California Trout, Inc.

Combined Financial Statements

June 30, 2025
(With Comparative Totals for 2024)

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TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
California Trout, Inc.

Opinion

We have audited the accompanying combined financial statements of California Trout, Inc. (a California nonprofit corporation) ("California Trout"), which comprise the combined statement of financial position as of June 30, 2025, and the related combined statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of California Trout, Inc. as of June 30, 2025, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited California Trout, Inc.'s 2024 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated March 19, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Armanino LLP

San Francisco, California

March 25, 2026

California Trout, Inc.
Combined Statement of Financial Position
June 30, 2025
(With Comparative Totals for 2024)

	2025	2024
ASSETS		
Cash and cash equivalents	$ 8,232,073	$ 6,563,034
Contracts receivable	5,449,175	3,247,934
Contributions receivable	87,248	643,500
Prepaid and other current assets	213,719	192,433
Other assets	85,919	87,619
Operating lease right-of-use asset	559,145	923,848
Property and equipment, net	396,819	1,160,067
Cash equivalents held for endowment	1,021,644	-
Total assets	$ 16,045,742	$ 12,818,435
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 6,182,852	$ 3,074,128
Accrued expenses	719,619	636,559
Deferred revenue	408,100	117,547
Loan payable	250,000	1,250,000
Operating lease liability	581,592	947,843
Total liabilities	8,142,163	6,026,077
Net assets		
Without donor restrictions		
Undesignated	4,975,456	4,778,399
Impact Fund	589,220	671,920
Total without donor restrictions	5,564,676	5,450,319
With donor restrictions	2,338,903	1,342,039
Total net assets	7,903,579	6,792,358
Total liabilities and net assets	$ 16,045,742	$ 12,818,435

The accompanying notes are an integral part of these combined financial statements.

California Trout, Inc.
Combined Statement of Activities
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	Undesignated	Impact Fund	Total	With Donor Restrictions	2025 Total	2024 Total
Revenues and support						
Contributions - corporate and foundations	$ 86,800	$ -	$ 86,800	$ 1,816,376	$ 1,903,176	$ 1,599,133
Contributions - individuals	5,331,367	-	5,331,367	1,406,354	6,737,721	4,606,874
Government and other contracts	15,973,993	-	15,973,993	-	15,973,993	16,510,044
Interest income	245,865	-	245,865	10,289	256,154	264,290
Other revenue	240,173	-	240,173	-	240,173	335,350
Loss on disposal of property and equipment	(66,629)	-	(66,629)	-	(66,629)	-
Net assets released from restriction	2,318,855	(82,700)	2,236,155	(2,236,155)	-	-
Total revenues and support	24,130,424	(82,700)	24,047,724	996,864	25,044,588	23,315,691
Functional expenses						
Programs	19,944,172	-	19,944,172	-	19,944,172	20,362,964
Support services						
Management and general	2,028,844	-	2,028,844	-	2,028,844	1,509,098
Fundraising	1,960,351	-	1,960,351	-	1,960,351	1,909,676
Total support services	3,989,195	-	3,989,195	-	3,989,195	3,418,774
Total functional expenses	23,933,367	-	23,933,367	-	23,933,367	23,781,738
Change in net assets	197,057	(82,700)	114,357	996,864	1,111,221	(466,047)
Net assets, beginning of year	4,778,399	671,920	5,450,319	1,342,039	6,792,358	7,258,405
Net assets, end of year	$ 4,975,456	$ 589,220	$ 5,564,676	$ 2,338,903	$ 7,903,579	$ 6,792,358

The accompanying notes are an integral part of these combined financial statements.

California Trout, Inc.
Combined Statement of Functional Expenses
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	Programs	Management and General	Fundraising	2025 Total	2024 Total
Salaries, wages, and benefits	$ 4,621,840	$ 1,607,701	$ 1,164,896	$ 7,394,437	$ 6,409,034
Consulting, technology, and professional services	13,803,113	128,829	157,243	14,089,185	15,151,496
Occupancy	385,627	36,742	38,992	461,361	447,945
Entertainment and hospitality	41,301	25,436	358,801	425,538	344,978
Repairs and maintenance	373,546	4,342	10,339	388,227	286,600
Travel and lodging	250,103	24,177	23,870	298,150	336,128
Supplies	200,667	10,700	44,301	255,668	248,304
Publications and subscriptions	73,642	28,107	31,130	132,879	89,866
Bad debt expense	-	82,700	-	82,700	-
Telephone and internet	46,961	21,856	8,944	77,761	82,328
Meetings and conferences	50,741	23,176	3,671	77,588	119,554
Postage and shipping	14,202	1,668	53,636	69,506	13,747
Insurance	30,252	16,876	5,943	53,071	39,999
Bank charges and fees	64	9,960	31,762	41,786	36,001
Printing and copying	32,111	600	3,468	36,179	89,850
Miscellaneous	3,896	-	22,437	26,333	17,656
Advertising, marketing, and publicity	10,000	-	-	10,000	22,415
Interest expense	4,106	865	918	5,889	8,769
Depreciation	-	5,109	-	5,109	37,068
Contributions	2,000	-	-	2,000	-
	$ 19,944,172	$ 2,028,844	$ 1,960,351	$ 23,933,367	$ 23,781,738

