

CONSOLIDATED FINANCIAL STATEMENTS

**THE GRAND CANYON TRUST AND
NORTH RIM RANCH, LLC**

**FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Grand Canyon Trust and North Rim Ranch, LLC
Flagstaff, Arizona

Opinion

We have audited the accompanying consolidated financial statements of The Grand Canyon Trust and North Rim Ranch, LLC (collectively, the Organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2023 and 2022, and the consolidated changes in its net assets and its consolidated 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards will always detect a material misstatement when it exists.

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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, including omissions, 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Schedule of Financial Position and Consolidating Schedule of Activities on pages 25 and 26 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



August 23, 2024

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022

ASSETS		
	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,546,511	\$ 4,258,237
Contributions receivable	1,050,000	1,209,826
Livestock inventory	309,777	236,006
Prepaid expenses	<u>192,122</u>	<u>207,189</u>
Total current assets	<u>10,098,410</u>	<u>5,911,258</u>
PROPERTY, EQUIPMENT AND BREEDING HERD		
Property and equipment, net	1,110,727	1,206,622
Breeding cattle, net of accumulated depreciation of \$176,265 and \$159,558 for 2023 and 2022, respectively	<u>51,447</u>	<u>78,261</u>
Net property, equipment and breeding herd	<u>1,162,174</u>	<u>1,284,883</u>
OTHER NONCURRENT ASSETS		
Contributions receivable, net	2,850,169	3,771,236
Investments - Long-term:		
Sustaining Fund	7,263,267	5,757,237
Grand Canyon Trust Endowment	26,177,076	17,536,756
Alice Wyss Fund	1,488,434	1,276,040
Conservation easements	2,295,000	2,295,000
Beneficial interest in remainder trust	<u>35,501</u>	<u>38,111</u>
Total other noncurrent assets	<u>40,109,447</u>	<u>30,674,380</u>
TOTAL ASSETS	<u>\$ 51,370,031</u>	<u>\$ 37,870,521</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 100,001	\$ 68,085
Accrued expenses	<u>275,468</u>	<u>383,839</u>
Total liabilities	<u>375,469</u>	<u>451,924</u>
NET ASSETS		
Without donor restrictions:		
Board-designated operating reserve	7,263,267	5,757,237
Board-designated endowment	23,738,001	16,411,438
Undesignated	<u>8,929,159</u>	<u>4,406,802</u>
Total without donor restrictions	39,930,427	26,575,477
With donor restrictions	10,780,696	10,639,582
Non-controlling interest	<u>283,439</u>	<u>203,538</u>
Total net assets	<u>50,994,562</u>	<u>37,418,597</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 51,370,031</u>	<u>\$ 37,870,521</u>

See accompanying notes to consolidated financial statements.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants and contributions	\$ 12,311,595	\$ 3,142,618	\$ 15,454,213
Membership contributions	318,064	-	318,064
Investment return, net	3,734,676	473,726	4,208,402
Cattle loss, net of cost of sales of \$156,073	(18,365)	-	(18,365)
Other revenue	362,401	-	362,401
Change in value of beneficial interest in remainder trust	(2,610)	-	(2,610)
Net assets released from donor restrictions	<u>3,475,230</u>	<u>(3,475,230)</u>	<u>-</u>
Total support and revenue	<u>20,180,991</u>	<u>141,114</u>	<u>20,322,105</u>
EXPENSES			
Program Services:			
Programs	4,409,388	-	4,409,388
Education	<u>406,997</u>	<u>-</u>	<u>406,997</u>
Total program services	<u>4,816,385</u>	<u>-</u>	<u>4,816,385</u>
Supporting Services:			
Development and Membership	889,460	-	889,460
General and Administrative	<u>1,136,712</u>	<u>-</u>	<u>1,136,712</u>
Total supporting services	<u>2,026,172</u>	<u>-</u>	<u>2,026,172</u>
Total expenses	<u>6,842,557</u>	<u>-</u>	<u>6,842,557</u>
Changes in net assets from operations before non-controlling interest	13,338,434	141,114	13,479,548
Add: Changes in net assets attributable to non-controlling interest	<u>16,516</u>	<u>-</u>	<u>16,516</u>
CHANGES IN NET ASSETS	<u>\$ 13,354,950</u>	<u>\$ 141,114</u>	<u>\$ 13,496,064</u>

