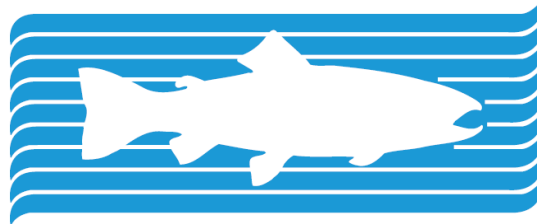


**CALIFORNIA TROUT**



FISH · WATER · PEOPLE

**CALIFORNIA  
TROUT, INC.**

**Combined Financial Statements**

*For the Years Ended  
June 30, 2018 and 2017*

**With Independent Auditor's Report Thereon**

# CALIFORNIA TROUT CORPORATION AND FOUNDATION

(A California Non-Profit Corporation)  
June 30, 2018 and 2017

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## CALIFORNIA TROUT CORPORATION AND FOUNDATION

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## 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, 2018 and 2017 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 combined financial position of California Trout Corporation and Foundation as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. *(continued)*

**INDEPENDENT AUDITORS' REPORT**

*(Continued)*

***Other Matters***

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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 information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2019, 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 solely 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 the effectiveness of California Trout Corporation and Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California Trout Corporation and Foundation's internal control over financial reporting and compliance.

*Regalia & Associates*

***Danville, California  
May 6, 2019***

**CALIFORNIA TROUT CORPORATION AND FOUNDATION**

**Combined Statements of Financial Position**  
June 30, 2018 and 2017

**Assets**

	2018			2017		
	Corporation	Foundation	Total	Corporation	Foundation	Total
<b>Current Assets:</b>						
Cash and cash equivalents	\$1,062,679	\$ -	\$1,062,679	\$ 626,535	\$ -	\$ 626,535
Grants/pledges/contracts receivable	1,571,143	-	1,571,143	1,165,599	-	1,165,599
Prepaid expenses	82,155	-	82,155	54,020	-	54,020
Other current assets	-	-	-	25,957	-	25,957
Total current assets	<b>2,715,977</b>	<b>-</b>	<b>2,715,977</b>	<b>1,872,111</b>	<b>-</b>	<b>1,872,111</b>
<b>Noncurrent Assets:</b>						
Property/equipment/improvements (net)	10,302	208,503	218,805	12,628	208,503	221,131
Other assets	20,895	-	20,895	18,484	-	18,484
Due from (to) Foundation (Corporation)	567,513	(567,513)	-	525,048	(525,048)	-
Total noncurrent assets	<b>598,710</b>	<b>(359,010)</b>	<b>239,700</b>	<b>556,160</b>	<b>(316,545)</b>	<b>239,615</b>
Total assets	<b>\$3,314,687</b>	<b>\$ (359,010)</b>	<b>\$2,955,677</b>	<b>\$2,428,271</b>	<b>\$ (316,545)</b>	<b>\$2,111,726</b>

**Liabilities and Net Assets**

<b>Current Liabilities:</b>						
Accounts payable / accrued liabilities	\$1,649,749	\$ -	\$1,649,749	\$ 747,535	\$ -	\$ 747,535
Unearned revenue	-	-	-	39,111	-	39,111
Accrued payroll liabilities	69,403	-	69,403	77,723	-	77,723
Total current liabilities	<b>1,719,152</b>	<b>-</b>	<b>1,719,152</b>	<b>864,369</b>	<b>-</b>	<b>864,369</b>
<b>Net Assets:</b>						
Unrestricted	1,439,118	(359,010)	1,080,108	1,233,555	(316,545)	917,010
Temporarily restricted	156,417	-	156,417	330,347	-	330,347
Total net assets	<b>1,595,535</b>	<b>(359,010)</b>	<b>1,236,525</b>	<b>1,563,902</b>	<b>(316,545)</b>	<b>1,247,357</b>
Total liabilities and net assets	<b>\$3,314,687</b>	<b>\$ (359,010)</b>	<b>\$2,955,677</b>	<b>\$2,428,271</b>	<b>\$ (316,545)</b>	<b>\$2,111,726</b>

