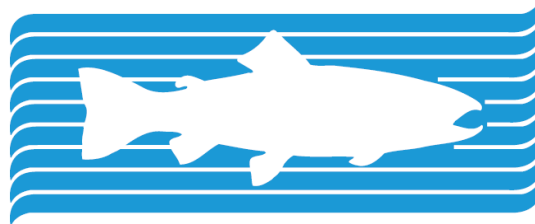


**CALIFORNIA TROUT**



FISH · WATER · PEOPLE

**CALIFORNIA  
TROUT, INC.**

**Combined Financial  
Statements**

*For the Years Ended*  
*June 30, 2015 and 2014*

With Independent Auditor's Report Thereon

# CALIFORNIA TROUT CORPORATION AND FOUNDATION

(A California Non-Profit Corporation)  
June 30, 2015 and 2014

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## CALIFORNIA TROUT CORPORATION AND FOUNDATION

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*REGALIA & ASSOCIATES*  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

### **The Board of Directors California Trout Corporation and Foundation**

We have audited the accompanying combined financial statements of California Trout Corporation and Foundation (California nonprofit organizations) which comprise the combined statements of financial position as of June 30, 2015 and 2014 and the related combined statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the combined financial statements.

#### *Management's Responsibility for the Financial Statements*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of California Trout Corporation and Foundation as of June 30, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. *(continued)*

**INDEPENDENT AUDITORS' REPORT**

*(Continued)*

***Other Matters:***

We have previously audited California Trout Corporation And Foundation's June 30, 2014 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated April 10, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

***Report on Other Legal and Regulatory Requirements (Circular A-133 Single Audit)***

In accordance with Government Auditing Standards, we have also issued our report dated April 1, 2016, on our consideration of California Trout Corporation And Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined financial statements of California Trout Corporation And Foundation as a whole. The accompanying schedule of expenditures of federal awards (supplementary information on pages 15 and 16) is presented for purposes of additional analysis as required by the United States Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

*Regalia & Associates*

***Danville, California  
April 1, 2016***

**CALIFORNIA TROUT CORPORATION AND FOUNDATION**

**Combined Statements of Financial Position  
June 30, 2015 and 2014**

**Assets**

	2015			2014		
	Corporation	Foundation	Total	Corporation	Foundation	Total
<b>Current Assets:</b>						
Cash and cash equivalents	\$ 572,054	\$ -	\$ 572,054	\$ 590,856	\$ -	\$ 590,856
Investments	-	-	-	5,043	-	5,043
Grants/pledges/contracts receivable	819,199	-	819,199	863,158	-	863,158
Prepaid expenses	4,666	-	4,666	20,692	-	20,692
Total current assets	<b>1,395,919</b>	<b>-</b>	<b>1,395,919</b>	<b>1,479,749</b>	<b>-</b>	<b>1,479,749</b>
<b>Noncurrent Assets:</b>						
Property/equipment/improvements (net)	47,019	208,503	255,522	41,431	208,503	249,934
Other assets	17,414	-	17,414	17,316	-	17,316
Due from (to) Foundation (Corporation)	228,317	(228,317)	-	166,355	(166,355)	-
Total noncurrent assets	<b>292,750</b>	<b>(19,814)</b>	<b>272,936</b>	<b>225,102</b>	<b>42,148</b>	<b>267,250</b>
Total assets	<b>\$ 1,688,669</b>	<b>\$ (19,814)</b>	<b>\$ 1,668,855</b>	<b>\$ 1,704,851</b>	<b>\$ 42,148</b>	<b>\$ 1,746,999</b>

**Liabilities and Net Assets**

<b>Current Liabilities:</b>						
Accounts payable / accrued liabilities	\$ 652,534	\$ -	\$ 652,534	\$ 562,025	\$ -	\$ 562,025
Unearned revenue	-	-	-	44,399	-	44,399
Accrued payroll liabilities	49,672	-	49,672	64,872	-	64,872
Total current liabilities	<b>702,206</b>	<b>-</b>	<b>702,206</b>	<b>671,296</b>	<b>-</b>	<b>671,296</b>
<b>Net Assets:</b>						
Unrestricted	688,734	(19,814)	668,920	551,489	42,148	593,637
Temporarily restricted	297,729	-	297,729	482,066	-	482,066
Total net assets	<b>986,463</b>	<b>(19,814)</b>	<b>966,649</b>	<b>1,033,555</b>	<b>42,148</b>	<b>1,075,703</b>
Total liabilities and net assets	<b>\$ 1,688,669</b>	<b>\$ (19,814)</b>	<b>\$ 1,668,855</b>	<b>\$ 1,704,851</b>	<b>\$ 42,148</b>	<b>\$ 1,746,999</b>

