



**THE FRESH AIR FUND**

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

**FINANCIAL STATEMENTS**

**Years Ended December 31, 2025 and 2024**

**THE FRESH AIR FUND**  
**FINANCIAL STATEMENTS**  
**(Together with Independent Auditors' Report)**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

**CONTENTS**

	<b><u>Page</u></b>
Independent Auditors' Report.....	1-2
Statements of Financial Position.....	3
Statements of Activities .....	4
Statements of Functional Expenses.....	5-6
Statements of Cash Flows .....	7
Notes to Financial Statements .....	8-18

## **Independent Auditors' Report**

To the Board of Directors of  
**The Fresh Air Fund**

### ***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, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements (collectively referred to as 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, 2025 and 2024, 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.

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.

*CBIZ CPAs P.C.*

New York, New York  
April 22, 2026

**THE FRESH AIR FUND  
STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2025 AND 2024**

<b>ASSETS</b>	<u>2025</u>	<u>2024</u>
Cash and cash equivalents (Notes 2C, 3 and 11)	\$ 3,141,697	\$ 3,741,622
Grants and other receivables (Notes 2G, 2L and 3)	2,365,334	3,457,322
Pledges receivable, net (Notes 2D, 2E, 2L, 3 and 4)	2,790,014	3,420,713
Prepaid expenses	1,018,846	488,295
Investments (Notes 2H, 2M, 5 and 6)	110,455,944	102,464,247
Other assets	208,281	213,880
Property and equipment, net (Notes 2I and 7)	28,932,900	28,223,342
Beneficial interest in perpetual trusts and pooled life income fund (Notes 2K, 5 and 9)	<u>3,387,131</u>	<u>2,992,417</u>
<b>TOTAL ASSETS</b>	<u>\$ 152,300,147</u>	<u>\$ 145,001,838</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 841,403	\$ 1,015,492
Deferred revenue (Note 2P)	<u>155,000</u>	<u>282,500</u>
<b>TOTAL LIABILITIES</b>	<u>996,403</u>	<u>1,297,992</u>
<b>CONTINGENCIES</b> (Note 12)		
<b>NET ASSETS</b> (Notes 2B and 9)		
Without donor restrictions:		
Operations	7,896,849	10,025,155
Board designated endowment	95,266,864	87,090,245
Property and equipment	<u>28,932,900</u>	<u>28,223,342</u>
Total without donor restrictions	<u>132,096,613</u>	<u>125,338,742</u>
With donor restrictions	<u>19,207,131</u>	<u>18,365,104</u>
Total with donor restrictions	<u>19,207,131</u>	<u>18,365,104</u>
<b>TOTAL NET ASSETS</b>	<u>151,303,744</u>	<u>143,703,846</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 152,300,147</u>	<u>\$ 145,001,838</u>

