



CALIFORNIA TROUT, INC.

Combined Financial Statements

For the Year Ended

JUNE 30, 2013

With Independent Auditor's Report Thereon

CALIFORNIA TROUT

(A California Not-For-Profit Corporation)
June 30, 2013

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CALIFORNIA TROUT CORPORATION AND FOUNDATION

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REGALIA & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of California Trout Corporation and Foundation (a California nonprofit organization) which comprise the statement of financial position as of June 30, 2013 and 2012 and the related statements of activities and changes in net assets, cash flows and functional expenses for the years 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 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 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 California Trout Corporation and Foundation as of June 30, 2013 and 2012, 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.

**Danville, California
February 24, 2014**

Regalia & Associates

CALIFORNIA TROUT CORPORATION AND FOUNDATION

Combined Statement of Financial Position

June 30, 2013

Assets

	Corporation		Total Corporation	Foundation		Total June 30 2013
	Unrestricted	Temporarily Restricted		Unrestricted		
Current Assets:						
Cash and cash equivalents	\$ 895,732	\$ -	\$ 895,732	\$ -		\$ 895,732
Grants/pledges/contracts receivable	2,800,106	1,605,909	4,406,015	-		4,406,015
Prepaid expenses	24,751	-	24,751	-		24,751
Total current assets	3,720,589	1,605,909	5,326,498	-		5,326,498
Noncurrent Assets:						
Property and equipment, net	56,317	-	56,317	208,503		264,820
Other assets	17,778	-	17,778	-		17,778
Due from (to) Foundation (Corporation)	98,088	-	98,088	(98,088)		-
Total noncurrent assets	172,183	-	172,183	110,415		282,598
Total assets	\$3,892,772	\$ 1,605,909	\$5,498,681	\$ 110,415		\$ 5,609,096

Liabilities and Net Assets

Current Liabilities:						
Accounts payable / accrued liabilities	\$ 273,446	\$ -	\$ 273,446	\$ -		\$ 273,446
Unearned revenue	2,588,142	-	2,588,142	-		2,588,142
Accrued payroll liabilities	51,226	-	51,226	-		51,226
Total current liabilities	2,912,814	-	2,912,814	-		2,912,814
Net Assets:						
Unrestricted	979,958	-	979,958	110,415		1,090,373
Temporarily restricted	-	1,605,909	1,605,909	-		1,605,909
Total net assets	979,958	1,605,909	2,585,867	110,415		2,696,282
Total liabilities and net assets	\$3,892,772	\$ 1,605,909	\$5,498,681	\$ 110,415		\$ 5,609,096

CALIFORNIA TROUT CORPORATION AND FOUNDATION

Combined Statement of Financial Position June 30, 2012

Assets

	Corporation		Total Corporation	Foundation		Total June 30 2012
	Unrestricted	Temporarily Restricted		Unrestricted		
Current Assets:						
Cash and cash equivalents	\$1,209,718	\$ -	\$ 1,209,718	\$ -		\$ 1,209,718
Grants and pledges receivable	83,220	1,640,478	1,723,698	-		1,723,698
Prepaid expenses	14,369	-	14,369	-		14,369
Total current assets	1,307,307	1,640,478	2,947,785	-		2,947,785
Noncurrent Assets:						
Property and equipment, net	56,599	-	56,599	208,503		265,102
Other assets	15,222	-	15,222	-		15,222
Due from (to) Foundation (Corporation)	93,604	-	93,604	(93,604)		-
Total noncurrent assets	165,425	-	165,425	114,899		280,324
Total assets	\$1,472,732	\$ 1,640,478	\$ 3,113,210	\$ 114,899		\$ 3,228,109

Liabilities and Net Assets

Current Liabilities:						
Accounts payable / accrued liabilities	\$ 329,072	\$ -	\$ 329,072	\$ -		\$ 329,072
Accrued payroll liabilities	40,473	-	40,473	-		40,473
Total current liabilities	369,545	-	369,545	-		369,545
Net Assets:						
Unrestricted	1,103,187	-	1,103,187	114,899		1,218,086
Temporarily restricted	-	1,640,478	1,640,478	-		1,640,478
Total net assets	1,103,187	1,640,478	2,743,665	114,899		2,858,564
Total liabilities and net assets	\$1,472,732	\$ 1,640,478	\$ 3,113,210	\$ 114,899		\$ 3,228,109

