

CONSOLIDATED FINANCIAL STATEMENTS

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

**FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

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 (the Organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, 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 financial position of the Organization as of December 31, 2021 and 2020, and the consolidated changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 supplemental 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 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 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.



August 12, 2022

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 AND 2020

ASSETS		
	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,685,354	\$ 5,150,834
Contributions receivable	219,584	913,861
Accounts receivable	21,250	47,125
Livestock inventory	228,929	29,587
Prepaid expenses	<u>162,957</u>	<u>188,723</u>
Total current assets	<u>6,318,074</u>	<u>6,330,130</u>
PROPERTY, EQUIPMENT AND BREEDING HERD		
Property and equipment, net of accumulated depreciation and amortization of \$2,793,980 and \$2,837,539 for 2021 and 2020, respectively	1,301,561	1,378,639
Breeding herd, net of accumulated depreciation of \$220,452 and \$200,097 for 2021 and 2020, respectively	<u>48,218</u>	<u>70,999</u>
Net property, equipment and breeding herd	<u>1,349,779</u>	<u>1,449,638</u>
OTHER NONCURRENT ASSETS		
Contribution receivable, net of current portion	150,000	-
Investments - long-term:		
Sustaining Fund	6,575,383	8,242,684
Grand Canyon Trust Endowment	17,073,343	9,369,422
Alice Wyss Fund	1,527,095	1,328,755
Conservation easements	2,295,000	2,295,000
Beneficial interest in remainder trust	<u>43,194</u>	<u>40,307</u>
Total other noncurrent assets	<u>27,664,015</u>	<u>21,276,168</u>
TOTAL ASSETS	<u>\$ 35,331,868</u>	<u>\$ 29,055,936</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 113,220	\$ 35,337
Contributions payable	-	272,976
Accrued expenses	<u>343,808</u>	<u>331,162</u>
Total liabilities	<u>457,028</u>	<u>639,475</u>
NET ASSETS		
Without donor restrictions:		
Board-designated operating reserve	6,575,383	8,242,684
Board-designated endowment	15,942,108	9,348,321
Undesignated	<u>5,499,259</u>	<u>6,427,561</u>
Total without donor restrictions	28,016,750	24,018,566
With donor restrictions	<u>6,672,539</u>	<u>4,397,895</u>
Total net assets	34,689,289	28,416,461
Non-controlling interest	<u>185,551</u>	<u>-</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 35,331,868</u>	<u>\$ 29,055,936</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, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants and contributions	\$ 5,375,367	\$ 3,063,224	\$ 8,438,591
Membership contributions	390,533	-	390,533
Investment income, net	2,304,213	198,474	2,502,687
Contributed services	7,157	-	7,157
Cattle revenue, net of cost of sales of \$19,317	6,592	-	6,592
Other revenue	139,124	-	139,124
Change in value of beneficial interest in remainder trust	2,887	-	2,887
Net assets released from donor restrictions	<u>987,054</u>	<u>(987,054)</u>	<u>-</u>
Total support and revenue	<u>9,212,927</u>	<u>2,274,644</u>	<u>11,487,571</u>
EXPENSES			
Program Services:			
Programs	3,525,620	-	3,525,620
Education	<u>415,465</u>	<u>-</u>	<u>415,465</u>
Total program services	<u>3,941,085</u>	<u>-</u>	<u>3,941,085</u>
Supporting Services:			
Development and Membership	770,282	-	770,282
General and Administrative	<u>514,717</u>	<u>-</u>	<u>514,717</u>
Total supporting services	<u>1,284,999</u>	<u>-</u>	<u>1,284,999</u>
Total expenses	<u>5,226,084</u>	<u>-</u>	<u>5,226,084</u>
Changes in net assets from operations before non-controlling interest	3,986,843	2,274,644	6,261,487
Add: Changes in net assets attributable to non-controlling interest	<u>11,341</u>	<u>-</u>	<u>11,341</u>
CHANGES IN NET ASSETS FOR CONTROLLING INTEREST	<u>\$ 3,998,184</u>	<u>\$ 2,274,644</u>	<u>\$ 6,272,828</u>

