THE GRAND CANYON TRUST
AND NORTH RIM RANCH, LLC

Consolidated Financial Statements As Of
December 31, 2013 And 2012

Together With Independent Auditors' Report

JDS professional group

certified public accountants, consultants and advisors

JDS professional group
certified public accountants, consultants and advisors

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Grand Canyon Trust and North Rim Ranch, LLC (collectively known as the "Organization"), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related consolidated statements of activities, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Members:
American Institute of Certified Public Accountants • Colorado Society of Certified Public Accountants
10303 E. Dry Creek Road, Suite 400 • Englewood, CO 80112 • 303 771 0123 • 303 771 0078 fax

www.jdscpagroup.com

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Grand Canyon Trust and North Rim Ranch, LLC as of December 31, 2013 and 2012, and the results of their changes in net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental consolidated schedule of financial position, schedule of activities and schedule of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of The Grand Canyon Trust and North Rim Ranch, LLC's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

JDS Professional Group

May 29, 2014

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

Consolidated Statements of Financial Position
As Of December 31, 2013 And 2012

	2013	2012
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 3,079,391	$ 3,578,354
Contributions receivable	2,761,725	1,907,800
Receivables - other		3,796
Land held for sale		297,206
Note receivable	11,002	
Livestock inventory	14,895	4,236
Prepaid expenses	31,028	18,074
Total Current Assets	5,898,041	5,809,466
Non-Current Assets:		
Breeding herd, net of accumulated depreciation of $181,137 and $165,003, respectively	174,563	76,749
Property and equipment, net of accumulated depreciation of $1,980,645 and $1,798,781, respectively	1,808,795	1,782,598
Note receivable, net of current portion	58,073	
Investments	5,910,890	4,919,920
Conservation easements	1,295,000	1,295,000
Beneficial interest in remainder trust	48,092	43,116
Total Non-Current Assets	9,295,413	8,117,383
TOTAL ASSETS	$ 15,193,454	$ 13,926,849
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 159,558	$ 104,951
Accrued liabilities	69,677	72,416
Total Current Liabilities	229,235	177,367
Net Assets:		
Unrestricted	9,430,103	9,087,531
Temporarily restricted	3,935,350	3,085,656
Permanently restricted	1,795,000	1,795,000
Total	15,160,453	13,968,187
Non-controlling interest	(196,234)	(218,705)
Total Net Assets	14,964,219	13,749,482
TOTAL LIABILITIES AND NET ASSETS	$ 15,193,454	$ 13,926,849

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

Consolidated Statement Of Activities
For The Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support And Revenue:				
Grants and contributions	$ 431,541	$ 3,524,466	$	$ 3,956,007
In-kind contributions	457,235			457,235
Membership contributions	442,868	23,116		465,984
Investment income	388,368	80,312		468,680
Cattle revenue, net of cost of sales of $211,769	62,197			62,197
Change in value of beneficial interest in remainder trust	4,976			4,976
Loss on sale of land	(77,056)			(77,056)
Other income	23,864			23,864
Net assets released from restrictions -				
Satisfaction of restrictions	2,778,200	(2,778,200)		
Total Support And Revenue	4,512,193	849,694		5,361,887
Expenses:				
Program services	3,411,095			3,411,095
Education	223,029			223,029
Total Program Services	3,634,124			3,634,124
Development and membership	389,747			389,747
General and administrative	283,247			283,247
Total Support Services	672,994			672,994
Total Expenses	4,307,118			4,307,118
CHANGES IN NET ASSETS BEFORE NON-CONTROLLING INTEREST	205,075	849,694		1,054,769
Less: change in net assets attributable to non-controlling interest	137,497			137,497
Changes In Net Assets For Controlling Entities	$ 342,572	$ 849,694	$	$ 1,192,266