# CALIFORNIA TROUT CORPORATION AND FOUNDATION

## Combined Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2018

	<b>Corporation</b>		<b>Foundation</b>		<b>Total</b>
	Temporarily	Total			June 30
	Unrestricted	Restricted	Corporation	Unrestricted	2018
Revenue and support:					
<i>Contributed income:</i>					
Grants	\$ 110,422	\$ 832,763	\$ 943,185	\$ -	\$ 943,185
Donations and fundraising	2,738,642	17,500	2,756,142	-	2,756,142
Satisfaction of program restrictions	1,024,193	(1,024,193)	-	-	-
Total contributed income	3,873,257	(173,930)	3,699,327	-	3,699,327
<i>Earned revenue:</i>					
Government and other contracts	3,474,261	-	3,474,261	-	3,474,261
Product sales and other income	10,061	-	10,061	-	10,061
Investment income	1,053	-	1,053	-	1,053
Total earned revenue	3,485,375	-	3,485,375	-	3,485,375
Total revenue and support	7,358,632	(173,930)	7,184,702	-	7,184,702
Expenses:					
Program	6,033,108	-	6,033,108	-	6,033,108
General and administrative	390,400	-	390,400	-	390,400
Development	723,215	-	723,215	-	723,215
Membership and marketing	-	-	-	-	-
Foundation	-	-	-	42,465	42,465
Depreciation	6,346	-	6,346	-	6,346
Total expenses	7,153,069	-	7,153,069	42,465	7,195,534
Increase (decrease) in net assets	205,563	(173,930)	31,633	(42,465)	(10,832)
Net assets at beginning of year	1,233,555	330,347	1,563,902	(316,545)	1,247,357
Net assets at end of year	\$1,439,118	\$ 156,417	\$1,595,535	\$ (359,010)	\$1,236,525

# CALIFORNIA TROUT CORPORATION AND FOUNDATION

## Combined Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2017

	Corporation		Total Corporation	Foundation	Total June 30 2017
	Unrestricted	Temporarily Restricted		Unrestricted	
	Revenue and support:				
<i>Contributed income:</i>					
Grants	\$ 32,000	\$ 668,836	\$ 700,836	\$ -	\$ 700,836
Donations and fundraising	2,208,761	18,300	2,227,061	-	2,227,061
Satisfaction of program restrictions	1,693,107	(1,693,107)	-	-	-
Total contributed income	3,933,868	(1,005,971)	2,927,897	-	2,927,897
<i>Earned revenue:</i>					
Government contracts	2,045,822	-	2,045,822	-	2,045,822
Product sales and other income	4,073	-	4,073	-	4,073
Investment income	1,017	-	1,017	-	1,017
Total earned revenue	2,050,912	-	2,050,912	-	2,050,912
Total revenue and support	5,984,780	(1,005,971)	4,978,809	-	4,978,809
Expenses:					
Program	4,590,013	-	4,590,013	-	4,590,013
General and administrative	389,620	-	389,620	-	389,620
Development	702,906	-	702,906	-	702,906
Membership and marketing	198,632	-	198,632	-	198,632
Foundation	-	-	-	82,458	82,458
Depreciation	15,178	-	15,178	-	15,178
Total expenses	5,896,349	-	5,896,349	82,458	5,978,807
Increase (decrease) in net assets	88,431	(1,005,971)	(917,540)	(82,458)	(999,998)
Net assets at beginning of year	1,145,124	1,336,318	2,481,442	(234,087)	2,247,355
Net assets at end of year	\$1,233,555	\$ 330,347	\$1,563,902	\$ (316,545)	\$1,247,357