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants and contributions	\$ 6,604,711	\$ 5,504,912	\$ 12,109,623
Membership contributions	341,855	3,700	345,555
Investment return, net	(3,665,716)	(416,973)	(4,082,689)
Contributed nonfinancial assets	3,650	-	3,650
Cattle revenue, net of cost of sales of \$265,526	41,741	-	41,741
Other revenue	98,576	-	98,576
Change in value of beneficial interest in remainder trust	(5,083)	-	(5,083)
Net assets released from donor restrictions	<u>1,124,596</u>	<u>(1,124,596)</u>	<u>-</u>
Total support and revenue	<u>4,544,330</u>	<u>3,967,043</u>	<u>8,511,373</u>
EXPENSES			
Program Services:			
Programs	3,997,090	-	3,997,090
Education	<u>479,038</u>	<u>-</u>	<u>479,038</u>
Total program services	<u>4,476,128</u>	<u>-</u>	<u>4,476,128</u>
Supporting Services:			
Development and Membership	805,191	-	805,191
General and Administrative	<u>712,041</u>	<u>-</u>	<u>712,041</u>
Total supporting services	<u>1,517,232</u>	<u>-</u>	<u>1,517,232</u>
Total expenses	<u>5,993,360</u>	<u>-</u>	<u>5,993,360</u>
Changes in net assets from operations before non-controlling interest	(1,449,030)	3,967,043	2,518,013
Add: Changes in net assets attributable to non-controlling interest	<u>7,757</u>	<u>-</u>	<u>7,757</u>
CHANGES IN NET ASSETS	<u>\$ (1,441,273)</u>	<u>\$ 3,967,043</u>	<u>\$ 2,525,770</u>

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Non- Controlling Interest</u>	<u>Total Net Assets</u>
Balance, December 31, 2021	\$ 28,016,750	\$ 6,672,539	\$ 185,551	\$ 34,874,840
Changes in net assets	(1,441,273)	3,967,043	(7,757)	2,518,013
Net contributions	<u>-</u>	<u>-</u>	<u>25,744</u>	<u>25,744</u>
Balance, December 31, 2022	26,575,477	10,639,582	203,538	37,418,597
Changes in net assets	13,354,950	141,114	(16,516)	13,479,548
Net contributions	<u>-</u>	<u>-</u>	<u>96,417</u>	<u>96,417</u>
BALANCE, DECEMBER 31, 2023	<u>\$ 39,930,427</u>	<u>\$ 10,780,696</u>	<u>\$ 283,439</u>	<u>\$ 50,994,562</u>

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services			Supporting Services			Total Expenses
	Programs	Education	Total Program Services	Development and Membership	General and Administrative	Total Supporting Services	
Employee compensation and taxes	\$ 3,029,340	\$ 313,618	\$ 3,342,958	\$ 573,491	\$ 641,181	\$ 1,214,672	\$ 4,557,630
Activities	14,052	740	14,792	2,100	-	2,100	16,892
Advertising	92,135	919	93,054	5,488	3,744	9,232	102,286
Bank charges	228	-	228	-	20,527	20,527	20,755
Board expenses	-	-	-	-	12,536	12,536	12,536
Books, publications, slides, and maps	2,122	1,782	3,904	1,008	67	1,075	4,979
Depreciation and amortization	72,402	-	72,402	-	77,287	77,287	149,689
Fees, licenses, and dues	41,574	41,662	83,236	7,742	45,676	53,418	136,654
Grants and contributions	82,500	-	82,500	-	-	-	82,500
Honorarium	51,741	5,973	57,714	625	-	625	58,339
Insurance	5,007	-	5,007	-	35,877	35,877	40,884
Legal, consulting, and professional fees	604,224	8,559	612,783	22,128	39,220	61,348	674,131
Meeting, conferences, and events	66,276	2,757	69,033	6,084	30,639	36,723	105,756
Miscellaneous	3,261	-	3,261	1,142	-	1,142	4,403
Office and information technology	6,336	373	6,709	1,476	26,426	27,902	34,611
Printing, postage, and mailing	32,376	23,875	56,251	43,051	16,582	59,633	115,884
Rent	-	-	-	177	36,806	36,983	36,983
Repairs and maintenance	5,298	-	5,298	-	59,143	59,143	64,441
Supplies	19,821	54	19,875	738	404	1,142	21,017
Taxes	6,452	-	6,452	-	-	-	6,452
Travel and meals	259,734	5,978	265,712	222,978	49,903	272,881	538,593
Utilities	9,745	707	10,452	1,212	39,561	40,773	51,225
Vehicle	4,764	-	4,764	20	1,133	1,153	5,917
TOTAL	\$ 4,409,388	\$ 406,997	\$ 4,816,385	\$ 889,460	\$ 1,136,712	\$ 2,026,172	\$ 6,842,557

