

CONSOLIDATED FINANCIAL STATEMENTS

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

**FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019**

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

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 consolidated statements of financial position as of December 31, 2020, and the related consolidated statements of activities, changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2020, and the consolidated changes in its net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Prior Year Comparative Statements

The financial statements of the Organization for the year ended December 31, 2019 were audited by other auditors, whose report dated May 27, 2020, expressed an unmodified opinion on those statements.

Other Matter

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



May 28, 2021

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019

ASSETS		<u>2020</u>	<u>2019</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	5,150,834	\$ 2,840,172
Investments		-	1,359,628
Contributions receivable		913,861	1,906,622
Accounts receivable		47,125	195,306
Note receivable		-	11,949
Livestock inventory		29,587	21,599
Prepaid expenses		<u>188,723</u>	<u>38,702</u>
Total current assets		<u>6,330,130</u>	<u>6,373,978</u>
PROPERTY, EQUIPMENT AND BREEDING HERD			
Property and equipment, net of accumulated depreciation and amortization of \$2,837,539 and \$2,722,220 for 2020 and 2019, respectively		1,378,639	1,406,694
Breeding herd, net of accumulated depreciation of \$200,097 and \$222,496 for 2020 and 2019, respectively		<u>70,999</u>	<u>97,775</u>
Net property, equipment and breeding herd		<u>1,449,638</u>	<u>1,504,469</u>
OTHER NONCURRENT ASSETS			
Contribution receivable, net of current portion		-	450,000
Investments - long-term:			
Sustaining Fund		8,242,684	9,415,122
Grand Canyon Trust Endowment		9,369,422	5,106,134
Alice Wyss Fund		1,328,755	1,167,651
Other		-	32,138
Conservation easements		2,295,000	2,295,000
Beneficial interest in remainder trust		<u>40,307</u>	<u>40,266</u>
Total other noncurrent assets		<u>21,276,168</u>	<u>18,506,311</u>
TOTAL ASSETS	\$	<u>29,055,936</u>	\$ <u>26,384,758</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$	35,337	\$ 152,358
Contributions payable		272,976	1,207,232
Accrued expenses		<u>331,162</u>	<u>274,518</u>
Total liabilities		<u>639,475</u>	<u>1,634,108</u>
NET ASSETS			
Without donor restrictions:			
Board-designated operating reserve		8,242,684	9,415,122
Board-designated endowment		9,348,321	5,085,012
Undesignated		<u>6,427,561</u>	<u>5,398,321</u>
Total without donor restrictions		24,018,566	19,898,455
With donor restrictions		<u>4,397,895</u>	<u>4,852,195</u>
Total net assets		<u>28,416,461</u>	<u>24,750,650</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>29,055,936</u>	\$ <u>26,384,758</u>

See accompanying notes to consolidated financial statements.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>		
	<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 ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants and contributions	\$ 5,000,027	\$ 1,251,250	\$ 6,251,277
Membership contributions	353,025	20,102	373,127
Investment income, net	2,492,264	221,604	2,713,868
Contributed services	58,116	-	58,116
Cattle revenue, net of cost of sales of \$236,010	3,141	-	3,141
Other revenue	43,233	-	43,233
Change in value of beneficial interest in remainder trust	3,625	-	3,625
Net assets released from donor restrictions	<u>2,403,126</u>	<u>(2,403,126)</u>	<u>-</u>
Total support and revenue	<u>10,356,557</u>	<u>(910,170)</u>	<u>9,446,387</u>
EXPENSES			
Program Services:			
Programs	4,885,339	-	4,885,339
Education	<u>450,728</u>	<u>-</u>	<u>450,728</u>
Total program services	<u>5,336,067</u>	<u>-</u>	<u>5,336,067</u>
Supporting Services:			
Development and Membership	686,760	-	686,760
General and Administrative	<u>465,134</u>	<u>-</u>	<u>465,134</u>
Total supporting services	<u>1,151,894</u>	<u>-</u>	<u>1,151,894</u>
Total expenses	<u>6,487,961</u>	<u>-</u>	<u>6,487,961</u>
Changes in net assets from operations before non-controlling interest	3,868,596	(910,170)	2,958,426
Add: Changes in net assets attributable to non-controlling interest	<u>15,045</u>	<u>-</u>	<u>15,045</u>
CHANGES IN NET ASSETS FOR CONTROLLING INTEREST	<u>\$ 3,883,641</u>	<u>\$ (910,170)</u>	<u>\$ 2,973,471</u>

