



**GRAND CANYON  
CONSERVANCY**

## **ANNUAL FINANCIAL REPORT**

Period from

**January 1, 2020 to December 31, 2020**

**Grand Canyon National Park**

Grand Canyon, Arizona

**Kaibab National Forest**

Jacob Lake, Arizona

*Grand Canyon Conservancy is the official nonprofit partner  
of Grand Canyon National Park*

*[grandcanyon.org](http://grandcanyon.org)*

## Table of Contents

	<u>Page</u>
Independent Auditors' Report.....	1
Officer's Certification.....	3
Financial Statements:	
Statement of Financial Position.....	4
Statement of Activities .....	6
Statement of Functional Expenses .....	7
Statement of Cash Flows .....	8
Notes to Financial Statements .....	9
Supplementary Information:	
Summary of Aid to the National Park Service .....	24
Summary of Aid to USDA Forest Service.....	25



## Independent Auditors' Report

The Board of Directors  
Grand Canyon Conservancy  
Grand Canyon National Park  
Grand Canyon, Arizona  
Kaibab National Forest  
Jacob Lake, Arizona

We have audited the accompanying financial statements of Grand Canyon Conservancy (a nonprofit organization) which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand Canyon Conservancy as of December 31, 2020, and the 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.

## Report on Summarized Comparative Information

We have previously audited Grand Canyon Conservancy 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 10, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The summary of aid to cooperating agencies, as listed on the table of contents, is presented for purposes of additional analysis and is not a required part of the 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*HintonBurdick, PLLC*

HintonBurdick, PLLC  
St. George, Utah  
March 24, 2021

**GRAND CANYON CONSERVANCY**

**OFFICER'S CERTIFICATION**

**March 24, 2021**

I certify that this report is, to the best of my knowledge and belief, true and complete in all respects.

**Theresa  
McMullan**

Digitally signed by Theresa McMullan  
DN: cn=Theresa McMullan, o=Grand Canyon  
Conservancy, ou=CEO,  
email=tmcmullan@grandcanyon.org, c=US  
Date: 2021.04.26 12:38:09 -0700'

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Officer: Theresa McMullan  
Title: Chief Executive Officer

**Marie Buck**

Digitally signed by Marie Buck  
DN: cn=Marie Buck, o=Grand Canyon Conservancy, ou,  
email=mbuck@grandcanyon.org, c=US  
Date: 2021.04.26 12:24:11 -0700'

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Officer: Marie Buck  
Title: Chief Operating/Financial Officer

**GRAND CANYON CONSERVANCY**  
**Statement of Financial Position**  
**December 31, 2020**  
(with comparative totals for December 31, 2019)

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**ASSETS**

	2020	2019
<b>Current assets:</b>		
Cash and cash equivalents	\$ 2,651,598	\$ 3,386,638
Investments	10,414,913	10,147,428
Accounts receivable	37,453	45,993
Pledges receivable, current	522,350	326,084
Inventories	817,920	1,259,854
Prepaid expenses	105,249	165,767
Other current assets	58,288	63,488
Total current assets	14,607,771	15,395,252
<b>Fixed assets:</b>		
Property, plant and equipment	1,543,773	1,512,399
Accumulated depreciation	(1,181,156)	(1,005,978)
Total fixed assets	362,617	506,421
<b>Other assets:</b>		
Investments held for endowment purposes	6,387,633	5,837,360
Pledges receivable, noncurrent, net	122,000	466,000
Total other assets	6,509,633	6,303,360
<b>Total assets</b>	<b>\$ 21,480,021</b>	<b>\$ 22,205,033</b>

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

**GRAND CANYON CONSERVANCY**  
**Statement of Financial Position, Continued**  
**December 31, 2020**  
(with comparative totals for December 31, 2019)

**LIABILITIES AND NET ASSETS**

	2020	2019
<b>Current liabilities:</b>		
Accounts payable	\$ 272,023	\$ 633,300
Accrued payroll and related liabilities	263,967	375,247
Customer deposits	169,446	249,991
Other current liabilities	17,532	12,318
Total current liabilities	722,968	1,270,856
<b>Non-current liabilities:</b>		
Loan payable	1,104,631	-
Total liabilities	1,827,599	1,270,856
<b>Net assets:</b>		
Without donor restrictions		
Board designated:		
Strategic operating reserve	1,741,840	1,654,404
Direct Aid to NPS carryover	1,054,399	523,849
Undesignated:	3,195,667	5,920,498
Total net assets without donor restrictions	5,991,906	8,098,751
With donor restrictions	13,660,516	12,835,426
Total net assets	19,652,422	20,934,177
<b>Total liabilities and net assets</b>	<b>\$ 21,480,021</b>	<b>\$ 22,205,033</b>