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

**THE FRESH AIR FUND  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	<u>Year Ended December 31, 2025</u>			<u>Year Ended December 31, 2024</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2025</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2024</u>
<b>OPERATING ACTIVITIES:</b>						
<b>REVENUE, GRANTS AND OTHER</b>						
Public Support						
Contributions (Note 2E)	\$ 8,247,083	\$ 446,600	\$ 8,693,683	\$ 7,681,748	\$ 3,742,363	\$ 11,424,111
Noncash contributions in-kind (public service announcements and legal) (Notes 2E and 2F)	839,720	-	839,720	673,512	-	673,512
Legacies and bequests (Note 2E)	3,514,740	-	3,514,740	1,110,010	-	1,110,010
Off-season camping (Note 2E)	1,285,660	-	1,285,660	1,112,692	-	1,112,692
Special events, net of direct expenses of \$439,565 and \$608,478 in 2025 and 2024, respectively (Note 2O)	1,222,706	-	1,222,706	1,626,259	-	1,626,259
Grants from government agencies - New York State Office of Children and Family Services (Note 2G)	1,679,656	-	1,679,656	2,115,980	-	2,115,980
Other grant revenue	-	-	-	7,317	-	7,317
Summer Food Program	275,764	-	275,764	293,250	-	293,250
Investment activity, net of investment advisory fees of \$283,857 and \$292,091 in 2025 and 2024, respectively (Notes 2H, 5 and 9)	11,301,458	1,495,070	12,796,528	9,190,806	1,273,776	10,464,582
Gain on beneficial interests in perpetual trusts	-	394,714	394,714	-	340,034	340,034
Gain on disposal of property and equipment (Note 7)	1,000	-	1,000	1,219,341	-	1,219,341
Other income (Note 2Q)	110,810	-	110,810	126,980	-	126,980
Net assets released from restrictions (Notes 2B and 9)	1,494,357	(1,494,357)	-	1,611,200	(1,611,200)	-
<b>TOTAL REVENUE, GRANTS AND OTHER</b>	<u>29,972,954</u>	<u>842,027</u>	<u>30,814,981</u>	<u>26,769,095</u>	<u>3,744,973</u>	<u>30,514,068</u>
<b>EXPENSES (Note 2J):</b>						
<b>Program Services</b>						
Friendly Towns	1,964,973	-	1,964,973	2,554,930	-	2,554,930
Fresh Air Camping Activities	10,788,875	-	10,788,875	10,592,707	-	10,592,707
Sharpe Reservation	3,519,959	-	3,519,959	3,404,759	-	3,404,759
Other Community Programs	1,378,112	-	1,378,112	1,327,513	-	1,327,513
<b>Total Program Services</b>	<u>17,651,919</u>	<u>-</u>	<u>17,651,919</u>	<u>17,879,909</u>	<u>-</u>	<u>17,879,909</u>
<b>Supporting Services</b>						
Management and general	1,881,005	-	1,881,005	1,779,125	-	1,779,125
Fundraising and development	3,682,159	-	3,682,159	3,585,724	-	3,585,724
<b>Total Supporting Services</b>	<u>5,563,164</u>	<u>-</u>	<u>5,563,164</u>	<u>5,364,849</u>	<u>-</u>	<u>5,364,849</u>
<b>TOTAL EXPENSES</b>	<u>23,215,083</u>	<u>-</u>	<u>23,215,083</u>	<u>23,244,758</u>	<u>-</u>	<u>23,244,758</u>
<b>CHANGE IN NET ASSETS</b>	6,757,871	842,027	7,599,898	3,524,337	3,744,973	7,269,310
<b>Net assets - beginning of year</b>	<u>125,338,742</u>	<u>18,365,104</u>	<u>143,703,846</u>	<u>121,814,405</u>	<u>14,620,131</u>	<u>136,434,536</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 132,096,613</u>	<u>\$ 19,207,131</u>	<u>\$ 151,303,744</u>	<u>\$ 125,338,742</u>	<u>\$ 18,365,104</u>	<u>\$ 143,703,846</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, 2025  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2024)**