The accompanying notes are an integral part of these combined financial statements.

California Trout, Inc.
Combined Statement of Cash Flows
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	2025	2024
Cash flows from operating activities		
Change in net assets	$ 1,111,221	$ (466,047)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	5,109	37,068
Amortization of operating lease right-of-use asset	364,703	340,191
Loss on disposal of property and equipment	66,629	-
Contributions restricted for long-term purpose	(1,011,355)	-
Changes in operating assets and liabilities		
Contracts receivable	(2,201,241)	1,622,254
Contributions receivable	556,252	206,109
Prepaid expenses	(21,286)	(129,624)
Other assets	1,700	(12,886)
Accounts payable	3,108,724	(454,102)
Accrued expenses	83,060	156,855
Deferred revenue	290,553	117,547
Operating lease liability	(366,251)	(333,781)
Net cash provided by operating activities	1,987,818	1,083,584
Cash flows from investing activities		
Acquisition of property and equipment	(9,121)	(25,502)
Net proceeds from sale of property and equipment	700,631	-
Net cash provided by (used in) investing activities	691,510	(25,502)
Cash flows from financing activities		
Contributions restricted for long-term purposes	1,011,355	-
Principal payments on loan payable	(1,000,000)	(750,000)
Net cash provided by (used in) financing activities	11,355	(750,000)
Net increase in cash, cash equivalents and restricted cash	2,690,683	308,082
Cash, cash equivalents and restricted cash, beginning of year	6,563,034	6,254,952
Cash, cash equivalents and restricted cash, end of year	$ 9,253,717	$ 6,563,034
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	$ 8,232,073	$ 6,563,034
Cash equivalents held for endowment	1,021,644	-
	$ 9,253,717	$ 6,563,034

The accompanying notes are an integral part of these combined financial statements.

California Trout, Inc.
Combined Statement of Cash Flows
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	2025	2024
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 5,889	$ 8,769
Supplemental schedule of noncash investing and financing activities		
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	$ -	$ 106,782

The accompanying notes are an integral part of these combined financial statements.

1. NATURE OF OPERATIONS

California Trout, Inc. and California Trout Foundation are California tax-exempt, non-profit corporations. California Trout, Inc. 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 Inc. fundraises to finance charitable, scientific and educational research projects, and to preserve and rehabilitate public trout and steelhead fisheries in California. California Trout Foundation (the "Foundation") is a sister organization of California Trout Inc. with the primary purpose of holding title to conserved land properties. California Trout Inc. and the Foundation are collectively referred to as "California Trout" or the "Organization" within the notes to the combined financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The accompanying combined financial statements include the accounts of California Trout Inc. and the Foundation. All intercompany activities have been eliminated in combination. The combined financial statements of California Trout have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

California Trout reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

- *Net assets without donor restrictions* - Net assets without donor restrictions generally result from revenue obtained by providing services in connection with contracts with governmental and quasi-government agencies, and receiving contributions and interest and dividends that are not restricted by donor-imposed stipulations. The governing board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve or board-designated endowment. There were no board designated net assets as of June 30, 2025. Included in net assets without donor restrictions is undesignated net assets and management designated net assets resulting from Impact Fund contributions earmarked for use in future periods.
- *Net assets with donor restrictions* - California Trout reports donations and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. This includes donor imposed stipulations that either expire by passage of time and/or can be fulfilled and removed by actions of the Organization, or donor-imposed stipulations that are restricted in perpetuity. Income from amounts to be held in perpetuity is available to support activities of California Trout as designated by the donors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law. Expirations of restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Cash and cash equivalents

California Trout's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase. Cash equivalents totaled $8,842,453 as of June 30, 2025 which includes California Trout's cash equivalents held for endowment; see Note 8.

Concentrations of credit risk

Financial instruments that potentially subject California Trout to concentrations of credit risk consist principally of cash and cash equivalents. California Trout maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. California Trout manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy. California Trout has not experienced any losses on its deposits and management believes that it is not exposed to significant credit risk with respect to its cash balances.