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

**GRAND CANYON CONSERVANCY**  
**Statement of Activities**  
**For the Year Ended December 31, 2020**  
**(with comparative totals for the year ended December 31, 2019)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
<b>Revenue, gains and other support:</b>				
Sales	\$ 5,357,260	\$ -	\$ 5,357,260	\$ 12,526,781
Field institute services	126,707	-	126,707	709,776
Contributions	1,186,943	1,316,846	2,503,789	3,598,194
Memberships	702,619	-	702,619	889,050
Investment gain/(loss)	132,783	1,293,220	1,426,003	1,561,165
Other income	137,436	-	137,436	183,827
Net assets released from restrictions	1,784,976	(1,784,976)	-	-
 Total revenues, gains and other support	 <u>9,428,724</u>	 <u>825,090</u>	 <u>10,253,814</u>	 <u>19,468,793</u>
<b>Expenses and losses:</b>				
Program A - Sales	3,761,600	-	3,761,600	7,160,214
Program B - Aid to National Park Service	5,112,560	-	5,112,560	6,338,075
Program C - Aid to USDA Forest Service	2,085	-	2,085	21,043
Management and general	1,722,625	-	1,722,625	2,016,971
Fundraising	936,699	-	936,699	850,699
 Total expenses	 <u>11,535,569</u>	 <u>-</u>	 <u>11,535,569</u>	 <u>16,387,002</u>
 Change in net assets	 (2,106,845)	 825,090	 (1,281,755)	 3,081,791
 Net assets, beginning of year	 <u>8,098,751</u>	 <u>12,835,426</u>	 <u>20,934,177</u>	 <u>17,852,386</u>
 <b>Net assets, end of year</b>	 <u><u>\$ 5,991,906</u></u>	 <u><u>\$ 13,660,516</u></u>	 <u><u>\$ 19,652,422</u></u>	 <u><u>\$ 20,934,177</u></u>

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



**GRAND CANYON CONSERVANCY**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2020**  
 (with comparative totals for the year ended December 31, 2019)

Expense category	Program A	Program B	Program C	Management & General	Fundraising	2020	2019
	Sales	Aid to National Park Services *	Aid to USDA Forest Service *			Total	Total
Advertising	\$ -	\$ 76,256	\$ -	\$ 65	\$ 970	\$ 77,291	\$ 81,848
Bank charges	151,637	11,956	-	13,584	12,103	189,280	315,745
Board expense	-	-	-	29,097	-	29,097	49,736
Cost of goods sold	2,367,742	-	-	-	-	2,367,742	5,623,688
Depreciation	-	-	-	175,178	-	175,178	180,169
Dues and subscriptions	-	1,212	-	20,685	7,024	28,921	29,696
Employee benefits	192,279	281,448	-	137,523	56,456	667,706	607,656
Grants and aid	-	2,290,496	2,085	-	-	2,292,581	2,296,980
Insurance	-	3,414	-	120,969	-	124,383	82,590
Legal and professional	-	-	-	28,979	22,955	51,934	125,155
Other	2,987	116,930	-	6,274	714	126,905	1,236,362
Out-sourced services	10,374	634,961	-	49,114	177,389	871,838	729,723
Payroll taxes	59,094	108,416	-	47,611	38,831	253,952	289,827
Postage	54,492	7,500	-	2,720	3,507	68,219	75,002
Rent	1,249	-	-	43,959	274	45,482	19,950
Repairs and maintenance	-	3,604	-	89,759	35,662	129,025	221,589
Salaries and wages	837,652	1,518,327	-	682,718	553,068	3,591,765	3,795,169
Supplies	40,449	36,238	-	52,105	16,283	145,075	135,731
Travel	1,679	16,333	-	31,354	6,160	55,526	132,416
Utilities	41,966	5,469	-	190,931	5,303	243,669	357,970
<b>Total</b>	<b>\$ 3,761,600</b>	<b>\$ 5,112,560</b>	<b>\$ 2,085</b>	<b>\$ 1,722,625</b>	<b>\$ 936,699</b>	<b>\$ 11,535,569</b>	<b>\$ 16,387,002</b>

\* See Attachment A and B for a summary of aid to cooperating agencies.

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

**GRAND CANYON CONSERVANCY**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2020**  
**(with comparative totals for the year ended December 31, 2019)**

	2020	2019
<b>Cash flows from operating activities:</b>		
Reconciliation of change in net assets to net cash used by operating activities:		
Change in net assets	\$ (1,281,755)	\$ 3,081,791
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	175,178	180,169
(Gain)/loss on investments	(1,426,003)	(1,561,165)
Net transfer from/(to) permanent endowment	16,200	(186,487)
Net cash transfer	736,890	-
Deferred interest for PPP loan	6,538	-
Property and equipment donation received	-	(146,157)
Change in operating assets and liabilities:		
Decrease in accounts receivable	8,540	92,208
Decrease in pledges receivable	147,734	515,222
Decrease in inventories	441,934	142,466
Decrease/(increase) in prepaid expenses	60,518	(25,462)
Decrease in other current assets	5,200	4,041
(Decrease)/increase in accounts payable	(361,277)	213,693
(Decrease)/increase in accrued liabilities	(111,280)	55,561
(Decrease) in customer deposits	(80,545)	(50,005)
Increase/(decrease) in other current liabilities	5,214	(1,220)
Net cash (used)/provided by operating activities	<u>\$ (1,656,914)</u>	<u>\$ 2,314,655</u>
<b>Cash flow from investing activities:</b>		
Purchase of investments	(153,993)	(2,109,024)
Investment (income)/loss	9,148	58,383
Purchase of property and equipment	(31,374)	(50,793)
Net cash (used) by investing activities	<u>(176,219)</u>	<u>(2,101,434)</u>
<b>Cash flows from financing activities:</b>		
Contributions received for permanent endowment	-	276,487
Purchase of investments in endowments	-	(1,324,088)
Proceed from PPP loan	1,098,093	-
Payments on capital leases	-	(15,165)
Net cash provided/(used) by financing activities	<u>1,098,093</u>	<u>(1,062,766)</u>
<b>Changes in cash and cash equivalents</b>	<b>(735,040)</b>	<b>(849,545)</b>
Cash and cash equivalents, beginning of year	3,386,638	4,236,183
<b>Cash and cash equivalents, end of year</b>	<u><b>\$ 2,651,598</b></u>	<u><b>\$ 3,386,638</b></u>