For the Year Ended December 31, 2025

	Program Services				Supporting Services			Total 2025	Total 2024	
	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	\$ 732,197	\$ 4,165,607	\$ 1,459,397	\$ 387,380	\$ 6,744,581	\$ 657,699	\$ 671,589	\$ 1,329,288	\$ 8,073,869	\$ 8,640,396
Payroll taxes and employee benefits (Note 8)	180,228	672,172	362,142	82,871	1,297,413	151,968	137,109	289,077	1,586,490	1,784,263
<b>Total salaries and related costs</b>	912,425	4,837,779	1,821,539	470,251	8,041,994	809,667	808,698	1,618,365	9,660,359	10,424,659
Communication	72,122	415,822	14,224	51,128	553,296	13,247	2,002,810	2,016,057	2,569,353	2,748,821
Insurance	708,668	123,748	7,165	73,293	912,874	37,159	-	37,159	950,033	855,104
Professional fees (Note 2F)	62,694	602,940	128,470	80,955	875,059	469,117	715,890	1,185,007	2,060,066	1,312,890
Occupancy (repairs, maintenance, utilities)	9,473	882,438	508,429	25,762	1,426,102	202,591	-	202,591	1,628,693	1,507,733
Transportation	6,383	283,311	4,423	23,351	317,468	11,190	11,182	22,372	339,840	433,371
Food	4,506	1,143,443	304,526	60,188	1,512,663	9,728	13,879	23,607	1,536,270	1,469,312
Volunteer expense	62,163	131	185	5,922	68,401	-	-	-	68,401	70,594
Program supplies and equipment (Note 2F)	27,086	416,326	133,980	72,224	649,616	307	1,703	2,010	651,626	627,640
Contracted services (Note 2F)	45,658	381,502	57,510	42,753	527,423	155,615	26,737	182,352	709,775	634,420
Scholarships and stipends	13,849	76,038	-	425,157	515,044	-	-	-	515,044	475,204
Other	18,238	416,527	109,704	20,889	565,358	32,680	95,614	128,294	693,652	657,574
Special event direct costs (Note 2O)	-	-	-	-	-	-	439,565	439,565	439,565	608,478
Depreciation and amortization (Notes 2I and 7)	21,708	1,208,870	429,804	26,239	1,686,621	139,704	5,646	145,350	1,831,971	2,027,436
<b>Sub-total</b>	1,964,973	10,788,875	3,519,959	1,378,112	17,651,919	1,881,005	4,121,724	6,002,729	23,654,648	23,853,236
Less: Special event direct expenses (Note 2O)	-	-	-	-	-	-	(439,565)	(439,565)	(439,565)	(608,478)
<b>TOTAL EXPENSES</b>	<u>\$ 1,964,973</u>	<u>\$ 10,788,875</u>	<u>\$ 3,519,959</u>	<u>\$ 1,378,112</u>	<u>\$ 17,651,919</u>	<u>\$ 1,881,005</u>	<u>\$ 3,682,159</u>	<u>\$ 5,563,164</u>	<u>\$ 23,215,083</u>	<u>\$ 23,244,758</u>

**THE FRESH AIR FUND  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2024**

For the Year Ended December 31, 2024

	Program Services				Supporting Services		Total Supporting Services	Total 2024	
	Fresh Air	Sharpe	Other Community	Total	Management	Fundraising and			
	Friendly Towns	Reservation	Programs	Program Services	and General	Development			
Salaries	\$ 1,071,356	\$ 4,304,892	\$ 1,372,506	\$ 389,467	\$ 7,138,221	\$ 834,146	\$ 668,029	\$ 1,502,175	\$ 8,640,396
Payroll taxes and employee benefits (Note 8)	273,766	708,786	354,540	88,405	1,425,497	207,229	151,537	358,766	1,784,263
<b>Total salaries and related costs</b>	1,345,122	5,013,678	1,727,046	477,872	8,563,718	1,041,375	819,566	1,860,941	10,424,659
Communication	118,799	510,972	26,106	61,278	717,155	45,565	1,986,101	2,031,666	2,748,821
Insurance	637,857	111,383	6,449	65,969	821,658	33,446	-	33,446	855,104
Professional fees (Note 2F)	70,675	416,593	66,450	44,328	598,046	101,681	613,163	714,844	1,312,890
Occupancy (repairs, maintenance, utilities)	13,405	679,491	642,922	18,367	1,354,185	153,548	-	153,548	1,507,733
Transportation	128,342	270,749	3,361	16,475	418,927	6,998	7,446	14,444	433,371
Food	2,733	1,116,037	277,523	53,293	1,449,586	7,495	12,231	19,726	1,469,312
Volunteer expense	61,035	33	10	9,477	70,555	39	-	39	70,594
Program supplies and equipment (Note 2F)	35,589	433,215	65,117	59,380	593,301	1,791	32,548	34,339	627,640
Contracted services (Note 2F)	49,524	294,867	45,794	38,180	428,365	167,628	38,427	206,055	634,420
Scholarships and stipends	10,590	43,907	-	420,707	475,204	-	-	-	475,204
Other	32,529	319,239	115,870	27,392	495,030	91,948	70,596	162,544	657,574
Benefit expense (Note 2O)	-	-	-	-	-	-	608,478	608,478	608,478
Depreciation and amortization (Notes 2I and 7)	48,730	1,382,543	428,111	34,795	1,894,179	127,611	5,646	133,257	2,027,436
<b>Sub-total</b>	2,554,930	10,592,707	3,404,759	1,327,513	17,879,909	1,779,125	4,194,202	5,973,327	23,853,236
Less: Special event direct expenses (Note 2O)	-	-	-	-	-	-	(608,478)	(608,478)	(608,478)
<b>TOTAL EXPENSES</b>	\$ 2,554,930	\$ 10,592,707	\$ 3,404,759	\$ 1,327,513	\$ 17,879,909	\$ 1,779,125	\$ 3,585,724	\$ 5,364,849	\$ 23,244,758