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support And Revenue:				
Grants and contributions	$ 1,413,454	$ 2,895,398	$	$ 4,308,852
In-kind contributions	602,302			602,302
Membership contributions	402,121			402,121
Investment income	327,840			327,840
Cattle revenue, net of cost of sales of $71,808	110,863			110,863
Change in value of beneficial interest in remainder trust	2,313			2,313
Other income	(188,719)			(188,719)
Net assets released from	17,467			17,467
restrictions - Satisfaction of restrictions	2,971,945	(2,971,945)		
Total Support And Revenue	5,659,586	(76,547)		5,583,039
Expenses:				
Program services	3,448,775			3,448,775
Education	141,973			141,973
Total Program Services	3,590,748			3,590,748
Development and membership	357,307			357,307
General and administrative	369,268			369,268
Total Support Services	726,575			726,575
Total Expenses	4,317,323			4,317,323
CHANGES IN NET ASSETS BEFORE NON-CONTROLLING INTEREST	1,342,263	(76,547)		1,265,716
Less: change in net assets attributable to non-controlling interest	112,377			112,377
Changes In Net Assets For Controlling Entities	$ 1,454,640	$ (76,547)	$	$ 1,378,093

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

Consolidated Statements Of Changes In Net Assets
For The Year Ended December 31, 2013

	Total Net Assets	Unrestricted	Temporarily Restricted	Permanently Restricted	Non-Controlling Interest
Balance, December 31, 2011	$ 12,505,036	$ 7,632,891	$ 3,162,203	$ 1,795,000	$ (85,058)
Changes in net assets	1,265,716	1,454,640	(76,547)		(112,377)
Net contributions	(21,270)				(21,270)
Balance, December 31, 2012	13,749,482	9,087,531	3,085,656	1,795,000	(218,705)
Changes in net assets	1,054,769	342,572	849,694		(137,497)
Net contributions	159,968				159,968
Balance, December 31, 2013	$ 14,964,219	$ 9,430,103	$ 3,935,350	$ 1,795,000	$ (196,234)

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

Consolidated Statements Of Cash Flows
For The Years Ended December 31, 2013 And 2012

	2013	2012
Cash flows from operating activities:		
Changes in net assets	$ 1,054,769	$ 1,265,716
Adjustments to reconcile changes in net assets to net cash provided by operating		
Realized and unrealized gains on investments	(312,725)	(173,572)
Depreciation and amortization	265,858	231,927
Loss on dispositions	77,056	188,719
Loss on dead or missing livestock	6,570	3,491
Changes in value of beneficial interest in remainder trust	(4,976)	(2,313)
(Increase) decrease in contributions receivable	(853,925)	57,200
(Increase) in other receivables	3,796	48,724
(Increase) decrease in livestock inventory	(10,659)	61,502
(Increase) decrease in prepaid expenses	(12,954)	49,964
Increase in accounts payable	54,607	25,350
Increase (decrease) in accrued expenses	(2,741)	24,254
Net cash provided by operating activities	264,676	1,780,962
Cash flows from investing activities:		
Issuance of notes receivable	(80,000)	
Payments on notes receivable	10,925	
Purchases of investments	(3,123,008)	(2,902,272)
Proceeds from sale of investments	2,444,762	482,603
Proceeds from sale of livestock	10,167	8,128
Purchase of land held for sale		(159,223)
Proceeds from sale of land	220,150	444,201
Purchases of property and equipment	(246,332)	(103,268)
Purchase of livestock	(160,271)	(42,574)
Net cash (used in) investing activities	(923,607)	(2,272,405)
Cash flows from financing activities:		
Proceeds from capital contributions	385,911	180,666
Distributions of capital	(225,943)	(201,936)
	159,968	(21,270)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(498,963)	(512,713)
Cash And Cash Equivalents, Beginning Of Year	3,578,354	4,091,067
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,079,391	$ 3,578,354

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

(1) Reporting Entity

Consolidation

The financial statements have been consolidated to include all accounts of the Grand Canyon Trust (the "Trust"), and North Rim Ranch, LLC (the "Ranch"), and are collectively referred to as the "Organization." All significant inter-company accounts and transactions have been eliminated.

The Grand Canyon 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 protect and restore the Colorado Plateau-its spectacular landscapes, flowing rivers, clean air, diversity of plants and animals, and areas of beauty and solitude. The Trust's main offices are located in Flagstaff, Arizona. In addition, the Trust maintains representatives in Moab, Utah, Oregon, and Colorado.

North Rim Ranch, LLC

The Ranch is an Arizona limited liability company that began operations on September 28, 2005. The Trust was the sole member of the Ranch until October 7, 2011, on which date the Ranch accepted a partner. The Trust is allocated 51% of the net income or loss of the Ranch. 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.

(2) Summary Of Significant Accounting Policies

Basis Of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis.