See accompanying notes to consolidated financial statements.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services			Supporting Services			Total Expenses
	Programs	Education	Total Program Services	Development and Membership	General and Administrative	Total Supporting Services	
Employee compensation and taxes	\$ 2,823,534	\$ 304,142	\$ 3,127,676	\$ 575,219	\$ 405,782	\$ 981,001	\$ 4,108,677
Activities	9,471	-	9,471	-	-	-	9,471
Advertising	3,572	640	4,212	1,103	2,212	3,315	7,527
Bank charges	228	-	228	-	18,855	18,855	19,083
Board expenses	625	-	625	-	16,127	16,127	16,752
Books, publications, slides, and maps	2,905	1,647	4,552	616	18	634	5,186
Depreciation and amortization	124,740	5,500	130,240	10,401	9,101	19,502	149,742
Fees, licenses, and dues	36,612	31,816	68,428	9,248	35,094	44,342	112,770
Grants and contributions	18,040	-	18,040	-	-	-	18,040
Honorarium	32,833	5,296	38,129	1,810	350	2,160	40,289
Insurance	5,430	-	5,430	-	29,542	29,542	34,972
Legal, consulting, and professional fees	538,625	16,881	555,506	10,897	103,559	114,456	669,962
Meeting, conferences, and events	86,867	50	86,917	2,851	33,122	35,973	122,890
Miscellaneous	39	13	52	126	-	126	178
Office and information technology	23,454	2,219	25,673	5,135	3,628	8,763	34,436
Printing, postage, and mailing	18,739	29,331	48,070	47,585	18,879	66,464	114,534
Rent	23,872	2,571	26,443	4,863	4,255	9,118	35,561
Repairs and maintenance	25,813	2,770	28,583	5,239	4,585	9,824	38,407
Supplies	12,286	2,098	14,384	213	493	706	15,090
Taxes	6,344	-	6,344	-	-	-	6,344
Travel and meals	169,552	70,751	240,303	120,990	21,426	142,416	382,719
Utilities	33,089	3,313	36,402	6,215	5,013	11,228	47,630
Vehicle	420	-	420	2,680	-	2,680	3,100
TOTAL	\$ 3,997,090	\$ 479,038	\$ 4,476,128	\$ 805,191	\$ 712,041	\$ 1,517,232	\$ 5,993,360

See accompanying notes to consolidated financial statements.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 13,479,548	\$ 2,518,013
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	149,689	149,742
Realized and unrealized (gain) loss on investments	(3,231,974)	4,626,055
Gain on disposal of livestock	(22,374)	(45,121)
Change in discount on contribution receivables	(199,832)	(328,764)
Loss (gain) on disposal of assets	2,457	(146)
Change in value of beneficial interest in remainder trust	2,610	5,083
Noncash contributions of securities	(330,599)	(272,389)
Proceeds from sale of contributed investments	330,599	272,389
Donor restricted endowment contributions	(1,033,065)	(179,360)
Decrease (increase) in:		
Contributions receivable	1,280,725	(4,282,714)
Accounts receivable	-	21,250
Livestock inventory	(73,771)	(7,077)
Prepaid expenses	15,067	(44,232)
Increase (decrease) in:		
Accounts payable	31,916	(45,136)
Accrued expenses	<u>(108,371)</u>	<u>40,031</u>
Net cash provided by operating activities	<u>10,292,625</u>	<u>2,427,624</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	-	800
Purchases of investments	(8,341,061)	(4,572,059)
Proceeds from sale of investments	1,214,291	551,793
Purchases of property and equipment	(25,239)	(25,092)
Proceeds from sale of cattle	22,976	47,889
Purchase of cattle	<u>(4,800)</u>	<u>(63,176)</u>
Net cash used by investing activities	<u>(7,133,833)</u>	<u>(4,059,845)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Donor restricted endowment contributions	1,033,065	179,360
Net proceeds of capital	<u>96,417</u>	<u>25,744</u>
Net cash provided by financing activities	<u>1,129,482</u>	<u>205,104</u>
Net increase (decrease) in cash and cash equivalents	4,288,274	(1,427,117)
Cash and cash equivalents at beginning of year	<u>4,258,237</u>	<u>5,685,354</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 8,546,511</u>	<u>\$ 4,258,237</u>

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Grand Canyon Trust (the "Trust")

The Trust was organized in 1985 as a not-for-profit entity incorporated in the state of Arizona. The mission of The Grand Canyon Trust is to safeguard the wonders of The Grand Canyon and the Colorado Plateau, while supporting the rights of its Native peoples. The Trust's main office is located in Flagstaff, Arizona. In addition, the Trust maintains representatives in Utah, Colorado, and New Mexico.

North Rim Ranch, LLC (the "Ranch")

The Trust partnered with the Conservation Fund to create the Ranch, an Arizona limited liability company that began operations on September 28, 2005. After buying-out the Conservation Fund's interest on October 22, 2009, the Trust remained as sole member of the Ranch until admitting a new partner on October 7, 2011. The Ranch is engaged in the business of owning, leasing, managing, conserving and improving certain properties known as the Kane Ranch and the Two Mile Ranch located in Coconino County, Arizona and Kane County, Utah. The activities of the Ranch include livestock grazing consistent with the requirements of state and federal grazing leases and permits. The Trust was allocated 88% of the net loss of the Ranch during the years ended December 31, 2023 and 2022. In 2023 and 2022, the Trust did not transfer any of its equity in the Ranch to the other member to fund its capital deficit.