# CALIFORNIA TROUT CORPORATION AND FOUNDATION

## Combined Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2015

	<b>Corporation</b>		<b>Foundation</b>		<b>Total</b>
	Temporarily	Total	Temporarily	Total	Total
	Unrestricted	Restricted	Unrestricted	Restricted	June 30 2015
Revenue and support:					
<i>Contributed income:</i>					
Grants	\$ 78,000	\$ 802,559	\$ 880,559	\$ -	\$ 880,559
Donations and fundraising	1,498,587	15,572	1,514,159	-	1,514,159
Satisfaction of program restrictions	1,002,468	(1,002,468)	-	-	-
Total contributed income	2,579,055	(184,337)	2,394,718	-	2,394,718
<i>Earned revenue:</i>					
Government contracts	2,330,541	-	2,330,541	-	2,330,541
Product sales	5,719	-	5,719	-	5,719
Investment income	85	-	85	-	85
Total earned revenue	2,336,345	-	2,336,345	-	2,336,345
Total revenue and support	4,915,400	(184,337)	4,731,063	-	4,731,063
Expenses:					
Program	3,723,723	-	3,723,723	-	3,723,723
General and administrative	284,859	-	284,859	-	284,859
Development	487,212	-	487,212	-	487,212
Membership and marketing	264,504	-	264,504	-	264,504
Foundation	-	-	-	61,962	61,962
Depreciation	17,857	-	17,857	-	17,857
Total expenses	4,778,155	-	4,778,155	61,962	4,840,117
Increase (decrease) in net assets	137,245	(184,337)	(47,092)	(61,962)	(109,054)
Net assets at beginning of year	551,489	482,066	1,033,555	42,148	1,075,703
Net assets at end of year	\$ 688,734	\$ 297,729	\$ 986,463	\$ (19,814)	\$ 966,649

# CALIFORNIA TROUT CORPORATION AND FOUNDATION

## Combined Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2014

	Corporation		Foundation		Total June 30 2014
	Temporarily		Total		
	Unrestricted	Restricted	Corporation	Unrestricted	
Revenue and support:					
<i>Contributed income:</i>					
Grants	\$ 37,650	\$ 871,136	\$ 908,786	\$ -	\$ 908,786
Donations and fundraising	324,914	200,805	525,719	-	525,719
Satisfaction of program restrictions	2,510,610	(2,510,610)	-	-	-
Total contributed income	2,873,174	(1,438,669)	1,434,505	-	1,434,505
<i>Earned revenue:</i>					
Government contracts	921,786	-	921,786	-	921,786
Product sales	14,868	-	14,868	-	14,868
Other income	554	-	554	-	554
Investment income	78	-	78	-	78
Total earned revenue	937,286	-	937,286	-	937,286
Total revenue and support	3,810,460	(1,438,669)	2,371,791	-	2,371,791
Expenses:					
Program	2,917,095	-	2,917,095	-	2,917,095
General and administrative	377,288	-	377,288	-	377,288
Development	393,114	-	393,114	-	393,114
Membership and marketing	221,720	-	221,720	-	221,720
Foundation	-	-	-	68,267	68,267
Depreciation	14,886	-	14,886	-	14,886
Total expenses	3,924,103	-	3,924,103	68,267	3,992,370
Increase (decrease) in net assets	(113,643)	(1,438,669)	(1,552,312)	(68,267)	(1,620,579)
Net assets at beginning of period	979,958	1,605,909	2,585,867	110,415	2,696,282
Reclassification of government contracts	(314,826)	314,826	-	-	-
Net assets at end of period	\$ 551,489	\$ 482,066	\$ 1,033,555	\$ 42,148	\$ 1,075,703