Basis Of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash And Cash Equivalents

The Organization considers cash and cash equivalents to be cash on hand, demand deposits and short-term investments with original maturities of 90 days or less. The Organization continually monitors its positions with, and the credit quality of, the financial institutions with which funds are held.

Fair Value Measurements

Fair Value Measurements requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the standard are described below:

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

Level 2 Inputs to the valuation methodology include:

1. Quoted prices for similar assets or liabilities in active markets;
2. Quoted prices for identical or similar assets or liabilities in inactive markets;
3. Inputs other than quoted prices that are observable for the asset or liability;
4. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

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

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds, stocks, options and securities: Valued at the closing price reported on the active market on which the individual investments are traded.

Certificate of deposits: Valued at cost plus accrued earnings which approximates market.

Beneficial interest in trust: Valued as reported by the organization holding the trust fund.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

The carrying amount reported in the statement of financial position for cash and cash equivalents, receivables, accounts payable, and accrued liabilities approximate fair value due to the immediate or short term nature of these items.

Accounts Receivable

The Organization believes that its accounts receivable, recorded at fair value, are fully collectible, and therefore, no allowance has been established for the years ended December 31, 2013. The Organization's policy for charging off accounts receivable is when future payments thereon are determined to be improbable.

Donated Materials and Services

Donated services and materials which meet the criteria for recognition are recorded in the accompanying financial statements at fair market value as of the date of donation.

Contributions And Contributions Receivable

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of donor restrictions. Donor-restricted support, including contributions receivable, is recorded as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to received in more than one year. As of December 31, 2013 and 2012, all amounts are expected to be received within one year and as such have not been discounted. Unconditional contributions receivable are recognized as revenue in the period the promise to give is received. Conditional contributions receivable are recognized as receivables and revenue when the conditions on which they depend are substantially met. The Organization believes all contributions receivable are collectible. Accordingly, no allowance for uncollectible receivable has been recorded.

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

Livestock Inventory

The livestock inventory is held for sale and is recorded at the lower of allocated production costs or market value.

Property And Equipment

The Organization capitalizes all property and equipment purchases over $1,000. All property and equipment is stated at cost and depreciated over the following estimated useful lives using the straight line method:

	Estimated Useful Lives
Equipment	3-7 years
Buildings and improvements	10-30 years
Vehicles	5 years

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 5 years. Depreciation expense for the year ended December 31, 2013 and 2012, was $45,722 and $7,104, respectively.

Revenue Recognition

The Organization recognizes cattle sales revenue upon the shipment of the livestock, evidence of a sales arrangement, and the transfer of ownership in the livestock to the customer. Other revenue is recognized when earned.

Program Services

Program services presented in the accompanying consolidated financial statements represent the direct and allocated overhead expenses associated with performing the Organization's basic purposes. These services include: (i) research and study of issues affecting the public lands, water, and other natural resources of the Colorado Plateau; (ii) public education and advocacy on issues affecting the Colorado Plateau; (iii) analysis of and advocacy for public lands and natural resource policies and programs and monitoring of the federal and state agencies charged with administering the environmental laws governing the protection and use of the public lands on the Colorado Plateau; (iv) participation in the decision-making process for determining the use and management of publicly owned resources on the Colorado Plateau; and (v) protection and restoration of critical lands, species, waters, air quality, and natural habitats of the Colorado Plateau.

Functional Allocation Of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the program and supporting services benefitted.

Subsequent Events

The Organization has performed an evaluation of subsequent events through May 29, 2014, which is the date the financial statements were available to be issued, and has considered any relevant matters in the preparation of the financial statements and footnotes.

(3) **Income Taxes**

The Trust is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Additionally, the Internal Revenue Service has determined that the entity is not a private foundation under Section 509(a) of the Internal Revenue Code. Accordingly, donors are entitled to a charitable deduction for their contribution to the Organization. The accompanying consolidated financial statements do not included a provision for federal or state corporate income taxes.

During 2009, the Trust became the sole member of the Ranch. Accordingly, the Ranch was considered a disregarded entity, and accordingly, did not file a separate tax return. As of October 7, 2011, the Ranch added a new partner. Accordingly, the Ranch is no longer considered a disregarded entity, and began filing a separate tax return.

The Organization follows *Accounting for Uncertainty in Income Taxes* which requires them to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information.