Non-cash disclosures:

Property and equipment donation received	\$	-	\$	146,157
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The accompanying notes are an integral part of the financial statements.

**GRAND CANYON CONSERVANCY**  
**Notes to Financial Statements**  
**December 31, 2020**

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**NOTE 1. Significant Accounting Policies**

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Grand Canyon Conservancy (the Conservancy) is the official nonprofit partner of Grand Canyon National Park, raising private funds, operating retail shops within the park, and providing premier guided educational programs about the natural and cultural history of the region. Our supporters fund projects including trails and historic building preservation, educational programs for the public, and the protection of wildlife and their natural habitat.

The significant accounting policies of the Conservancy follow:

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Conservancy considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are recorded at fair value. Unrealized gains and losses are accounted for as investment income.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of December 31, 2020 and 2019, management estimated all of the Conservancy's account receivable to be collectable, and accordingly no allowance for bad debt has been recorded in the financial statements.

Pledges Receivable

Promises to donate made by individuals, foundations, trusts, or governmental entities are recorded as pledges receivable. The values are stated at the amount management expects to collect from the outstanding balances. Balances that are still outstanding after management has made all reasonable collection efforts, are written off and charged to an allowance account for uncollectable pledges. Refer to Note 6 for information on pledges receivable balances presented in this financial report.

**GRAND CANYON CONSERVANCY**  
**Notes to Financial Statements**  
**December 31, 2020**

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**NOTE 1. Significant Accounting Policies (Continued)**

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Inventory

The Conservancy maintains inventories of merchandise held for resale at each of its eight retail stores, online marketplace, and distribution center. Inventories are valued at the lower of cost or market.

Property and Equipment

Property and equipment costing \$1,000 or more are stated at cost, or if donated, at the estimated value on the date received. The Conservancy depreciates its property and equipment over the estimated useful lives of the assets using the straight-line method as follows:

Furniture, fixtures, and equipment	3-10 years
Mobile homes	10-15 years
Vehicles	5-7 years
Website	4 years

Building Improvement and Facilities

*Building Improvements:* The Conservancy operates its programs on and offers assistance in the preservation of the Grand Canyon National Park's land and buildings, which are owned by NPS. From time to time, the Conservancy makes improvements to NPS' buildings. These building improvements are expensed as incurred and have been included in Aid to National Park Service in the Statement of Activities.

*Facilities:* The Conservancy utilizes office retail space in buildings owned by NPS as part of its agreement as a cooperating association. The space is provided for the mutual benefit of both parties and no value is recorded in these financial statements, as comparable rent opportunities are not available.

Art Collection

The Conservancy collects and displays fine art and folk arts and crafts that pertain to the natural and cultural resources of Grand Canyon National Park and surrounding regions. The Conservancy maintains and adds to its art collections through third-party gifts, donations and bequests. The art collection is preserved and restored in order to maintain its original value. The art collection and contributed items are not recognized in the financial statements.

Customer Deposits

Customer deposits received in advance of Field Institute courses are recorded as liabilities on the statement of financial position and recognized as revenue during the period in which the course occurs.

Sales

Revenue for store sales is recognized when the customer receives and pays for the merchandise. For online transactions, revenue is recognized when ordered and shipped.

**GRAND CANYON CONSERVANCY**  
**Notes to Financial Statements**  
**December 31, 2020**

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**NOTE 1. Significant Accounting Policies (Continued)**

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Contributions

Contributions are recorded as unrestricted or restricted depending on the existence or nature of any donor restrictions. All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions are recognized when the donor makes a promise to give to the Conservancy that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Membership Income

The Conservancy provides memberships to patrons in exchange for discounts on merchandise and other nominal benefits. Membership income is recognized as income in the period received.

Functional Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, payroll taxes and employee benefits, which are allocated on the basis of estimates of time and effort, as well as other expenditures based on direct costs when possible, or indirect costs based on employee hours devoted to each function. Costs have been allocated for specific groupings of support provided to the Grand Canyon National Park using the following parameters:

Interpretation – the Conservancy’s membership services are fully allocated to this service. Specific Direct Aid project funding that benefits Grand Canyon National Park Division of Interpretation and Resource Education are applied on a direct cost basis. The Conservancy provides marketing services to help enhance the visitor experience when at the Park. Marketing service personnel and some expenses are allocated on estimate of time on projects.