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants and contributions	\$ 4,979,187	\$ 880,620	\$ 5,859,807
Membership contributions	366,066	12,068	378,134
Investment income, net	1,920,065	161,083	2,081,148
Contributed services	34,969	-	34,969
Cattle revenue, net of cost of sales of \$219,431	(32,292)	-	(32,292)
Other revenue	7,820	-	7,820
Change in value of beneficial interest in remainder trust	41	-	41
Net assets released from donor restrictions	<u>1,508,071</u>	<u>(1,508,071)</u>	<u>-</u>
Total support and revenue	<u>8,783,927</u>	<u>(454,300)</u>	<u>8,329,627</u>
EXPENSES			
Program Services:			
Programs	3,097,730	-	3,097,730
Education	<u>313,322</u>	<u>-</u>	<u>313,322</u>
Total program services	<u>3,411,052</u>	<u>-</u>	<u>3,411,052</u>
Supporting Services:			
Development and Membership	777,847	-	777,847
General and Administrative	<u>445,767</u>	<u>-</u>	<u>445,767</u>
Total supporting services	<u>1,223,614</u>	<u>-</u>	<u>1,223,614</u>
Total expenses	<u>4,634,666</u>	<u>-</u>	<u>4,634,666</u>
Changes in net assets from operations before non-controlling interest	4,149,261	(454,300)	3,694,961
Add: Changes in net assets attributable to non-controlling interest	<u>18,697</u>	<u>-</u>	<u>18,697</u>
CHANGES IN NET ASSETS FOR CONTROLLING INTEREST	<u>\$ 4,167,958</u>	<u>\$ (454,300)</u>	<u>\$ 3,713,658</u>

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Non- Controlling Interest</u>	<u>Total Net Assets</u>
Balance, December 31, 2019	\$ 19,898,455	\$ 4,852,195	\$ -	\$ 24,750,650
Changes in net assets	4,167,958	(454,300)	(18,697)	3,694,961
Transfer of equity to non-controlling interest	(35,805)	-	35,805	-
Net disbursements	<u>(12,042)</u>	<u>-</u>	<u>(17,108)</u>	<u>(29,150)</u>
Balance, December 31, 2020	24,018,566	4,397,895	-	28,416,461
Changes in net assets	3,998,184	2,274,644	(11,341)	6,261,487
Net contributions	<u>-</u>	<u>-</u>	<u>196,892</u>	<u>196,892</u>
BALANCE, DECEMBER 31, 2021	<u>\$ 28,016,750</u>	<u>\$ 6,672,539</u>	<u>\$ 185,551</u>	<u>\$ 34,874,840</u>

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services			Supporting Services			Total Expenses
	Programs	Education	Total Program Services	Development and Membership	General and Administrative	Total Supporting Services	
Employee compensation and taxes	\$ 2,593,040	\$ 293,301	\$ 2,886,341	\$ 558,082	\$ 337,891	\$ 895,973	\$ 3,782,314
Activities	6,598	-	6,598	601	-	601	7,199
Advertising	9,994	200	10,194	1,178	-	1,178	11,372
Bank charges	196	-	196	-	20,388	20,388	20,584
Board expenses	-	-	-	-	9,763	9,763	9,763
Books, publications, slides, and maps	3,771	2,956	6,727	1,498	-	1,498	8,225
Depreciation and amortization	123,710	5,961	129,671	11,268	8,750	20,018	149,689
Fees, licenses, and dues	23,888	16,820	40,708	9,558	18,505	28,063	68,771
Grants and contributions	267,500	-	267,500	-	-	-	267,500
Honorarium	21,565	3,206	24,771	1,090	-	1,090	25,861
Insurance	3,928	-	3,928	-	25,549	25,549	29,477
Legal, consulting, and professional fees	230,206	11,964	242,170	18,287	55,460	73,747	315,917
Meeting, conferences, and events	24,993	1,251	26,244	1,426	3,519	4,945	31,189
Membership acquisition	-	-	-	3,882	-	3,882	3,882
Miscellaneous	1,600	301	1,901	-	159	159	2,060
Office and information technology	27,895	2,684	30,579	7,497	3,940	11,437	42,016
Printing, postage, and mailing	15,680	15,630	31,310	43,811	6,769	50,580	81,890
Rent	23,769	2,692	26,461	5,089	3,952	9,041	35,502
Repairs and maintenance	23,149	2,478	25,627	4,683	3,637	8,320	33,947
Supplies	5,725	103	5,828	926	1,051	1,977	7,805
Taxes	6,576	-	6,576	-	-	-	6,576
Travel and meals	74,598	53,180	127,778	94,697	11,403	106,100	233,878
Utilities	34,459	2,738	37,197	6,693	3,981	10,674	47,871
Vehicle	2,780	-	2,780	16	-	16	2,796
TOTAL	\$ 3,525,620	\$ 415,465	\$ 3,941,085	\$ 770,282	\$ 514,717	\$ 1,284,999	\$ 5,226,084