CALIFORNIA TROUT CORPORATION AND FOUNDATION

Combined Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2013

	Corporation		Total Corporation	Foundation	Total June 30 2013
	Unrestricted	Temporarily Restricted		Unrestricted	
Revenue and support:					
<i>Contributed income:</i>					
Grants	\$ 70,045	\$ 1,376,237	\$ 1,446,282	\$ -	\$ 1,446,282
Donations and fundraising	1,158,553	163,356	1,321,909	-	1,321,909
Total contributed income	1,228,598	1,539,593	2,768,191	-	2,768,191
<i>Earned revenue:</i>					
Product sales	7,541	-	7,541	-	7,541
Other income	1,331	-	1,331	-	1,331
Investment income	3,109	-	3,109	-	3,109
Total earned revenue	11,981	-	11,981	-	11,981
<i>Net assets released from restrictions:</i>					
Satisfaction of program restrictions	1,574,162	(1,574,162)	-	-	-
Total revenue and support	2,814,741	(34,569)	2,780,172	-	2,780,172
Expenses:					
Program	2,152,459	-	2,152,459	-	2,152,459
General and administrative	150,073	-	150,073	-	150,073
Development	311,537	-	311,537	-	311,537
Membership and marketing	308,526	-	308,526	-	308,526
Foundation	-	-	-	4,484	4,484
Depreciation	15,375	-	15,375	-	15,375
Total expenses	2,937,970	-	2,937,970	4,484	2,942,454
Increase (decrease) in net assets	(123,229)	(34,569)	(157,798)	(4,484)	(162,282)
Net assets at beginning of period	1,103,187	1,640,478	2,743,665	114,899	2,858,564
Net assets at end of period	\$ 979,958	\$ 1,605,909	\$ 2,585,867	\$ 110,415	\$ 2,696,282

CALIFORNIA TROUT CORPORATION AND FOUNDATION

Combined Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2012

	Corporation		Total Corporation	Foundation		Total June 30 2012
	Unrestricted	Temporarily Restricted		Unrestricted	Total	
Revenue and support:						
<i>Contributed income:</i>						
Grants	\$ 5,100	\$1,536,495	\$ 1,541,595	\$ -		\$ 1,541,595
Donations and fundraising	1,332,756	59,650	1,392,406	-		1,392,406
Total contributed income	1,337,856	1,596,145	2,934,001	-		2,934,001
<i>Earned revenue:</i>						
Product sales	6,604	-	6,604	-		6,604
Other income	117	-	117	-		117
Investment income	2,154	-	2,154	-		2,154
Total earned revenue	8,875	-	8,875	-		8,875
<i>Net assets released from restrictions:</i>						
Satisfaction of program restrictions	1,254,300	(1,254,300)	-	-		-
Total revenue and support	2,601,031	341,845	2,942,876	-		2,942,876
Expenses:						
Program	1,807,062	-	1,807,062	-		1,807,062
General and administrative	183,961	-	183,961	-		183,961
Development	379,264	-	379,264	-		379,264
Membership and marketing	201,257	-	201,257	-		201,257
Foundation	-	-	-	1,545		1,545
Depreciation	18,037	-	18,037	-		18,037
Total expenses	2,589,581	-	2,589,581	1,545		2,591,126
Increase (decrease) in net assets	11,450	341,845	353,295	(1,545)		351,750
Net assets at beginning of period	1,091,737	1,298,633	2,390,370	116,444		2,506,814
Net assets at end of period	\$1,103,187	\$ 1,640,478	\$ 2,743,665	\$ 114,899		\$ 2,858,564

CALIFORNIA TROUT CORPORATION AND FOUNDATION

Combined Statements of Cash Flows For the Years Ended June 30, 2013 and 2012

	2013	2012
<i>Cash flows from operating activities:</i>		
Increase (decrease) in net assets	\$ (162,282)	\$ 351,750
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	15,375	18,037
Changes in:		
Grants and pledges receivable	(2,682,317)	(736,250)
Prepaid expenses	(10,382)	1,822
Other assets	(2,556)	(4,591)
Accounts payable / accrued liabilities	(55,626)	193,721
Unearned revenue	2,588,142	-
Accrued payroll liabilities	10,753	12,100
Net cash provided by (used for) operating activities	(298,893)	(163,411)
 <i>Cash flows from investing activities:</i>		
Acquisition of property and equipment	(15,093)	(37,461)
Net cash used for investing activities	(15,093)	(37,461)
 Decrease in cash and cash equivalents	(313,986)	(200,872)
Cash and cash equivalents at beginning of period	1,209,718	1,410,590
 Cash and cash equivalents at end of period	\$ 895,732	\$1,209,718
 <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, 2013