As of June 30, 2025, approximately 83% of contracts receivable were comprised of amounts due from three funding agencies. The same three funding agencies comprised approximately 81% of the total government and other contracts revenue for the year ended June 30, 2025. As of June 30, 2025, 100% of contributions receivable were due from two donors and for year ended June 30, 2025 one donor comprised 12% of total contributions.

Credit risk associated with contracts and contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and reputable organizations and foundations supportive of California Trout's mission.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contracts receivable

Contracts receivable represent amounts due from contracts with governmental and quasi-governmental entities. Revenue is recorded when earned upon completion of the services or when California Trout has incurred expenditures in compliance with specific contract or grant provisions. Management estimates an allowance for credit losses based on a review of specific amounts outstanding longer than thirty days, historical loss experience, and management's assessment of current conditions and reasonable and supportable expectations of future conditions. There was no allowance for credit losses as of June 30, 2025 as all amounts were deemed collectible.

Contributions and promises to give

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the barrier has been overcome and right of release/right of return no longer exists. Contributions receivable that are promised in one year but are not expected to be collected until after the end of that year are discounted at an appropriate discount rate commensurate with the risks involved. No discount has been recorded as of June 30, 2025 as the amount was determined to be immaterial.

An allowance for uncollectible contributions receivable is established based on management's judgment, the review of the composition of the balances and past experience. There was no allowance for uncollectible contributions receivable at June 30, 2025 as all balances were considered collectible.

A portion of California Trout's revenue is derived from cost-reimbursable contracts from governmental agencies, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. The revenue generated from these contracts meets the criteria to be classified as conditional contributions as they contain barriers related to the incurrence of qualifying expenditures and a right of return or release. Amounts received are recognized as revenues when California Trout has incurred expenditures in compliance with specific contract or grant provisions. The Organization has elected a simultaneous release option to account for these grants. Therefore, they are recorded as government grants without donor restriction upon satisfaction of the barriers. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the combined statement of financial position. Deferred revenue related to cost-reimbursable contracts totaled $71,732 as of June 30, 2025.

Contributed services

Contributed services are reflected at the fair value of the contribution received. The contributions of services 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. For the year ended June 30, 2025, California Trout received no contributed services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed services (continued)

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the combined financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by U.S. GAAP.

Deferred revenue

Amounts received in advance of California Trout satisfying the applicable conditions or performance obligations related to government and other contracts are recorded as deferred revenue. For government contracts that are accounted for as conditional contributions, revenue is recognized as qualifying expenditures are incurred in accordance with the terms of the grant agreements. Amounts received in advance of incurring allowable costs are recorded as deferred revenue. Revenue related to other fee for service contracts is recognized over time as services are provided. Fees received in advance of the performance of services are recorded as deferred revenue and recognized when the related performance obligations are satisfied.

Property and equipment

California Trout's policy is to record acquisitions of property and equipment at cost or, if donated, at fair market value on the date of donation.

Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

Buildings	27.5 years
Office equipment	3 - 5 years
Furniture and fixtures	5 - 10 years
Project equipment	5 - 20 years

Costs of maintenance and repairs are expensed. California Trout reviews the carrying values of all assets for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated economic utility and/or future cash flows expected to result from its use and eventual disposition. No such impairments have been recorded during the year ended June 30, 2025.

Leases

California Trout leases office space and equipment under operating leases. California Trout determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities on the combined statement of financial position. The Organization does not have any finance leases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

ROU assets represent California Trout's right to use an underlying asset for the lease term and lease liabilities represent California Trout's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As California Trout's lease does not provide an implicit rate, California Trout uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

California Trout's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

California Trout has elected not to recognize right-of-use assets and lease liabilities for short-term leases and instead records them in a manner similar to operating leases under legacy leasing guidelines. A short-term lease is one with a maximum lease term of 12 months or fewer and does not include a purchase option that the lessee is reasonably certain to exercise.

Functional allocation of expenses

The costs of providing program and other activities have been summarized on a functional basis in the combined statement of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Certain expenses (such as salaries, wages and related payroll costs, insurance, and occupancy) have been allocated based on time and effort using California Trout's payroll allocations. Other expenses (such as consulting and outside services, design consulting, technology consulting, legal and accounting and other direct costs) have been allocated in accordance with the specific services received.