# CALIFORNIA TROUT CORPORATION AND FOUNDATION

## Combined Statements of Cash Flows For the Years Ended June 30, 2015 and 2014

	2015	2014
<i>Cash flows from operating activities:</i>		
Decrease in net assets	\$ (109,054)	\$ (1,620,579)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	17,857	14,886
Changes in:		
Grants and pledges receivable	43,959	3,542,857
Prepaid expenses	16,026	4,059
Other assets	(98)	462
Accounts payable / accrued liabilities	90,509	288,579
Unearned revenue	(44,399)	(2,543,743)
Accrued payroll liabilities	(15,200)	13,646
Net cash used for operating activities	(400)	(299,833)
 <i>Cash flows from investing activities:</i>		
Acquisition of investments	-	(5,043)
Sales and redemptions of investments	5,043	-
Acquisition of property and equipment	(23,445)	-
Net cash used for investing activities	(18,402)	(5,043)
Decrease in cash and cash equivalents	(18,802)	(304,876)
Cash and cash equivalents at beginning of year	590,856	895,732
Cash and cash equivalents at end of year	\$ 572,054	\$ 590,856
 <i>Supplemental Disclosures:</i>		
Interest expense	\$ -	\$ -
State registration taxes paid	\$ 150	\$ 150



# CALIFORNIA TROUT CORPORATION AND FOUNDATION

## Combined Statement of Functional Expenses For the Year Ended June 30, 2015

		Program Membership Communi- cations	General and Adminis- trative	Devel- opment	Total Corporation	Foun- dation	Total Year Ended June 30 2015
Advertising, marketing, publicity	\$ -	\$ 6,293	\$ -	\$ -	\$ 6,293	\$ -	\$ 6,293
Bank charges and fees	2,376	3,988	16,886	18,978	42,228	-	42,228
Consulting and outside services	2,113,161	72,871	41,721	164,398	2,392,151	-	2,392,151
Design consulting	21,125	10,419	-	20,476	52,020	-	52,020
Entertainment and hospitality	7,806	-	-	77,552	85,358	-	85,358
Insurance	10,472	-	1,022	1,277	12,771	-	12,771
Legal and accounting	79,478	-	16,425	-	95,903	-	95,903
Meetings and conferences	6,512	-	462	1,486	8,460	-	8,460
Miscellaneous	-	141	14,810	797	15,748	2,510	18,258
Occupancy (rent and utilities)	120,434	5,827	12,318	15,398	153,977	-	153,977
Postage and shipping	7,453	2,746	2,194	704	13,097	-	13,097
Printing and copying	4,695	62,072	4,273	6,755	77,795	-	77,795
Publications and subscriptions	8,001	3,780	253	1,684	13,718	-	13,718
Repairs and maintenance	23,721	269	20	2,500	26,510	59,452	85,962
Salaries, wages and related payroll cos	985,729	68,722	169,576	139,815	1,363,842	-	1,363,842
Supplies	34,723	21,910	3,078	17,371	77,082	-	77,082
Technology consulting	118,994	250	-	-	119,244	-	119,244
Telephone and internet	38,515	3,358	1,042	-	42,915	-	42,915
Travel and lodging	140,528	1,858	779	18,021	161,186	-	161,186
Total expenses before depreciation	3,723,723	264,504	284,859	487,212	4,760,298	61,962	4,822,260
Depreciation	17,857	-	-	-	17,857	-	17,857
Total expenses	\$3,741,580	\$ 264,504	\$ 284,859	\$ 487,212	\$ 4,778,155	\$ 61,962	\$ 4,840,117