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Non- Controlling Interest</u>	<u>Total Net Assets</u>
Balance, December 31, 2018	\$ 16,041,430	\$ 5,762,365	\$ (38,300)	\$ 21,765,495
Changes in net assets	3,883,641	(910,170)	(15,045)	2,958,426
Transfer of equity to non-controlling interest	(26,616)	-	26,616	-
Net contributions	<u>-</u>	<u>-</u>	<u>26,729</u>	<u>26,729</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	<u>\$ 24,018,566</u>	<u>\$ 4,397,895</u>	<u>\$ -</u>	<u>\$ 28,416,461</u>

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
	Program Services	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 STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Services			Supporting Services			Total Expenses
	Program Services	Education	Total Program Services	Development and Membership	General and Administrative	Total Supporting Services	
Employee compensation and taxes	\$ 2,485,976	\$ 218,970	\$ 2,704,946	\$ 519,252	\$ 302,178	\$ 821,430	\$ 3,526,376
Activities	14,274	-	14,274	368	25	393	14,667
Advertising	23,435	145	23,580	5,433	275	5,708	29,288
Bank charges	192	-	192	-	12,836	12,836	13,028
Board expenses	-	-	-	-	23,156	23,156	23,156
Books, publications, slides, and maps	2,662	19,585	22,247	698	-	698	22,945
Depreciation and amortization	135,933	4,469	140,402	10,563	6,872	17,435	157,837
Fees, licenses, and dues	26,830	27,610	54,440	10,352	16,955	27,307	81,747
Grants and contributions	1,239,344	-	1,239,344	-	-	-	1,239,344
Honorarium	40,760	4,691	45,451	560	500	1,060	46,511
Insurance	10,089	-	10,089	-	26,519	26,519	36,608
Legal, consulting, and professional fees	473,862	42,310	516,172	18,945	22,451	41,396	557,568
Meeting, conferences, and events	43,409	51,258	94,667	12,134	25,199	37,333	132,000
Membership acquisition	-	-	-	2,102	-	2,102	2,102
Miscellaneous	11,587	-	11,587	-	112	112	11,699
Office and information technology	23,133	1,442	24,575	3,490	1,872	5,362	29,937
Printing, postage and mailing	18,609	33,901	52,510	47,393	4,688	52,081	104,591
Rent	27,395	2,203	29,598	5,208	3,389	8,597	38,195
Repairs and maintenance	36,051	2,806	38,857	6,633	4,316	10,949	49,806
Supplies	12,944	550	13,494	1,088	-	1,088	14,582
Taxes	7,287	-	7,287	-	-	-	7,287
Travel and meals	214,194	38,524	252,718	36,458	10,502	46,960	299,678
Utilities	36,239	2,264	38,503	5,723	3,239	8,962	47,465
Vehicle	1,134	-	1,134	360	50	410	1,544
TOTAL	\$ 4,885,339	\$ 450,728	\$ 5,336,067	\$ 686,760	\$ 465,134	\$ 1,151,894	\$ 6,487,961