Research – costs are allocated on a direct expenditure basis for each Park sub-project funded by the Conservancy.

Free Publications - costs are allocated on a direct expenditure basis for publications that are given to visitors at no expense.

Structures and Facilities – the Conservancy provides Facility Management services to selected buildings within the Grand Canyon National Park. Some of these facilities are designated to be historic requiring special care. The Conservancy allocates the employees providing these services as well as all direct material and project costs to this category.

Information Assistance – the Conservancy employees provide a variety of guest services to the Park visitors which help enhance the visitor experience. Employee expenses from the Merchandise Sales group and the supporting Distribution Center, Publishing Services, and General and Administrative management are allocated this category support provided to the Park.

**GRAND CANYON CONSERVANCY**  
**Notes to Financial Statements**  
**December 31, 2020**

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**NOTE 1. Significant Accounting Policies (Continued)**

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Interpretive Programs – Three Conservancy program groups, the Field Institute, the Canyon Field School and the annual Celebration of Arts event are fully allocated to this category. Additionally, specific projects' costs are fully allocated to interpretive programs.

Pre-publication expenses – the Conservancy produces various publications to support the interpretation of the Grand Canyon be they scientific, historic or cultural. Specific pre-publication expenses are charged off as incurred and allocated to this category.

Organizational allocations – the Conservancy applies most operating costs to the department responsible for the cost incurred on a direct cost basis. There are some management level employees whose costs and benefits are allocated across particular departments where they have business responsibilities.

Provision for Income Tax

No provision has been made for Federal income taxes because the Conservancy is exempt from Federal income tax as an educational organization under Section 501(c)(3) of the Internal Revenue Code. Aid to National Park Service is donated at cost.

The Conservancy's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2018, 2019 and 2020 are subject to examination by the IRS, generally for three years after they were filed.

Subsequent Event

On February 5, 2021, the Conservancy successfully obtained a second Small Business Association loan in the amount of \$890,442, under the Payroll Protection Program to secure payroll expenses for otherwise furloughed employees impacted by government-imposed shelter in place orders. Per the terms of the loan, the full amount will be forgiven as long as loan proceeds are used to cover payroll costs and other specified non-payroll costs. The Conservancy fully intends to comply with the terms in order to qualify for loan forgiveness.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Conservancy's 2019 financial statements from which the summarized information was derived. Certain amounts in the prior year statements have been reclassified for comparison purposes to conform with the current year presentation.

**GRAND CANYON CONSERVANCY**  
**Notes to Financial Statements**  
**December 31, 2020**

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**NOTE 1. Significant Accounting Policies (Continued)**

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Date of Management's Review

In preparing these financial statements, the Conservancy has evaluated events and transactions for potential recognition or disclosure through March 24, 2021, the date the financial statements were available to be issued.

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**NOTE 2. Cash and Cash Equivalents**

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The Conservancy maintains cash and cash equivalents and investment accounts at several financial institutions, which are insured and limited amounts by the Federal Deposit Insurance Corporation (FDIC), or covered under Securities Investor Protection Corporation (SIPC). Balances may at times exceed FDIC or SIPC limits; however, the Conservancy manages the concentration of credit risk by maintaining deposits in multiple financial institutions. As of December 31, 2020, the carrying amount of the Conservancy's deposits was \$985,695 and the bank balance was \$902,382. Of the bank balance, \$652,382 was not insured because it exceeded the FDIC limits. The carrying amount and bank balance of the liquid investments was \$1,657,393. Of this \$1,407,393 was not covered under SIPC.

Cash and cash equivalents consisted of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Cash in bank	\$ 985,695	\$ 1,029,183
Money market funds	1,657,903	2,346,240
Cash on hand	8,000	11,215
Total cash and cash equivalent	<u>\$ 2,651,598</u>	<u>\$ 3,386,638</u>

The nature and amounts of restrictions and/or limitations, including donor-imposed restrictions, on the Conservancy's use of cash and cash equivalents are disclosed in Notes 3 and 11. There are no cash and cash equivalents with donor-imposed restrictions limiting use to long-term purposes.

**GRAND CANYON CONSERVANCY**  
**Notes to Financial Statements**  
**December 31, 2020**

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**NOTE 3. Liquidity and Availability of Financial Assets**

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The following reflects the Conservancy's financial assets available within one year of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for long-term investing that could be drawn upon if the governing board approves that action.

	2020	2019
Cash and Cash equivalents	\$ 2,651,598	\$ 3,386,638
Short-term investments	10,414,913	10,147,428
Accounts receivable	37,453	45,993
Pledges receivable, current	522,350	326,084
Subtotal	\$ 13,626,314	\$ 13,906,143
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions		
- not including endowments (See Note 11 for details)	(7,272,883)	(6,998,066)
Board designations:		
Direct Aid to NPS carryover	(1,054,399)	(523,849)
Financial assets available to meet cash needs for general expenditures with one year	\$ 5,299,032	\$ 6,384,228

As disclosed in Note 10, the Board of Directors of the Conservancy has designated the establishment and maintenance of a strategic operating reserve account. The operating reserve account is to be utilized in the event of a significant interruption or extended Park closure due to natural or governmental events. The required fund balance is reviewed annually, and the minimum account balance is defined for the subsequent year.