		Program Membership Programs	Marketing	General and Adminis- trative	Devel- opment	Total Corporation	Foun- dation	Total Year Ended June 30 2013
Advertising, marketing, publicity	\$	6,551	\$ 9,927	\$ 70	\$ -	\$ 16,548	\$ -	\$ 16,548
Bank charges and fees		1,244	2,027	8,175	6,952	18,398	-	18,398
Consulting and outside services		702,699	77,785	18,578	129,132	928,194	-	928,194
Design consulting		9,048	9,713	-	35,185	53,946	-	53,946
Entertainment and hospitality		6,690	13	-	73,964	80,667	-	80,667
Insurance		4,808	-	469	586	5,863	-	5,863
Legal and accounting		92,095	-	15,445	-	107,540	-	107,540
Meetings and conferences		20,313	530	4,631	-	25,474	-	25,474
Miscellaneous		16	1,326	-	17,531	18,873	57	18,930
Occupancy (rent and utilities)		112,582	1,925	11,171	13,964	139,642	-	139,642
Postage and shipping		10,628	37,566	1,000	377	49,571	-	49,571
Printing and copying		9,269	59,136	-	7,458	75,863	-	75,863
Publications and subscriptions		5,430	5,078	1,214	-	11,722	-	11,722
Repairs and maintenance		25,467	332	-	-	25,799	4,427	30,226
Salaries, wages and related payroll costs		822,977	68,101	84,535	-	975,613	-	975,613
Supplies		35,065	18,962	3,310	22,655	79,992	-	79,992
Technology consulting		136,654	13,024	-	-	149,678	-	149,678
Telephone and internet		30,551	1,154	598	756	33,059	-	33,059
Travel and lodging		120,372	1,927	877	2,977	126,153	-	126,153
Total expenses before depreciation		2,152,459	308,526	150,073	311,537	2,922,595	4,484	2,927,079
Depreciation		15,375	-	-	-	15,375	-	15,375
Total expenses		\$2,167,834	\$ 308,526	\$ 150,073	\$ 311,537	\$2,937,970	\$4,484	\$2,942,454

CALIFORNIA TROUT CORPORATION AND FOUNDATION

Combined Statement of Functional Expenses For the Year Ended June 30, 2012

	Program	General		Total	Foun-	Total	
	Membership	Adminis-	Devel-	Corporation	dation	Year	
	Marketing	trative	opment			Ended	
	Programs					June 30	
						2012	
Advertising, marketing, publicity	\$ 14,032	\$ 4,410	\$ -	\$ -	\$ 18,442	\$ -	\$ 18,442
Bank charges and fees	95	2,102	5,872	7,518	15,587	-	15,587
Consulting and outside services	691,185	58,018	2,854	173,130	925,187	-	925,187
Design consulting	9,781	9,000	2,005	43,895	64,681	-	64,681
Entertainment and hospitality	9,019	-	790	66,880	76,689	-	76,689
Insurance	5,471	730	365	730	7,296	-	7,296
Legal and accounting	61,121	-	12,209	-	73,330	-	73,330
Meetings and conferences	9,142	17	844	14	10,017	-	10,017
Miscellaneous	-	-	-	21,239	21,239	57	21,296
Occupancy (rent and utilities)	112,707	9,277	4,638	9,277	135,899	-	135,899
Postage and shipping	7,555	19,939	3,332	2,496	33,322	-	33,322
Printing and copying	11,248	42,810	6,669	5,967	66,694	-	66,694
Publications and subscriptions	2,765	3,615	2,088	-	8,468	-	8,468
Repairs and maintenance	21,058	300	3,324	-	24,682	1,488	26,170
Salaries, wages and related payroll costs	684,801	17,098	129,855	-	831,754	-	831,754
Supplies	29,465	8,245	1,933	20,243	59,886	-	59,886
Technology consulting	41,257	22,968	858	2,250	67,333	-	67,333
Telephone and internet	23,772	2,539	3,377	2,279	31,967	-	31,967
Travel and lodging	72,588	189	2,948	23,346	99,071	-	99,071
Total expenses before depreciation	1,807,062	201,257	183,961	379,264	2,571,544	1,545	2,573,089
Depreciation	18,037	-	-	-	18,037	-	18,037
Total expenses	\$1,825,099	\$ 201,257	\$ 183,961	\$379,264	\$2,589,581	\$1,545	\$2,591,126

CALIFORNIA TROUT CORPORATION AND FOUNDATION

Notes to Combined Financial Statements June 30, 2013

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, 2013.

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, 2013 and 2012.