During the years ended December 31, 2013 and 2012, the Organization's management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an effect on its tax-exempt status.

The Trust is no longer subject to U.S. federal tax audits on its Form 990 by taxing authorities for years ending prior to December 31, 2010. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, the Trust believes no issues would arise.

Prior to 2010, the Ranch filed a Form 1065 and related state return. As a disregarded entity, the Ranch did not file such returns for 2010. During 2011, due to the change in partnership, the Ranch began filing a Form 1065 and related state return again. The Ranch is no longer subject to U.S. federal and state income tax audits on its Form 1065 and related state return by taxing authorities for years prior to 2010 and 2009, respectively. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax laws and reguations as it relates to the amount and/or timing of income, deductions, and tax credits. Although the outcome of tax audits is uncertain, the Organization believes no issues would arise.

(4) FDIC and Concentration of Risk

The Organization's cash demand deposits are held at several financial institutions at which deposits are insured up to $250,000 per institution by the FDIC. As of December 31, 2013, such deposits exceeded the FDIC insurance limit by approximately $2,063,400. On January 24, 2014, Grand Canyon Trust transferred $2,184,881 into a fully FDIC insured account to eliminate this risk.

During the year ended December 31, 2013, 79% of contributions receivable was from two donors. Additionally, 30% of total contributions and grants was from one donor.

(5) Temporarily Restricted Net Assets

As of December 31, 2013 and 2012, temporarily restricted net assets consisted of the following:

	2013	2012
Utah forest conservation	$ 72,250	$ 66,637
Utah county bill	300,000	300,000
Forest conservation		95,500
Escalante watershed	25,896	45,914
K2M volunteer program	11,123	40,040
Utah volunteer program	3,900	29,201
Native American issues	23,921	64,743
Native American clean energy future		3,204
Native American Gathering	517,554	55,992

Native American volunteer	1,643	
Utah wildlands		2,354
K2M habitat restoration	177,712	73,532
K2M heritage		3,739
Tar sands	10,112	
Utah wildlands	7,380	
Grazing network coord	25,000	
Citizen advocacy and outreach	75,000	
Bodoway alternative research	7,118	
Tankersly endowment	25,000	
Grand canyon fund	12,000	
Grassroots lobbying		891
Arizona open space		15,000
Flagstaff office	60	73,365
North Rim Ranch, LLC		2,250
Calf creek	7,111	7,111
Restoring Beaver		24,601
Wyss Fellowship		49,098
Land conservation	156,611	20,761
Endowment fund earnings	284,234	203,923
Timing restriction	2,191,725	1,907,800
Total temporarily restricted net assets	$ 3,935,350	$ 3,085,656

(6) **Permanently Restricted Net Assets**

Permanently restricted net assets include contributions from the Alice Wyss Fund, which require, by donor restriction, the principal to be invested in perpetuity, with the income available for unrestricted purposes. The donor further stipulated income be reinvested until the principal reached $500,000, and the principal of the endowment may be withdrawn in the event the Board of Directors determines a financial emergency exists. As discussed in Note 9, this endowment fund is subject to the State Prudent Management Investors Act.

Permanently restricted funds also include conservation easements on lands in Utah, which are valued at $1,295,000 as of December 31, 2013 and 2012, and are restricted in perpetuity for specified uses of the lands as discussed in Note 12. The conservation easements have no annual earnings.

(7) **Investments**

The following table presents the Organizations's fair value hierarchy and major categories for those assets measured at fair value on a recurring basis as of December 31, 2013:

	Level 1	Level 2	Level 3	Total
Investments:				
Cash and cash equivalents	$ 37,972	$	$	$ 37,972
Certificate of deposits	1,746,857			1,746,857
Mutual funds -				
Large cap	1,429,290			1,429,290
Mid cap	113,117			113,117
Small cap	269,967			269,967
International	76,994			76,994
Financial	772,646			772,646
Real estate	53,691			53,691
Natural resources	27,044			27,044
Corporate bonds	821,259			821,259
Government bonds	50,371			50,371
Foreign bonds	271,872			271,872
Stocks and options	239,810			239,810
Beneficial interest in remainder trust			48,092	48,092
Total investments	$ 5,910,890	$	$ 48,092	$ 5,958,982