**THE FRESH AIR FUND  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 7,599,898	\$ 7,269,310
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	1,831,971	2,027,436
Realized and unrealized gain on investments	(12,958,336)	(10,561,219)
Gain in value of beneficial interests in perpetual trusts	(394,714)	(340,034)
Gain on disposal of property and equipment	(1,000)	(1,219,341)
Discount on pledges receivable	(81,339)	192,279
Subtotal	(4,003,520)	(2,631,569)
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Grants and other receivables	1,091,988	(942,804)
Pledges receivable	712,038	(2,673,213)
Prepaid expenses	(530,551)	(73,444)
Other assets	5,599	74,955
Increase or (decrease) in liabilities:		
Accounts payable and accrued expenses	(174,089)	240,639
Deferred revenue	(127,500)	(125,103)
Net Cash Used in Operating Activities	(3,026,035)	(6,130,539)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(2,541,529)	(2,625,916)
Proceeds from the sale of property and equipment	1,000	1,540,000
Purchase of investments	(1,403,320)	(142,516)
Proceeds from the sale of investments	6,369,959	5,543,499
Net Cash Provided by Investing Activities	2,426,110	4,315,067
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(599,925)	(1,815,472)
Cash and cash equivalents - beginning of year	3,741,622	5,557,094
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 3,141,697</b>	<b>\$ 3,741,622</b>

**THE FRESH AIR FUND  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**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 to 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, 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**

The Fresh Air Fund Friendly Towns Program matched NYC youth with families for summertime extended visits along the East Coast and Southern Canada. The program was sunset in 2024 and new programs have evolved that honor the values and opportunities of Friendly Towns.

**Fresh Air Camping and Year-Round**

The Fresh Air Fund's summer camp 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 participate in leadership, mentoring, academic enrichment, outdoor exploration, and community engagement programs aligned with the Fund's mission. These programs provide youth with opportunities to stay connected with the Fund year-round, build strong support networks, experience the outdoors, and grow as leaders while working toward and achieving their goals. The school-year portfolio includes College Connections, Career Awareness, Young Women's Giving Circle, Circle of Brotherhood, Breaking Barriers, Camp Junior Year-Round, City Explorers, and the Youth and Family Advisory Boards.

**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, 2025 AND 2024**

**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.
- 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.

**THE FRESH AIR FUND  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. *Noncash Contributions In-Kind*** – For the years ended December 31, 2025 and 2024, the Fund recorded the fair value of noncash contributions amounting to approximately \$839,000 and \$673,000, 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, 2025, 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	\$ 447,000	Friendly Towns, camping activities and other programs	No associated donor restriction	Based on the fair value of contributed advertising received
Legal Services	\$ 186,366	Management and General	No associated donor restriction	Based on current rates of legal services provided by law firm
IT Consultation	\$ 110,000	Management and General	No associated donor restriction	Based on current rates of IT services provided by consulting firm
Program Supplies	\$ 96,354	Friendly Towns, camping activities and other programs	No associated donor restriction	Based on current value of goods donated

Noncash contributions in-kind for the year ended December 31, 2024, 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	\$ 503,500	Friendly Towns, camping activities and other programs	No associated donor restriction	Based on the fair value of contributed advertising received
Legal Services	\$ 40,907	Management and General	No associated donor restriction	Based on current rates of legal services provided by law firm
Program Supplies	\$ 129,105	Friendly Towns, camping activities and other programs	No associated donor restriction	Based on current value of goods donated

**THE FRESH AIR FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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, 2025 and 2024, the Fund received conditional grants from government agencies in the aggregate amounts of \$101,665 and \$86,000, 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 the number of full-time employees per program.

**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, 2025 and 2024, 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.

