051</u>	<u>\$ -</u>	<u>\$ 96,673,415</u>	<u>\$ 98,853,466</u>

Financial assets carried at fair value at **September 30, 2016**, are classified in the table below as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of deposit		\$ 50,000		\$ 50,000
Limited Partnerships:				
Diversified managed funds	-	-	67,661,026	67,661,026
Equities	-	-	23,654,778	23,654,778
Total limited partnerships	-	-	91,315,804	91,315,804
Cash pending investment	4,162,240		-	4,162,240
	<u>\$ 4,162,240</u>	<u>\$ 50,000</u>	<u>\$ 91,315,804</u>	<u>\$ 95,528,044</u>

Investments in cash, certificates of deposit, and corporate equities 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 certificates of deposit are valued using quoted prices in inactive markets (Level 2). Level 2 instrument valuations are obtained from similar assets or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

# The Fresh Air Fund

## Notes to Financial Statements (continued)

### 6. Fair Value Measurements (continued)

Limited partnership interests are stated at fair value in an unquoted market. Fair value of these limited partnership interests is based on net asset value per share which are provided by the limited partnerships. Values may be based on historical cost, appraisals, obtainable prices for similar assets, or other estimates. Because of the inherent uncertainty of valuation of the Fund's investments in these partnerships, values for those investments may differ significantly from values that would have been used had a ready market for the investments existed. The financial statements of the investees are audited annually by independent auditors. Redemptions are permitted at the end of each calendar year provided that a redemption request is made on or prior to September 1 preceding the applicable redemption date. There are no current lock-up provisions on these investments. Based on this, it was determined that certain limited partnership interests can be considered as Level 3 financial assets as of September 30, 2017 in accordance with ASU 2009-12 (ASC 820), which is described in Note 2.

The reconciliation for the year ended **September 30, 2017**, of the investments measured at estimated fair value classified as Level 3 is as follows:

	<u>Level 3</u>
Balance at September 30, 2016	\$ 91,315,804
Realized and unrealized gain	<u>5,357,611</u>
Balance at September 30, 2017	<u><u>\$ 96,673,415</u></u>

The reconciliation for the year ended **September 30, 2016** of the investments measured at estimated fair value classified as Level 3 is as follows:

	<u>Level 3</u>
Balance at September 30, 2015	\$ 32,174,446
Purchases	42,726,584
Redemptions	(12,058,559)
Realized and unrealized gain	572,257
Transfers	<u>27,901,076</u>
Balance at September 30, 2016	<u><u>\$ 91,315,804</u></u>

# The Fresh Air Fund

## Notes to Financial Statements (continued)

### 7. Permanent and Board-Designated Endowment Funds

The Fund recognizes the New York Prudent Management of Institutional Funds Act (“NYPMIFA”). NYPMIFA created a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted permanent endowment fund’s fair value (averaged over a period of not less than the preceding five years) in any year. Any unappropriated earnings that would otherwise be considered unrestricted by the donor will be reflected as temporarily restricted until appropriated. The Investment Committee of the Fund’s Board of Directors, under authority of the Executive Committee, has appropriated up to 7% of earnings as of September 30, 2017, whether deemed spent or not, as unrestricted.

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 permanently-restricted portion of the investment portfolio market value. The amount appropriated is allocated to the Board-designated endowment fund as needed.

As of September 30, 2017 and 2016, permanently restricted net assets consist of the following:

	<u>2017</u>	<u>2016</u>
Funds for Camping Activities	\$ 3,800,190	\$ 3,795,190
Funds for Friendly Towns Activities	3,369,864	3,318,208
Funds for general purpose	7,396,938	7,257,918
Total permanently restricted net assets	<u>\$ 14,566,992</u>	<u>\$ 14,371,316</u>

In accordance with U.S. GAAP, organizations are required to disclose any deterioration of the fair value of assets associated with donor-restricted endowment funds that fall below the level the donor requires the organization to retain in perpetuity. 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 gift of perpetual duration. In accordance with the Fund’s policy noted above, deficiencies of this nature are reported in either restricted or unrestricted net assets. These deficiencies, if any, result from unfavorable market fluctuations that occur in the economy as a whole, whereby the fair market value of the donor restricted endowment fund is below the amount that is required to be retained permanently. As of September 30, 2017 and 2016, this condition did not exist at the Fund.