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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 3,694,961	\$ 2,958,426
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	149,300	157,837
Realized and unrealized gain on investments	(1,778,615)	(2,202,713)
Gain on disposal of livestock	(11,929)	(2,091)
Change in value of beneficial interest in remainder trust	(41)	(3,625)
Decrease (increase) in:		
Contributions receivable	1,442,761	(1,381,457)
Accounts receivable	148,181	(104,976)
Livestock inventory	(7,988)	38,893
Prepaid expenses	(150,021)	18,494
(Decrease) increase in:		
Accounts payable	(117,021)	89,605
Contributions payable	(934,256)	1,207,232
Accrued expenses	<u>56,644</u>	<u>73,896</u>
Net cash provided by operating activities	<u>2,491,976</u>	<u>849,521</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on note receivable	11,949	11,771
Purchase of investments	(321,364)	(530,165)
Proceeds from sale of investments	239,791	-
Purchase of property and equipment	(87,264)	(57,949)
Proceeds from sale of livestock	14,691	9,681
Purchase of livestock	<u>(9,967)</u>	<u>(17,247)</u>
Net cash used by investing activities	<u>(152,164)</u>	<u>(583,909)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds (distributions) of capital	<u>(29,150)</u>	<u>26,729</u>
Net cash (used) provided by financing activities	<u>(29,150)</u>	<u>26,729</u>
Net increase in cash and cash equivalents	2,310,662	292,341
Cash and cash equivalents at beginning of year	<u>2,840,172</u>	<u>2,547,831</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 5,150,834</u>	<u>\$ 2,840,172</u>

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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, 2020 and 2019. In 2020 and 2019, the Trust transferred \$35,803 and \$26,616, 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, 2020 AND 2019

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 \$4,911,434 and \$353,059 for the years ended December 31, 2020 and 2019, 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 collectible. 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, 2020 and 2019 totaled \$115,319 and \$120,511, respectively.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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, 2020 and 2019 was \$33,981 and \$37,326, 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, 2020 and 2019, 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, 2020 or 2019.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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 and Changes in Net Assets. 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.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact the Organization's operations. The overall potential impact is unknown at this time.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

New accounting pronouncement not yet adopted -

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 ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard 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, 2020 and 2019. 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.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

2. INVESTMENTS (Continued)

- *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.
- *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, 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 table below summarizes, by level within the fair value hierarchy, the investments as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market	\$ 353,059	\$ -	\$ -	\$ 353,059
Equities, equity mutual funds and exchange traded funds -				
Large value funds	2,873,969	-	-	2,873,969
Large growth funds	1,134,824	-	-	1,134,824
Large blend funds	109,873	-	-	109,873
Small/mid cap funds	1,999,843	-	-	1,999,843
International funds	3,473,329	-	-	3,473,329
Emerging markets funds	313,324	-	-	313,324
Commodities funds	306,663	-	-	306,663
Fixed income, fixed income funds and ETFs -				
Certificates of deposit	1,097,008	-	-	1,097,008
Other debt securities and bond funds	1,542,098	-	-	1,542,098
Corporate bonds	217,000	-	-	217,000
Preferred stock - financial	3,358,987	-	-	3,358,987
Mutual funds (real estate and REIT)	300,696	-	-	300,696
Beneficial interest in remainder trust	-	-	40,266	40,266
TOTAL INVESTMENTS	<u>\$ 17,080,673</u>	<u>\$ -</u>	<u>\$ 40,266</u>	<u>\$ 17,120,939</u>

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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, 2018	\$	36,641
Change in value of beneficial trust		<u>3,625</u>
Balance, December 31, 2019		40,266
Change in value of beneficial trust		<u>41</u>
BALANCE, DECEMBER 31, 2020	\$	<u>40,307</u>

Included in investment income are the following:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 373,624	\$ 559,891
Net realized and unrealized gains	1,778,615	2,202,713
Investment expenses provided by external investment advisors	<u>(71,091)</u>	<u>(48,736)</u>
TOTAL INVESTMENT INCOME, NET OF INVESTMENT EXPENSES	<u>\$ 2,081,148</u>	<u>\$ 2,713,868</u>

3. NOTE RECEIVABLE

During 2013, the Organization entered into a note receivable agreement with Plateau Ranches, LLC in the amount of \$80,000 with an annual interest rate of 1.5% with final payment due December 15, 2019. The note was assigned to North Rim Ranch, LLC. As of December 31, 2020 and 2019, the balance on the note was \$0 and \$11,949, respectively.