Short-term investments are available to fill unexpected liquidity needs that may arise in addition to general expenditures. The Conservancy typically has significant cash and cash equivalents to meet cash needs for general expenditures.



**GRAND CANYON CONSERVANCY**  
**Notes to Financial Statements**  
**December 31, 2020**

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**NOTE 4. Investments and Fair Value Measurements**

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The Conservancy investments include accounts pooled with funds from other nonprofit organizations and deposited with Arizona Community Foundation, and other accounts deposited with another financial institution. Investment fees are included in net losses/gains on investments and totaled \$103,455 and \$97,528 during the years ended December 31, 2020 and 2019, respectively.

Investment gain (losses) consisted of the following for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 203,090	\$ 369,357
Realized gain/(loss) on investments	383,092	134,179
Unrealized gain/(loss) on investments	<u>839,821</u>	<u>1,057,629</u>
Net investment income (loss)	<u>\$ 1,426,003</u>	<u>\$ 1,561,165</u>

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are unadjusted quoted market prices in active markets for similar for identical assets or liabilities that the Conservancy can access at the measurement date.

Level 2 inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 inputs are significant observable inputs for asset or liability. The Conservancy currently does not have any financial instruments it values based on Level 3 inputs.

The level of the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

**GRAND CANYON CONSERVANCY**  
**Notes to Financial Statements**  
**December 31, 2020**

**NOTE 4. Investments and Fair Value Measurements (Continued)**

Fair value of assets measured on a recurring basis as of December 31, 2020 was as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Investments:			
Cash and cash equivalents	\$ 269,383	\$ 269,383	\$ -
Equity securities	3,804,879	3,804,879	-
Fixed income bonds	5,932,648	5,932,648	-
Real estate	408,003	408,003	-
Total investments	<u>10,414,913</u>	<u>10,414,913</u>	-
Endowment funds:			
Cash and cash equivalents	95,822	95,822	-
Equity securities	2,056,834	2,056,834	-
Fixed income bonds	1,321,995	1,321,995	-
Real estate	156,951	156,951	-
Investment pool - ACF	2,756,031	-	2,756,031
Total endowment funds	<u>6,387,633</u>	<u>3,631,602</u>	<u>2,756,031</u>
Total	<u>\$ 16,802,546</u>	<u>\$ 14,046,515</u>	<u>\$ 2,756,031</u>

Fair value of assets measured on a recurring basis as of December 31, 2019 was as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Investments:			
Cash and cash equivalents	\$ 711,462	\$ 711,462	\$ -
Equity securities	3,324,029	3,324,029	-
Fixed income bonds	5,697,444	5,697,444	-
Real estate	414,493	414,493	-
Total investments	<u>10,147,428</u>	<u>10,147,428</u>	-
Endowment funds:			
Cash and cash equivalents	62,488	62,488	-
Equity securities	1,767,235	1,767,235	-
Fixed income bonds	1,227,899	1,227,899	-
Real estate	161,176	161,176	-
Investment pool - ACF	2,618,562	-	2,618,562
Total endowment funds	<u>5,837,360</u>	<u>3,218,798</u>	<u>2,618,562</u>
Total	<u>\$ 15,984,788</u>	<u>\$ 13,366,226</u>	<u>\$ 2,618,562</u>

**GRAND CANYON CONSERVANCY**  
**Notes to Financial Statements**  
**December 31, 2020**

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**NOTE 5.      Accounts Receivable**

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As of December 31, 2020, accounts receivable was \$37,453; no allowance was considered necessary. For December 31, 2019, accounts receivable was \$45,993.

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**NOTE 6.      Pledges Receivable**

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The Conservancy's pledges receivable consisted of the following as of December 31, 2020 and 2019:

	2020	2019
Due within one year	\$ 522,350	\$ 326,084
Due within two to five years	148,000	496,000
	670,350	822,084
Allowance for doubtful pledges	(26,000)	(30,000)
Total pledge receivable, net	\$ 644,350	\$ 792,084

As of December 31, 2020, 67% of the Conservancy's pledges were due from one nonprofit organization. As of December 31, 2019, 70% of the Conservancy's pledges were due from one nonprofit organization. For 2020 and 2019, an allowance for doubtful pledges was \$26,000 and \$30,000, respectively.

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**NOTE 7.      Fixed Assets**

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The following table summarizes the changes to the fixed assets during the year ended December 31, 2020.