Principles of consolidation -

The accounts of The Grand Canyon Trust have been consolidated with the North Rim Ranch, LLC (collectively, the Organization) pursuant to the criterion established by FASB ASC 958-810, Not-for-Profit Entities Consolidation. Under FASB ASC 958-810, consolidation is required if a separate not-for-profit organization has control (i.e., major voting interest) and significant economic interest in that other organization. All significant inter-company accounts and transactions have been eliminated in consolidation.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Basis of presentation (continued) -

- **Net Assets with Donor Restrictions (continued)** - Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments, including certificates of deposit, with maturities of three months or less to be cash equivalents, and excluding money market funds held by investment managers in the amount of \$117,163 and \$231,730 for the years ended December 31, 2023 and 2022, respectively.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Organization maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment return, which is presented net of investment expenses paid to external investment advisors, in the accompanying Consolidated Statements of Activities.

Investments acquired by gift are recorded at their fair value at the date of the gift. The Organization's policy is to liquidate all gifts of investments as soon as possible after the gift.

Contributions receivable -

Contributions receivable include unconditional promises to give that are expected to be collected in future years. Contributions receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term contributions receivable are computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in contributions.

Livestock inventory -

The livestock inventory consists of cattle and is held for sale. Inventory is stated at the lower of cost or net realizable value using the first in, first out (FIFO) method of valuation.

Property and equipment -

Property and equipment in excess of \$1,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years for equipment, ten to thirty years for buildings and improvements and five years for vehicles. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the years ended December 31, 2023 and 2022 totaled \$118,677 and \$119,376, respectively.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Breeding herd -

The breeding herd consists of purchased livestock and livestock raised on the ranch. Purchased livestock are initially recorded at cost. The cost of livestock raised is based on the accumulated cost of developing such livestock for production use. Livestock is considered mature at two years of age. Depreciation is computed using the straight-line method over their estimated lives of five years. Depreciation expense for the years ended December 31, 2023 and 2022 was \$31,012 and \$30,366, respectively.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is to its current value, and a loss is reported in the Consolidated Statement of Activities, to its current fair value.

Income taxes -

The Trust is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. The Organization is not a private foundation.

Grants and contributions -

The majority of the Organization's revenue is received through grants and contributions. Contributions are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

For grants qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying consolidated financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, the Organization had no refundable advances as of December 31, 2023 or 2022.

In addition, the Organization may obtain funding source agreements related to conditional contributions, which will be received in future years. However, the Organization had no conditional contributions to be received in future years as of December 31, 2023 or 2022.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Membership contributions -

Membership contributions are considered to be paid substantially in support of the mission of the organization and are treated as contributions.

Contributed nonfinancial assets -

Contributed nonfinancial assets are recorded at their fair value as of the date of the gift and consisted of contributed legal services. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. None of the contributed nonfinancial assets were restricted by donors and none of the donated goods were monetized through sale.

Use of estimates -

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of actual and estimated time and effort.

Investment risks and uncertainties -

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Investments recorded in the Consolidated Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There were no transfers between levels in the fair value hierarchy during the years ended December 31, 2023 and 2022. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market fund is an open-end fund that is registered with the Securities and Exchange Commission (SEC) and is deemed to be actively traded.
- *Mutual Funds and Exchange Traded Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by the Organization are deemed to be actively traded.

The table below summarizes, by level within the fair value hierarchy, the investments as of December 31, 2023.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 117,163	\$ -	\$ -	\$ 117,163
Equities mutual funds and exchange traded funds -				
Large growth funds	2,428,882	-	-	2,428,882
Large blend funds	9,190,884	-	-	9,190,884
Small/mid cap funds	1,623,292	-	-	1,623,292
International funds	4,795,459	-	-	4,795,459
Emerging markets funds	677,441	-	-	677,441
Fixed income mutual funds and exchange traded funds -				
Other debt securities and bond funds	14,630,916	-	-	14,630,916
Mutual funds (real estate and REIT)	1,464,740	-	-	1,464,740
Beneficial interest in remainder trust	-	-	35,501	35,501
TOTAL INVESTMENTS	<u>\$ 34,928,777</u>	<u>\$ -</u>	<u>\$ 35,501</u>	<u>\$ 34,964,278</u>

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The table below summarizes, by level within the fair value hierarchy, the investments as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 231,730	\$ -	\$ -	\$ 231,730
Equities mutual funds and exchange traded funds -				
Large growth funds	1,806,104	-	-	1,806,104
Large blend funds	6,325,200	-	-	6,325,200
Small/mid cap funds	1,093,187	-	-	1,093,187
International funds	3,705,716	-	-	3,705,716
Fixed income, fixed income funds and ETFs -				
Other debt securities and bond funds	10,506,930	-	-	10,506,930
Mutual funds (real estate and REIT)	901,166	-	-	901,166
Beneficial interest in remainder trust	<u>-</u>	<u>-</u>	<u>38,111</u>	<u>38,111</u>
TOTAL INVESTMENTS	<u>\$ 24,570,033</u>	<u>\$ -</u>	<u>\$ 38,111</u>	<u>\$ 24,608,144</u>

