

**GRAND CANYON YOUTH, INC.**

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**(with comparative totals for 2022)**

**(WITH AUDITOR'S REPORT THEREON)**



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Grand Canyon Youth, Inc.

### **Opinion**

We have audited the accompanying financial statements of Grand Canyon Youth, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023 and the related statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand Canyon Youth, Inc. as of December 31, 2023 and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Report Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Grand Canyon Youth, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Report Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Grand Canyon Youth, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Grand Canyon Youth, Inc.'s ability to continue as a going concern for a reasonable period of time.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Report on Summarized Comparative Information**

We have previously audited Grand Canyon Youth, Inc. 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 7, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gregg S. Bossen, CPA, PC  
Atlanta, Georgia  
March 12, 2024

GRAND CANYON YOUTH, INC.  
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GRAND CANYON YOUTH, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2023

<u>ASSETS</u>	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>	<i>For Comparative Purposes Only December 31, 2022</i>
<b>CURRENT ASSETS:</b>				
Cash & cash equivalents	\$715,403	\$208,056	\$923,459	\$771,211
Grant & other receivables	5,173		5,173	77,556
Investments	167,748	124,192	291,940	266,391
Prepaid expenses	9,994		9,994	7,496
<b>Total Current Assets</b>	<b>898,318</b>	<b>332,248</b>	<b>1,230,566</b>	<b>1,122,654</b>
<b>LONG-TERM FIXED ASSETS:</b>				
Long-term fixed assets	1,262,156		1,262,156	1,262,156
Less: Accumulated depreciation	(401,081)		(401,081)	(369,110)
<b>Total Long-Term Fixed Assets, net</b>	<b>861,075</b>	<b>-0-</b>	<b>861,075</b>	<b>893,046</b>
<b>TOTAL ASSETS</b>	<b>\$1,759,393</b>	<b>\$332,248</b>	<b>\$2,091,641</b>	<b>\$2,015,700</b>
<b><u>LIABILITIES &amp; NET ASSETS</u></b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable & accrued expenses	\$26,530		\$26,530	\$11,130
Expedition deposits	40,805		40,805	29,100
Note payable, current portion	16,037		16,037	15,434
<b>Total Current Liabilities</b>	<b>83,372</b>	<b>-0-</b>	<b>83,372</b>	<b>55,664</b>
<b>LONG-TERM LIABILITIES:</b>				
Note payable, long-term portion	520,167		520,167	536,204
<b>Total Long-Term Liabilities</b>	<b>520,167</b>	<b>-0-</b>	<b>520,167</b>	<b>536,204</b>
<b>TOTAL LIABILITIES</b>	<b>603,539</b>	<b>-0-</b>	<b>603,539</b>	<b>591,868</b>
<b>NET ASSETS:</b>				
Without donor restrictions – board designated	21,135		21,135	18,330
Without donor restrictions - undesignated	1,134,719		1,134,719	1,068,733
With donor restrictions		332,248	332,248	336,769
<b>Total Net Assets</b>	<b>1,155,854</b>	<b>332,248</b>	<b>1,488,102</b>	<b>1,423,832</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$1,759,393</b>	<b>\$332,248</b>	<b>\$2,091,641</b>	<b>\$2,015,700</b>