**THE FRESH AIR FUND  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- 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 in the December 31, 2024 financial statements have been reclassified to conform to the December 31, 2025 presentation. These classifications had no impact on the change in net assets for the year ended December 31, 2024.

**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, 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>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 3,141,697	\$ 3,741,622
Grants and other receivables	2,365,334	3,457,322
Pledges receivable, net	2,790,014	3,420,713
Payout on donor-restricted endowments for use over next 12 months	698,558	764,042
Payout on quasi-endowments for use over next 12 months	<u>4,265,832</u>	<u>4,351,308</u>
	13,261,435	15,735,007
Less: Pledges receivable due in one to five years	<u>(1,600,000)</u>	<u>(2,425,000)</u>
	<u>\$ 11,661,435</u>	<u>\$ 13,310,007</u>

**NOTE 4 – PLEDGES RECEIVABLE, NET**

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

	<u>2025</u>	<u>2024</u>
Amounts due in less than one year	\$ 1,271,353	\$ 1,187,992
Amounts due in one to five years	<u>1,600,000</u>	<u>2,425,000</u>
Total	2,871,353	3,612,992
Less: Discount to present value	<u>(81,339)</u>	<u>(192,279)</u>
Total pledges receivable, net	<u>\$ 2,790,014</u>	<u>\$ 3,420,713</u>

For the year ended December 31, 2025, the Fund utilized a discount factor of 3.55% representing the risk adjusted interest rate applicable to pledges due in one to five years.

**THE FRESH AIR FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 5 – INVESTMENTS**

Investments consist of the following as of December 31:

	2025	2024
Limited Partnerships		
Diversified managed funds	\$ 110,203,057	\$ 102,216,780
Equities	252,887	247,467
Total Investments	\$ 110,455,944	\$ 102,464,247

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.

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 \$3,387,000 and \$2,992,000 as of December 31, 2025 and 2024, 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.

**THE FRESH AIR FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 5 – INVESTMENTS (Continued)**

Investment activity consists of the following for the years ended December 31:

	2025	2024
Interest and dividends	\$ 122,049	\$ 195,454
Realized and unrealized gain on investments	12,958,336	10,561,219
	13,080,385	10,756,673
Investment advisory and custodial fees	(283,857)	(292,091)
	\$ 12,796,528	\$ 10,464,582

**NOTE 6 – FAIR VALUE MEASUREMENTS**

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

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2025.

**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:

	2025 Fair Value	2024 Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited Partnerships	\$ 110,455,944	\$ 102,464,247	\$ -	Semi-Annually	Semi-Annually
	\$ 110,455,944	\$ 102,464,247	\$ -		

**THE FRESH AIR FUND  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

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

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

	<u>2025</u>	<u>2024</u>	<u>Estimated Useful Lives</u>
Land	\$ 6,754,094	\$ 6,754,094	-
Office condominium	8,574,451	8,574,451	30 Years
Camping facilities and equipment	46,271,001	45,156,453	5 - 30 Years
Automobiles and trucks	946,709	874,037	5 Years
Furniture and equipment	3,158,390	3,111,721	5 Years
Software	1,058,302	1,058,302	5 Years
Construction in progress	<u>2,812,267</u>	<u>1,516,628</u>	
Total cost	69,575,214	67,045,686	
Accumulated depreciation and amortization	<u>(40,642,314)</u>	<u>(38,822,344)</u>	
Net book value	<u>\$ 28,932,900</u>	<u>\$ 28,223,342</u>	

Depreciation and amortization expense amounted to \$1,831,971 and \$2,027,436 for the years ended December 31, 2025 and 2024, respectively. During the year ended December 31, 2025, the Fund sold a vehicle with an original cost of \$12,000 and received proceeds amounting to \$1,000. The sale resulted in a gain of \$1,000 which is included in the accompanying statement of activities.

Construction in progress consists of construction of a replacement of underground water pipes at Camp Hidden Valley and sewage system updates, cabin renovations for Camp Hidden Valley and rebuilding Camp ABC's bridge (the "Projects"). The Projects are expected to be completed during 2026 at an estimated final cost of approximately \$4,443,000.