Level 3 Financial Assets

The following table provides a summary of changes in fair value of the Organization's financial assets for which level 3 inputs have been used:

Balance, December 31, 2021	\$ 43,194
Change in value of beneficial trust	<u>(5,083)</u>
Balance, December 31, 2022	38,111
Change in value of beneficial trust	<u>(2,610)</u>
BALANCE, DECEMBER 31, 2023	<u>\$ 35,501</u>

Included in investment return are the following:

	<u>2023</u>	<u>2022</u>
Net realized and unrealized gain (loss)	\$ 3,231,974	\$ (4,626,055)
Interest and dividends	1,009,634	593,790
Investment expenses provided by external investment advisors	<u>(33,206)</u>	<u>(50,424)</u>
TOTAL INVESTMENT RETURN	<u>\$ 4,208,402</u>	<u>\$ (4,082,689)</u>

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

3. CONTRIBUTIONS RECEIVABLE

As of December 31, 2023 and 2022, contributors to the Organization have made unconditional written promises to give, of which \$3,900,169 and \$4,981,062, respectively, remained due and outstanding.

Amounts due beyond one year of the Consolidated Statements of Financial Position date have been recorded at the present value of the estimated cash flows, using a discount rate range from 0.4% to 3.52%.

Following is a schedule of amounts due, by year, as of December 31, 2023 and 2022:

	2023	2022
Less than one year	\$ 1,050,000	\$ 1,209,826
One to five years	3,050,000	4,100,000
Total	4,100,000	5,309,826
Less: Allowance to discount balance to present value	(199,831)	(328,764)
CONTRIBUTIONS RECEIVABLE, NET	\$ 3,900,169	\$ 4,981,062

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2023 and 2022:

	2023	2022
Land-Office	\$ 119,500	\$ 119,500
Land-Program	382,206	382,206
Improvements	1,319,520	1,319,520
Buildings	1,875,649	1,875,649
Equipment	280,972	317,861
Vehicles	78,244	78,244
Total property and equipment	4,056,091	4,092,980
Less: Accumulated depreciation and amortization	(2,945,364)	(2,886,358)
NET PROPERTY AND EQUIPMENT	\$ 1,110,727	\$ 1,206,622

5. BENEFICIAL INTEREST IN REMAINDER TRUST

During 2004, the Organization was informed that it was a beneficiary of various charitable remainder trusts administered by a financial institution. During the term of the charitable remainder trust, the financial institution will make distributions to the grantor or other designated beneficiaries as required in the Trust document.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

5. BENEFICIAL INTEREST IN REMAINDER TRUST (Continued)

At the end of the charitable remainder trust's term, the assets will be distributed to the defined beneficiaries.

The Organization has recorded its 10% beneficial interest in the charitable remainder trusts at the Organization's share of the fair value of the assets, which was \$35,501 and \$38,111 as of December 31, 2023 and 2022, respectively.

The Organization has recorded the change in value of the beneficial interest in the remainder trust as a component of the change in net assets without donor restrictions in the Consolidated Statements of Activities and Changes in Net Assets.

6. CONSERVATION EASEMENTS

During 2000, the Organization received a conservation easement on 400 acres of land along the Virgin River near St. George, Utah. By receiving this easement, the Organization agrees to monitor the land in perpetuity to ensure that the land retains its character and is not used other than as specified in the conservation easement. This easement will help preserve habitat along a tributary of the Virgin River. The easement was valued at \$1,000,000, and contribution revenue of \$1,000,000 was recognized in 2000 and an asset with donor restrictions to be maintained in perpetuity was established.

During 2001, the Organization purchased a conservation easement on 100 acres of land along the Virgin River near Rockville, Utah for \$100,000. By receiving this easement, the Organization agrees to monitor the land in perpetuity to ensure that the land retains its character and is not used other than as specified in the conservation easement. This easement will help preserve key riparian habitat along the Virgin River. The easement is an asset with donor restrictions to be maintained in perpetuity.

During 2002, the Organization received a conservation easement on 176 acres of land adjacent to Zion National Park in Utah. By receiving this easement, the Organization agrees to monitor the land in perpetuity to ensure that the land retains its character and is not used other than as specified in the conservation easement. This easement will help protect Zion National Park from encroaching development. The easement was valued at \$195,000, and contribution revenue of \$195,000 was recognized in 2002 and an asset with donor restrictions to be maintained in perpetuity was established.