The following table presents the Organizations's fair value hierarchy and major categories for those assets measured at fair value on a recurring basis as of December 31, 2012:

	Level 1	Level 2	Level 3	Total
Investments:				
Cash and cash equivalents	$ 8,726	$	$	$ 8,726
Certificate of deposits	1,270,823			1,270,823
Mutual funds -				
Large cap	727,509			727,509
Mid cap	64,314			64,314
Small cap	122,117			122,117
International	140,134			140,134
Financial	249,558			249,558
Real estate	108,384			108,384
Natural resources	36,056			36,056
Corporate bonds	1,425,330			1,425,330
Government bonds	50,315			50,315
Foreign bonds	249,625			249,625
Stocks and options	182,666			182,666
Securities -				
International	56,105			56,105
Financial	228,258			228,258
Beneficial interest in remainder trust			43,116	43,116
Total investments	$ 4,919,920	$	$ 43,116	$ 4,963,036

The changes in the investments for which the Organization has used Level 3 inputs to determine the fair value are as follows:

Balance, December 31, 2011	$ 40,803
Change in value of beneficial interest in trust	2,313
Balance, December 31, 2012	43,116
Change in value of beneficial interest in trust	4,976
Balance, December 31, 2013	$ 48,092

For the year ended December 31, 2013 and 2012, investment income consisted of the following:

	2013	2012
Interest and dividends	$ 170,775	$ 165,423
Investment expenses	(14,820)	(11,156)
Net realized and unrealized gains	312,725	173,573
	$ 468,680	$ 327,840

(8) 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. At the end of the charitable remainder trusts term, the assets will be distributed to the defined beneficiaries. The Organization has recorded its beneficial interest in the charitable remainder trusts at the Organization's share of the fair value of the assets, which was $48,092 and $43,116 as of December 31, 2013 and 2012, respectively. The Organization has recorded the change in value of the beneficial interest in the remainder trust as a component of the change in unrestricted net assets on the consolidated statement of activities and changes in net assets.

(9) Endowment Funds

The State of Arizona enacted the State Prudent Management of Institutional Funds Act (SPMIFA), which was effective on September 1, 2009. SPMIFA prescribes new guidelines for expenditure of a donor-restricted endowment fund in the absence of overriding, explicit donor stipulations and eliminates SMIFA's historic-dollar value threshold. As required by U.S. generally accepted accounting principles, 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.

General

The Organization's endowment consists of donor-restricted endowment funds. 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 and are reported entirely as permanently restricted net assets.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of the Organization and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the Organization

(7) The investment policies of the Organization

Changes in Endowment Net Assets

Changes in endowment net assets for the year ended December 31, 2013, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$	$ 203,923	$ 500,000	$ 703,923
Investment return		80,312		80,312
Endowment net assets, end of year	$	$ 284,235	$ 500,000	$ 784,235

Changes in endowment net assets for the year ended December 31, 2012, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$	$ 144,582	$ 500,000	$ 644,582
Investment return		59,341		59,341
Endowment net assets, end of year	$	$ 203,923	$ 500,000	$ 703,923

Endowment funds consist of donor restricted funds.

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 SPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. These deficiencies result from unfavorable market fluctuations that may occur after the investment of permanently restricted contributions and appropriation that was deemed prudent by the Board. As of December 31, 2013 and 2012, the fund did not have a deficiency.

Return Objectives and Risk Parameters

The endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a mix of relevant benchmarks, while assuming a moderate level of investment risk. The Organization may invest in cash and cash equivalents, equity, fixed income, and specialized investments.

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 of the Organization are invested 30-50% in equities, 30-50% in fixed income and 0-20% in cash. The overall investment goals and investing strategy are subject to periodic review by the Finance Committee, but not less than once annually. Recommendations by the Finance Committee will be submitted to the full Board for approval.

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 to the Trust expenditure budget, the Executive Director shall inform the Board of Trustees, who may authorize such appropriation on an annual basis if necessary.