# CALIFORNIA TROUT CORPORATION AND FOUNDATION

## Combined Statement of Functional Expenses For the Year Ended June 30, 2014

		Program Membership Communi- cations	General and Adminis- trative	Devel- opment	Total Corporation	Foun- dation	Total Year Ended June 30 2014
Advertising, marketing, publicity	\$ 2,183	\$ 3,877	\$ -	\$ -	\$ 6,060	\$ -	\$ 6,060
Bank charges and fees	5,497	4,271	12,186	1,941	23,895	-	23,895
Consulting and outside services	1,451,744	43,759	68,660	223,829	1,787,992	-	1,787,992
Design consulting	10,383	2,656	-	21,100	34,139	-	34,139
Entertainment and hospitality	389	-	-	74,432	74,821	-	74,821
Insurance	11,220	-	1,095	1,368	13,683	-	13,683
Legal and accounting	121,260	-	19,869	-	141,129	-	141,129
Meetings and conferences	13,098	-	3,437	2,655	19,190	-	19,190
Miscellaneous	1,107	175	-	8,965	10,247	54	10,301
Occupancy (rent and utilities)	127,456	196	12,454	15,567	155,673	-	155,673
Postage and shipping	5,259	663	4,312	541	10,775	-	10,775
Printing and copying	4,893	74,662	174	3,692	83,421	-	83,421
Publications and subscriptions	8,169	6,219	141	-	14,529	-	14,529
Repairs and maintenance	36,563	-	-	466	37,029	68,213	105,242
Salaries, wages and related payroll costs	878,534	78,513	251,524	4,145	1,212,716	-	1,212,716
Supplies	23,627	1,635	1,080	22,819	49,161	-	49,161
Technology consulting	61,353	508	-	-	61,861	-	61,861
Telephone and internet	35,830	3,894	1,232	-	40,956	-	40,956
Travel and lodging	118,530	692	1,124	11,594	131,940	-	131,940
<b>Total expenses before depreciation</b>	<b>2,917,095</b>	<b>221,720</b>	<b>377,288</b>	<b>393,114</b>	<b>3,909,217</b>	<b>68,267</b>	<b>3,977,484</b>
Depreciation	14,886	-	-	-	14,886	-	14,886
<b>Total expenses</b>	<b>\$2,931,981</b>	<b>\$ 221,720</b>	<b>\$ 377,288</b>	<b>\$393,114</b>	<b>\$3,924,103</b>	<b>\$68,267</b>	<b>\$3,992,370</b>

## Notes to Combined Financial Statements June 30, 2015

### 1. Organization

California Trout Corporation and California Trout Foundation are California tax-exempt, non-profit corporations and are collectively referred to as "California Trout."

California Trout was established in 1971 for the purpose of undertaking programs and activities to conserve and enhance the wild trout and salmon and their natural habitat within California. Additionally, California Trout gathers funds to finance charitable, scientific and educational research projects, and to preserve and rehabilitate public trout and steelhead fisheries in California.

### 2. Summary of Significant Accounting Policies

#### *Basis of Accounting and Combination*

The combined financial statements of California Trout have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities. The combined financial statements include the accounts of California Trout Corporation and California Trout Foundation, which have common management and share common board members. All significant balances and transactions between California Trout's funds have been eliminated.

#### *Basis of Presentation*

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958.205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958.205, California Trout is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. There were no permanently restricted net assets as of June 30, 2015 or 2014.

#### *Revenue Recognition*

California Trout records contributions in accordance with the recommendations of ASC 958.605, *Revenue Recognition of Not-for-Profit Entities*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

#### *Use of Estimates*

The preparation of combined 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 and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

**Notes to Combined Financial Statements**

**2. Summary of Significant Accounting Policies (continued)**

*Cash and Cash Equivalents*

Cash and cash equivalents include savings, cash deposits and money market accounts with maturity dates of three months or less. California Trout may occasionally be the recipient of donated securities. Investments or securities received by gift are recorded at market value at the date of contribution in accordance with ASC 958.320, *Investments – Debt and Equity Securities of Not For Profit Organizations*. California Trout converts such securities to liquid assets, and any realized gains or losses are separately stated on the combined statements of activities and changes in net assets. California Trout maintains its cash balances in high quality financial institutions, which at times may exceed federally insured limits. California Trout has not experienced any losses in such accounts.

*Fair Value of Financial Instruments*

Unless otherwise indicated, the fair values of all reported assets and liabilities, which represent financial instruments, none of which are held for trading purposes, approximate carrying values of such amounts.

*Property, Equipment, and Improvements*

Property and equipment are valued at cost or, if donated, at fair market value on the date of donation. Depreciation is provided by use of the straight-line method over the estimated useful lives of the assets. The cost of property and equipment which benefit future periods is capitalized and depreciated over the estimated useful life of each class of depreciable asset.

*Net Assets*

In accordance with accounting principles generally accepted in the United States of America, financial statements must present classes of net assets based on the following categories: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Grants and contributions are classified in the appropriate net asset category based on the absence or existence of donor-imposed restrictions that limit the use of the donated assets if they are designated as support for future periods or future projects when they are received.

California Trout reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor's intended purpose is met or a time restriction expires, the temporarily restricted net asset is transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions where restrictions are met in the same reporting period in which they are contributed are reported as unrestricted support.

Unrestricted net assets include all of those donated assets that have no restrictions or limitations imposed on their use. The Board of Directors may elect certain unrestricted funds to be set aside as Board designated funds, which may not be spent without approval by the Board. No such funds were set-aside during the years ended June 30, 2015 and 2014.