## The Fresh Air Fund

### Notes to Financial Statements (continued)

#### 7. Permanent and Board-Designated Endowment Funds (continued)

The Fund's endowment net assets as of **September 30, 2017**, consist of the following:

	<u>Unrestricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ 1,142,464	\$ 14,566,992	\$ 15,709,456
Board-designated endowment funds	90,311,959	-	90,311,959
Endowment net assets, end of year	<u>\$ 91,454,423</u>	<u>\$ 14,566,992</u>	<u>\$ 106,021,415</u>

The Fund's endowment net assets as of **September 30, 2016**, consist of the following:

	<u>Unrestricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ 896,120	\$ 14,371,316	\$ 15,267,436
Board-designated endowment funds	85,830,323	-	85,830,323
Endowment net assets, end of year	<u>\$ 86,726,443</u>	<u>\$ 14,371,316</u>	<u>\$ 101,097,759</u>

The unrestricted portion of the donor restricted endowment funds represents the accumulated unrealized gains earned by the original gifts.

Changes in endowment net assets for the year ended **September 30, 2017**, are as follows:

	<u>Unrestricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
<b>Investment activity:</b>			
Unrealized gain on investments	\$ 2,423,599	\$ 137,520	\$ 2,561,119
Realized gain on investments	6,769,458	-	6,769,458
Total investment activity	<u>9,193,057</u>	<u>137,520</u>	<u>9,330,577</u>
Contributions	2,659,916	58,156	2,718,072
Amount appropriated for expenditure	<u>(8,333,897)</u>	<u>-</u>	<u>(8,333,897)</u>
	<u>(5,673,981)</u>	<u>58,156</u>	<u>(5,615,825)</u>
Change in endowment net assets	3,519,076	195,676	3,714,752
Endowment net assets, beginning of year	86,726,443	14,371,316	101,097,759
Pension changes other than net periodic costs	1,208,904	-	1,208,904
Endowment net assets, end of year	<u>\$ 91,454,423</u>	<u>\$ 14,566,992</u>	<u>\$ 106,021,415</u>

## The Fresh Air Fund

### Notes to Financial Statements (continued)

#### 7. Permanent and Board-Designated Endowment Funds (continued)

Changes in endowment net assets for year ended **September 30, 2016**, are as follows:

<b>Investment activity:</b>	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Unrealized (loss)/gain on investments	\$ (23,445,899)	\$ 59,610	\$ (23,386,289)
Realized gain on investments	25,813,198	-	25,813,198
Total investment activity	<u>2,367,299</u>	<u>59,610</u>	<u>2,426,909</u>
Contributions	1,497,084	6,933	1,504,017
Amount appropriated for expenditure	(7,343,849)	-	(7,343,849)
	<u>(5,846,765)</u>	<u>6,933</u>	<u>(5,839,832)</u>
Change in endowment net assets	(3,479,466)	66,543	(3,412,923)
Endowment net assets, beginning of year	90,944,496	14,299,773	105,244,269
Pension changes other than net periodic costs	(733,587)	-	(733,587)
Reclassification	(5,000)	5,000	-
Endowment net assets, end of year	<u>\$ 86,726,443</u>	<u>\$ 14,371,316</u>	<u>\$ 101,097,759</u>

Endowment net assets of \$106,021,415 and \$101,097,759 are included in investments, cash and cash equivalents, receivables, other assets and beneficial interests in perpetual trusts in the statements of financial position as of September 30, 2017 and 2016, respectively.