# CALIFORNIA TROUT CORPORATION AND FOUNDATION

## Combined Statements of Cash Flows For the Years Ended June 30, 2018 and 2017

	2018	2017
<i>Cash flows from operating activities:</i>		
Increase (decrease) in net assets	\$ (10,832)	\$ (999,998)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	6,346	15,178
Changes in:		
Grants and pledges receivable	(405,544)	925,953
Prepaid expenses	(28,135)	(38,941)
Other assets	23,546	(25,507)
Accounts payable / accrued liabilities	902,214	(287,606)
Unearned revenue	(39,111)	20,600
Accrued payroll liabilities	(8,320)	25,561
Net cash provided by (used for) operating activities	440,164	(364,760)
 <i>Cash flows from investing activities:</i>		
Acquisition of property and equipment	(4,020)	-
Net cash used for investing activities	(4,020)	-
 Increase (decrease) in cash and cash equivalents	 436,144	 (364,760)
Cash and cash equivalents at beginning of year	626,535	991,295
Cash and cash equivalents at end of year	\$1,062,679	\$ 626,535
 <i>Supplemental Disclosures:</i>		
Interest expense	\$ -	\$ -
State registration taxes paid	\$ 160	\$ 160



# CALIFORNIA TROUT CORPORATION AND FOUNDATION

## Combined Statement of Functional Expenses For the Year Ended June 30, 2018

		General and Adminis- trative	Devel- opment	Total Corporation	Foun- dation	Total Year Ended June 30 2018
Advertising, marketing, publicity	\$ 10,492	\$ 3,602	\$ 7,385	\$ 21,479	\$ -	\$ 21,479
Bank charges and fees	18,017	5,893	5,699	29,609	-	29,609
Consulting and outside services	1,429,068	-	73,465	1,502,533	-	1,502,533
Design consulting	22,225	-	24,300	46,525	-	46,525
Entertainment and hospitality	17,231	5,152	136,931	159,314	-	159,314
Insurance	8,890	2,093	2,812	13,795	-	13,795
Legal and accounting	84,970	19,132	-	104,102	-	104,102
Meetings and conferences	16,905	1,432	16,308	34,645	-	34,645
Miscellaneous	-	-	-	-	695	695
Occupancy (rent and utilities)	171,759	15,975	21,452	209,186	-	209,186
Postage and shipping	10,867	3,047	2,663	16,577	-	16,577
Printing and copying	36,579	-	15,714	52,293	-	52,293
Publications and subscriptions	16,954	18,476	1,778	37,208	-	37,208
Repairs and maintenance	47,283	2,055	5,452	54,790	41,770	96,560
Salaries, wages and related payroll costs	1,671,079	297,146	380,010	2,348,235	-	2,348,235
Supplies	74,016	7,757	11,461	93,234	-	93,234
Technology consulting	2,174,401	1,747	2,347	2,178,495	-	2,178,495
Telephone and internet	42,535	5,851	5,381	53,767	-	53,767
Travel and lodging	179,837	1,042	10,057	190,936	-	190,936
<b>Total expenses before depreciation</b>	<b>6,033,108</b>	<b>390,400</b>	<b>723,215</b>	<b>7,146,723</b>	<b>42,465</b>	<b>7,189,188</b>
Depreciation	4,453	808	1,085	6,346	-	6,346
<b>Total expenses</b>	<b>\$ 6,037,561</b>	<b>\$ 391,208</b>	<b>\$ 724,300</b>	<b>\$ 7,153,069</b>	<b>\$ 42,465</b>	<b>\$ 7,195,534</b>