(10) Note Receivable

During 2013, the Organization entered in to a note receivable agreement with Plateau Ranch in the amount of 80,000 with an annual interest rate of 1.5% with final payment due December 15, 2013. The note was assigned to North Rim Ranch, LLC. As of December 31, 2013, the balance on the note was $69,075. The maturity schedule is as follows:

Year Ending December 31,	
2014	$ 11,002
2015	11,175
2016	11,343
2017	11,513
2018	11,685
2019	12,357
	$ 69,075

(11) Property And Equipment

Property and equipment consisted of the following as of December 31, 2013 and 2012:

	2013	2012
Land		
Office	$ 119,500	$ 119,500
Program	382,206	382,206
Improvements	1,184,897	1,148,861
Buildings	1,723,820	1,520,949
Equipment	280,745	312,093
Vehicles	98,272	97,770
	3,789,440	3,581,379
Less accumulated depreciation	1,980,645	1,798,781
	$1,808,795	$1,782,598

Depreciation expense for the year ended December 31, 2013 and 2012, was $246739 and $224,823, respectively.

The Organization reviews long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future un-discounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Assets to be disposed of are reported at the lower of carrying amount of fair value less costs to sell. Management does not believe that there were any asset impairments for the year ended December 31, 2013.

(12) Donated Services

As of December 31, 2013 and 2012, the Organization received donated legal services in the amount of $457,235 and $602,302 respectively, which is reflected in program services expense.

Additionally, the Organization received 15,000 and 18,000 hours of volunteer time during the year ended December 31, 2013 and 2012, 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.

(13) 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 the year received and a permanently restricted asset 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 a permanently restricted net asset.

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 the year and a permanently restricted net asset was established.

(14) Commitments Related to Grazing Leases and Permits

The Organization holds grazing permits issued by the United States Forest Service (USFS) and the bureau of Land Management (BLM). The USFS permits authorize grazing up to 800 adult cattle on the Kane Ranch allotments and up to 104 adult cattle on the Burro allotment, which is part of the Two Mile Ranch. During the year ended December 31, 2013 and 2012, the Organization was obligated to pay an annual grazing fee of $1.35/AUM to the USFS (AUM is defined as one adult animal and calf grazing for one month). The Organization paid a total of $5,569 to the BLM and $4,759 to USFS during the year ended December 31, 2013. The Organization paid a total of $4,623 to the BLM and $4,303 to USFS during the year ended December 31, 2012.

The BLM permit authorizes grazing up to 981 adult cattle on the Kane Ranch and up to 1,375 adult cattle on the Two Mile Ranch allotments. The Organization is obligated to pay grazing fees to the BLM in the same manner as fees are paid to the USFS. With agency approval, the Organization may take non-use and graze fewer cattle than are authorized by the permit.

The Organization also holds two grazing leases with the Arizona State Land Department. One lease is for the state lands on the Kane Ranch and the other is for the state lands on the Two Mile Ranch. State lands are scattered across the federal lands and annual grazing fees are assessed at the rater of $1.35/AUM and $2.40/AUM for the years ended December 31, 2013 and 2012, respectively. If no cattle are grazed, the state assesses a base charge of a$.05/acre. The Organization paid $877 and $804 to Arizona State Land Department during the year ended December 31, 2013 and 2012, respectively.

Additionally, during the year ended December 31, 2013 and 2012, the Organization obtained validation that terms and conditions required by the United States Forest Service were met related to grazing permits.

(15) 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 contributes 4% of the participants' salaries. The Organization made contributions to the Plan of $69,616 and $68,021 during the year ended December 31, 2013 and 2012, respectively.

(16) Contingencies

The Organization periodically is subject to claims and lawsuits that arise in the ordinary course of business. It is the opinion of management, the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial positions, results of operations, or liquidity of the Organization.

(17) Expenses

Total expenses incurred are as follows:

	2013	2012
Total expenses as reported by function	$ 4,307,118	$ 4,317,323
Cost of cattle sales	211,769	108,111
Total expenses	$ 4,518,887	$ 4,425,434