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land-Office	\$ 119,500	\$ 119,500
Land-Program	382,206	382,206
Improvements	1,291,270	1,260,661
Buildings	1,872,889	1,870,130
Equipment	445,537	391,641
Vehicles	<u>104,776</u>	<u>104,776</u>
Total property and equipment	4,216,178	4,128,914
Less: Accumulated depreciation and amortization	<u>(2,837,539)</u>	<u>(2,722,220)</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 1,378,639</u>	<u>\$ 1,406,694</u>

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

5. BENEFICIAL INTEREST IN REMAINDER TRUST

During 2004, the Organization was informed that it was a beneficiary of various charitable remainder trusts administered by a financial institution. During the term of the charitable remainder trust, the financial institution will make distributions to the grantor or other designated beneficiaries as required in the Trust document. 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 \$40,307 and \$40,266 as of December 31, 2020 and 2019, 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.

6. CONSERVATION EASEMENTS

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

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

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

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

No new easements were purchased during the years ended December 31, 2020 and 2019.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Climate	\$ 60,831	\$ 9,000
Uranium	128,664	56,868
Utah forest conservation	-	118,249
K2M habitat restoration	-	58,353
Land conservation	75,000	75,000
Grand Canyon	-	2,500
Cultural landscapes	168,000	300,503
Honey/native bees	-	34,724
Intertribal gatherings	14,652	41,069
Escalade/Save the Confluence	85,363	55,324
General program management	-	15,689
Legal program management	-	25,250
Water program	1,176	-
Rising leaders	11,015	11,000
Just transition	17,500	-
General education	-	100
Volunteer program	18,693	-
Endowment earnings	<u>828,756</u>	<u>667,673</u>
Sub-total	1,409,650	1,471,302
Subject to passage of time	172,145	564,793
Assets to be invested in perpetuity	<u>2,816,100</u>	<u>2,816,100</u>
NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 4,397,895</u>	<u>\$ 4,852,195</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>2020</u>	<u>2019</u>
Purpose restrictions accomplished:		
Climate	\$ 97,168	\$ 73,095
Uranium	43,205	129,662
Arizona forest conservation	-	76,555
Utah forest conservation	118,249	150,128
K2M habitat restoration	58,353	76,308
Utah wildlands	-	52,657
Education-speaker tour	-	50,000
Grand Canyon	4,925	-
Cultural landscapes	300,803	192,619
Honey/native bees	34,724	276
Intertribal gatherings	38,917	21,841
Escalade/Save the Confluence	109,764	75,676
Change Labs	-	1,278,775
General program management	15,689	14,311
Legal program management	25,250	-
Water program	23,824	-
Rising leaders	11,000	-
Just transition	5,000	-
General education	100	-
Volunteer program	56,307	-
Kane artists' retreat	-	272
National geographic education	-	28,615
Timing restrictions accomplished	<u>564,793</u>	<u>182,336</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 1,508,071</u>	<u>\$ 2,403,126</u>

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

7. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Assets to be maintained in perpetuity

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

Contributions from the Alice Wyss Fund, 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 determines a financial emergency exists. As discussed in Note 14, this endowment fund is subject to the State Prudent Management Investors Act.

The Organization also holds conservation easements on lands in Utah, which are carried at \$2,295,000 as of December 31, 2020 and 2019, and are restricted in perpetuity for specified uses of the lands as discussed in Note 6. The conservation easements have no annual earnings.

8. LIQUIDITY AND AVAILABILITY

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

	2020	2019
Cash and cash equivalents	\$ 5,150,834	\$ 2,840,172
Investments	-	1,359,628
Contributions receivable	913,861	1,906,622
Accounts receivable	47,125	195,306
Note receivable	-	11,949
Subtotal financial assets available within one year	6,111,820	6,313,677
Less amounts not available to be used for general expenditures within one year:		
Cash subject to expenditure for specific purpose	(580,894)	(803,629)
Contribution receivable for specified purpose	(347,976)	(891,829)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 5,182,950	\$ 4,618,219

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, 2020 AND 2019

9. CONTRIBUTED SERVICES

During the years ended December 31, 2020 and 2019, the Organization was the beneficiary of donated legal services in the amount of \$34,969 and \$58,116, 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 1,100 and 4,500 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.