	December 31, 2019	Additions	Deletions	December 31, 2020
Furniture, fixtures and equipment	\$ 651,752	\$ -	\$ -	\$ 651,752
Mobile homes	249,389	-	-	249,389
Vehicles	377,900	-	-	377,900
Website development	160,175	-	-	160,175
Accounting system development	73,183	31,374	-	104,557
	1,512,399	31,374	-	1,543,773
Accumulated depreciation	(1,005,978)	(175,178)	-	(1,181,156)
Total fixed assets, net	\$ 506,421	\$ (143,804)	\$ -	\$ 362,617

**GRAND CANYON CONSERVANCY**  
**Notes to Financial Statements**  
**December 31, 2020**

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**NOTE 7. Fixed Assets (Continued)**

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The following table summarizes the changes to the fixed assets during the year ended December 31, 2019.

	December 31, 2018	Additions	Deletions	December 31, 2019
Furniture, fixtures and equipment	\$ 600,959	\$ 50,793	\$ -	\$ 651,752
Mobile homes	249,389	-	-	249,389
Vehicles	231,743	146,157	-	377,900
Website development	160,175	-	-	160,175
Accounting system development	73,183	-	-	73,183
	<u>1,315,449</u>	<u>196,950</u>	<u>-</u>	<u>1,512,399</u>
Accumulated depreciation	(825,809)	(180,169)	-	(1,005,978)
Total fixed assets, net	<u>\$ 489,640</u>	<u>\$ 16,781</u>	<u>\$ -</u>	<u>\$ 506,421</u>

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**Note 8. Loan Payable**

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On May 4, 2020, the Conservancy successfully secured a \$1,098,043 Small Business Association (SBA) loan under the Payroll Protection Program to secure payroll expenses for otherwise furloughed employees impacted by government-imposed shelter in place orders. Per the terms of the loan, the full amount will be forgiven as long as loan proceeds are used to cover payroll costs and other specified non-payroll costs. The Conservancy fully intends to comply with the terms in order to qualify for loan forgiveness. The Conservancy has chosen to treat the loan in accordance with FASB ASC Topic 470, Debt to continue to record the proceeds from the loan as a liability until the loan is wholly forgiven by SBA. In the event the Conservancy is required to repay the loan, all payments are deferred 10 months after the end of the covered period for the Conservancy's loan forgiveness with accrued interest over this period. Amounts outstanding under the loan will bear a fixed interest rate of 0.98% per annum with a maturity date of 2 years from commencement date.

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**Note 9. Line of Credit**

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The Conservancy has a Line of Credit for \$250,000 with JPMorgan Chase Bank available for working capital on which it has drawn \$0 as of December 31, 2020 and 2019. The line of credit does not have an end date with payments being paid on a monthly basis with a fixed interest rate of 8.25%.

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**Note 10. Board Designated Net Assets**

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The Conservancy's Board of Directors has adopted a policy whereby the Conservancy maintains a strategic reserve for the amount it estimates is required to sustain core Conservancy operations through partial or total business interruptions for a period of six months. The amount of the operational reserve is reviewed by the finance committee on an annual basis and was set at \$1,741,840 in 2020 and \$1,654,404 in 2019. An additional \$1,054,399 was designated for future aid for National Park Service programs in 2020 and \$523,849 for 2019.

**GRAND CANYON CONSERVANCY**  
**Notes to Financial Statements**  
**December 31, 2020**

**Note 11. Restrictions on Net Assets**

The Conservancy's net assets with donor restrictions are subject to the following purpose or time restrictions:

	2020	2019
<b>Subject to purpose restrictions:</b>		
Education and interpretation	\$ 870,035	\$ 866,780
Visitor safety/services	208,257	184,370
Arts culture, history	1,101,410	1,751,527
Conservation - wildlife and habitat	1,712,104	1,755,393
Conservation - plants and habitat	7,312	17,785
Greenway trail funds (above the rim)	1,931,126	1,860,299
Trail funds (below the rim)	4,030,501	3,464,027
NPS greatest need	293,741	287,490
Volunteer program - GCC	36,511	36,581
Volunteer program - NPS	76,416	74,140
Sustainability - greening the canyon	14	14
Sister parks program	15,272	15,272
Other	3,377,817	2,521,748
Total net assets with donor restrictions	<u>\$ 13,660,516</u>	<u>\$ 12,835,426</u>

The Conservancy has several projects that include donations with restrictions. Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of the passage of time or other events specified by donors. Any unused restricted funds at year end are included in net assets with donor restrictions. Some of the significant details of these projects include:

Wilderness Trails - the maintenance and upkeep of heavily used hiking trails throughout the interior of the Grand Canyon.

Desert View - the Conservancy is supporting multiple restoration projects within and around the historic Desert View Watchtower near the Park's eastern gate. The Conservancy supports cultural exhibitions and demonstrators who showcase their art, interpretation, music and dance. In 2019, skilled artisans, funded by the Conservancy, completed the conservation of the interior American Indian murals in the Watchtower. The Desert View area is now being redeveloped as an Inter-tribal Cultural Heritage Site that will teach visitors about the 11 traditionally associated Indigenous tribes of Grand Canyon.

Dark Skies - this initiative focuses on retrofitting light fixtures throughout the Park to reduce light pollution and help conserve the remarkable night time views that visitors may see at the Park. In 2019, Grand Canyon National Park was awarded International Dark-Sky Park status, and was awarded Dark Sky Place of the year.

