

THE ACCESS FUND

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2019

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

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FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2019

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April 20, 2020

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Access Fund
Boulder, Colorado

We have audited the accompanying financial statements of **The Access Fund** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the six months 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.

Auditor's Responsibility

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

Taylor, Roth and Company, PLLC
Certified Public Accountants
working exclusively with nonprofit organizations

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Access Fund as of June 30, 2019, and the changes in its net assets and its cash flows for the six months then ended in accordance with accounting principles generally accepted in the United States of America.

Taylor Roth and Company PLLC
TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

THE ACCESS FUND
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

	<u>Amount</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 1,702,508
Donations receivable	73,769
Loans receivable (Note 3)	443,966
Prepaid expenses	37,975
Inventory (Note 4)	22,194
Inventory - land - (Note 4)	346,436
Security deposit	17,046
Investments (Note 5)	590,500
Net property and equipment (Note 6)	154,084
Total assets	\$ 3,388,478
 <u>Liabilities and net assets</u>	
<u>Liabilities</u>	
Accounts payable	\$ 78,245
Payroll liabilities	140,730
Grants payable	594
Fiscal agent liability	78,750
Line of credit (Note 7)	-
Lease commitments (Note 8)	7,655
Total liabilities	305,974
 <u>Net assets</u>	
<u>Without donor restrictions</u>	
Undesignated	1,512,189
Board designated reserve (Note 9)	125,000
	1,637,189
<u>With donor restrictions (Note 10)</u>	1,445,315
Total net assets	3,082,504
Total liabilities and net assets	\$ 3,388,478

The accompanying notes are an integral part of these financial statements

THE ACCESS FUND
STATEMENT OF ACTIVITIES
FOR THE SIX MONTHS ENDED JUNE 30, 2019

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<u>Revenue and other support</u>			
Corporate sponsorship	\$ 695,131	\$ -	\$ 695,131
Grants and contributions	223,443	214,421	437,864
Membership	283,503	-	283,503
Special event income	49,980	-	49,980
Investment income	46,689	-	46,689
Contract	33,600	-	33,600
Merchandise sales (Note 12)	(19,565)	-	(19,565)
Other	4,391	-	4,391
In-kind (Note 11)	75,441	-	75,441
Net assets released from restrictions (Note 10)	262,710	(262,710)	-
	<u>1,655,323</u>	<u>(48,289)</u>	<u>1,607,034</u>
<u>Expense</u>			
Program services			
Stewardship and conservation	426,415	-	426,415
Climbing management policy	391,919	-	391,919
Local support and mobilization	114,172	-	114,172
Land acquisition and protection	106,267	-	106,267
	<u>1,038,773</u>	<u>-</u>	<u>1,038,773</u>
Management and general	156,648	-	156,648
Fund-raising	273,904	-	273,904
	<u>1,469,325</u>	<u>-</u>	<u>1,469,325</u>
Total expense	<u>1,469,325</u>	<u>-</u>	<u>1,469,325</u>
Change in net assets	185,998	(48,289)	137,709
Net assets, beginning of year	<u>1,451,191</u>	<u>1,493,604</u>	<u>2,944,795</u>
Net assets, end of year	<u>\$ 1,637,189</u>	<u>\$1,445,315</u>	<u>\$3,082,504</u>

The accompanying notes are an integral part of these financial statements

THE ACCESS FUND
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE SIX MONTHS ENDED JUNE 30, 2019