See Auditor's Report and Notes to Financial Statements

GRAND CANYON YOUTH, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>	<i>For Comparative Purposes Only December 31, 2022</i>
<b>PUBLIC SUPPORT &amp; REVENUE:</b>				
Public Support:				
Contributions & grant revenue	\$607,353	\$116,721	\$724,074	\$772,145
Special event income, net of direct costs	38,418		38,418	34,948
In-kind contributions	85,462		85,462	51,667
Net assets, restrictions met	135,839	(135,839)		
Total Public Support	<u>867,072</u>	<u>(19,118)</u>	<u>847,954</u>	<u>858,760</u>
Other Revenue:				
Participant fees (after direct financial aid awards of \$110,283 in 2023 & \$75,510 in 2022)	448,080		448,080	353,270
Investment income, net of fees	39,260	9,893	49,153	(23,678)
Merchandise sales, net of direct costs	263	4,604	4,867	2,835
Gain on sale of asset	1,500		1,500	
Total Other Revenue	<u>489,103</u>	<u>14,497</u>	<u>503,600</u>	<u>332,427</u>
Total Public Support and Revenue	<u>1,356,175</u>	<u>(4,621)</u>	<u>1,351,554</u>	<u>1,191,187</u>
<b>EXPENSES:</b>				
Program services	1,068,384		1,068,384	949,023
Management & general	97,361		97,361	82,810
Fundraising	121,639		121,639	107,538
Total Expenses	<u>1,287,384</u>	<u>-0-</u>	<u>1,287,384</u>	<u>1,139,371</u>
CHANGES IN NET ASSETS, BEFORE OTHER ITEM	68,791	(4,621)	64,170	51,816
Endowment donation	-0-	100	100	500
CHANGES IN NET ASSETS, AFTER OTHER ITEM	<u>\$68,791</u>	<u>(\$4,521)</u>	<u>\$64,270</u>	<u>\$52,316</u>

See Auditor's Report and Notes to Financial Statements

GRAND CANYON YOUTH, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(with comparative financial information for the year ended December 31, 2022)

				<u>2023</u>	<u>2022</u>
	<u>PROGRAM</u>	<u>MANAGEMENT</u>		<u>TOTAL</u>	<u>TOTAL</u>
	<u>SERVICES</u>	<u>&amp; GENERAL</u>	<u>FUNDRAISING</u>	<u>EXPENSES</u>	<u>EXPENSES</u>
Salaries & wages	\$519,800	\$71,011	\$86,871	\$677,682	\$611,946
Expedition transportation	80,607			80,607	69,054
Logistical support (including in-kind)	62,293			62,293	73,085
Employee benefits	43,349	4,111	11,299	58,759	68,414
Expedition food	56,586			56,586	41,334
Insurance	50,320	2,190	803	53,313	43,806
Permits & fees (including in-kind)	52,580			52,580	14,285
Payroll taxes	39,199	5,355	6,551	51,105	46,079
Contracted services	33,953	269	2,786	37,008	18,365
Supplies (expedition,warehouse & office)	31,315	299	1,243	32,857	27,905
Depreciation	29,566	1,042	1,363	31,971	37,997
Interest (building loan)	21,310	762	1,016	23,088	23,728
Conferences & training	18,199	1,202	1,089	20,490	9,460
Professional fees	293	9,447		9,740	8,575
Utilities	6,459	882	1,079	8,420	8,443
Database & website	7,854		200	8,054	7,860
Postage & printing	134	60	5,714	5,908	9,371
Equipment rental & repairs	5,146			5,146	-0-
Bank charges & merchant fees	4,330	200	152	4,682	3,945
Repairs & maintenance	1,926	69	92	2,087	8,515
Background checks	1,640			1,640	2,888
Dues & subscriptions	1,185	252	15	1,452	1,427
Meals, meetings & celebrations	340	210	253	803	-0-
Property taxes				-0-	2,573
Other			1,113	1,113	316
<b>TOTAL EXPENSES</b>	<u>\$1,068,384</u>	<u>\$97,361</u>	<u>\$121,639</u>	<u>\$1,287,384</u>	<u>\$1,139,371</u>

See Auditor's Report and Notes to Financial Statements

GRAND CANYON YOUTH, INC.  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>	<i>For Comparative Purposes Only December 31, 2022</i>
BALANCE, DECEMBER 31, 2022	\$1,087,063	\$336,769	\$1,423,832	\$1,371,516
CHANGES IN NET ASSETS	68,791	(4,521)	64,270	52,316
BALANCE, DECEMBER 31, 2023	<u>\$1,155,854</u>	<u>\$332,248</u>	<u>\$1,488,102</u>	<u>\$1,423,832</u>