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, 2020**

	Program Services			Supporting Services			Total Expenses
	Programs	Education	Total Program Services	Development and Membership	General and Administrative	Total Supporting Services	
Employee compensation and taxes	\$ 2,478,445	\$ 221,059	\$ 2,699,504	\$ 597,523	\$ 320,066	\$ 917,589	\$ 3,617,093
Activities	1,442	-	1,442	16	-	16	1,458
Advertising	6,703	25	6,728	-	-	-	6,728
Bank charges	132	-	132	-	17,319	17,319	17,451
Board expenses	-	-	-	-	5,024	5,024	5,024
Books, publications, slides, and maps	2,613	1,669	4,282	269	-	269	4,551
Depreciation and amortization	126,106	4,156	130,262	11,223	7,815	19,038	149,300
Fees, licenses, and dues	31,311	19,744	51,055	8,700	15,058	23,758	74,813
Grants and contributions	31,055	-	31,055	-	-	-	31,055
Honorarium	23,214	4,689	27,903	136	-	136	28,039
Insurance	6,851	-	6,851	-	23,974	23,974	30,825
Legal, consulting, and professional fees	156,988	10,538	167,526	35,767	23,948	59,715	227,241
Meeting, conferences, and events	25,652	8,745	34,397	1,770	10,507	12,277	46,674
Miscellaneous	5,222	-	5,222	82	288	370	5,592
Office and information technology	31,480	4,459	35,939	7,870	4,685	12,555	48,494
Printing, postage and mailing	10,437	26,503	36,940	90,546	4,925	95,471	132,411
Rent	23,537	2,083	25,620	5,624	3,916	9,540	35,160
Repairs and maintenance	36,432	1,031	37,463	2,785	1,939	4,724	42,187
Supplies	2,596	16	2,612	14	-	14	2,626
Taxes	6,578	-	6,578	-	-	-	6,578
Travel and meals	56,926	7,059	63,985	10,103	3,396	13,499	77,484
Utilities	33,877	1,546	35,423	5,419	2,907	8,326	43,749
Vehicle	133	-	133	-	-	-	133
TOTAL	\$ 3,097,730	\$ 313,322	\$ 3,411,052	\$ 777,847	\$ 445,767	\$ 1,223,614	\$ 4,634,666

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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 6,261,487	\$ 3,694,961
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	149,689	149,300
Realized and unrealized gain on investments	(2,052,424)	(1,778,615)
Loss (gain) on disposal of livestock	393	(11,929)
Change in value of beneficial interest in remainder trust	(2,887)	(41)
Donor restricted endowment contributions	(1,110,000)	-
Decrease (increase) in:		
Contributions receivable	544,277	1,442,761
Accounts receivable	25,875	148,181
Livestock inventory	(199,342)	(7,988)
Prepaid expenses	25,766	(150,021)
Increase (decrease) in:		
Accounts payable	77,887	(117,021)
Contributions payable	(272,976)	(934,256)
Accrued expenses	<u>12,646</u>	<u>56,644</u>
Net cash provided by operating activities	<u>3,460,391</u>	<u>2,491,976</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on note receivable	-	11,949
Purchase of investments	(6,282,537)	(321,364)
Proceeds from sale of investments	2,100,000	239,791
Purchase of property and equipment	(45,690)	(87,264)
Proceeds from sale of livestock	2,759	14,691
Purchase of livestock	<u>(7,294)</u>	<u>(9,967)</u>
Net cash used by investing activities	<u>(4,232,762)</u>	<u>(152,164)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Donor restricted endowment contributions	1,110,000	-
Net proceeds (distributions) of capital	<u>196,891</u>	<u>(29,150)</u>
Net cash provided (used) by financing activities	<u>1,306,891</u>	<u>(29,150)</u>
Net increase in cash and cash equivalents	534,520	2,310,662
Cash and cash equivalents at beginning of year	<u>5,150,834</u>	<u>2,840,172</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 5,685,354</u>	<u>\$ 5,150,834</u>