#### 8. Temporarily Restricted Net Assets

As of September 30, 2017 and 2016, temporarily restricted net assets are available for the following purposes upon passage of time or fulfillment of donor-imposed stipulations:

	<u>2017</u>	<u>2016</u>
College Connections Program	\$ 1,367,126	\$ 717,250
Other purpose-restricted assets	319,714	342,565
Other time-restricted assets	324,011	540,011
	<u>\$ 2,010,851</u>	<u>\$ 1,599,826</u>

Temporarily restricted net assets were released from restrictions during the years ended September 30, 2017 and 2016 upon passage of time or fulfillment of purposes as follows:

	<u>2017</u>	<u>2016</u>
Purpose-restricted assets	\$ 164,150	\$ 438,713
Time-restricted assets	436,000	167,000
	<u>\$ 600,150</u>	<u>\$ 605,713</u>

# The Fresh Air Fund

## Notes to Financial Statements (continued)

### 9. Pension 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.

The following tables present the Plan’s related disclosures under U.S. GAAP. The Plan’s actuary performed the computations required for financial statement disclosure as of September 30, 2017 and 2016. Employee data as of October 1, 2016 and 2015 was projected forward to the September 30, 2017 and 2016 measurement dates, respectively.

The following table provides a reconciliation of the changes in the Plan’s benefit obligations and a statement of the funded status of the Plan as of September 30, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
<b>Change in benefit obligation:</b>		
Benefit obligation - beginning of year	\$ 16,207,694	\$ 14,574,394
Service cost	447,348	396,211
Interest cost	674,308	676,629
Actuarial (gain)/loss	(278,426)	1,145,914
Benefits paid	(733,781)	(585,454)
Benefit obligation - end of year	\$ 16,317,143	\$ 16,207,694
 <b>Change in plan assets:</b>		
Fair value of plan assets - beginning of year	\$ 15,048,468	\$ 13,844,183
Actual return	1,768,212	1,189,739
Employer contribution	600,000	600,000
Benefits paid	(733,781)	(585,454)
Fair value of plan assets - end of year	\$ 16,682,899	\$ 15,048,468
 Funded status	\$ 365,756	\$ (1,159,226)
 Accumulated benefit obligation	\$ 15,635,325	\$ 15,399,329

The amounts reflected in the funded status in the above table are included in accounts payable in the accompanying statements of financial position.

# The Fresh Air Fund

## Notes to Financial Statements (continued)

### 9. Pension Plans (continued)

The following table provides the components of net periodic benefit cost for the plan for the years ended September 30, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
Service cost	\$ <b>447,348</b>	\$ 396,211
Interest cost	<b>674,308</b>	676,629
Expected return on plan assets	<b>(1,125,513)</b>	(1,035,158)
Amortization of accumulated loss	<b>176,094</b>	146,061
Amortization of prior service cost	<b>111,685</b>	111,685
Net periodic cost (benefit)	<b>\$ 283,922</b>	\$ 295,428

Amounts that have not been recognized as components of net periodic benefits costs but included in unrestricted net assets to date as the effect of adoption of U.S. GAAP revisions are as follows:

	<b>2017</b>	<b>2016</b>
Net actuarial loss	\$ <b>3,245,969</b>	\$ 4,343,188
Prior service cost	<b>683,174</b>	794,859
Net amounts recognized in unrestricted net assets	<b>\$ 3,929,143</b>	\$ 5,138,047

Other changes in plan assets and benefit obligations recognized in the unrestricted net assets for the years ended September 30, 2017 and 2016 are as follows:

	<b>2017</b>	<b>2016</b>
Net Gain/(Loss)	\$ <b>921,125</b>	\$ (991,333)
Amortization of accumulated loss	<b>176,094</b>	146,061
Amortization of prior service cost	<b>111,685</b>	111,685
Net amount recognized in change in unrestricted net assets	<b>\$ 1,208,904</b>	\$ (733,587)

The net periodic costs for the years ended September 30, 2017 and 2016 include reclassifications of amounts previously recognized as changes in unrestricted net assets and are as follows:

	<b>2017</b>	<b>2016</b>
Prior service cost	\$ <b>111,685</b>	\$ 111,685

As of September 30, 2017 and 2016, the weighted average assumptions used to determine benefit obligations are as follows:

	<b>2017</b>	<b>2016</b>
Discount rate	<b>4.25%</b>	4.75%
Rate of compensation increase	<b>3.00%</b>	3.00%

## The Fresh Air Fund

### Notes to Financial Statements (continued)

#### 9. Pension Plans (continued)

The weighted average assumptions used to determine net periodic benefit cost for the years ended September 30, 2017 and 2016 consist of the following:

	<b>2017</b>	<b>2016</b>
Discount rate	<b>4.25%</b>	4.75%
Expected return on plan assets	<b>7.50%</b>	7.50%
Rate of compensation increase	<b>3.00%</b>	3.00%

The weighted average asset allocation of the Plan at September 30, 2017 and 2016 is as follows:

	<b>2017</b>	<b>2016</b>
Equity mutual funds	<b>44.4%</b>	50.8%
Guaranteed-rate insurance contracts	<b>55.6%</b>	49.2%

The Fund's investment policy for the Plan is to maintain the investments in the equity mutual funds and the guaranteed insurance contracts existing at September 30, 2017 and to invest future contributions in the equity mutual funds. The expected long-term rate of return on plan assets of 7.50% 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 7.50% expected long-term rate of return.

The following benefits which reflect expected future service, as appropriate, are expected to be paid:

2018	\$ 675,763
2019	665,875
2020	793,448
2021	801,246
2022	802,858
2023-2027	4,149,792

The Fund expects to contribute approximately \$600,000 to the Plan for the year ending September 30, 2017.

Pension plan assets carried at fair value at **September 30, 2017**, are classified in the table below as follows:

	<b>Level 1</b>	<b>Level 3</b>	<b>Total</b>
Equity mutual funds	\$ 7,408,679	\$ -	\$ 7,408,679
Guaranteed-rate insurance contracts	-	9,274,220	9,274,220
	\$ 7,408,679	\$ 9,274,220	\$ 16,682,899

## The Fresh Air Fund

### Notes to Financial Statements (continued)

#### 9. Pension Plans (continued)

Pension plan assets carried at fair value at **September 30, 2016**, are classified in the table below as follows:

	<b>Level 1</b>	<b>Level 3</b>	<b>Total</b>
Equity mutual funds	\$ 7,647,618	\$ -	\$ 7,647,618
Guaranteed-rate insurance contracts	-	7,400,850	7,400,850
	\$ 7,647,618	\$ 7,400,850	\$ 15,048,468

The reconciliation for the years ended September 30, 2017 and 2016 of the investments measured at estimated fair value classified as Level 3 follows:

	<b>2017</b>	<b>2016</b>
Balance at beginning of year	\$ 7,400,850	\$ 4,687,073
Contributions	2,250,000	3,000,000
Realized and unrealized gain	383,702	319,052
Withdrawals for benefits and expenses	(760,332)	(605,275)
Balance at end of year	\$ 9,274,220	\$ 7,400,850

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 \$126,799 and \$123,364 for the years ended September 30, 2017 and 2016, respectively.

#### 10. Concentrations

Cash and cash equivalents that potentially subject the Fund to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Bank accounts are insured up to \$250,000 per depositor. As of September 30, 2017 and 2016 there was approximately \$1.9 million and \$1.5 million, respectively of cash and cash equivalents held by the banks that exceeded FDIC limits. Such excess includes outstanding checks.

# The Fresh Air Fund

## Notes to Financial Statements (continued)

### **11. Commitments and Contingencies**

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 September 30, 2017.

In accordance with Accounting Standards Codification ("ASC") Topic 740, "Income Taxes", which provides standards for establishing and classifying any tax provisions for uncertain tax positions, the Fund has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

### **12. Subsequent Events**

Management has evaluated events subsequent to the date of the statement of financial position through January 23, 2018, the date the financial statements were available to be issued.

\*\*\*END\*\*\*