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, 2013, 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.

CALIFORNIA TROUT CORPORATION AND FOUNDATION

Notes to Combined Financial Statements

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, 2013 and June 30, 2012:

	2013	2012
Checking accounts	\$ 199,209	\$ 136,792
Merrill Lynch - EMA Cash Account	55,841	15,957
Merrill Lynch - Restricted Fund Cash Account	640,682	1,056,969
Total cash and cash equivalents	\$ 895,732	\$ 1,209,718

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 \$4,406,015 and \$1,723,698 at June 30, 2013 and June 30, 2012, 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.

5. Property, Equipment and Improvements

The following is a summary of property, equipment and improvements at June 30, 2013 and June 30, 2012:

	2013	2012
Land Fall River Property	\$ 21,360	\$ 21,360
Trout Camp Property	187,143	187,143
Office Equipment	164,413	154,917
Furniture and fixtures	48,543	45,543
Project improvements	37,074	34,477
Subtotal	458,533	443,440
Less accumulated depreciation	(193,713)	(178,338)
Total property, equipment and improvements (net)	\$ 264,820	\$ 265,102

Total depreciation expense amounted to \$15,375 and \$18,037 for the years ended June 30, 2013 and 2012, respectively, and is reported on the combined statement of functional expenses.

CALIFORNIA TROUT CORPORATION AND FOUNDATION

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, 2015. As of June 30, 2013, the lease requires a monthly rental payment of \$6,477 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.

Additionally, 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 \$153,767 and \$143,615 for the years ended June 30, 2013 and 2012, respectively. Minimum future lease payments for all operating leases with terms of one year or more are as follows at June 30, 2013:

<i>Year Ending</i>		Offices	Equipment	Total
June 30, 2014	\$	121,863	5,068	126,931
June 30, 2015		82,760	4,992	87,752
June 30, 2016		82,461	4,992	87,453
June 30, 2017		77,857	4,992	82,849

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, 2013 and June 30, 2012:

	2013	2012
Eastern Sierra Programs	\$ 787,938	\$ 506,502
Fall River Program	10,000	-
Flood Plain Advocacy - Sacramento	212,494	262,730
Hat Creek Restoration	66,242	-
Lake Merced and Lake Tahoe Programs	-	24,891
North Coast - Eel River	-	35,815
Shasta Region (River, Dam Diversion and Groundwater Projects)	106,523	209,552
Southern California Programs (BYW/Steelhead/Coastal Watersheds)	297,344	555,290
Trout Camp Improvement	72,706	-
Ventura Restoration	-	23,199
Others	52,662	22,499
Total temporarily restricted net assets	\$ 1,605,909	\$ 1,640,478

During the years ended June 30, 2013 and 2012, additions to temporarily restricted net assets amounted to \$1,539,593 and \$ 1,596,145, respectively. California Trout released \$1,574,162 and \$1,254,300 from temporarily restricted net assets during the years ended June 30, 2013 and 2012, respectively,

CALIFORNIA TROUT CORPORATION AND FOUNDATION

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 and donor conditions which obligate California Trout to fulfill certain requirements as set forth in grant instruments, (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 4.25% above the bank's prime rate of interest. As of June 30, 2013, there was no borrowing outstanding under this line of credit agreement.

10. Consulting and Outside Services

During the years ended June 30, 2013 and 2012, California Trout expended \$928,194 and \$925,187, 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, 2013 and 2012:

	2013	2012
Eastern Sierra Programs	\$ 232,687	\$ 148,694
Lake Tahoe/Carson City Programs	21,842	31,328
Membership	77,785	58,018
North Coast Programs	9,827	23,097
North East/Shasta Programs	145,292	106,144
Southern California Programs	3,169	22,585
State Management	214,075	300,904
Water Flow	9,300	-
Conservation and Other Program Activities	58,178	58,433
Development and General	156,039	175,984
Total consulting and outside services	\$ 928,194	\$ 925,187

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 \$405 and \$850 to the plan for the years ended June 30, 2013 and 2012, respectively.

12. Related Party Transactions

During the years ended June 30, 2013 and 2012, members of the Board of Governors contributed \$174,414 and \$177,599, 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.

13. 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 \$51,226 and \$40,473 at June 30, 2013 and 2012, respectively.

14. Advertising

Advertising costs are expensed as incurred. Advertising expenses amounted to \$16,548 and \$18,442 for the years ended June 30, 2013 and 2012, respectively, and are reflected on the combined statement of functional expenses.

15. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, California Trout has evaluated subsequent events through February 24, 2014, 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.