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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, 2021 and 2020. In 2021 and 2020, the Trust transferred \$0 and \$35,803, respectively, 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 Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit 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". Assets restricted 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 more restrictive than the Organization's mission and purpose. Some donor imposed restrictions 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, 2021 AND 2020

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 \$853,537 and \$4,911,434 for the years ended December 31, 2021 and 2020, 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 income, 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.

Accounts and contributions receivable -

Accounts and contributions receivable are recorded at their net realizable value, which approximates fair value. Receivables that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. All receivables are considered by management to be fully collectable. Accordingly, an allowance for doubtful accounts has not been established.

Livestock inventory -

The livestock inventory consists of cattle and is held for sale. It is measured at the lower of allocated production cost and net realizable value using the first-in, first-out method of inventory under FASB ASU 2015-11 *Simplifying the Measurement of Inventory*.

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, 2021 and 2020 totaled \$122,766 and \$115,319, respectively.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 and 2020 was \$26,923 and \$33,981, 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 reduced, by a charge to the Consolidated Statements of Activities, to its current fair value.

Income taxes -

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

Uncertain tax positions -

For the years ended December 31, 2021 and 2020, the Organization has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Grants and contributions -

The majority of the Organization's revenue is received through grants and contributions. Grants and contributions are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of each individual grant or contribution to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For grants and contributions qualifying under the contribution rules, revenue 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. Grants and contributions qualifying as contributions that are unconditional that 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; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements.

Grants and contributions qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. The Organization did not have any unrecognized conditional awards as of December 31, 2021 or 2020.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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.

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 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.

Fair value measurement -

The Organization adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Organization accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

New accounting pronouncements not yet adopted -

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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

New accounting pronouncements not yet adopted (continued) -

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Consolidated Statements of Financial Position and disclosing key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non-public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

The Organization plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption method and the impact of the new standards on its accompanying consolidated financial statements.

2. INVESTMENTS

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.

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, 2021 and 2020. 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.
- *Stocks and securities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Mutual 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 GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

2. INVESTMENTS (Continued)

- *Certificates of deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.
- *Beneficial interest in trust* - Valued as reported by the Organization holding the trust fund.

The table below summarizes, by level within the fair value hierarchy, the investments as of December 31, 2021.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market	\$ 853,537	\$ -	\$ -	\$ 853,537
Equities, equity mutual funds and exchange traded funds -				
Large growth funds	1,786,372	-	-	1,786,372
Large blend funds	6,531,152	-	-	6,531,152
Small/mid cap funds	1,032,658	-	-	1,032,658
International funds	3,493,832	-	-	3,493,832
Fixed income, fixed income funds and ETFs -				
Other debt securities and bond funds	10,451,040	-	-	10,451,040
Mutual funds (real estate and REIT)	1,027,230	-	-	1,027,230
Beneficial interest in remainder trust	-	-	43,194	43,194
TOTAL INVESTMENTS	<u>\$ 25,175,821</u>	<u>\$ -</u>	<u>\$ 43,194</u>	<u>\$ 25,219,015</u>