Notes to Combined Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

*Contributions*

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in unrestricted net assets. California Trout reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor's intended purpose is met or a time restriction expires, the temporarily restricted net asset is transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions in which the donor restrictions are never relieved are recorded as permanently restricted support. Donor-restricted contributions where restrictions are met in the same reporting period in which they are contributed are reported as unrestricted support.

Donated property is recorded at the estimated fair value at the date of receipt. California Trout reports gifts of property as unrestricted support unless explicit donor stipulations specify how the donated assets are to be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, California Trout reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

*Contributed Services and Costs*

Contributed services and costs are reflected at the fair value of the contribution received. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

*Income Taxes*

Financial statement presentation follows the recommendations of ASC 740, *Income Taxes*. Under ASC 740, California Trout is required to report information regarding its exposure to various tax positions taken by California Trout and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that California Trout has adequately evaluated its current tax positions and has concluded that as of June 30, 2015, California Trout does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

California Trout has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. This exemption is subject to periodic review by the federal and state taxing authorities and management is confident that the organization continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status. California Trout may periodically receive unrelated business income requiring the organization to file separate tax returns under federal and state statutes. Under such conditions, California Trout calculates and accrues the applicable taxes payable.

**Notes to Combined Financial Statements**

**2. Summary of Significant Accounting Policies** *(continued)*

*Reclassifications*

Certain reclassifications have been made to the 2014 financial statements in order to conform to the presentation used in 2015.

**3. Cash and Cash Equivalents**

Cash and cash equivalents include all funds in banks (checking, savings, and certificates of deposit) at the time of purchase that have a maturity date of 90 days or less. The components of cash and cash equivalents are as follows at June 30, 2015 and June 30, 2014:

	<b>2015</b>	<b>2014</b>
Checking accounts	\$ 88,527	\$ 518,645
Merrill Lynch – EMA Cash Account	15,541	21,848
Merrill Lynch – Restricted Fund Cash Account	467,986	50,363
Total cash and cash equivalents	\$ 572,054	\$ 590,856

California Trout attempts to limit its credit risk associated with cash equivalents by utilizing highly rated financial institutions.

**4. Grants, Pledges, and Contracts Receivable**

Grants, pledges, and contracts receivable of \$819,199 and \$863,158 at June 30, 2015 and 2014, respectively, represent amounts which were committed by various individuals, corporations, foundations, and government agencies all due within one year and which, in management’s opinion, are fully collectible. California Trout’s government contracts are explained in Note 12.

**5. Property, Equipment and Improvements**

The following is a summary of property, equipment and improvements at June 30, 2015 and 2014:

	<b>2015</b>	<b>2014</b>
Land Fall River Property	\$ 21,360	\$ 21,360
Trout Camp Property	187,143	187,143
Office Equipment	187,858	164,413
Furniture and fixtures	48,543	48,543
Project improvements	37,074	37,074
Subtotal	481,978	458,533
Less accumulated depreciation	(226,456)	(208,599)
Total property, equipment and improvements (net)	\$ 255,522	\$ 249,934

Total depreciation expense amounted to \$17,857 and \$14,886 for the years ended June 30, 2015 and 2014, respectively, and is reported on the combined statement of functional expenses.

**Notes to Combined Financial Statements**

**6. Lease Commitments**

California Trout leases its corporate office space in San Francisco under a multi-year operating agreement through June 30, 2017. As of June 30, 2015, the lease requires a monthly rental payment of \$6,671 with an annual increase of 3% per annum. California Trout is responsible for its proportionate share of building, maintenance, and operating expenses which includes property taxes, insurance, and utilities. California Trout also separately leases various satellite office locations in Northern and Southern California under various multi-year and month-to-month operating lease agreements.

California Trout leases certain office equipment under short-term operating lease arrangements which require fixed monthly or quarterly rental payments. Total rental expense for offices and equipment amounted to \$167,599 and \$163,388 for the years ended June 30, 2015 and 2014, respectively. Minimum future lease payments for all operating leases with terms of one year or more are as follows at June 30, 2015:

<i>Year Ending</i>	<b>Offices</b>	<b>Equipment</b>	<b>Total</b>
June 30, 2016	\$ 111,718	\$ 5,867	\$ <b>117,585</b>
June 30, 2017	97,305	5,451	<b>102,756</b>
June 30, 2018	4,530	875	<b>5,405</b>
June 30, 2019 and after	-	1,897	<b>1,897</b>