See Auditor's Report and Notes to Financial Statements



GRAND CANYON YOUTH, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>December 31, 2023</u>	<i>For Comparative Purposes Only <u>December 31, 2022</u></i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$64,270	\$52,316
Adjustments to reconcile excess to net cash provided by operating activities:		
Depreciation	31,971	37,997
Net unrealized (gains) / losses on investments	(22,271)	27,118
Decrease in receivables	72,383	167,125
Decrease in prepaid expenses	2,498	14,579
Increase in accounts payable & accrued expenses	15,400	6,536
Increase in expedition deposits	11,705	2,440
(Decrease) in deferred revenue	-0-	(19,831)
Net cash provided by operating activities	175,956	288,280
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment and building improvements	-0-	(13,836)
Investment activity	(8,274)	(1,214)
Net cash (used) by investing activities	(8,274)	(15,050)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on note payable	(15,434)	(14,795)
Net cash (used) by financing activities	(15,434)	(14,795)
<b>NET CHANGE IN CASH</b>	152,248	258,435
<b>CASH AT BEGINNING OF YEAR</b>	771,211	512,776
<b>CASH AT END OF YEAR</b>	\$923,459	\$771,211
 <u>Supplemental disclosure of cash flow information</u>		
Cash paid for interest	\$23,088	\$23,728

See Auditor's Report and Notes to Financial Statements

GRAND CANYON YOUTH, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(A) Nature of Organization:

Grand Canyon Youth (“GCY”) offers educational outdoor expeditions that connect young people (typically ages 10 – 19) to the transformative power of the rivers and canyons of the Southwest. GCY has served almost 13,000 youth in the 26 years since its founding in 1998. Expeditions typically run from March through October, take place on eight sections of river in Utah and Arizona, including Grand Canyon, and range from 1 – 18 days long. The GCY warehouse & offices are located in Flagstaff, Arizona.

During 2023, GCY facilitated 62 expeditions, serving 731 youth participants from across the country who spent 3,150 days outdoors. This represents a 14% increase in youth user days over the prior year. GCY continues to be one of the most affordable programs of its kind, charging up to two-thirds less than other river trips. Participants typically pay only 25-40% of the actual cost of operating the programs; the rest is funded by grants, contributions & special events. Additionally, in 2023 over \$110,000 of direct financial aid was awarded to 320 youth participants, to help ensure cost is not a deterrent to participating. GCY strives to connect underrepresented and underserved youth to the river, including Indigenous youth, survivors of trauma, refugee youth, and youth who would otherwise never have such an opportunity.

*In service to our mission and values, GCY acknowledges that we are located on and visit the ancestral homelands of the Diné (Navajo), Havasu Baaja (Havasupai), Hoputuh Shi-ni-mu (Hopi), Hwal-Pai (Hualapai), Nde (Apache Western/Yavapai), Nuciu (Ute), and Numa (Paiute) Peoples, past and present. We recognize with gratitude the people who have stewarded these lands since time immemorial and the vibrant Native communities who make their home here today.*

(B) Basis of Presentation:

These financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles. These statements reflect application of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under these standards, all contributions are immediately recognized as revenue as soon as pledged (or if not pledged when received) regardless of any restrictions on use placed by the contributor. The basic financial statements are then shown divided into two net asset groups. These are:

Without Donor Restrictions:

All assets which either have no imposed restrictions on use or restrictions have been met by December 31, 2023.

With Donor Restrictions:

All contributions by foundations, organizations, businesses and individuals with restrictions on use that have not been met by December 31, 2023. A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration of the time and/or purpose of the restrictions, donor restricted net assets are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

See Auditor’s Report

GRAND CANYON YOUTH, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023  
-continued-

NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(C) Support and Revenue:

Grand Canyon Youth, Inc. recognizes the contributions and exchange transactions based on the FASB ASU 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. Also, ASU 2018-08 clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional.