The table below summarizes, by level within the fair value hierarchy, the investments as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market	\$ 4,911,434	\$ -	\$ -	\$ 4,911,434
Equities, equity mutual funds and exchange traded funds -				
Large value funds	3,003,500	-	-	3,003,500
Large growth funds	1,590,892	-	-	1,590,892
Large blend funds	130,052	-	-	130,052
Small/mid cap funds	2,380,745	-	-	2,380,745
International funds	4,247,079	-	-	4,247,079
Emerging markets funds	361,074	-	-	361,074
Commodities funds	382,761	-	-	382,761
Fixed income, fixed income funds and ETFs -				
Other debt securities and bond funds	1,640,357	-	-	1,640,357
Mutual funds (real estate and REIT)	292,967	-	-	292,967
Beneficial interest in remainder trust	-	-	40,307	40,307
TOTAL INVESTMENTS	<u>\$ 18,940,861</u>	<u>\$ -</u>	<u>\$ 40,307</u>	<u>\$ 18,981,168</u>

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

2. INVESTMENTS (Continued)

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, 2019	\$ 40,266
Change in value of beneficial trust	<u>41</u>
Balance, December 31, 2020	40,307
Change in value of beneficial trust	<u>2,887</u>
BALANCE, DECEMBER 31, 2021	<u>\$ 43,194</u>

Included in investment income are the following:

	<u>2021</u>	<u>2020</u>
Net realized and unrealized gains	\$ 2,052,424	\$ 1,778,615
Interest and dividends	486,186	373,624
Investment expenses provided by external investment advisors	<u>(35,923)</u>	<u>(71,091)</u>
TOTAL INVESTMENT INCOME, NET OF INVESTMENT EXPENSES	<u>\$ 2,502,687</u>	<u>\$ 2,081,148</u>

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land-Office	\$ 119,500	\$ 119,500
Land-Program	382,206	382,206
Improvements	1,319,520	1,291,270
Buildings	1,875,649	1,872,889
Equipment	293,890	445,537
Vehicles	<u>104,776</u>	<u>104,776</u>
Total property and equipment	4,095,541	4,216,178
Less: Accumulated depreciation and amortization	<u>(2,793,980)</u>	<u>(2,837,539)</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 1,301,561</u>	<u>\$ 1,378,639</u>

4. 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.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

4. BENEFICIAL INTEREST IN REMAINDER TRUST (Continued)

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 trust's 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 \$43,194 and \$40,307 as of December 31, 2021 and 2020, 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 the Consolidated Statements of Activities and Changes in Net Assets.

5. 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, 2021 and 2020.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Endowment earnings	\$ 1,027,230	\$ 828,756
Just transition/Kellogg	532,781	-
Emergence/Kellogg	308,651	-
Little Colorado River	160,500	85,363
Land conservation	75,000	75,000
Bears ears climate initiative	50,000	-
Grand Canyon	49,833	-
Rising leaders	37,856	11,015
Water program	37,073	1,176
Utah public lands	29,500	-
Climate	25,000	60,831
Arizona forest conservation	24,500	-
Videography	10,026	-
Uranium	6,000	128,664
Cultural landscapes	1,905	168,000
Intertribal gatherings	1,000	14,652
Volunteer program	-	18,693
Just transition	-	17,500
	<u>2,376,855</u>	<u>1,409,650</u>
Sub-total	2,376,855	1,409,650
Subject to passage of time	369,449	172,145
Assets to be invested in perpetuity	<u>3,926,235</u>	<u>2,816,100</u>
NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 6,672,539</u>	<u>\$ 4,397,895</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>2021</u>	<u>2020</u>
Purpose restrictions accomplished:		
Cultural landscapes	\$ 181,096	\$ 300,803
Uranium	153,663	43,205
Utah forest conservation	100,000	118,249
Little Colorado River	85,363	109,764
Climate	60,831	97,168
Rising leaders	60,786	11,000
Just transition	53,607	5,000
Water program	44,033	23,824
Videography	39,972	-
Volunteer program	18,693	56,307
Intertribal gatherings	14,652	38,917
Emergence	2,044	-
Grand Canyon	168	4,925
K2M habitat restoration	-	58,353
Honey/native bees	-	34,724
Legal program management	-	25,250
General program management	-	15,689
General education	-	100
Timing restrictions accomplished	<u>172,146</u>	<u>564,793</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 987,054</u>	<u>\$ 1,508,071</u>

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

6. 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 13, 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 13, 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, 2021 and 2020, and are restricted in perpetuity for specified uses of the lands as discussed in Note 5. The conservation easements have no annual earnings.