# CALIFORNIA TROUT CORPORATION AND FOUNDATION

## Combined Statement of Functional Expenses For the Year Ended June 30, 2017

		Program Membership Communi- Programs	General and Adminis- trative	Devel- opment	Total Corporation	Foun- dation	Total Year Ended June 30 2017
Advertising, marketing, publicity	\$	3,873	\$ 6,492	\$ 3,358	\$ 3,497	\$ 17,220	\$ - \$ 17,220
Bank charges and fees		25,954	504	15,021	5,561	47,040	- 47,040
Consulting and outside services		608,781	14,216	-	82,373	705,370	- 705,370
Design consulting		32,895	27,750	-	33,925	94,570	- 94,570
Entertainment and hospitality		7,597	-	275	92,862	100,734	- 100,734
Insurance		10,329	-	5,192	2,517	18,038	- 18,038
Legal and accounting		97,615	-	18,391	-	116,006	- 116,006
Meetings and conferences		62,564	500	1,771	36,223	101,058	- 101,058
Miscellaneous		-	-	-	-	-	321 321
Occupancy (rent and utilities)		130,440	850	12,248	16,430	159,968	- 159,968
Postage and shipping		12,557	144	105	8,899	21,705	- 21,705
Printing and copying		8,365	6,008	91	13,635	28,099	- 28,099
Publications and subscriptions		11,628	8,320	4,694	5,742	30,384	- 30,384
Repairs and maintenance		37,229	1,283	3,459	19,908	61,879	82,137 144,016
Salaries, wages and related payroll costs		1,254,381	120,242	300,832	336,682	2,012,137	- 2,012,137
Supplies		50,537	6,063	15,247	31,784	103,631	- 103,631
Technology consulting		2,030,569	2,650	1,516	2,037	2,036,772	- 2,036,772
Telephone and internet		45,650	1,125	5,925	5,905	58,605	- 58,605
Travel and lodging		159,049	2,485	1,495	4,926	167,955	- 167,955
<b>Total expenses before depreciation</b>		<b>4,590,013</b>	<b>198,632</b>	<b>389,620</b>	<b>702,906</b>	<b>5,881,171</b>	<b>82,458 5,963,629</b>
Depreciation		15,178	-	-	-	15,178	- 15,178
<b>Total expenses</b>		<b>\$4,605,191</b>	<b>\$ 198,632</b>	<b>\$ 389,620</b>	<b>\$702,906</b>	<b>\$ 5,896,349</b>	<b>\$ 82,458 \$ 5,978,807</b>

**Notes to Combined Financial Statements**  
**June 30, 2018 and 2017**

**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, 2018 or 2017.

*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, 2018 and 2017.

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, 2018 and 2017, 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:

	2018		2017
Checking accounts	\$ 695,869	\$	235,166
Merrill Lynch - EMA Cash Account	139,269		59,529
Merrill Lynch - Restricted Fund Cash Account	227,541		331,840
Total cash and cash equivalents	<u>\$ 1,062,679</u>	<u>\$</u>	<u>626,535</u>

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 \$1,571,143 and \$1,165,599 at June 30, 2018 and 2017, 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. Grants, pledges, and contracts receivable are classified as level 2 under fair value hierarchy. California Trout's government contracts are explained in Note 11.

### 5. Property, Equipment and Improvements

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

	2018		2017
Land Fall River Property	\$ 21,360	\$	21,360
Trout Camp Property	187,143		187,143
Office Equipment	38,120		44,378
Furniture and fixtures	3,000		23,762
Project improvements	17,305		24,057
Subtotal	266,928		300,700
Less accumulated depreciation	(48,123)		(79,569)
Total property, equipment and improvements (net)	<u>\$ 218,805</u>	<u>\$</u>	<u>221,131</u>

Total depreciation expense amounted to \$6,346 and \$15,178 for the years ended June 30, 2018 and 2017, respectively, and is reported on the combined statement of functional expenses. California Trout disposed of \$37,792 and \$181,278 in fully depreciated property, equipment and improvements during the years ended June 30, 2018 and 2017, respectively.

