

**TROUT UNLIMITED CANADA  
TRUITE ILLIMITÉE CANADA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

**TROUT UNLIMITED CANADA**  
**TRUITE ILLIMITÉE CANADA**  
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**DECEMBER 31, 2015**

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INDEPENDENT AUDITOR'S REPORT

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To: **The Members of  
TROUT UNLIMITED CANADA - TRUITE ILLIMITÉE CANADA**

We have audited the accompanying financial statements of Trout Unlimited Canada Truite Illimitée Canada, which comprise the statement of financial position as at December 31, 2015, and the statement of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 qualified audit opinion.

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INDEPENDENT AUDITOR'S REPORT, continued

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*Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Organization derives revenue from fundraising dinners, membership fees and corporate and individual donations in cash or in-kind, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues and related expenditures was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenue, expenditures, deficiency of revenue over expenditures, assets and fund balances.

*Qualified Opinion*

In our opinion, except for the possible effects of the matter above, the financial statements present fairly, in all material respects, the financial position of Trout Unlimited Canada Truite Illimitée Canada as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Catalyst LLP*

CALGARY, ALBERTA  
APRIL 21, 2016

CHARTERED PROFESSIONAL  
ACCOUNTANTS

**TROUT UNLIMITED CANADA**  
**TRUITE ILLIMITÉE CANADA**  
 STATEMENT OF FINANCIAL POSITION  
 DECEMBER 31, 2015

	General Fund	Project Fund	2015	2014
<b>Assets</b>				
<b>Current assets</b>				
Cash	\$ 4,454	\$ -	\$ 4,454	\$ 14,930
Accounts receivable	36,027	-	36,027	5,693
Goods and services tax receivable	8,794	-	8,794	12,806
Prepaid expenditures	26,457	-	26,457	15,555
Inventory	62,264	-	62,264	118,066
	137,996	-	137,996	167,050
<b>Capital assets (Notes 3 and 6)</b>				
	47,229	298,000	345,229	345,682
	<u>\$ 185,225</u>	<u>\$ 298,000</u>	<u>\$ 483,225</u>	<u>\$ 512,732</u>

The accompanying notes are an integral part of the financial statements

**TROUT UNLIMITED CANADA**  
**TRUITE ILLIMITÉE CANADA**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2015**

	General Fund	Project Fund	2015	2014
<b>Liabilities and fund balances</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities (Note 8)	\$ 371,142	\$ -	\$ 371,142	\$ 170,182
Operating loan (Note 4)	95,000	-	95,000	-
Deferred contributions	21,600	-	21,600	-
	<u>487,742</u>	<u>-</u>	<u>487,742</u>	<u>170,182</u>
<b>Fund balances</b>				
Gapen Pool land contributions (Note 6)	-	228,000	228,000	228,000
Unrestricted	(302,517)	-	(302,517)	44,550
Internally restricted (Note 10)	-	70,000	70,000	70,000
	<u>(302,517)</u>	<u>298,000</u>	<u>(4,517)</u>	<u>342,550</u>
	<u>\$ 185,225</u>	<u>\$ 298,000</u>	<u>\$ 483,225</u>	<u>\$ 512,732</u>
<b>Commitments (Note 7)</b>				
Approved on behalf of the Board				

C.F.O. 

Chairman of the Board 

**TROUT UNLIMITED CANADA**  
**TRUITE ILLIMITÉE CANADA**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	General Fund	Project Fund	2015	2014
<b>Revenue</b>				
Donation and grant income (Note 5 and Schedule 2)	\$ 167,836	\$ 824,519	\$ 992,355	\$ 875,134
Dinner revenue	737,324	-	737,324	1,065,796
Casino revenue and other	101,239	-	101,239	17,597
Memberships	33,662	-	33,662	33,100
	<u>1,040,061</u>	<u>824,519</u>	<u>1,864,580</u>	<u>1,991,627</u>
<b>Expenditures</b>				
Resource expenditures (Schedule 1)	800,574	952,462	1,753,036	1,655,040
Dinner expenditures	458,611	-	458,611	414,388
	<u>1,259,185</u>	<u>952,462</u>	<u>2,211,647</u>	<u>2,069,428</u>
Deficiencies of revenues over expenditures	<u>\$ (219,124)</u>	<u>\$ (127,943)</u>	<u>\$ (347,067)</u>	<u>\$ (77,801)</u>

The accompanying notes are an integral part of the financial statements

**TROUT UNLIMITED CANADA**  
**TRUITE ILLIMITÉE CANADA**  
**STATEMENT OF CHANGES IN FUND BALANCES**  
**DECEMBER 31, 2015**

	General Fund	Project Fund	2015	2014
<b>Balance, beginning of year</b>	\$ 44,550	\$ 298,000	\$ 342,550	\$ 420,351
Deficiencies of revenues over expenditures	(219,124)	(127,943)	(347,067)	(77,801)
Interfund transfers (Note 9)	(127,943)	127,943	-	-
<b>Balance, end of year</b>	<u>\$ (302,517)</u>	<u>\$ 298,000</u>	<u>\$ (4,517)</u>	<u>\$ 342,550</u>