7. 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:

	2021	2020
Cash and cash equivalents	\$ 5,685,354	\$ 5,150,834
Contributions receivable	219,584	913,861
Accounts receivable	21,250	47,125
Subtotal financial assets available within one year	5,926,188	6,111,820
Less amounts not available to be used for general expenditures within one year:		
Cash subject to expenditure for specific purpose	(1,349,625)	(580,894)
Contribution receivable for specified purpose	(150,000)	(347,976)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 4,426,563	\$ 5,182,950

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, 2021 AND 2020

8. CONTRIBUTED SERVICES

During the years ended December 31, 2021 and 2020, the Organization was the beneficiary of donated legal services in the amount of \$7,157 and \$34,969, respectively. To properly reflect total program expenses, the donated legal services have been included in revenue and program services expense for the current year. Additionally, the Organization received approximately 1,900 and 1,100 hours of volunteer time during the years ended, 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.

9. 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>2021</u>	<u>2020</u>
Total expenses as reported by function	\$ 5,226,081	\$ 4,634,666
Cost of cattle sales	<u>19,317</u>	<u>219,431</u>
TOTAL EXPENSES	<u>\$ 5,245,398</u>	<u>\$ 4,854,097</u>

10. 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 \$1,962 and \$759 during the years ended December 31, 2021 and 2020, respectively.

During the years ended December 31, 2021 and 2020, the Organization obtained validation that terms and conditions required by the United States Forest Service were met related to grazing permits.

11. 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. Contributions to the Plan during the years ended December 31, 2021 and 2020 totaled \$161,375 and \$100,111, respectively.

12. CONCENTRATION OF REVENUE

Approximately 24% and 34%, respectively, of the Organization's revenue for the years ended December 31, 2021 and 2020 was derived from contributions and grants from two 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.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

13. 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, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 15,942,108	\$ -	\$ 15,942,108
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,631,100	1,631,100
Accumulated investment earnings	<u>-</u>	<u>1,027,230</u>	<u>1,027,230</u>
TOTAL ENDOWMENT FUNDS	<u>\$ 15,942,108</u>	<u>\$ 2,658,330</u>	<u>\$ 18,600,438</u>

Changes in endowment net assets for the year ended December 31, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 9,348,321	\$ 1,349,856	\$ 10,698,177
Investment return, net	1,893,787	198,474	2,092,261
Board designations/contributions	<u>4,700,000</u>	<u>1,110,000</u>	<u>5,810,000</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ 15,942,108</u>	<u>\$ 2,658,330</u>	<u>\$ 18,600,438</u>

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

13. ENDOWMENT (Continued)

Endowment net asset composition by type of fund as of December 31, 2020:

	<u>Without donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 9,348,321	\$ -	\$ 9,348,321
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	521,100	521,100
Accumulated investment earnings	<u>-</u>	<u>828,756</u>	<u>828,756</u>
TOTAL ENDOWMENT FUNDS	<u>\$ 9,348,321</u>	<u>\$ 1,349,856</u>	<u>\$ 10,698,177</u>

Changes in endowment net assets for the year ended of December 31, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 5,085,012	\$ 1,188,773	\$ 6,273,785
Investment return, net	1,050,302	161,083	1,211,385
Board designations/contributions	<u>3,213,007</u>	<u>-</u>	<u>3,213,007</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ 9,348,321</u>	<u>\$ 1,349,856</u>	<u>\$ 10,698,177</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, 2021 and 2020 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.

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.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

13. ENDOWMENT (Continued)

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.

14. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 12, 2022, 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, 2021**

ASSETS

	The Grand Canyon Trust	North Rim Ranch	Eliminations	Consolidated
CURRENT ASSETS				
Cash and cash equivalents	\$ 5,675,735	\$ 9,619	\$ -	\$ 5,685,354
Contributions receivable	219,584	-	-	219,584
Accounts receivable	21,250	-	-	21,250
Livestock inventory	-	228,929	-	228,929
Prepaid expenses	158,780	4,177	-	162,957
Total current assets	<u>6,075,349</u>	<u>242,725</u>	<u>-</u>	<u>6,318,074</u>
PROPERTY, EQUIPMENT AND BREEDING HERD				
Property and equipment, net of accumulated depreciation and amortization of \$2,793,980	753,804	547,757	-	1,301,561
Breeding herd, net of accumulated depreciation of \$200,097	-	48,218	-	48,218
Net property, equipment and breeding herd	<u>753,804</u>	<u>595,975</u>	<u>-</u>	<u>1,349,779</u>
OTHER NONCURRENT ASSETS				
Contribution receivable, net of current portion	150,000	-	-	150,000
Investments - long-term:				
Sustaining Fund	6,575,383	-	-	6,575,383
Grand Canyon Trust Endowment	17,073,343	-	-	17,073,343
Alice Wyss Fund	1,527,095	-	-	1,527,095
Investment in LLC	649,922	-	(649,922)	-
Conservation easements	2,295,000	-	-	2,295,000
Beneficial interest in remainder trust	43,194	-	-	43,194
Total other noncurrent assets	<u>28,313,937</u>	<u>-</u>	<u>(649,922)</u>	<u>27,664,015</u>
TOTAL ASSETS	<u>\$ 35,143,090</u>	<u>\$ 838,700</u>	<u>\$ (649,922)</u>	<u>\$ 35,331,868</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES				
Accounts payable	\$ 109,993	\$ 3,227	\$ -	\$ 113,220
Accrued expenses	343,808	-	-	343,808
Total liabilities	<u>453,801</u>	<u>3,227</u>	<u>-</u>	<u>457,028</u>
NET ASSETS				
Without donor restrictions	28,016,750	835,473	(835,473)	28,016,750
With donor restrictions	6,672,539	-	-	6,672,539
Total net assets	<u>34,689,289</u>	<u>835,473</u>	<u>(835,473)</u>	<u>34,689,289</u>
Non-controlling interest	-	-	185,551	185,551
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 35,143,090</u>	<u>\$ 838,700</u>	<u>\$ (649,922)</u>	<u>\$ 35,331,868</u>

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>The Grand Canyon Trust</u>	<u>North Rim Ranch</u>	<u>Eliminations</u>	<u>Consolidated</u>
SUPPORT AND REVENUE				
Grants and contributions	\$ 8,438,591	\$ -	\$ -	\$ 8,438,591
Membership contributions	390,533	-	-	390,533
Investment income	2,502,687	-	-	2,502,687
In-kind contributions	7,157	-	-	7,157
Cattle revenue, net	-	6,592	-	6,592
Other revenue	144,891	225	(5,992)	139,124
Equity share of net loss of investee	(83,169)	-	83,169	-
Change in value of beneficial interest in remainder trust	2,887	-	-	2,887
	<u>11,403,577</u>	<u>6,817</u>	<u>77,177</u>	<u>11,487,571</u>
EXPENSES				
Program Services:				
Programs	3,430,285	101,327	(5,992)	3,525,620
Education	415,465	-	-	415,465
	<u>3,845,750</u>	<u>101,327</u>	<u>(5,992)</u>	<u>3,941,085</u>
Supporting Services:				
Development and Membership	770,282	-	-	770,282
General and Administrative	514,717	-	-	514,717
	<u>1,284,999</u>	<u>-</u>	<u>-</u>	<u>1,284,999</u>
	<u>5,130,749</u>	<u>101,327</u>	<u>(5,992)</u>	<u>5,226,084</u>
Change in net assets from operations before non-controlling interest	6,272,828	(94,510)	83,169	6,261,487
Add: Net income attributable to non-controlling interest	-	11,341	-	11,341
CHANGE IN NET ASSETS FOR CONTROLLING INTEREST	<u>\$ 6,272,828</u>	<u>\$ (83,169)</u>	<u>\$ 83,169</u>	<u>\$ 6,272,828</u>