During 2015, the Organization purchased a conservation easement on 800 acres of land within the Grand Staircase-Escalante National Monument known as the Johnson Lakes Canyon Property (the Property) near Kanab, Utah for \$1,000,000. By receiving this easement, the Organization agrees to monitor the land in perpetuity to ensure that the land retains its character and is not used other than as specified in the conservation easement. This easement will help preserve the habitat and open space within the Property. The easement is an asset with donor restrictions to be maintained in perpetuity.

No new easements were purchased during the years ended December 31, 2023 and 2022.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Endowment earnings	\$ 1,083,984	\$ 776,040
Just transition/Kellogg	68,652	311,960
Emergence/Kellogg	45,871	185,386
Uranium	219,420	113,045
Little Colorado River	147,001	98,626
Land conservation	25,000	75,000
Rising leaders	52,500	61,813
Bears ears climate initiative	50,000	50,000
Climate	-	36,581
Volunteer program	9,141	10,391
Water program	369	-
Arizona forest conservation	5,064	-
Cultural landscapes	<u>35,000</u>	<u>-</u>
Sub-total	1,742,002	1,718,842
Subject to passage of time	3,900,169	4,981,062
Assets to be invested in perpetuity	<u>5,138,525</u>	<u>3,939,678</u>
NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 10,780,696</u>	<u>\$ 10,639,582</u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	<u>2023</u>	<u>2022</u>
Purpose restrictions accomplished:		
Just transition	\$ 243,307	\$ 220,820
Climate	236,315	138,690
Emergence	139,515	123,265
Little Colorado River	149,070	111,874
Volunteer program	112,100	69,609
Rising leaders	127,775	63,543
Grand Canyon	65,000	49,833
Water program	31,631	37,073
Utah public lands	90,000	29,500
Arizona forest conservation	64,936	24,500
Uranium	620,755	23,374
Videography	-	10,026
Cultural landscapes	335,000	1,905
Intertribal gatherings	-	1,000
Land Protection	50,000	-
Timing restrictions accomplished	<u>1,209,826</u>	<u>219,584</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 3,475,230</u>	<u>\$ 1,124,596</u>

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

7. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Assets to be maintained in perpetuity

The terms of The Grand Canyon Trust Endowment require the principal to be invested in perpetuity. Distributions, in accordance with the spending policy as discussed in Note 14, are available for general operations.

The terms of the Alice Wyss Fund, require the principal to be invested in perpetuity, and after reaching \$500,000, the income generated from the principal can be made available for unrestricted purposes. The principal may be withdrawn in the event the Board determines a financial emergency exists. As discussed in Note 14, this endowment fund is subject to the State Prudent Management Investors Act.

The Organization also holds conservation easements on lands in Utah, which are carried at \$2,295,000 as of December 31, and 2022, and are restricted in perpetuity for specified uses of the lands as discussed in Note 6. The conservation easements have no annual earnings.

8. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Consolidated Statements of Financial Position date comprise the following:

	2023	2022
Cash and cash equivalents	\$ 8,546,511	\$ 4,258,237
Contributions receivable	<u>1,050,000</u>	<u>1,209,826</u>
Subtotal financial assets available within one year	9,596,511	5,468,063
Less amounts not available to be used for general expenditures within one year:		
Cash subject to expenditure for specific purpose	(658,018)	(942,802)
Contribution receivable for specified purpose	<u>(1,050,000)</u>	<u>(1,050,000)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 7,888,493</u>	<u>\$ 3,475,261</u>

For purposes of the liquidity calculation, cash subject to expenditure for a specified purpose is subtracted from financial assets available for general expenditure within one year as those cash balances represent donor imposed restrictions to be fulfilled by the Organization. The Organization expects to fulfill those restrictions in the next year through its ongoing programs.

The Organization's goal is to maintain financial assets at a minimum of three months' worth of annual expense budget at any time over the coming year. Excess operating account cash is invested in short-term government-guaranteed securities, or funds holding such securities, with no individual security exceeding the limits covered by the guarantees for such securities.

For cash held in bank savings or checking accounts, the Organization seeks to link such accounts to market-rate, interest-bearing funds with immediate penalty-free accessibility and government guarantees where possible.

The Organization may also utilize long-term investments by converting them to cash if needed.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

9. CONTRIBUTED NONFINANCIAL ASSETS

During the ended December 31, 2022, the Organization was the beneficiary of donated legal services in the amount of \$3,650, which allowed the Organization to provide greater resources toward its programs. Donated legal services are recorded at their estimated fair value of the services. There were no donor-imposed restrictions associated with the contributed services during the year ended December 31, 2022. To properly reflect total program expenses, the donated legal services have been included in revenue and programs expense for the year ended December 31, 2022. No donated services were provided for the year ended December 31, 2023.

Additionally, the Organization received approximately 0 and 1,900 hours of volunteer time during the years ended December 31, 2023 and 2022, respectively, to assist with its various programs. These hours are not recorded in the consolidated financial statements because they are not for specific professional services and are not readily quantifiable.