Additionally, effective January 1, 2020 GCY adopted Accounting Standards Codification (ASC) 606. *Revenue from Contracts with Customers* and has recognized earned revenue, participant fees and merchandise sales, following the five-step framework listed below which was used to determine the amount and timing of revenue recognition:

- Identify the contract(s) with the customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) the entity satisfies a performance obligation.

The Support and Revenue for the organization are as follows:

Contributions and Grant Revenue (Contributions):

Support from these sources is recognized in the accounting period in which the contribution and grants are pledged (or if not pledged, when received). These contributions and grant revenue include: individuals, businesses, foundations, government agencies and organizations. Additionally, contributions with conditions are not recognized until the conditions have been met.

In-Kind Contributions:

Significant in-kind contributions of services and equipment (that would have otherwise been purchased by the organization) are recorded in the financial statements in the year they are received and in accordance with FASB ASU 2020-07. The value of volunteer services received, for which GCY is also deeply grateful, is not reflected in the financial statements. See Note 6 for more information.

See Auditor's Report

GRAND CANYON YOUTH, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023  
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NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(C) Support and Revenue (continued):

Participant Fees (Exchange Transactions):

Participant fees are earned when participants are able to complete their expedition. Participant fees are recognized in the accounting period when the expedition occurs. GCY awards many participants direct financial aid through reductions in participant fees collected.

	<u>2023</u>	<u>2022</u>
Direct financial aid awarded (reduction in participant fees received)	\$110,283	\$75,510

Merchandise Sales, Net of Direct Costs (Exchange Transactions):

Merchandise sold by the organization includes logo shirts, mugs, stickers, etc. Merchandise sales, net of direct costs are recognized in the accounting period when the merchandise is sold and delivered.

(D) Income Taxes:

Grand Canyon Youth, Inc. is exempt from income taxes under Section 501(c)(3) of the United States Internal Revenue Code. During the year ended December 31, 2023, Grand Canyon Youth, Inc. had no unrelated business income as defined by Section 512 of the Code and, therefore no provision for income tax is necessary.

Grand Canyon Youth, Inc. adopted the income standard related to the recognition and measurement of uncertain tax positions. The adoption of this standard had no financial statement effect for Grand Canyon Youth, Inc. Grand Canyon Youth, Inc. is no longer subject to federal tax examinations and state income tax examinations if the statute of limitations has expired.

See Auditor's Report

GRAND CANYON YOUTH, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023  
-continued-

NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(E) Receivables:

Grants and other receivables consist of uncollected health insurance premium refunds, and uncollected workers compensation insurance refunds. GCY uses the allowance method to determine uncollectible receivables. Also, GCY uses the direct write-off method for receivables which have been determined to be uncollectible. On a periodic basis, GCY evaluates its receivables and establishes an allowance for doubtful accounts based on its past experience and current credit conditions. Based on management's evaluation of the collectability of the receivables, no allowance for doubtful accounts was recorded for the year ended December 31, 2023.

Receivables for GCY are expected to be collected as follows as of December 31, 2023:

	<u>December 31, 2023</u>	<i>For Comparative Purposes Only</i> <u>December 31, 2022</u>
Due within one year:		
Grants and other receivables	\$5,173	\$77,556
Total Receivables	\$5,173	\$77,556

(F) Investment Balances and Performances:

Investment balances, consisting of reserve and endowment funds, are recorded at their fair market value as of year-end, in accordance with GAAP. This results in temporary increases or declines in the balance reported due to unrealized gains or losses as of that date. Investment balances totaling \$291,940 at December 31, 2023 increased \$22,271 due to unrealized gains during 2023 (realized losses were \$2,303). Investment balances totaling \$266,391 at December 31, 2022, declined \$27,118 due to unrealized losses during 2022 (realized losses were \$506). This temporary decline was expected, given the stock market's dismal 2022 performance, and was significantly better than the overall performance of the markets, due to GCY's conservatively invested portfolio, managed by the Arizona Community Foundation. Note that GCY's investment policy takes a long-term approach and management anticipates the eventual recovery of any significant unrealized losses.