**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 May 31, 2022. As of June 30, 2018, the lease requires a monthly rental payment of \$11,453. 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 \$208,254 and \$187,629 for the years ended June 30, 2018 and 2017, respectively. Minimum future lease payments for all operating leases with terms of one year or more are as follows at June 30, 2018:

<i>Year Ending</i>	<i>Offices</i>	<i>Equipment</i>	<i>Total</i>
June 30, 2019	\$ 151,216	\$ 5,952	\$ 157,168
June 30, 2020	146,430	5,952	152,382
June 30, 2021	146,167	5,718	151,885
June 30, 2022	137,662	758	138,420

**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:

	<i>2018</i>	<i>2017</i>
Sierra Programs	\$ 5,428	\$ 47,978
Shasta Programs	-	34,095
Central California Programs	3,798	144,024
Bay Area Programs	43,573	61,527
Southern California Programs	52,217	42,723
North Coast Programs	51,401	-
Total temporarily restricted net assets	\$ 156,417	\$ 330,347

During the years ended June 30, 2018 and 2017, additions to temporarily restricted net assets amounted to \$850,263 and \$687,136, respectively. California Trout released \$1,024,193 and \$1,693,107 from temporarily restricted net assets to unrestricted net assets during the years ended June 30, 2018 and 2017, 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 a \$250,000 revolving business line of credit with a bank. The line of credit is secured by equipment, inventory, receivables, and general intangibles. When utilized, the line of credit bears interest at a variable rate calculated using the published Prime Rate plus 2.250 percentage points. The rate on the line of credit will not be less than 6.0%. There were no borrowings under the line of credit during the years ended June 30, 2018 and 2017.

**10. 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 \$70,119 and \$60,726 to the plan for the years ended June 30, 2018 and 2017, respectively.

**11. Government Contracts and Concentration**

As of June 30, 2018, 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 \$9,080,062 at June 30, 2018. The recognition of the revenue related to these contracts is contingent upon a number of factors and divergent tasks (such as restoration activities) and is also dependent on the timing of the projects.

**Concentrations:** California Trout receives a significant portion of its support from federal, state, and local governments (amounting to 47% and 34% for the years ended June 30, 2018 and 2017, respectively). A reduction in the level of this support could have a material effect on the organization's programs and activities.



**Notes to Combined Financial Statements**

**12. Consulting and Outside Services**

During the years ended June 30, 2018 and 2017, California Trout expended \$1,502,533 and \$705,370, respectively, on 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 for the years ended June 30:

	<u>2018</u>		<u>2017</u>
Eastern Sierra Programs	\$ 28,103	\$	32,930
Shasta Programs	147,902		699
Membership	-		14,216
North Coast Programs	735,107		176,559
North East/Shasta Programs	91,902		222,283
Central California Programs	159,716		44,391
South Coast Programs	20,924		32,250
State Management	100,811		94,000
Water Flow	-		813
Conservation and Other Program Activities	153,227		13,191
Development and General	64,841		74,038
Total consulting and outside services	<u>\$ 1,502,533</u>	\$	<u>705,370</u>

**13. Related Party Transactions**

During the years ended June 30, 2018 and 2017, members of the Board of Governors contributed \$395,686 and \$312,420, respectively, in donations to California Trout. These amounts are included with contributed income under donations and fundraising on the combined statements 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 \$69,403 and \$77,723 at June 30, 2018 and 2017, respectively.

Notes to Combined Financial Statements

**15. Advertising, Marketing, and Publicity**

Advertising, marketing, and publicity costs are expensed as incurred. Advertising, marketing, and publicity expenses amounted to \$21,479 and \$17,220 for the years ended June 30, 2018 and 2017, respectively, and are reflected on the combined statement of functional expenses.

**16. Fair Value Hierarchy**

Fair value measurements establish a fair value hierarchy that prioritizes the input used to measure fair value. This hierarchy consists of three broad levels: (a) Level 1 measurement reflects the value of the investments at quoted prices in active markets for identical assets, generally without any adjustments, (b) Level 2 assets and liabilities are valued based on "observable inputs" other than quoted active market prices, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and interest rates and yield curves, and (c) Level 3 assets and liabilities are valued based on "unobservable inputs," such as a company's own estimates and pricing models. California Trout had no assets classified as Level 1 or 3 at June 30, 2018 and 2017.