**NOTE 8 – PENSION AND POST-RETIREMENT MEDICAL BENEFIT PLANS**

As of July 1, 2023, the Fund terminated the noncontributory defined benefit pension plan and paid a termination liability to create annuities with a third-party for the benefit of the participants.

The Fund 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 \$236,905 and \$262,080 for the years ended December 31, 2025 and 2024, respectively.

**NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2025</u>	<u>2024</u>
Perpetual in Nature:		
Beneficial interest in perpetual trusts	\$ 3,387,131	\$ 2,992,417
Endowment fund with donor restrictions	<u>12,438,159</u>	<u>12,158,159</u>
Total Perpetual in Nature	<u>15,825,290</u>	<u>15,150,576</u>
Restricted for Purpose and Time:		
Unappropriated endowment earnings	(447,912)	(1,088,644)
College connections program	3,102,942	3,489,592
Other purpose restricted assets	626,811	613,580
Time restricted assets	<u>100,000</u>	<u>200,000</u>
Total Restricted for Purpose and Time	<u>3,381,841</u>	<u>3,214,528</u>
Total Net Assets with Donor Restrictions	<u>\$ 19,207,131</u>	<u>\$ 18,365,104</u>

**THE FRESH AIR FUND  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

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>2025</u>	<u>2024</u>
Purpose or time restrictions accomplished	\$ 640,019	\$ 760,129
Board appropriations of endowment earnings	<u>854,338</u>	<u>851,071</u>
Net assets released from restrictions	<u>\$ 1,494,357</u>	<u>\$ 1,611,200</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.

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, 2025 and 2024, such deficiencies amounted to \$447,912 and \$1,088,644, respectively.

**THE FRESH AIR FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

Endowment net asset changes (other than perpetual beneficial interests) include the following as of December 31, 2025:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	
Investment activity	\$ 11,301,458	\$ 1,495,070	\$ -	\$ 12,796,528
Total investment activity	11,301,458	1,495,070	-	12,796,528
Legacies and bequests	3,514,740	-	-	3,514,740
Contributions	-	-	280,000	280,000
Amount appropriated for expenditure	(7,493,917)	-	-	(7,493,917)
Board appropriations of endowment funds (7%)	<u>854,338</u>	<u>(854,338)</u>	<u>-</u>	<u>-</u>
Change in endowment net assets	8,176,619	640,732	280,000	9,097,351
Endowment net assets, beginning of year	<u>87,090,245</u>	<u>(1,088,644)</u>	<u>12,158,159</u>	<u>98,159,760</u>
Endowment net assets, end of year	<u>\$ 95,266,864</u>	<u>\$ (447,912)</u>	<u>\$ 12,438,159</u>	<u>\$ 107,257,111</u>

Endowment net asset changes (other than perpetual beneficial interests) include the following as of December 31, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	
Investment activity	\$ 9,190,806	\$ 1,273,776	\$ -	\$ 10,464,582
Total investment activity	9,190,806	1,273,776	-	10,464,582
Legacies and bequests	1,110,010	-	-	1,110,010
Amount appropriated for expenditure	(7,741,268)	-	-	(7,741,268)
Board appropriations of endowment funds (7%)	<u>851,071</u>	<u>(851,071)</u>	<u>-</u>	<u>-</u>
Change in endowment net assets	3,410,619	422,705	-	3,833,324
Endowment net assets, beginning of year	<u>83,679,626</u>	<u>(1,511,349)</u>	<u>12,158,159</u>	<u>94,326,436</u>
Endowment net assets, end of year	<u>\$ 87,090,245</u>	<u>\$ (1,088,644)</u>	<u>\$ 12,158,159</u>	<u>\$ 98,159,760</u>

**THE FRESH AIR FUND  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 10 – INCOME TAXES**

The Fund believes it has no uncertain tax positions as of December 31, 2025 and 2024 in accordance with ASC 740, *Income Taxes*, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

**NOTE 11 – 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 \$3.1 million and \$3.7 million as of December 31, 2025 and 2024, respectively.

**NOTE 12 – 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, 2025 and 2024.

**NOTE 13 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through April 22, 2026, the date the financial statements were available to be issued.