10. EXPENSES

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

The expenses of the Organization on a functional basis are estimated as:

	<u>2023</u>	<u>2022</u>
Total expenses as reported by function	\$ 6,842,557	\$ 5,993,360
Cost of cattle sales	<u>156,073</u>	<u>265,526</u>
TOTAL EXPENSES	<u>\$ 6,998,630</u>	<u>\$ 6,258,886</u>

11. COMMITMENTS RELATED TO GRAZING LEASES AND PERMITS

The Organization holds grazing permits issued by the United States Forest Service, the Bureau of Land Management and Arizona State Land Department. The Organization is obligated to pay grazing fees to these government agencies, which amounted to \$6,160 and \$5,203 during the years ended December 31, 2023 and 2022, respectively.

During the years ended December 31, 2023 and 2022, the Organization obtained validation that terms and conditions required by the United States Forest Service were met related to grazing permits.

12. EMPLOYEE BENEFIT PLAN

The Organization established a qualified 401(k) salary defined plan (the "Plan"). The Plan covers all eligible employees as defined by the Plan. Participants may voluntarily contribute a portion of their annual wages up to the limits established by the Internal Revenue Service. The Organization provides a 4% discretionary contribution of the participant's salary, and a matching contribution up to 2% of the participant's salary. Employer contributions to the Plan during the years ended December 31, 2023 and 2022 totaled \$442,791 and \$253,845, respectively.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

13. CONCENTRATION OF REVENUE

Approximately 76% of the Organization's revenue for the year ended December 31, 2023 was derived from contributions and grants from six donors. Approximately 55%, of the Organization's revenue for the year ended December 31, 2022 was derived from contributions and grants from three donors. The Organization has no reason to believe that relationships with these donors will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect the Organization's ability to finance ongoing operations.

14. ENDOWMENT

The Organization's endowment consists of donor-restricted endowment funds and funds designated by the governing Board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those assets are time restricted until the governing Board appropriates such amounts for expenditures. The governing Board has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Additionally, in accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the Organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the Organization.

Endowment net asset composition by type of fund as of December 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 23,738,001	\$ -	\$ 23,738,001
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	2,843,525	2,843,525
Accumulated investment earnings	-	<u>1,083,984</u>	<u>1,083,984</u>
TOTAL ENDOWMENT FUNDS	<u>\$ 23,738,001</u>	<u>\$ 3,927,509</u>	<u>\$ 27,665,510</u>

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

14. ENDOWMENT (Continued)

Changes in endowment net assets for the year ended December 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 16,411,438	\$ 2,420,718	\$ 18,832,156
Investment return, net	3,024,563	473,726	3,498,289
Board designations/contributions	<u>4,302,000</u>	<u>1,033,065</u>	<u>5,335,065</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ 23,738,001</u>	<u>\$ 3,927,509</u>	<u>\$ 27,665,510</u>

Endowment net asset composition by type of fund as of December 31, 2022:

	<u>Without donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 16,411,438	\$ -	\$ 16,411,438
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,644,678	1,644,678
Accumulated investment earnings	<u>-</u>	<u>776,040</u>	<u>776,040</u>
TOTAL ENDOWMENT FUNDS	<u>\$ 16,411,438</u>	<u>\$ 2,420,718</u>	<u>\$ 18,832,156</u>

Changes in endowment net assets for the year ended of December 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 15,942,108	\$ 2,658,330	\$ 18,600,438
Investment return, net	(2,814,002)	(416,973)	(3,230,975)
Board designations/contributions	<u>3,283,332</u>	<u>179,361</u>	<u>3,462,693</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ 16,411,438</u>	<u>\$ 2,420,718</u>	<u>\$ 18,832,156</u>

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. As of December 31, 2023 and 2022, there were no deficiencies of this nature.

Return Objectives and Risk Parameters -

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

14. ENDOWMENT (Continued)

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, the Organization 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). The assets held in the endowment are invested 30-70% in equities, 20-50% in fixed income, and 0-20% in cash. Non-US securities may make up 0-30% of total assets, while non-US equity securities may comprise 0-30% of total equity assets. Recommendations by the Finance Committee for any changes in these broad allocation ranges will be submitted to the Board for approval. The overall investment goals and investing strategy as well as asset allocation ranges and narrower allocation targets are subject to periodic review by the Finance Committee, with guidance and advice of the Organization's investment professionals, but not less than once annually.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The objective is to maintain the purchasing power of the endowment assets over time as well as to provide additional real growth through new gifts and investment return. Prior to appropriating funds from the endowment, which will commence once the market value reaches a target of \$25 million, the Board must approve a specific spending rate between 0% and 6% annually. This rate will be applied to the endowment's average market value over the prior three years to calculate the annual distributions that may be directed, if necessary, toward the Trust's general operating budget. The Board may, at its discretion, vote to increase the draw beyond the annual spending rate range depending on the financial circumstances of the Organization in any given year. This type of excess draw may only be executed on the Board-designated portion of The Grand Canyon Trust Endowment fund and the unrestricted portion of the Alice Wyss fund. If a draw beyond the endowment's allowed 0-6% spending rate range is required, the Organization will return such excess distribution to the endowment as soon as practical. If no draw is necessary, all income from investments will be reinvested into the endowment. The Board reserves the right to take any un-used draws in future years.

15. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 23, 2024, the date the consolidated financial statements were issued.

SUPPLEMENTAL INFORMATION

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023**

ASSETS

	The Grand Canyon Trust	North Rim Ranch	Eliminations	Consolidated
CURRENT ASSETS				
Cash and cash equivalents	\$ 8,535,092	\$ 11,419	\$ -	\$ 8,546,511
Contributions receivable	1,050,000	-	-	1,050,000
Livestock inventory	-	309,777	-	309,777
Prepaid expenses	188,167	3,955	-	192,122
	<u>9,773,259</u>	<u>325,151</u>	<u>-</u>	<u>10,098,410</u>
PROPERTY, EQUIPMENT AND BREEDING HERD				
Property and equipment, net	647,677	463,050	-	1,110,727
Breeding herd, net of accumulated depreciation of \$159,558	-	51,447	-	51,447
	<u>647,677</u>	<u>514,497</u>	<u>-</u>	<u>1,162,174</u>
OTHER NONCURRENT ASSETS				
Contributions receivable, net	2,850,169	-	-	2,850,169
Investments - Long-term:				
Sustaining Fund	7,263,267	-	-	7,263,267
Grand Canyon Trust Endowment	26,177,076	-	-	26,177,076
Alice Wyss Fund	1,488,434	-	-	1,488,434
Investment in LLC	556,177	-	(556,177)	-
Conservation easements	2,295,000	-	-	2,295,000
Beneficial interest in remainder trust	35,501	-	-	35,501
	<u>40,665,624</u>	<u>-</u>	<u>(556,177)</u>	<u>40,109,447</u>
TOTAL ASSETS	<u>\$ 51,086,560</u>	<u>\$ 839,648</u>	<u>\$ (556,177)</u>	<u>\$ 51,370,031</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES				
Accounts payable	\$ 99,969	\$ 32	\$ -	\$ 100,001
Accrued expenses	275,468	-	-	275,468
	<u>375,437</u>	<u>32</u>	<u>-</u>	<u>375,469</u>
NET ASSETS				
Without donor restrictions	39,930,427	839,616	(839,616)	39,930,427
With donor restrictions	10,780,696	-	-	10,780,696
Non-controlling interest	-	-	283,439	283,439
	<u>50,711,123</u>	<u>839,616</u>	<u>(556,177)</u>	<u>50,994,562</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 51,086,560</u>	<u>\$ 839,648</u>	<u>\$ (556,177)</u>	<u>\$ 51,370,031</u>

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>The Grand Canyon Trust</u>	<u>North Rim Ranch</u>	<u>Eliminations</u>	<u>Consolidated</u>
SUPPORT AND REVENUE				
Grants and contributions	\$ 15,454,213	\$ -	\$ -	\$ 15,454,213
Membership contributions	318,064	-	-	318,064
Investment return, net	4,208,402	-	-	4,208,402
Cattle loss, net of cost of sales of \$156,073	-	(18,365)	-	(18,365)
Other revenue	375,268	(602)	(12,265)	362,401
Equity share of net loss of investee	(121,113)	-	121,113	-
Change in value of beneficial interest in remainder trust	(2,610)	-	-	(2,610)
	<u>20,232,224</u>	<u>(18,967)</u>	<u>108,848</u>	<u>20,322,105</u>
EXPENSES				
Program Services:				
Programs	4,302,991	118,662	(12,265)	4,409,388
Education	406,997	-	-	406,997
	<u>4,709,988</u>	<u>118,662</u>	<u>(12,265)</u>	<u>4,816,385</u>
Supporting Services:				
Development and Membership	889,460	-	-	889,460
General and Administrative	1,136,712	-	-	1,136,712
	<u>2,026,172</u>	<u>-</u>	<u>-</u>	<u>2,026,172</u>
	<u>6,736,160</u>	<u>118,662</u>	<u>(12,265)</u>	<u>6,842,557</u>
Change in net assets from operations before non-controlling interest	13,496,064	(137,629)	121,113	13,479,548
Add: Net income attributable to non-controlling interest	-	16,516	-	16,516
CHANGE IN NET ASSETS	<u><u>\$ 13,496,064</u></u>	<u><u>\$ (121,113)</u></u>	<u><u>\$ 121,113</u></u>	<u><u>\$ 13,496,064</u></u>