**17. Subsequent Events**

In compliance with ASC 855, *Subsequent Events*, California Trout has evaluated subsequent events through May 6, 2019, 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 Awards  
For the Year Ended June 30, 2018**

Federal Granting Agency	Program Title	Federal CFDA Number	Grant I.D. Name of Grant	Type of Program	Grant Period	Pass-Through	Award Amount	Federal Expenditures	Expenditure Payments to Subrecipients
Department of Agriculture Forest Service	National Fish and Wildlife Foundation	10.000	0807.16.053568 June Mountain Restoration Project	Non-Major	8/1/16-12/31/18	National Fish and Wildlife Foundation	\$ 490,144	\$ 34,242	\$ -
Department of Agriculture Forest Service	National Fish and Wildlife Foundation	10.683	0103.14.041390 Restore Walker Meadows	Non-Major	1/1/15-6/15/18	National Fish and Wildlife Foundation	\$ 59,955	\$ 14,599	\$ -
Department of Agriculture Forest Service	National Fish and Wildlife Foundation	10.683	0103.16.051133 Prioritizing Meadow Restoration for Kern	Non-Major	4/1/16-6/29/18	National Fish and Wildlife Foundation	115,844	43,961	-
<b>Total CFDA Number 10.683</b>							<b>\$ 175,799</b>	<b>\$ 58,560</b>	<b>\$ -</b>
Department of Agriculture Forest Service	Watershed Restoration and Enhancement Agreement Authority	10.693	0901.15.045708 Comm. Capacity and Land Stewardship	Non-Major	3/15/16-9/15/17	National Forest Foundation	\$ 18,511	\$ 12,590	\$ -
Department of Agriculture Forest Service	Partnership Agreements	10.699	17-CS-11052007-089 Sierra Meadows Partnership	Non-Major	7/19/17-7/31/18	Direct	\$ 50,000	\$ 49,750	\$ -
Department of Agriculture NRCS	EQIP	10.912	EQIP 2014 749104161WC and 7491041729WC--Hart Ranch Project	Non-Major	7/28/16-12/31/19	Forest B. Hart/Hart Ranch	\$ 178,375	\$ 178,375	\$ -
Department of Commerce NOAA	Pacific Coast Salmon Recovery_ Pacific Salmon Treaty Program	11.438	P1610505 Woodman Creek Implementation	Major	6/1/17-6/30/20	California Natural Resources Agency Department of Fish and Wildlife-FRGP	\$ 2,242,538	\$ 661,219	\$ -
Department of Commerce NOAA	Pacific Coast Salmon Recovery_ Pacific Salmon Treaty Program	11.438	P1750903 Santa Clara River Steelhead Coalition 3	Major	6/1/18-6/30/20	California Natural Resources Agency Department of Fish and Wildlife-FRGP	254,086	6,863	-
Department of Commerce NOAA	Pacific Coast Salmon Recovery_ Pacific Salmon Treaty Program	11.438	P1410511 Mad River Estuary	Major	6/1/15-8/31/17	California Natural Resources Agency Department of Fish and Wildlife-FRGP	74,762	3,738	-
<b>Total CFDA Number 11.438</b>							<b>\$ 2,571,386</b>	<b>\$ 671,820</b>	<b>\$ -</b>