(G) Prepaid Expenses:

Prepaid expenses consist of amounts paid in advance for workers compensation insurance relating to the subsequent year.

(H) Fixed Assets:

Grand Canyon Youth, Inc. follows the practice of capitalizing, at cost, expenditures for fixed assets in excess of \$1,000. Depreciation is computed using the straight-line method over the estimated useful lives of assets as follows:

Building and improvements	20 - 40 years
Vehicle equipment	5 - 20 years
Program equipment	3 - 10 years
Office equipment	3 - 7 years

See Auditor's Report

GRAND CANYON YOUTH, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023  
-continued-

NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(I) Estimates:

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

(J) Expedition Deposits:

Expedition deposits for participant fees received in advance are recorded as liabilities on the statement of financial position and recognized as revenue during the period in which the expedition occurs.

(K) Functional Allocation of Expenses:

The costs of providing program services are reported on a functional basis in the accompanying Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on directly identifiable expenses, or on the basis of estimates of proportional use or time and effort.

GCY defines program expenses as any cost directly contributing to its mission of offering educational outdoor expeditions that connect young people to the transformative power of the rivers and canyons of the Southwest.

(L) Concentration of Major Source of Revenue:

For the year ended December 31, 2023, GCY received \$226,057 from the Catena Foundation which is greater than 10% of its total revenue and support of \$1,351,554. For the year ended December 31, 2022, GCY received \$219,473 from the Catena Foundation which is greater than 10% of its total revenue and support of \$1,191,187.

(M) Concentration of Credit Risk:

Grand Canyon Youth, Inc. maintains bank accounts with financial institutions whose balances are insured by the Federal Deposit Insurance Corporation (FDIC) within limits. Periodically, bank account balances may exceed FDIC coverage. No credit risk is expected from uninsured deposits.

(N) Evaluation of Subsequent Events:

GCY's ongoing profitability may experience instability, and estimates included in the financial statements may change due to current political and economic conditions as a result of the public health concerns related to the ongoing COVID-19 pandemic and other events unforeseen at this time. The duration and intensity of these impacts and resulting disruption to which these events effect the organization's business will depend on future developments, which are highly uncertain and cannot be predicted at this time.

Management considered all events through March 12, 2024, the date the financial statements were available for release, in preparing the financial statements and the related disclosures. Management is not aware of any other significant events that occurred subsequent to December 31, 2023, but prior to the issuance of this report, that would have a material impact on the financial statements.

See Auditor's Report

GRAND CANYON YOUTH, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023  
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NOTE 2: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following represents GCY's financial assets at December 31, 2023:

	<u>2023</u>	<i>For Comparative Purposes Only</i> <u>2022</u>
Financial assets at year-end, net of current liabilities:		
Cash and cash equivalents	\$923,459	\$771,211
Grants and other receivables	5,173	77,556
Investments	291,940	266,391
Prepaid expenses	9,994	7,496
Less: Current liabilities	<u>(83,372)</u>	<u>(55,664)</u>
Total financial assets, net of current liabilities	1,147,194	1,066,990
Less amounts not available to be used within one year or for projects outside of general operating activities:		
Board designated operating reserves, without restrictions	(146,613)	(133,862)
Board designated quasi-endowment fund, without restrictions	(21,135)	(18,330)
Donor restricted endowment funds	(124,192)	(114,199)
Other net assets with donor restrictions	<u>(208,056)</u>	<u>(222,570)</u>
Financial assets available to meet cash needs for general expenditures over the next twelve months	<u>\$647,198</u>	<u>\$578,029</u>

As a part of GCY's liquidity plan, excess cash is temporarily invested in money market funds and reserve funds. GCY operates with a balanced budget and anticipates covering its general expenditures by collecting revenue from contributions, grants, and other revenues, and by utilizing donor-restricted and unrestricted resources from current and prior year's gifts.