**7. Temporarily Restricted Net Assets**

California Trout recognizes support from temporarily restricted net assets when the restrictions imposed by the donors have been satisfied or expired. Temporarily restricted net assets consist of the following at June 30, 2015 and June 30, 2014:

	<b>2015</b>	<b>2014</b>
Eastern Sierra Programs	\$ 25,036	\$ -
Fall River Program	-	28,506
Flood Plain Advocacy - Sacramento	<b>12,591</b>	338,266
Hat Creek Restoration	-	65,859
North Coast-Coho Coalition	<b>218,144</b>	
Shasta Region (River, Dam Diversion and Groundwater Projects)	<b>41,958</b>	6,852
Southern California Programs (BYW/Steelhead/Coastal Watersheds)	-	30,381
Trout Camp Improvement	-	12,202
Total temporarily restricted net assets	<b>\$ 297,729</b>	<b>\$ 482,066</b>

During the years ended June 30, 2015 and 2014, additions to temporarily restricted net assets amounted to \$818,131 and \$1,071,941, respectively. California Trout released \$1,002,468 and \$2,510,610 from temporarily restricted net assets during the years ended June 30, 2015 and 2014, respectively.

**Notes to Combined Financial Statements**

**8. Commitments and Contingencies**

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into contracts and future projects, which are not reflected in the combined financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Grant restrictions, donor conditions, and government contracts which obligate California Trout to fulfill certain requirements, conditions, and activities, (b) Funding levels which vary based on factors beyond California Trout's control, such as generosity of donors and general economic conditions, (c) Employment and service agreements with key management personnel, and (d) Financial risks associated with funds on deposit at bank and investment brokerage accounts. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the combined financial statements. Certain of the grants and contracts (including current and prior costs) are subject to audit and final acceptance by the granting organizations.

**9. Line of Credit**

California Trout has an unsecured line of credit agreement with a bank which permits the organization to borrow up to \$250,000 at an interest rate equal to the Wall Street Journal Prime Plus 1.00%. As of June 30, 2015 and 2014, there were no borrowings outstanding under this line of credit agreement.

**10. Consulting and Outside Services**

During the years ended June 30, 2015 and 2014, California Trout expended \$2,392,151 and \$1,787,992, respectively, in a variety of consulting and outside services. A majority of these expenditures pertained to several ongoing program activities. A summary of the total expenditures is provided as follows for the years ended June 30, 2015 and 2014:

	<b>2015</b>		<b>2014</b>
Eastern Sierra Programs	\$ 303,987	\$	271,069
Lake Tahoe/Carson City Programs	180		28,450
Membership	72,871		43,758
North Coast Programs	932,379		427,647
North East/Shasta Programs	423,387		246,141
Central California Programs	61,686		103,492
Southern California Programs	71,513		19,368
State Management	243,313		202,851
Water Flow	11,780		8,010
Conservation and Other Program Activities	55,918		151,832
Development and General	215,137		285,374
Total consulting and outside services	<b>\$ 2,392,151</b>	\$	<b>1,787,992</b>



**Notes to Combined Financial Statements**

**11. Retirement Plan**

California Trout offers employees the opportunity for participation in a salary reduction retirement plan qualified under Internal Revenue Code Section 403(b). Distributions from the 403(b) plan are made only pursuant to all applicable laws and regulations. Under the provisions of the plan, California Trout contributed \$2,093 and \$1,093 to the plan for the years ended June 30, 2015 and 2014, respectively.

**12. Government Contracts**

As of June 30, 2015, California Trout is contractually engaged with various Federal, state and local government agencies to perform specific tasks related to various restoration projects throughout California. The value of these secured government contracts is estimated to be \$4,969,284 at June 30, 2015. The recognition of the revenue related to these contracts is contingent upon a number of various items, including the timing of the projects.

**13. Related Party Transactions**

During the years ended June 30, 2015 and 2014, members of the Board of Governors contributed \$236,332 and \$244,905, respectively, in donations to California Trout. These amounts are included with contributed income under donations and fundraising on the combined statement of activities and changes in net assets.

**14. Compensated Absences (Accrued Payroll and Related Benefits)**

Financial statement presentation follows the recommendations of ASC 710.25, *Compensated Absences*. Under ASC 710.25, California Trout is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination of the employee. Sick leave is not paid upon termination. Annual leave accruals are recorded in the combined financial statements as an accrued liability on the combined statement of financial position based on hourly rates in effect at the end of the fiscal year. Accrued payroll liabilities amounted to \$51,309 and \$64,872 at June 30, 2015 and 2014, respectively.