**GRAND CANYON CONSERVANCY**  
**Notes to Financial Statements**  
**December 31, 2020**

**Note 11. Restrictions on Net Assets (Continued)**

Canyon Field School - in partnership with the National Park Service, the Conservancy provides a variety of courses and experiences for young people who range from middle schoolers to college students. The courses focus on a variety of topics in the areas of geology, wildlife, conservation and preservation in an outdoor camp-like setting within the Park's boundaries. In 2020, in-person courses were suspended due to COVID-19, however, online classes were offered through a new Canyon Field School @Home program.

The Conservancy's net assets with donor restrictions activity during 2020 consisted of the following:

	December 31, 2019	Contributions	Earnings	Releases	December 31, 2020
Education and interpretation	\$ 866,780	\$ 138,795	\$ -	\$ (135,540)	\$ 870,035
Visitor safety/services	184,370	27,150	-	(3,263)	208,257
Arts culture, history	1,751,527	378,220	1,640	(1,029,977)	1,101,410
Conservation - wildlife and habitat	1,755,393	128,564	80,763	(252,616)	1,712,104
Conservation - plants and habitat	17,785	-	-	(10,473)	7,312
Greenway trail funds (above the rim)	1,860,299	-	70,827	-	1,931,126
Trail funds (below the rim)	3,464,027	259,246	412,804	(105,576)	4,030,501
NPS greatest need	287,490	8,751	-	(2,500)	293,741
Volunteer program - GCC	36,581	-	-	(70)	36,511
Volunteer program - NPS	74,140	10,000	-	(7,724)	76,416
Sustainability - greening the canyon	14	-	-	-	14
Sister parks program	15,272	-	-	-	15,272
Other	2,521,748	366,120	727,186	(237,237)	3,377,817
	<u>\$ 12,835,426</u>	<u>\$ 1,316,846</u>	<u>\$ 1,293,220</u>	<u>\$ (1,784,976)</u>	<u>\$ 13,660,516</u>

The Conservancy's net assets with donor restrictions activity during 2019 consisted of the following:

	December 31, 2018	Contributions	Earnings	Releases	Reclass	December 31, 2019
Education and interpretation	\$ 1,157,473	\$ 219,250	\$ -	\$ (478,820)	\$ (31,123)	\$ 866,780
Visitor safety/services	195,419	32,175	-	(43,224)	-	184,370
Arts culture, history	1,077,851	652,999	-	(15,870)	36,547	1,751,527
Conservation - wildlife and habitat	1,691,134	217,531	127,577	(287,699)	6,850	1,755,393
Conservation - plants and habitat	17,785	-	-	-	-	17,785
Greenway trail funds (above the rim)	1,329,798	1,552	151,021	-	377,928	1,860,299
Trail funds (below the rim)	3,589,500	405,319	356,392	(701,870)	(185,314)	3,464,027
NPS greatest need	252,653	34,837	-	-	-	287,490
Volunteer program - GCC	36,581	-	-	-	-	36,581
Volunteer program - NPS	78,469	16,400	-	(20,729)	-	74,140
Sustainability - greening the canyon	14	-	-	-	-	14
Sister parks program	15,272	-	-	-	-	15,272
Other	1,560,129	390,570	677,503	(106,454)	-	2,521,748
	<u>\$ 11,002,078</u>	<u>\$ 1,970,633</u>	<u>\$ 1,312,493</u>	<u>\$ (1,654,666)</u>	<u>\$ 204,888</u>	<u>\$ 12,835,426</u>

During the year 2019, the Conservancy determined it was necessary to record an adjustment to the restricted net asset balances. It was determined that net assets with donor restrictions were understated by \$204,888 based on detailed research into each account balance. The net effect of the adjustment was a decrease in net assets without donor restrictions and an increase in net assets with donor restrictions.

**GRAND CANYON CONSERVANCY**  
**Notes to Financial Statements**  
**December 31, 2020**

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**Note 12. Investments Held for Endowment Purposes**

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Endowment Description: In 2008, the Grand Canyon National Park Foundation, an Arizona nonprofit corporation, assigned its endowment funds to the Conservancy. Endowments have been established for the purposes of park maintenance, wildlife protection, and funding internships and other projects benefiting Grand Canyon National Park. The Conservancy's endowments are classified as net assets with donor restrictions based on donor-imposed restrictions on the corpus or earnings of each fund. Investment income is designated as donor-restricted for expenditure by the Conservancy's management in accordance with donors' wishes and relevant laws as described below. Net assets with donor restrictions are released from restrictions and reclassified as net assets without donor restrictions when those funds are appropriated for expenditure for their donor-restricted purpose.

Interpretation of Relevant Law: The Conservancy's endowment funds are subject to compliance with the State of Arizona's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which provides standards for managing investments of institutional funds and spending from endowments. The Conservancy's Board of Directors has interpreted UPMIFA as requiring the classification of the original value of gifts donated to permanent donor-restricted endowments, and the original value of subsequent gifts to those permanent endowments as net assets with donor restrictions.