	Program Services					Supporting Services		
	Stewardship and Conservation	Climbing Management Policy	Local Support & Mobilization	Land Acquisition & Protection	Total Program	Management and General	Fund- raising	Total
Salaries	\$ 207,106	\$ 227,911	\$ 64,213	\$ 58,897	\$ 558,127	\$ 83,782	\$ 107,935	\$ 749,844
Payroll taxes and benefits	39,422	40,339	14,281	9,603	103,645	14,210	18,603	136,458
Travel	32,564	14,239	8,571	5,865	61,239	3,827	25,072	90,138
Professional and legal	14,802	34,157	2,963	2,805	54,727	9,885	17,390	82,002
In-kind supplies	21,907	5,909	1,716	4,062	33,594	515	41,332	75,441
Equipment and software	10,085	9,886	2,695	2,758	25,424	6,244	13,553	45,221
Rent and utilities	7,917	7,514	2,182	2,049	19,662	9,831	9,831	39,324
Conferences, events and trade show	11,046	4,830	2,907	1,989	20,772	1,298	8,705	30,775
Grants	11,852	11,249	3,266	3,068	29,435	-	-	29,435
Office and program supplies	7,925	1,533	1,312	6,599	17,369	4,664	5,563	27,596
Printing	8,929	8,227	3,275	2,262	22,693	125	1,633	24,451
Postage	7,113	5,621	1,354	1,533	15,621	4,569	2,888	23,078
Insurance	4,909	3,119	787	1,281	10,096	7,073	3,465	20,634
Bank fees	3,678	3,491	1,013	993	9,175	466	9,055	18,696
Accounting	1,711	6,173	471	447	8,802	1,840	3,185	13,827
Dues and subscriptions	2,476	4,350	682	641	8,149	1,870	3,560	13,579
Telephone	1,922	1,520	563	515	4,520	3,199	563	8,282
Design and editing	2,440	1,851	-	505	4,796	921	493	6,210
Land management	-	-	-	395	395	266	-	661
Interest	-	-	-	-	-	139	-	139
Other	-	-	-	-	-	846	-	846
	397,804	391,919	112,251	106,267	1,008,241	155,570	272,826	1,436,637
Depreciation	28,611	-	1,921	-	30,532	1,078	1,078	32,688
Total	\$ 426,415	\$ 391,919	\$ 114,172	\$ 106,267	\$ 1,038,773	\$ 156,648	\$ 273,904	\$ 1,469,325

The accompanying notes are an integral part of these financial statements

THE ACCESS FUND
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2019

	Amount
<u>Cash flows from operating activities</u>	
Change in net assets	\$ 137,709
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	32,688
Loss on disposal of assets	13,519
Unrealized and realized loss(gain) on investments	(33,634)
<u>Changes in operating assets and liabilities</u>	
(Increase)decrease in accounts and loans receivable	162,317
(Increase)decrease in prepaid expenses	(32,844)
(Increase)decrease in inventory	33,410
Increase(decrease) in accounts payable	(55,969)
Increase(decrease) in payroll liabilities	81,645
Increase(decrease) in fiscal agent liabilities	855
Increase(decrease) in grants payable	(3,500)
Net cash provided(used) by operating activities	336,196
<u>Cash flows from investing activities</u>	
(Additions) to fixed assets	(39,485)
(Reinvestment) of interest and dividends	(7,009)
Net cash provided(used) by investing activities	(46,494)
<u>Cash flows from financing activities</u>	
Repayment on note payable	(1,834)
Net cash provided by financing activities	(1,834)
Net increase(decrease) in cash and cash equivalents	287,868
Cash and cash equivalents, beginning of year	1,414,640
Cash and cash equivalents, end of year	\$ 1,702,508
<u>Supplemental disclosure of information:</u>	
Cash paid during the period for interest	\$ 139
Assets acquired by capital lease	\$ 3,604

The accompanying notes are an integral part of these financial statements

THE ACCESS FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - NATURE OF ACTIVITIES

The Access Fund (the Organization, dba Access Fund) is a national nonprofit organization dedicated to keeping climbing areas open and conserving the climbing environment. Preserving the opportunity to climb and the diversity of the climbing experience are fundamental to the mission of The Access Fund. Working in cooperation with climbers, other recreational users, public land managers, and private landowners, The Access Fund promotes responsible use and sound management of climbing resources throughout the United States. The Access Fund encourages an ethic of personal responsibility, self regulation, strong conservation values, and minimum impact practices among climbers. The Organization is primarily supported through contributions from corporations, individuals, and membership dues.

- Stewardship and Conservation – The Access Fund partners with land managers and local climbing organizations across the country to improve sustainability and address environmental impacts at climbing areas. The Access Fund/Jeep Conservation Teams travel the country assessing climbing area conservation needs, working with locals to address those needs, and providing stewardship best practices. Additionally, the Access Fund helps organize volunteer events across the country. Our stewardship volunteer program, Adopt a Crag, unites local climbing communities in partnerships with land managers to conserve their local climbing areas.
- Land Acquisition and Protection – The Access Fund Climbing Conservation Loan Program is the first-ever revolving loan program that provides local climbing organizations and other agencies with the funds and expertise to act quickly to save threatened climbing areas. In special circumstances, The Access Fund will hold endangered property on behalf of the climbing community. As of 6.30.19, The Access Fund retained 4 landholdings and 9 easements.
- Climbing Management Policy – The Access Fund works with legislators, members of the administration, state agencies, tribal governments, and officials from the US Forest Service, National Park Service, and Bureau of Land Management to make sure that climbers' interests are represented in public land planning. We work directly with these officials to educate and advocate for management strategies that balance climbing access with resource conservation, responsible placement and replacement of fixed anchors, sustainable care and management of climbing areas, and recognition of the social and economic benefits of climbing. Access Fund also works with local and regional land managers on climbing management planning and stewardship of climbing areas.
- Education – The Access Fund advances climber education through the lens of minimum impact behaviors so that climbers become better stewards of the nation's climbing resources. Through social media outreach, print publications, and the Vertical Times Newsletter, we provide up-to-date news on policy, area reports, events, action alerts, grants, and more.
- Local Support and Mobilization – The Access Fund works to empower local advocates to join together and form local climbing organizations. The Access Fund supports these local groups with grants, one-on-one guidance when an access issue occurs, educational resources, stewardship programs, and consulting on political, legal, and regulatory issues. The Access Fund regularly hosts conferences and summits, which bring together land managers and climbers from across the country to share best practices in climbing stewardship, land conservation, policy, local support and mobilization, and volunteer management.