**15. Advertising**

Advertising costs are expensed as incurred. Advertising expenses amounted to \$6,293 and \$6,060 for the years ended June 30, 2015 and 2014, respectively, and are reflected on the combined statement of functional expenses.

**16. Subsequent Events**

In compliance with ASC 855, *Subsequent Events*, California Trout has evaluated subsequent events through April 1, 2016, the date the combined financial statements were available to be issued and, in the opinion of management, there are no subsequent events which need to be disclosed.

**CALIFORNIA TROUT CORPORATION AND FOUNDATION**

**Supplemental Schedule A**  
**Schedule of Expenditures of Federal, State, and Local Pass-Thru Awards**  
**Year Ended June 30, 2015**

<b>Federal Granting Agency</b>	<b>Program Title</b>	<b>Federal CFDA * Number</b>	<b>Grant I.D. Name of Grant</b>	<b>Type of Program</b>	<b>Grant Period</b>	<b>Pass-Through</b>	<b>Award Amount</b>	<b>Federal Expenditures</b>
United States Department of Agriculture	National Fish and Wildlife Foundation	10.683	Passed-through NFWF Golden Trout Meadow	Non-Major	5/15/13 - 12/30/14	National Fish and Wildlife Foundation	\$ 87,995	\$ 20,654
United States Department of Agriculture	Environmental Quality Incentives Program	10.912	Passed-through American Rivers Habitat Exchange	Non-Major	4/29/14 - 6/30/16	American Rivers	80,000	35,811
United States Department of the Interior	Providing Water to At-Risk Natural Desert Terminal Lakes	15.508	Passed-through NFWF Lahontan Cutthroat Trout	Non-Major	7/15/13 - 8/15/14	National Fish and Wildlife Foundation	124,200	59,030
United States Department of the Interior	Providing Water to At-Risk Natural Desert Terminal Lakes	15.508 10.683	Passed-through NFWF Restore Walker Meadows	Non-Major	1/1/15-12/30/17	National Fish and Wildlife Foundation	239,820	7,204
United States Department of the Interior	Natural Resource Damage Assessment, Restoration and Implementation	15.658	F12AC00413 West Walker	Non-Major	5/1/12-12/31/15	N/A	76,000	31,019
United States Department of the Interior	Natural Resource Damage Assessment, Restoration and Implementation	15.658	F14AP00416 Harvey Diversion	Non-Major	8/28/14-1/13/19	N/A	249,810	68,066
United States Department of the Interior	Fish and Wildlife Management Assistance	15.608	F13AP00625 Parks Creek Diversion	Non-Major	8/16/13 - 12/31/14	N/A	50,000	18,350
United States Department of the Interior	Fish, Wildlife and Plant Conservation Resource Management	15.231	Passed-through NFWF Hat Creek Youth Initiative	Non-Major	4/15/13 - 9/15/14	National Fish and Wildlife Foundation	86,750	32,730
United States Department of the Interior	Fish, Wildlife and Plant Conservation Resource Management	15.231 10.683 15.663	Passed-through NFWF Kern River Rainbow	Non-Major	1/1/15-12/31/16	National Fish and Wildlife Foundation	50,000	22,150
United States Department of the Interior	Partners for Fish and Wildlife	15.631	F14AC00329 Hat Creek Supplemental	Non-Major	6/30/14-12/31/18	N/A	25,000	25,000
United States Department of the Interior	Fish and Wildlife Coordination Act	15.517	R14AP00054 Hat Creek Supplemental	Non-Major	9/16/14-8/31/17	N/A	318,837	102,859