10. EXPENSES

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

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

	<u>2020</u>	<u>2019</u>
Total expenses as reported by function	\$ 4,634,666	\$ 6,487,961
Cost of cattle sales	<u>219,431</u>	<u>236,010</u>
TOTAL EXPENSES	<u>\$ 4,854,097</u>	<u>\$ 6,723,971</u>

11. COMMITMENTS RELATED TO GRAZING LEASES AND PERMITS

The Organization holds grazing permits issued by the United States Forest Service, the Bureau of Land Management and Arizona State Land Department.

During the years ended December 31, 2020 and 2019, the Organization obtained validation that terms and conditions required by the United States Forest Service were met related to grazing permits.

12. EMPLOYEE BENEFIT PLAN

The Organization established a qualified 401(k) salary defined plan (the "Plan"). The Plan covers all eligible employees as defined by the Plan. Participants may voluntarily contribute a portion of their annual wages up to the limits established by the Internal Revenue Service. The Organization provides a 4% discretionary contribution of the participant's gross salaries. Contributions to the Plan during the years ended December 31, 2020 and 2019 totaled \$100,111 and \$123,484, respectively.

13. CONCENTRATION OF REVENUE

Approximately 34% and 38%, respectively, of the Organization's revenue for the years ended December 31, 2020 and 2019 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, 2020 AND 2019**

14. ENDOWMENT

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

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

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

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

	<u>Without Donor Restriction</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	-	828,756	828,756
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 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	3,213,007	-	3,213,007
ENDOWMENT NET ASSETS, END OF YEAR	\$ <u>9,348,321</u>	\$ <u>1,349,856</u>	\$ <u>10,698,177</u>

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

14. ENDOWMENT (Continued)

Endowment net asset composition by type of fund as of December 31, 2019:

	<u>Without donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board Designated Endowment Funds	\$ 5,085,012	\$ -	\$ 5,085,012
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>667,673</u>	<u>667,673</u>
TOTAL ENDOWMENT FUNDS	<u>\$ 5,085,012</u>	<u>\$ 1,188,773</u>	<u>\$ 6,273,785</u>

Changes in endowment net assets for the year ended of December 31, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 946,069	\$ 946,069
Investment return, net	80,367	221,604	301,971
Board designations/contributions	<u>5,004,645</u>	<u>21,100</u>	<u>5,025,745</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ 5,085,012</u>	<u>\$ 1,188,773</u>	<u>\$ 6,273,785</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, 2020 and 2019 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. 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. Recommendations by the Finance Committee will be submitted to the Board for approval.

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

14. 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, the Board must approve a specific spending rate between 0% and 6% annually. This rate will be applied to the endowment's average market value over the prior three years to calculate the annual distributions that may be directed, if necessary, toward the Trust's general operating budget. The Board may, at its discretion, vote to increase the draw beyond the annual spending rate range depending on the financial circumstances of the Organization in any given year. This type of excess draw may only be executed on the Board-designated portion of the Grand Canyon Trust Endowment fund and the unrestricted portion of the Alice Wyss fund. If a draw beyond the endowment's allowed 0-6% spending rate range is required, the Organization will return such excess distribution to the endowment as soon as practical. If no draw is necessary, all income from investments will be reinvested into the endowment. The Board reserves the right to take any un-used draws in future years.

15. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 28, 2021, 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, 2020**

ASSETS

	<u>The Grand Canyon Trust</u>	<u>North Rim Ranch</u>	<u>Eliminations</u>	<u>Consolidated</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 5,144,902	\$ 5,932	\$ -	\$ 5,150,834
Contributions receivable	913,861	-	-	913,861
Accounts receivable	47,125	-	-	47,125
Livestock inventory	-	29,587	-	29,587
Prepaid expenses	180,895	7,828	-	188,723
Total current assets	<u>6,286,783</u>	<u>43,347</u>	<u>-</u>	<u>6,330,130</u>
PROPERTY, EQUIPMENT AND BREEDING HERD				
Property and equipment, net of accumulated depreciation and amortization of \$2,837,539	786,724	591,915	-	1,378,639
Breeding herd, net of accumulated depreciation of \$200,097	-	70,999	-	70,999
Net property, equipment and breeding herd	<u>786,724</u>	<u>662,914</u>	<u>-</u>	<u>1,449,638</u>
OTHER NONCURRENT ASSETS				
Investments - long-term:				
Sustaining Fund	8,242,684	-	-	8,242,684
Grand Canyon Trust Endowment	9,369,422	-	-	9,369,422
Alice Wyss Fund	1,328,755	-	-	1,328,755
Investment in LLC	706,261	-	(706,261)	-
Conservation easements	2,295,000	-	-	2,295,000
Beneficial interest in remainder trust	40,307	-	-	40,307
Total other noncurrent assets	<u>21,982,429</u>	<u>-</u>	<u>(706,261)</u>	<u>21,276,168</u>
TOTAL ASSETS	<u>\$ 29,055,936</u>	<u>\$ 706,261</u>	<u>\$ (706,261)</u>	<u>\$ 29,055,936</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES				
Accounts payable	\$ 35,337	\$ -	\$ -	\$ 35,337
Contributions payable	272,976	-	-	272,976
Accrued expenses	331,162	-	-	331,162
Total liabilities	<u>639,475</u>	<u>-</u>	<u>-</u>	<u>639,475</u>
NET ASSETS				
Without donor restrictions	24,018,566	706,261	(706,261)	24,018,566
With donor restrictions	4,397,895	-	-	4,397,895
Total net assets	<u>28,416,461</u>	<u>706,261</u>	<u>(706,261)</u>	<u>28,416,461</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 29,055,936</u>	<u>\$ 706,261</u>	<u>\$ (706,261)</u>	<u>\$ 29,055,936</u>

THE GRAND CANYON TRUST AND NORTH RIM RANCH, LLC

CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	The Grand Canyon Trust	North Rim Ranch	Eliminations	Consolidated
SUPPORT AND REVENUE				
Grants and contributions	\$ 5,859,807	\$ -	\$ -	\$ 5,859,807
Membership contributions	378,134	-	-	378,134
Investment income	2,081,148	-	-	2,081,148
In-kind contributions	34,969	-	-	34,969
Cattle revenue, net	-	(32,292)	-	(32,292)
Other revenue	12,504	120	(4,804)	7,820
Change in value of beneficial interest in remainder trust	41	-	-	41
	<u>8,366,603</u>	<u>(32,172)</u>	<u>(4,804)</u>	<u>8,329,627</u>
EXPENSES				
Program Services:				
Programs	2,978,855	123,679	(4,804)	3,097,730
Education	313,322	-	-	313,322
	<u>3,292,177</u>	<u>123,679</u>	<u>(4,804)</u>	<u>3,411,052</u>
Supporting Services:				
Development and Membership	777,847	-	-	777,847
General and Administrative	445,767	-	-	445,767
	<u>1,223,614</u>	<u>-</u>	<u>-</u>	<u>1,223,614</u>
Total expenses	<u>4,515,791</u>	<u>123,679</u>	<u>(4,804)</u>	<u>4,634,666</u>
Change in net assets from operations before non-controlling interest	3,850,812	(155,851)	-	3,694,961
Add: Net income attributable to non-controlling interest	-	18,697	-	18,697
CHANGE IN NET ASSETS FOR CONTROLLING INTEREST	<u><u>\$ 3,850,812</u></u>	<u><u>\$ (137,154)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,713,658</u></u>