NOTE 1 - NATURE OF ACTIVITIES - (Concluded)

- Risk Management and Landowner Support – The Access Fund works with private and public landowners on tools and strategies to mitigate both real and perceived risks of climbing—giving them the confidence and protections they need to open their land to public access. The Access Fund works to strengthen state recreational use statutes and helps landowners implement waiver systems and other types of access agreements to mitigate risks.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

The financial statements of The Access Fund have been prepared in accordance with U.S. generally accepted accounting principles which require the Organization to report its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Accounts Receivable

The Organization states accounts receivable at the amount management expects to collect from outstanding balances. Management has elected to write off bad debts utilizing the direct method and write off bad debts as they are incurred.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES – (Continued)

5. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for property and equipment, at cost, in excess of \$2,500. The fair value of donated assets is similarly capitalized. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

6. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

8. Functional Reporting of Expenses

For the six months ended June 30, 2019, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocations are determined by management on a rational and systematic basis. Salaries and benefits are allocated on a time and effort basis. All other costs are assigned directly to the program or functional area benefited.

10. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

11. Subsequent Events

Management has evaluated subsequent events through April 20, 2020, the date the report was available for distribution.

12. Fair Value Measurement

The Organization is subject to the provisions of the Fair Value Measurements and Disclosures accounting standard. This standard requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

13. Conservation Easements

The Organization holds conservation easements on nine properties in California, Kentucky, Colorado, Illinois, Texas, and New Hampshire. The Organization is responsible for monitoring the easements to ensure that their conditions are being followed. If any conditions of the easements are not followed, legal action by The Access Fund may be necessary.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES – (Continued)

14. New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for Profit Entities. The update addresses net asset classification, information about liquidity, information provided about expenses, and consistency in reporting investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 3 - LOANS RECEIVABLE

The Organization makes loans to local climbing organizations to purchase property. Each loan is charged annual interest of 0% - 5% and is secured by the property and other financial assets. Management believes the present value discount is not material to these financial statements. Management has evaluated these loans and does not believe an allowance for doubtful accounts is needed. The remaining amounts of the loans are to be received as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$ 260,139
2021	<u>183,827</u>
Total	<u>\$ 443,966</u>

NOTE 4 - INVENTORY

The Organization has inventory that consists of land held for sale, t-shirts, water bottles, books and hats, and is stated at the lower of cost or net realizable value.

NOTE 5 - INVESTMENTS

At year-end, investments are stated at their fair values (level 1 input) and consist of:

<u>Description</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Appreciation (Depreciation)</u>
Cash and cash equivalents	\$ 30,617	\$ 30,617	\$ -
Stocks, bonds, and mutual funds	312,061	317,207	5,146
Exchange traded funds	<u>227,248</u>	<u>242,676</u>	<u>15,428</u>
Total	<u>\$ 569,926</u>	<u>\$ 590,500</u>	<u>\$ 20,574</u>

NOTE 5 - INVESTMENTS (Continued)

Investment income and account activity is summarized as follows:

<u>Description</u>	<u>Amount</u>
Beginning balance	<u>\$ 549,857</u>
Interest and dividends	7,009
Unrealized gains	33,820
Fees	<u>(186)</u>
Investment return	<u>40,643</u>
Balance, end of year	<u>\$ 590,500</u>

Additionally, during the year, the Organization earned interest income of \$6,046 on its cash, cash equivalents and loans receivable.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Land	\$ 27,405
Website and database	196,752
Vehicles	126,405
Equipment	<u>11,023</u>
Total	361,585
Less: accumulated depreciation	<u>(207,501)</u>
Net property and equipment	<u>\$ 154,084</u>

Depreciation expense for the year was \$32,688.

NOTE 7 - LINE OF CREDIT

There is no current balance on a \$150,000 revolving line-of-credit at Wells Fargo Bank, at an interest rate prime plus 2 percent.