*(Continued)*

**See accompanying auditors' report and notes to financial statements.**

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**CALIFORNIA TROUT CORPORATION AND FOUNDATION**

**Supplemental Schedule A**

**Schedule of Expenditures of Federal, State, and Local Pass-Thru Awards  
Year Ended June 30, 2015**

<b>Federal Granting Agency</b>	<b>Program Title</b>	<b>Federal CFDA * Number</b>	<b>Grant I.D. Name of Grant</b>	<b>Type of Program</b>	<b>Grant Period</b>	<b>Pass-Through</b>	<b>Award Amount</b>	<b>Federal Expenditures</b>
United States Department of Commerce	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	11.438	P1150007 Santa Clara Coalition	Major	6/1/12 - 4/30/15	California Department of Fish and Wildlife FRGP Program	\$ 221,357	\$ 47,606
United States Department of Commerce	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	11.438	P1150008 Santa Clara Coalition	Major	5/1/15-5/30/17	California Department of Fish and Wildlife FRGP Program	216,159	5,385
United States Department of Commerce	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	11.438	P1150011 San Diego Coalition	Major	6/1/12 - 4/30/15	California Department of Fish and Wildlife FRGP Program	236,442	53,851
United States Department of Commerce	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	11.438	P1150009 San Diego Coalition	Major	5/1/15-5/30/17	California Department of Fish and Wildlife FRGP Program	241,162	12,149
United States Department of Commerce	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	11.438	P1210301 Eel Estuary Preserve	Major	6/1/13 - 2/28/17	California Department of Fish and Wildlife FRGP Program	700,233	148,127
United States Department of Commerce	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	11.438	P1210312 Bridge Creek Railroad Crossing	Major	3/11/2013 - 3/31/15	California Department of Fish and Wildlife FRGP Program	488,664	356,753
United States Department of Commerce	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	11.438	P1110311 Shasta Cordoza	Major	6/1/12 - 3/31/15	California Department of Fish and Wildlife FRGP Program	203,945	3,238
United States Department of Commerce	American Rivers Habitat Conservation	11.463	Passed-through American Rivers Woodman Creek Railroad Crossing	Non-Major	10/21/13-12/14/14	American Rivers	85,000	24,742
United States Environmental Protection Agency	Capitalization Grants for Clean Water State Revolving Funds	66.458	Passed-through California SWRCB Dwinnel Parks Creek	Non-Major	12/1/13-6/30/16	California State Water Resources Control Board	115,380	49,824
							<b>\$ 3,896,754</b>	<b>\$ 1,124,548</b>

The schedule of expenditures of federal awards includes the federal grant activity of California Trout and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

\* Catalog of Federal Domestic Assistance

**See accompanying auditors' report and notes to financial statements.**

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**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2015**

**Status of Prior Year Findings**

*In accordance with Section 315(a) of OMB Circular A-133*

None. The prior year audit report contained no reportable findings.

**Prior Year Findings - Financial Statement Audit (GAGAS)**

None

**Prior Year Audit Findings and Questioned Costs** *(Major Programs - OMB Circular A-133, Section. 510(a))*

None

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**The Board of Governors  
California Trout Corporation and Foundation**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of California Trout Corporation and Foundation as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise California Trout Corporation and Foundation's basic financial statements, and have issued our report thereon dated April 1, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered California Trout Corporation and Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of California Trout Corporation and Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of California Trout Corporation and Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(continued)

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether California Trout Corporation and Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described below and in the accompanying Schedule of Findings and Questioned Costs.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Regalia & Associates*

**Danville, California**  
**April 1, 2016**



Regalia & Associates

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

The Board of Governors
California Trout Corporation and Foundation

Report on Compliance for Each Major Federal Program

We have audited California Trout Corporation and Foundation's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of California Trout Corporation and Foundation's major federal programs for the year ended June 30, 2015.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of California Trout Corporation and Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of California Trout Corporation and Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, California Trout Corporation and Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

(continued)

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

*Other Matters*

The results of our auditing procedures disclosed no instances of noncompliance.

**Report on Internal Control Over Compliance**

Management of California Trout Corporation and Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered California Trout Corporation and Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of California Trout Corporation and Foundation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*(continued)*



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of California Trout Corporation and Foundation as of and for the year ended June 30, 2015, and have issued our report thereon dated April 1, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole

*Regalia & Associates*

**Danville, California**  
*April 1, 2016*

**CALIFORNIA TROUT CORPORATION AND FOUNDATION**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2015**

**Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	No
• Noncompliance material to combined financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	No
• Type of auditors' report issued on compliance for major programs	Unmodified
• Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	None
• Identification of major program:	
<u>CFDA Number</u> <u>Name of Federal Programs</u>	
11.438            United States Department of Commerce - Pacific Coast Salmon Recovery and Treaty Program	
• Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
• Auditee qualified as low-risk auditee?	No
This is the second year California Trout Corporation and Foundation is subject to a Single Audit.	

**Findings - Financial Statement Audit (GAGAS)** None

**Audit Findings and Questioned Costs (Major Programs - OMB Circular A-133, Section. 510)** None