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

Consolidated Schedule Of Financial Position
As of December 31, 2013

	The Grand Canyon Trust	North Rim Ranch	Eliminations	Consolidated
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 3,055,660	$ 23,731	$	$ 3,079,391
Contributions receivable	2,761,725			2,761,725
Note receivable		$ 11,002		11,002
Livestock inventory		14,895		14,895
Prepaid expenses	27,435	3,593		31,028
Total Current Assets	5,844,820	53,221		5,898,041
Non-current Assets:				
Breeding herd, net		174,563		174,563
Property and equipment, net	773,946	1,034,849		1,808,795
Note receivable, net of current portion		58,073		58,073
Investments	5,910,890			5,910,890
Investment in partnership	1,516,656		(1,516,656)	
Conservation easements	1,295,000			1,295,000
Beneficial interest in remainder trust	48,092			48,092
Total Non-Current Assets	9,544,584	1,267,485	(1,516,656)	9,295,413
TOTAL ASSETS	$ 15,389,404	$ 1,320,706	$ (1,516,656)	$ 15,193,454
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable	$ 159,274	$ 284	$	$ 159,558
Accrued expenses	69,677			69,677
Total Current Liabilities	228,951	284		229,235
Net Assets:				
Unrestricted	9,430,103	1,516,656	(1,516,656)	9,430,103
Temporarily restricted	3,935,350			3,935,350
Permanently restricted	1,795,000			1,795,000
Total Net Assets	15,160,453	1,516,656	(1,516,656)	15,160,453
Non-controlling interest		(196,234)		(196,234)
TOTAL LIABILITIES AND NET ASSETS	$ 15,389,404	$ 1,320,706	$ (1,516,656)	$ 15,193,454

Consolidated Schedule Of Activities
For The Year Ended December 31, 2013

	The Grand Canyon Trust	North Rim Ranch	Eliminations	Consolidated
Support And Revenue:				
Grants and contributions	$ 3,956,007	$	$	$ 3,956,007
In-kind contributions	457,235			457,235
Membership contributions	465,984			465,984
Investment income	467,558	1,122		468,680
Cattle revenue, net		62,197		62,197
Change in value of beneficial interest in remainder trust	4,976			4,976
Loss on sale of land	(77,056)			(77,056)
Equity share of net loss of investee	(141,987)		141,987	-
Other income (loss)	43,186	103	(19,425)	23,864
Total Support And Revenue	5,175,903	63,422	122,562	5,361,887
Expenses:				
Program services	3,087,614	342,906	(19,425)	3,411,095
Education	223,029			223,029
Total Program Services	3,310,643	342,906	(19,425)	3,634,124
Development and membership	389,747			389,747
General and administrative	283,247			283,247
Total Support Services	672,994			672,994
Total Expenses	3,983,637	342,906	(19,425)	4,307,118
CHANGES IN NET ASSETS BEFORE NON-CONTROLLING INTEREST	1,192,266	(279,484)	141,987	1,054,769
Add: net loss attributable to non-controlling interest		137,497		137,497
Changes in net assets for controlling interest	$ 1,192,266	$ (141,987)	$ 141,987	$ 1,192,266

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

Schedule Of Functional Expenses
For The Year Ended December 31, 2013

	Program Services		Supporting Services		
	Program Services	Education	Development and Membership	General Administrative	Total
Employee compensation and taxes	$ 1,813,990	$ 129,089	$ 240,172	$ 215,388	$ 2,398,639
Benefits	49,614	3,641	8,470	7,890	69,615
Bank Charges	3,360	255	434	386	4,435
Advertising	20,412		5,273	192	25,877
Books, publications slides and maps	12,981	1,269	45	199	14,494
Depreciation and amortization	252,535	2,725	5,063	5,535	265,858
Fees, licenses and dues	11,749	479	10,105	4,162	26,495
Honorarium	28,909				28,909
Grants and contributions	271,460	63,828	26,584	1,787	363,659
Cattle operations cost	85,072				85,072
Legal, consulting, and professional fees	484,113		195	14,397	498,705
Meeting, conferences and events	34,259	405	1,115	7,817	43,596
Membership acquisition		723	4,765		5,488
Printing and postage	9,751	9,888	50,016	232	69,887
Board expense	4,217	292	583	2,686	7,778
Miscellaneous	8,424	1,013		7	9,444
Insurance	16,323	865	1,731	3,442	22,361
Rent	2,030			6,697	8,727
Taxes	6,748				6,748
Repairs and maintenance	18,235	1,001	2,002	2,202	23,440
Office supplies	18,099				18,099
Office expense	21,439	1,368	2,431	1,286	26,524
Utilities	21,539	1,003	1,894	2,153	26,589
Volunteer expense	15,043				15,043
Vehicle expense	13,766			38	13,804
Travel and meals	187,027	5,185	28,869	6,751	227,832
Total	$ 3,411,095	$ 223,029	$ 389,747	$ 283,247	$ 4,307,118