NOTE 8 - LEASE COMMITMENTS

The Organization leases office space in Boulder Colorado. Total lease payments on the lease are \$650,612 for the period 4/1/16 through 3/31/23. The lease is shared with the American Mountain Guides Association (AMGA). A memorandum of understanding exists between the organizations to split the cost of the lease with 51 percent being covered by The Access Fund. The future minimum lease payments below do not account for this memorandum.

<u>Fiscal</u> <u>Year</u>	<u>Amount</u>
2020	\$ 93,649
2021	96,465
2022	99,282
2023	<u>76,046</u>
Total	<u>\$ 365,442</u>

Additionally, the Organization has leased a copier and a postage meter. The future minimum lease payments remaining are as follows:

<u>Fiscal</u> <u>Year</u>	<u>Copier</u>	<u>Postage</u> <u>Meter</u>	<u>Amount</u>
2020	\$ 1,680	\$ 1,668	\$ 3,348
2021	1,680	1,668	3,348
2022	<u>1,260</u>	<u>139</u>	<u>1,399</u>
Total	4,620	3,475	8,095
Less: amount representing interest	<u>(312)</u>	<u>(128)</u>	<u>(440)</u>
Present value of capital lease obligations	<u>\$ 4,308</u>	<u>\$ 3,347</u>	<u>\$ 7,655</u>

NOTE 9 - BOARD DESIGNATED RESERVE

The Board of Directors has designated an operating reserve of \$125,000, which is invested in stock and money market funds at Charles Schwab. Withdrawals require a majority vote of the Board of Directors. Earnings of the reserve may be used for operations of the Organization.

NOTE 10 - RECONCILIATION OF NET ASSETS WITH DONOR RESTRICTIONS

During the year, net assets were released from donor restrictions by incurring expenses satisfying the restricted program purposes. The Organization ended the year with donor restricted net assets available for the following purposes:

<u>Description</u>	<u>Beginning Net Assets With Donor Restrictions</u>	<u>Income</u>	<u>Net Assets Released From Restrictions</u>	<u>Ending Net Assets With Donor Restrictions</u>
Land conservation campaign	\$ 1,243,301	\$ 32,377	\$ 11,933	\$ 1,263,745
Legal stewardship and defense	79,636	20,000	-	99,636
Land conservation - stewardship	115,346	71,112	155,459	30,999
Access Fund education	26,557	-	667	25,890
Texas initiative	-	44,293	28,012	16,281
Ghiselli Scholarship fund	8,764	-	-	8,764
Climbing conservation grant	20,000	-	20,000	-
Policy	-	<u>46,639</u>	<u>46,639</u>	-
Total	<u>\$ 1,493,604</u>	<u>\$ 214,421</u>	<u>\$ 262,710</u>	<u>\$ 1,445,315</u>

NOTE 11 - IN-KIND CONTRIBUTIONS

Donated services and materials are reflected in the accompanying statements at their estimated values at date of receipt. The value of donated services and materials included in the financial statements and the corresponding expenses for the six months ending June 30, 2019 are as follows:

<u>Description</u>	<u>Amount</u>
Donated products	\$ 58,122
Donated legal	<u>17,319</u>
Total	<u>\$ 75,411</u>

Additionally, The Organization has entered into a lawsuit against the United States government to preserve public lands. Legal services have been provided pro bono to benefit the entire group of litigants.

NOTE 12 - MERCHANDISE SALES

<u>Description</u>	<u>Amount</u>
Merchandise sales	\$ 7,552
Cost of goods sold	<u>(27,117)</u>
Net merchandise sales	<u>\$ (19,565)</u>

NOTE 13 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30, 2019.

The Organization also considers all contributions with donor restrictions as available for general operations within the next year:

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 1,702,508
Investments	590,500
Loans receivable within one year	260,139
Donations receivable	<u>87,769</u>
Total financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,640,916</u>

The Organization's goal is generally to maintain financial assets sufficient to meet 60 days of operating expenses.

NOTE 14 - ACCOUNTING PERIOD CHANGE

The Organization has elected to change their accounting period to better align with operational cycles. The new fiscal year end is June 30. As a result of the accounting period change, the financial statements presented are for the period of January 1, 2019 through June 30, 2019.

NOTE 15 - PRIOR PERIOD ADJUSTMENT

The December 31, 2018 Financial Statements have been restated due to additional information being available subsequent to the issuance of the audited Financial Statements. The net effect on the prior year undesignated net assets is an increase of \$24,185 and is related to adjustments to the carrying value of land inventory.