



**Smithsonian Institution**

*Smithsonian National Air and Space Museum Archives*

## **New York Airways Collection - Reports, Annual Reports, 1961-1963**

Extracted on Apr-17-2024 03:05:00

**The Smithsonian Institution thanks all digital volunteers that transcribed and reviewed this material. Your work enriches Smithsonian collections, making them available to anyone with an interest in using them.**

The Smithsonian Institution (the "Smithsonian") provides the content on this website ([transcription.si.edu](https://transcription.si.edu)), other Smithsonian websites, and third-party sites on which it maintains a presence ("SI Websites") in support of its mission for the "increase and diffusion of knowledge." The Smithsonian invites visitors to use its online content for personal, educational and other non-commercial purposes. By using this website, you accept and agree to abide by the [following terms](#).

- If sharing the material in personal and educational contexts, please cite the Smithsonian National Air and Space Museum Archives as source of the content and the project title as provided at the top of the document. Include the accession number or collection name; when possible, link to the Smithsonian National Air and Space Museum Archives website.
- If you wish to use this material in a for-profit publication, exhibition, or online project, please contact Smithsonian National Air and Space Museum Archives or [transcribe@si.edu](mailto:transcribe@si.edu)

For more information on this project and related material, contact the Smithsonian National Air and Space Museum Archives. [See this project](#) and other collections in the Smithsonian Transcription Center.

## Capital Financing

The additional capital financing required for the purchase of the first four Boeing V-107's and related spare engines and parts was secured through the bank loan described in greater detail in our 1961 Annual Report and in the financial statements presented herewith. A fifth V-107 is expected to be delivered within the next several months. The Company also holds favorable options from The Boeing Company for the purchase of additional V-107's as the growth of our services may require. Negotiations are in progress with a number of capital sources with a view to securing the financing required for fleet expansion purposes.

## Financial Results

Operations during the year under review have resulted in a net loss of \$377,629. The Company's services were inaugurated in the latter part of 1952 and for that partial year, and for each of the succeeding eight calendar years, our final financial statements showed modest profits. This represented an outstanding accomplishment. For example, during the same nine years, of the fifteen other subsidized air carriers performing helicopter and local services, only one had a similarly unbroken record of profitable operations. Now, however, this favorable record has been interrupted as a combined result of transitional equipment difficulties and the untimely reduction by the Federal government of subsidy support.

As previously reported, in January, 1960, your Company entered into contracts with Vertol Aircraft Corporation (since merged into The Boeing Company) for the purchase of the V-107's. In order to take full advantage of this new equipment during the high traffic season of 1961, these contracts called for delivery of the initial fleet in the spring of that year. However, equipment deliveries were subjected to repeated delays, with the result that the first aircraft delivery eventually fell behind the original schedule by almost a year and the fourth by nearly a year and a half. This resulted in the necessity of continuing operations with the obsolete V-44's as well as loss of effective access to the high season traffic both in 1961 and 1962.

In addition, still more adverse developments were in store. By the end of January 1961 an informal approval had been secured from the Civil Aeronautics Board of our Boeing V-107 conversion program. It was understood that this approval was to be followed promptly by a formal Board order providing some \$3.4 million in Federal subsidy support for the first year of operations with the new fleet.

If the V-107's had been ready for delivery at that time, there is no reason to doubt that the subsidy order would have been issued in the spring of 1961 as originally planned. However, this action was never taken. In the summer of that year Congress imposed a drastic reduction of the appropriations available for subsidy support of the helicopter services in New York, Los Angeles and Chicago, which (as previously reported) required the three carriers to effect a retrenchment of both their existing and prospective operations. Moreover, in 1962 Congress reduced the helicopter subsidy appropriation still further. As a result, the subsidy available to New York Airways in support of the initial V-107 operations has now been cut from the \$3.4 million which was to have been provided pursuant to the Board's approval of January 1961, to the

## Capital Financing

The additional capital financing required for the purchase of the first four Boeing V-107's and related spare engines and parts was secured through the bank loan described in greater detail in our 1961 Annual Report and in the financial statements presented herewith. A fifth V-107 is expected to be delivered within the next several months. The Company also holds favorable options from The Boeing Company for the purchase of additional V-107's as the growth of our services may require. Negotiations are in progress with a number of capital sources with a view to securing the financing required for fleet expansion purposes.

## Financial Results

Operations during the year under review have resulted in a net loss of \$377,629. The Company's services were inaugurated in the latter part of 1952 and for that partial year, and for each of the succeeding eight calendar years, our final financial statements showed modest profits. This represented an outstanding accomplishment. For example, during the same nine years, of the fifteen other subsidized air carriers performing helicopter and local services, only one had a similarly unbroken record of profitable operations. Now, however, this favorable record has been interrupted as a combined result of transitional equipment difficulties and the untimely reduction by the Federal government of subsidy support.

As previously reported, in January, 1960, your Company entered into contracts with Vertol Aircraft Corporation (since merged into The Boeing Company) for the purchase of the V-107's. In order to take full advantage of this new equipment during the high traffic season of 1961, these contracts called for delivery of the initial fleet in the spring of that year. However, equipment deliveries were subjected to repeated delays, with the result that the first aircraft delivery eventually fell behind the original schedule by almost a year and the fourth by nearly a year and a half. This resulted in the necessity of continuing operations with the obsolete V-44's as well as loss of effective access to the high season traffic both in 1961 and in 1962.

In addition, still more adverse developments were in store. By the end of January 1961 an informal approval had been secured from the Civil Aeronautics Board of our Boeing V-107 conversion program. It was understood that this approval was to be followed promptly by a formal Board order providing some \$3.4 million in Federal subsidy support for the first year of operations with the new fleet.

If the V-107's had been ready for delivery at that time, there is no reason to doubt that the subsidy order would have been issued in the spring of 1961 as originally planned. However, this action was never taken. In the summer of that year Congress imposed a drastic reduction of the appropriations available for subsidy support of the helicopter services in New York, Los Angeles and Chicago, which (as previously reported) required the three carriers to effect a retrenchment of both their existing and prospective operations. Moreover, in 1962 Congress reduced the helicopter subsidy appropriation still further. As a result, the subsidy available to New York Airways in support of the initial V-107 operations has now been cut from the \$3.4 million which was to have been provided pursuant to the Board's approval of January 1961, to the amount of \$2,019,000—a reduction of more than \$1.3 million or 49%.

amount of \$2,019,000—a reduction of more than \$1.3 million or 40%.

6

New York Airways Collection - Reports, Annual Reports, 1961-1963  
Transcribed and Reviewed by Digital Volunteers  
Extracted Apr-17-2024 03:05:00



## Smithsonian Institution

*Smithsonian National Air and Space Museum Archives*

The mission of the Smithsonian is the increase and diffusion of knowledge - shaping the future by preserving our heritage, discovering new knowledge, and sharing our resources with the world. Founded in 1846, the Smithsonian is the world's largest museum and research complex, consisting of 19 museums and galleries, the National Zoological Park, and nine research facilities. Become an active part of our mission through the Transcription Center. Together, we are discovering secrets hidden deep inside our collections that illuminate our history and our world.

Join us!

The Transcription Center: <https://transcription.si.edu>

On Facebook: <https://www.facebook.com/SmithsonianTranscriptionCenter>

On Twitter: [@TranscribeSI](https://twitter.com/TranscribeSI)

Connect with the Smithsonian

Smithsonian Institution: [www.si.edu](http://www.si.edu)

On Facebook: <https://www.facebook.com/Smithsonian>

On Twitter: [@smithsonian](https://twitter.com/smithsonian)