See Auditor's Report

GRAND CANYON YOUTH, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023  
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NOTE 3: FAIR VALUE OF INVESTMENTS:

As required by FASB Accounting Standards Codification (ASC) 820, investments are valued at their fair value in the Statement of Financial Position. In accordance with the statement, fair value is defined as the price that the Organization would receive upon selling an asset in an orderly transaction to an independent buyer in the principal or most advantageous market of the asset. A three-tier hierarchy was established by the ASC to maximize the use of the observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 – Inputs that are unobservable, including the Organization's own assumptions in determining the fair value of assets.

In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the asset in its entirety falls is determined based on the lowest level input that is significant to the asset in its entirety. Assessing the significance of a particular input to the asset in its entirety requires judgment and considers factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's perceived risk of liquidity profile of that asset.

GCY does not currently have any financial instruments it values based on Level 1 or Level 3 inputs.

Fair value of assets based on Level 2 inputs in the Arizona Community Foundation (ACF) investment pool, measured on a recurring basis, were \$291,940 and \$266,391 at December 31, 2023 and 2022, respectively.

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NOTE 4: LONG-TERM FIXED ASSETS:

At December 31, 2023, the value of such assets is as follows:

	<u>2023</u>	<i>For Comparative Purposes Only</i> <u>2022</u>
Land	\$300,000	\$300,000
Building and improvements	490,770	490,770
Program equipment	340,943	340,943
Vehicle equipment	77,824	77,824
Office equipment	52,619	52,619
Less: Accumulated depreciation	<u>(401,081)</u>	<u>(369,110)</u>
Total Long-Term Fixed Assets, net	<u>\$861,075</u>	<u>\$893,046</u>

NOTE 5: NOTE PAYABLE – BUILDING:

On January 30, 2020, GCY borrowed \$593,000 to finance the purchase of their building. Payments of \$3,210, including interest at 4.24% are due monthly, with a \$316,736 balloon payment due January 2035. The note is secured by a deed of trust on the building. For the year ended December 31, 2023, the Note Payable is detailed below:

	<u>2023</u>	<i>For Comparative Purposes Only</i> <u>2022</u>
Total Note Payable	\$536,204	\$551,638
Less: Current Portion	<u>(16,037)</u>	<u>(15,434)</u>
Total Note Payable, Long-Term Portion	<u>\$520,167</u>	<u>\$536,204</u>

Total future principal payments for the Note Payable are as follows:

For the years ended:	
December 31, 2024	16,037
December 31, 2025	16,795
December 31, 2026	17,521
December 31, 2027	18,278
Thereafter	<u>467,573</u>
	<u>\$536,204</u>

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NOTE 6: IN-KIND CONTRIBUTIONS:

The In-kind contributions revenue account consists of items contributed to the Organization that can be recorded in the statement of activities under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) and are detailed below:

	<u>2023</u>	<i>For Comparative Purposes Only</i> <u>2022</u>
Logistical support	32,425	\$38,958
Permits & fees	34,716	959
Contracted services	10,695	-0-
Salaries & wages	4,126	2,300
Expedition Transportation	2,000	-0-
Equipment rentals & repairs	1,500	-0-
Supplies	-0-	5,800
Repairs & maintenance	-0-	3,650
	<u>\$85,462</u>	<u>\$51,667</u>

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following purposes:

	<u>2023</u>	<i>For Comparative Purposes Only</i> <u>2022</u>
Programmatic support and logistics	\$208,056	\$222,570
Endowment funds (See Note 8)	124,192	114,199
	<u>\$332,248</u>	<u>\$336,769</u>

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NOTE 8: ENDOWMENT FUNDS:

Endowment Description: The endowment funds are held and managed by the Arizona Community Foundation (ACF). GCY's endowment funds are classified as net assets with donor restrictions if donor-imposed restrictions require the endowment to be maintained in perpetuity.