*(Continued)*

**CALIFORNIA TROUT CORPORATION AND FOUNDATION**

**Supplemental Schedule A  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018**

Federal Granting Agency	Program Title	Federal CFDA Number	Grant I.D. Name of Grant	Type of Program	Grant Period	Pass-Through	Award Amount	Federal Expenditures	Expenditure Payments to Subrecipients
Department of Commerce NOAA	Habitat Conservation	11.463	NA16NMF4630352 Shasta-Scott Safe Harbor	Non-Major	7/1/16-9/30/19	Direct	\$ 116,000	\$ 9,638	\$ -
Department of Commerce NOAA	Habitat Conservation	11.463	NA16NMF4630305 Shasta River Coho Salmon Restoration	Non-Major	6/1/17-5/31/19	Direct	\$ 30,000	\$ 1,317	\$ -
Department of Commerce NOAA	Habitat Conservation	11.463	Knaggs Floodplain Restoration Design	Non-Major	10/1/16-8/30/17	River Partners	44,000	20,000	-
<b>Total CFDA Number 11.463</b>							<b>\$ 190,000</b>	<b>\$ 30,955</b>	<b>\$ -</b>
Department of the Interior Bureau of Reclamation	Providing Water to At-Risk Natural Desert Terminal Lakes	15.508	0103.14.041390 Restore Walker River Basin	Non-Major	1/1/15-6/15/18	National Fish and Wildlife Foundation	179,865	43,795	-
Department of the Interior Bureau of Reclamation	Fish and Wildlife Coordination Act	15.517	R14AP00054 Shasta River Coho Salmon Enhancement	Non-Major	9/16/14-8/31/17	Direct	\$ 318,837	\$ 17,831	\$ -
Department of the Interior Bureau of Reclamation	Fish and Wildlife Coordination Act	15.517	0208.16.051674 Parks Creek Cardoza Ranch	Non-Major	6/1/16-5/31/19	National Fish and Wildlife Foundation	\$ 160,984	\$ 72,202	\$ -
<b>Total CFDA Number 15.517</b>							<b>\$ 479,821</b>	<b>\$ 90,033</b>	<b>\$ -</b>
Department of the Interior Bureau of Land Management	Fish, Wildlife and Plant Conservation Resource Management	15.231	0103.17.055143 Modoc Meadows	Non-Major	6/1/17-5/31/19	National Fish and Wildlife Foundation	\$ 61,883	\$ 14,461	\$ -
Department of the Interior Fish and Wildlife Service	Fish and Wildlife Management Assistance	15.608	F17AC00694 Parks Creek Diversion Relocation Design	Non-Major	8/1/17-5/31/19	Direct	\$ 24,000	\$ 4,418	\$ -
Department of the Interior Fish and Wildlife Service	Fish and Wildlife Management Assistance	15.608	F17AC00346 Seldom Seen Ranch Implementation	Non-Major	8/1/17-12/31/18	Direct	\$ 100,880	\$ 4,663	\$ -
<b>Total CFDA Number 15.608</b>							<b>\$ 124,880</b>	<b>\$ 9,081</b>	<b>\$ -</b>
Department of the Interior Fish and Wildlife Service	Coastal	15.630	F16AC00774 Santa Margarita River-SMER Habitat II	Non-Major	10/1/16-9/30/21	Direct	\$ 34,358	\$ 6,775	\$ -

*(Continued)*

**CALIFORNIA TROUT CORPORATION AND FOUNDATION**

**Supplemental Schedule A  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018**

Federal Granting Agency	Program Title	Federal CFDA Number	Grant I.D. Name of Grant	Type of Program	Grant Period	Pass-Through	Award Amount	Federal Expenditures	Expenditure Payments to Subrecipients
Department of the Interior Fish and Wildlife Service	Partners for Fish and Wildlife	15.631	F15AC00867 Seldom Seen Ranch Diversion	Non-Major	9/3/15-11/30/17	Direct	\$ 25,000	\$ 3,104	\$ -
Department of the Interior Fish and Wildlife Service	Partners for Fish and Wildlife	15.631	F15AC00738 South Fork Scott	Non-Major	8/17/15-9/30/20	Direct	\$ 75,000	\$ 38,960	\$ -
<b>Total CFDA Number 15.631</b>							<b>\$ 100,000</b>	<b>\$ 42,064</b>	<b>\$ -</b>
Department of the Interior Fish and Wildlife Service	Natural Resource Damage Assessment, Restoration and Implementation	15.658	F14AP00416 Harvey Diversion	Non-Major	8/28/14-1/13/19	Direct	\$ 249,810	\$ 22,727	\$ -
Department of the Interior Fish and Wildlife Service	Natural Resource Damage Assessment, Restoration and Implementation	15.658	F17AP00636 Invasive Plant Removal Santa Clara River	Non-Major	12/16/16-12/15/21	Direct	\$ 99,000	\$ 98,770	\$ -
<b>Total CFDA Number 15.658</b>							<b>\$ 348,810</b>	<b>\$ 121,497</b>	<b>\$ -</b>
Environmental Protection Agency-Office of Water	Water Quality Management Planning	66.454	D15-16003 Elk River Integration	Non-Major	1/1/17-12/15/20	California State Water Resources Control Board	\$ 28,235	\$ 21,275	\$ -
Environmental Protection Agency-Office of Water	Nonpoint Source Implementation Grants	66.460	14-420-251 South Fork Eel River	Non-Major	4/1/15-2/28/18	California State Water Resources Control Board	\$ 175,000	\$ 56,725	\$ -
<b>Totals</b>							<b>\$ 5,207,067</b>	<b>\$ 1,441,998</b>	<b>\$ -</b>