Return Objectives and Risk Parameters: The Conservancy's endowment funds are invested with U.S. Bank and the Arizona Community Foundation (ACF) in long-term investment pools in order to achieve return objectives and to maintain appropriate risk parameters approved by the Conservancy's Board of Directors.

Strategies Employed for Achieving Objectives: The Conservancy's Board of Directors has appointed a finance committee to oversee the management of the Conservancy's endowments. The finance committee meets with management periodically to review asset allocations, manager and investment entity performance, anticipated additions to or transfers of funds, and future investment strategies.

Spending Policy: Arizona Community Foundation determines annually the percentage of a fund's value that will be disbursed in the form of a grant to the holders of each respective fund that are pooled in a variety of investments. The Conservancy, and other similar fundholders, may decide to accept the disbursement as offered, take a lesser amount, or decline the disbursement completely for the purpose of continuing to build the principal value of the fund. The distributions are classified as net assets with donor restrictions until allocated for expenditure for the purpose that the endowment was established. 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 Conservancy to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature would be reported as net assets without donor restrictions.

**GRAND CANYON CONSERVANCY**  
**Notes to Financial Statements**  
**December 31, 2020**

**Note 12. Investments Held for Endowment Purposes (Continued)**

Activity of the endowment funds for 2020 are as follows:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Endowments, beginning of year	\$ -	\$ 5,837,360	\$ 5,837,360
Contributions	-	-	-
Investment income	-	566,473	566,473
Transfers	16,200	(16,200)	-
Expenditures	(16,200)	-	(16,200)
Endowments, end of year	<u>\$ -</u>	<u>\$ 6,387,633</u>	<u>\$ 6,387,633</u>

As of December 31, 2020, there was a \$2,000 pledge receivable to the Trails Forever Endowment.

Activity of the endowment funds for 2019 are as follows:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Endowments, beginning of year	\$ -	\$ 3,963,920	\$ 3,963,920
Contributions	-	1,324,088	1,324,088
Investment income	-	639,352	639,352
Transfers	90,000	(90,000)	-
Expenditures	(90,000)	-	(90,000)
Endowments, end of year	<u>\$ -</u>	<u>\$ 5,837,360</u>	<u>\$ 5,837,360</u>

As of December 31, 2019, there was a \$41,334 pledge receivable to the Trails Forever Endowment.

**Note 13. Retirement Plan**

The Conservancy has a defined contribution retirement plan (the plan) in which employees working at least 1,000 hours during a year may participate. The Conservancy makes a contribution to the plan up to the maximum amount allowed by the Internal Revenue Service (IRS) at the discretion of the Board of Directors. Employees vest into the employer-contributions portion of the plan on their third year of participation in the plan. During the years ended December 31, 2020 and 2019, the Conservancy incurred plan expenses of \$146,190 and \$153,490, respectively. The Conservancy also participates in a tax-deferred qualified annuity plan under section 403(b) of the IRS Code. The 403(b) plan covers all eligible full-time employees. Employees may make contributions up to the maximum amount allowed by the IRS Code.



**SUPPLEMENTARY INFORMATION**

**GRAND CANYON CONSERVANCY**  
**Summary of Aid to the National Park Service**  
**Attachment A**

**Cumulative Total and Years Ended December 31, 2020 through 2016**

	<b>5 Years</b>					
<b>Total</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	
Interpretation	\$ 6,752,894	\$ 1,255,015	\$ 1,578,614	\$ 1,449,300	\$ 1,119,950	\$ 1,350,015
Research	1,408,080	346,854	329,844	317,936	236,084	177,362
Free Publications	152,402	55,226	53,308	34,274	5,435	4,159
Structures and facilities other than sales areas	3,612,304	1,161,575	347,659	1,229,581	459,323	414,166
Information assistance						
- Conservancy personnel	7,256,297	1,290,234	1,664,491	1,443,948	1,531,214	1,326,410
Interpretive programs	6,224,737	946,543	2,286,932	1,377,890	873,455	739,917
Pre-Publication expenses	326,769	57,113	77,227	47,489	65,198	79,742
<b>Total</b>	<b>\$ 25,733,483</b>	<b>\$ 5,112,560</b>	<b>\$ 6,338,075</b>	<b>\$ 5,900,418</b>	<b>\$ 4,290,659</b>	<b>\$ 4,091,771</b>

The Conservancy has contributed a total of \$75,735,000 to the National Park Service since 1996.

**GRAND CANYON CONSERVANCY**  
**Summary of Aid to the USDA Forest Service**  
**Attachment B**  
**Cumulative total and years ended December 31, 2020 through 2016**

	<b>5 Years</b>					
	<b>Total</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Information assistance						
- Conservancy personnel	\$ 63,352	\$ 2,085	\$ 21,043	\$ 22,045	\$ 11,248	\$ 6,931
<b>Total</b>	<b>\$ 63,352</b>	<b>\$ 2,085</b>	<b>\$ 21,043</b>	<b>\$ 22,045</b>	<b>\$ 11,248</b>	<b>\$ 6,931</b>