Interpretation of Relevant Law: GCY's endowment funds are subject to compliance with the State of Arizona's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA is a statute providing uniform and fundamental rules for the investment of funds held by a charitable organization and the expenditure of funds donated as endowments to an organization. The Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

Return Objectives and Risk Parameters: GCY's endowment funds are invested with ACF in long-term investment pools in order to achieve return objectives and to maintain appropriate risk parameters.

Strategies Employed for Achieving Objectives: GCY's Board of Directors oversees the management of the endowment funds.

Spending Policy: ACF makes approximately five percent of the funds' fair value available for distribution to GCY annually, calculated as the average of the fair value of the previous twelve quarters of the funds. From time to time, the fair value of assets associated with GCY's endowment funds may fall below the level that the donor or UPMIFA requires GCY to retain as funds of perpetual donations. In accordance with GAAP, deficiencies of this nature are reported as net assets with or without donor restrictions, depending on the underlying net asset classification. As of December 31, 2023, GCY has not yet taken any distributions from its endowment funds, but instead has allowed the funds to continue to grow.

Activity of the endowment funds is as follows:

	2023	<i>For Comparative Purposes Only 2022</i>
	<u>With Donor Restrictions</u>	<u>With Donor Restrictions</u>
Endowment net assets, beginning of year	\$114,199	\$123,590
Contributions	100	500
Change in value	9,893	(9,891)
Endowment net assets, end of year	\$124,192	\$114,199

For the year ended December 31, 2023, there was an excess for the endowment fund which had an original gift value of \$120,207, a current value of \$124,192, and an excess of \$3,985. For the year ended December 31, 2022, there was a deficiency of \$6,008, which had an original \$120,207 with a current value of \$114,199. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new contributions for donor restricted endowment funds.

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NOTE 9: QUASI-ENDOWMENT FUND:

The quasi-endowment account representing the Board of Directors designated endowment fund, is held and managed by the Arizona Community Foundation. Absent donor restrictions, the quasi-endowment fund is classified as board designated net assets, without donor restrictions.

	2023	<i>For Comparative Purposes Only 2022</i>
	<i>Without Donor Restrictions, <u>Board Designated</u></i>	<i>Without Donor Restrictions, <u>Board Designated</u></i>
Quasi-Endowment net assets, beginning of year	\$18,330	\$19,676
Investment Income	1,585	352
Change in value	1,220	(1,698)
Quasi-Endowment net assets, end of year	\$21,135	\$18,330

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NOTE 10: SPECIAL EVENT – RIVER TALES:

River Tales is a one-night story-telling event where members of the GCY community (youth participants, parents, guides, supporters, collaborators, etc.) share river stories with an attending audience of approximately 200. In 2023, unlike the previous three years’ virtual and hybrid events, the event was held entirely in-person at a Flagstaff community center. River Tales is hosted by the Executive Director and attendees can donate to a live portal or participate in a week-long online auction of outdoor gear, artwork, etc. that culminates on the night of the event. Local businesses help to sponsor this annual event.

In accordance with generally accepted accounting principles, the special event is shown net of direct costs on the Statement of Activities; specific revenues and costs are detailed below:

REVENUE:

	<u>2023</u>	<u>2022</u>
Sponsorships	\$18,250	\$14,000
Auction	13,994	14,779
Donations	4,698	5,750
Ticket Sales	3,950	3,590
Donated Food	3,000	3,000
Total Revenue	43,892	41,119

DIRECT COSTS:

Food (in-kind)	\$3,000	\$3,000
Space Rental	1,477	705
Contracted services	758	1,341
Merchant fees	94	235
Supplies	81	596
Printing & postage	64	289
Other	-0-	5
Total Costs	5,474	6,171

Special Events Income, net of direct costs	\$38,418	\$34,948
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