Income tax

California Trout is required to report information regarding its exposure to various tax positions taken by the Organization 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, 2025, California Trout does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that California Trout 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 California Trout to file separate tax returns under federal and state statutes. Under such conditions, California Trout calculates and accrues the applicable taxes.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following:

Due in less than one year	$	72,248
Due in one to five years		15,000
	$	87,248

4. PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following:

Land	$	21,360
Buildings		215,308
Office equipment		57,104
Furniture and fixtures		118,022
Project equipment		68,807
		480,601
Less accumulated depreciation		(83,782)
	$	396,819

Depreciation expense amounted to $5,109 for the year ended June 30, 2025.

4. PROPERTY AND EQUIPMENT (continued)

In August 2024, California Trout sold one of its properties for sales proceeds of $700,631, representing the sales price of $750,000 less closing costs of $49,369. California Trout recognized a loss on the sale of the property of $66,629 during the year ended June 30, 2025.

5. LINE OF CREDIT

California Trout holds a revolving business line of credit with a bank that is secured by equipment and receivables. The line of credit held a principal note amount of $700,000, with interest accruing at a variable rate calculated using an index (the "Prime Rate" as published by the Wall Street Journal) plus 0.250 percentage points, and not be less than 7.75% per annum (7.75% at June 30, 2025). The line of credit matures in January 2027. In June 2025, California Trout entered into a change in terms agreement, increasing the principal amount of the note from $700,000 to $1,000,000 and amending the interest to reflect a rate of 0.150 percentage points over the Prime Rate, not less than 6.65% per annum. At June 30, 2025, there was no outstanding balance under the line of credit and California Trout was in compliance with all required covenants.

6. LOAN PAYABLE

On October 26, 2022, California Trout entered into a credit agreement with the David and Lucile Packard Foundation for a term loan in the principal amount of $2,000,000, at 0.50% simple interest per annum, with a maturity date of September 30, 2025. The loan is to pay for project costs incurred by California Trout in undertaking a remediation project in accordance with certain project contracts. Interest payments under the loan are due semi-annually in March and September until the loan is paid in full. California Trout made total principal payments of $1,000,000 between September 2024 and March 2025. The outstanding principal balance on the loan was $250,000 as of June 30, 2025.

The future maturities of the loan payable are as follows:

Year ending June 30,	
2026	$ 250,000
	$ 250,000

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

Restricted for a specific purpose	
Shasta programs	$ 141,587
Bay Area programs	224,794
South Coast programs	152,595
Statewide programs	331,244
North Coast programs	87,123
Central Valley programs	300,000
Other programs	64,916
	1,302,259
Time restricted grants and contributions	
Contributions receivable without purpose restrictions	15,000
Accumulated endowment earnings	10,289
	25,289
Donor restricted endowment funds	1,011,355
	$ 2,338,903

Net assets with donor restrictions released from restriction during the year were as follows:

Shasta programs	$ 621,262
Bay Area programs	431,770
Sierra programs	61,719
South Coast programs	130,021
Statewide programs	547,913
North Coast programs	234,464
Other programs	25,506
Time restricted grants and contributions	183,500
	$ 2,236,155

8. ENDOWMENT

As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. California Trout's endowment was established during the year ended June 30, 2025 and is comprised of donor restricted funds.

8. ENDOWMENT (continued)

Interpretation of relevant law

California Trout's Board of Directors has interpreted the State of California's enacted version of Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, California Trout classifies as endowment net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts donated to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as held in perpetuity is restricted for passage of time, until those amounts are appropriated for expenditure by California Trout in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, California Trout considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of the organization and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of California Trout

(7) The investment policies of California Trout

Return objectives and risk parameters

California Trout has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that California Trout must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, California Trout shall ordinarily be invested in the Consolidated Endowment Pool to be managed by a third-party investment partner. All investing of endowment principal and accumulated earnings is subject to the California Trout's investment policy.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires California Trout to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2025.

8. ENDOWMENT (continued)

Spending policy

Under the current policy adopted in 2025 by the Board of Directors, no withdrawals shall be made in the first three fiscal years after the establishment. Distributions will be exclusively sourced from the fund's accumulated earnings. While disbursements may occur in the fourth year, there must be sufficient accumulated earnings to ensure that future distributions will not be jeopardized. If a fund has insufficient accumulated earnings at the time of calculation, that fund will not be able to distribute for the current fiscal year. Target distribution amount for the fund after year three is 5% of net assets in the fund, minus expenses and fees, with the maximum annual distribution percentage of 7% and minimum annual distribution percentage of 3%. The net asset calculation is determined by the funds average market value over the preceding three fiscal years. The fund's market value is calculated upon all assets in the fund including principal and accumulated earnings, determined as of the last business day of the fiscal year. All earnings of the endowment fund not withdrawn shall be reinvested. As the endowment fund was established during 2025, there were no distributions from the fund during the year ended June 30, 2025.