**Basis of Presentation:** 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because this schedule presents only a selected portion of the operations of California Trout, it is not intended to and does not present the financial positions, changes in net assets, or cash flows of California Trout. Additionally, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**De Minimis Rate:** California Trout has not elected to use the 10% de minimis cost rate on any of its contracts as outlined by section 200.414 (c) (3) of the Uniform Guidance.

**Definitions:**

CFDA - Catalog of Federal Domestic Assistance

FRGP - Fisheries Restoration Grant Program

NRCS - Natural Resources Conservation Service

NOAA - National Oceanic and Atmospheric Administration



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**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 Directors  
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 combined financial statements of California Trout Corporation and Foundation (California nonprofit organizations), which comprise the combined statement of financial position as of June 30, 2018, and the related combined statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 6, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the combined 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 opinion on the combined 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 combined 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. 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)*

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

**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**

*(continued)*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether California Trout Corporation and Foundation's combined financial statements are free from material misstatement, we performed tests of 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 combined 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Regalia & Associates*

*Danville, California  
May 6, 2019*



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**The Board of Directors  
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 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, 2018. California Trout Corporation and Foundation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the *Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about California Trout Corporation and Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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, 2018.

*(continued)*



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE (continued)

*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 the *Uniform Guidance*, 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 a 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 the 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 the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

*Regalia & Associates*

*Danville, California  
May 6, 2019*

# CALIFORNIA TROUT CORPORATION AND FOUNDATION

## Schedule of Findings and Questioned Costs Year Ended June 30, 2018

### 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 the Uniform Guidance?		Yes See below
• Identification of major programs:		
<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:		\$ 750,000
• Auditee qualified as low-risk auditee?		No
California Trout Corporation and Foundation did not file previous audits by the due date.		

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

**Audit Findings and Questioned Costs (In Accordance with the Uniform Guidance)** None

*(continued)*

**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2018**

**Status of Prior Year Findings**

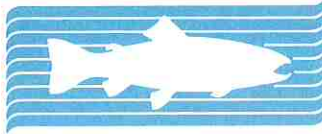
*In accordance with the Uniform Guidance*

Finding: 2017-001 Cash Management

Status: Corrected.

Please refer to the Summary Schedule of Prior Audit Findings with client response prepared by the auditee (California Trout) on the following page.

CALIFORNIA TROUT



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5/7/19

**California Trout Corporation and Foundation**  
**Summary Schedule of Prior Audit Findings**  
Year Ended June 30, 2018

**Status of Prior Year Findings**

*In accordance with the Uniform Guidance*

Finding: 2017-001 Cash Management

Status: Corrected.

California Trout's Management Team reported the cash management findings to all employees involved in the disbursement process. Verbal and written communication was used to re-establish the cash management policies, with each employee's role in the process being clearly defined. The finance department and regional program offices followed the established procedures. Increase scrutiny of the timing of incoming payments and the disbursement of vendor payments, combined with secondary reviews by the finance department and regional offices, produced positive results and adherence to disbursement policies.