Endowment composition

Endowment net asset composition by type of fund as of June 30, 2025 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 1,011,355	$ 1,011,355
Accumulated endowment earnings	-	10,289	10,289
	$ -	$ 1,021,644	$ 1,021,644

Changes in endowment net assets for the fiscal year ended June 30, 2025 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, June 30, 2024	$ -	$ -	$ -
Contributions	-	1,011,355	1,011,355
Interest income	-	10,289	10,289
	-	1,021,644	1,021,644
Balance, June 30, 2025	$ -	$ 1,021,644	$ 1,021,644

9. LEASES

California Trout leases its corporate office space in San Francisco under a multi-year operating agreement through May 31, 2027. 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 throughout California under various multi-year and month-to-month operating lease agreements with lease expirations through September 2027.

California Trout leases certain office equipment under short-term operating lease arrangements, which require fixed monthly or quarterly rental payments.

Additional information related to leases is as follows:

Operating lease cost	$	388,252
Operating cash flows from operating leases	$	389,801
Weighted average remaining lease term		1.80 years
Weighted average discount rate		3.10 %

At June 30, 2025, the operating lease ROU asset and operating lease liability amounted to $559,145 and $581,592, respectively.

Future minimum lease payments under non-cancelable leases as of June 30, 2025 were as follows:

Year ending June 30,		
2026	$	334,999
2027		256,464
2028		5,625
		597,088
Less: imputed interest		(15,496)
	$	581,592

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 $227,626 to the plan for the year ended June 30, 2025.

11. GOVERNMENT CONTRACTS AND CONCENTRATION

As of June 30, 2025, 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 to be earned in future years is estimated to be approximately $104,806,371 at June 30, 2025. 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.

California Trout receives a significant portion of its support from federal, state, and local governments (amounting to 64% for the year ended June 30, 2025). A reduction in the level of this support could have a material effect on the Organization's programs and activities.

12. CONSULTING AND OUTSIDE SERVICES

During the year ended June 30, 2025, California Trout expended $14,089,185, on a variety of consulting and outside services. A majority of these expenditures pertained to several ongoing program activities.

Consulting, technology, and professional services was comprised of the following:

North Coast programs	$ 3,929,587
South Coast programs	3,598,840
Shasta programs	2,961,564
Central California programs	2,881,723
Outreach and other program activities	191,794
State of California programs	239,605
Management and general	128,829
Fundraising and development	157,243
	$ 14,089,185

13. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2025, members of the Board of Directors contributed $1,040,431 in donations to California Trout.

14. LIQUIDITY AND AVAILABILITY OF RESOURCES

California Trout regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. California Trout has various sources of liquidity at its disposal, including cash and cash equivalents and the future collection of receivables. For purposes of analyzing resources available to meet general expenditures over a 12-month period, California Trout considers all expenditures related to its ongoing activities to conserve and enhance wild trout and salmon and their natural habitat within California to be general expenditures.

14. LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)

In addition to the financial assets available to meet general expenditures over the 12 months, California Trout operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

The following is a quantitative disclosure which describes assets that are available or expected to be available within one year to fund general expenditures and other obligations as they become due:

Financial assets	
Cash and cash equivalents	$ 9,253,717
Contracts receivable	5,449,175
Contributions receivable	87,248
	14,790,140
Less: amounts not available to be used within one year	
Donor-imposed restrictions	(2,338,903)
	(2,338,903)
	$ 12,451,237

Certain of the support that California Trout receives is restricted by donors. Because donor restrictions require resources to be used in a particular manner or in a future period, California Trout must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. Contributions receivable due within one year and that hold no purpose restriction will be available for general expenditure over the next year.

As part of California Trout's liquidity management, it has a policy to maintain operating cash equal to four months of operating expenses. As described in Note 5, California Trout also has an available line of credit in the amount of $1,000,000 upon which it could draw.

15. COMMITMENTS, CONTINGENCIES AND RISKS

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.

16. SUBSEQUENT EVENTS

California Trout has evaluated subsequent events through March 25, 2026, the date the financial statements were available to be issued. In September of 2025, California Trout received a parcel of land from the State Coastal Conservancy with an estimated fair value of approximately $1,800,000. The property is subject to use restrictions requiring that the land be maintained for conservation purposes. California Trout expects to record the land as an asset and recognize the related contribution revenue in the fiscal year ending June 30, 2026.

There were no other subsequent events, other than as described above, that would require adjustments to or disclosures in the accompanying financial statements.