**TROUT UNLIMITED CANADA**  
**TRUITE ILLIMITÉE CANADA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	General Fund	Project Fund	2015	2014
<b>Cash flows from operating activities</b>				
Deficiencies of revenues over expenditures	\$ (219,124)	\$ (127,943)	\$ (347,067)	\$ (77,801)
Adjustment for Amortization	1,140	-	1,140	1,002
	<u>(217,984)</u>	<u>(127,943)</u>	<u>(345,927)</u>	<u>(76,799)</u>
Change in non-cash working capital items				
Accounts receivable	(30,334)	-	(30,334)	(5,593)
Prepaid expenses	(10,902)	-	(10,902)	(5,644)
Inventory	55,802	-	55,802	(68,309)
Accounts payable and accrued liabilities	200,960	-	200,960	106,605
Goods and services tax	4,012	-	4,012	1,791
Deferred contributions	21,600	-	21,600	-
	<u>23,154</u>	<u>(127,943)</u>	<u>(104,789)</u>	<u>(47,950)</u>
<b>Cash flows from investing activity</b>				
Purchase of capital assets	(687)	-	(687)	(3,376)
<b>Cash flows from financing activities</b>				
Advance of operating loan	95,000	-	95,000	-
Interfund transfers	(127,943)	127,943	-	-
<b>Increase (decrease) in cash</b>	<u>(10,476)</u>	<u>-</u>	<u>(10,476)</u>	<u>(51,324)</u>
<b>Cash, beginning of year</b>	<u>14,930</u>	<u>-</u>	<u>14,930</u>	<u>66,254</u>
<b>Cash, end of year</b>	<u>\$ 4,454</u>	<u>\$ -</u>	<u>\$ 4,454</u>	<u>\$ 14,930</u>

The accompanying notes are an integral part of the financial statements

**TROUT UNLIMITED CANADA**  
**TRUITE ILLIMITÉE CANADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**1. Nature of operations**

Trout Unlimited Canada – Truite Illimitée Canada (the “Organization”) is a not-for-profit organization dedicated to conserving, protecting and restoring Canada’s fresh water ecosystems and their cold water resources for current and future generations. The Organization is incorporated under the Canada Business Corporations Act as a not-for-profit organization and is a registered charitable organization under Section 149(1)(f) of the Income Tax Act and, accordingly, is exempt from income taxes. Therefore, no provision for income taxes is recorded in the financial statements.

**2. Significant accounting policies**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

**(a) Cash**

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at report date.

**(b) Financial instruments**

**(i) Measurement of financial instruments**

The Organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and operating lease commitments.

The Organization has not designated any financial asset or financial liability to be measured at fair value.

**TROUT UNLIMITED CANADA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**2. Significant accounting policies, continued**

**(ii) Impairment**

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

**(c) Measurement uncertainty**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Significant areas requiring the use of estimates include: estimated useful lives of capital assets, and inventory valuation. Actual results may differ from management's best estimates as additional information becomes available in the future.

**(d) Fund accounting**

The General Fund accounts for the Organization's program delivery and administrative activities. This fund reports unrestricted resources.

The Project Fund reports all the revenues and expenditures of the special projects operated by the Organization. Additional projects which are conducted by individual chapters are not recognized in these financial statements. This fund reports externally and internally restricted resources designated to cover the operating costs of the various special projects. In 2015, excess funds were transferred from the General Fund to the Project Fund. See Note 9.

**(e) Capital assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the assets estimated useful lives, being five years.

**TROUT UNLIMITED CANADA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**2. Significant accounting policies, continued**

**(f) Impairment of long-lived assets**

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

**(g) Deferred contributions related to capital assets**

Contributed capital assets and amounts externally restricted for capital purposes are credited to deferred contributions related to capital assets when received or receivable and taken into income each year in proportion to the annual amortization of the related assets for which the capital contributions were expended.

**(h) Inventory**

Purchased inventory is valued at the lower of cost or net realizable value, with cost being the specific item method. Net realizable value is the estimated selling price in the ordinary course of operations, less any applicable selling costs.

Contributed materials are recorded at the estimated fair value at the date of contribution. If the item is brought into inventory for use at an organization dinner, the inventory value is immediately adjusted as follows:

Retail value exceeds \$250; item discounted by 50%  
Retail value less than \$250; item discounted by 35%

**(i) Revenue recognition**

The Organization follows the deferral method of accounting for contributions.

Externally restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenditures are incurred. Internally restricted funds can be allocated amongst projects at management's discretion.

Unrestricted contributions are recognized as revenue of the General Fund and Project fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Unrestricted funds can be allocated amongst different projects at the discretion of management.

Deferred revenue relates to dinner revenue for the subsequent year received before year end.

**TROUT UNLIMITED CANADA**  
**TRUITE ILLIMITÉE CANADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**2. Significant accounting policies, continued**

**(j) Allocated expenses**

The Organization engages in education, fundraising, and conservation activities. The costs of each activity consist of salaries and consulting expenses directly related to the activity.

The Organization allocates certain of its salary and consulting expenses by identifying the appropriate basis of allocating each component expense, and applies that basis consistently each year.

Management and administration salaries, and consulting expenses are allocated proportionately, based on an estimate of time spent on the activity.

**(k) Contributed services**

A substantial number of volunteers contribute a significant amount of time each year. Due to the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

**(l) Affiliates**

Regional councils and chapters operate under bylaws and affiliation agreements of the Organization.

The Organization issues all income tax receipts and provides certain umbrella insurance coverage for, and on behalf of, all regional councils and chapters.

Regional councils and chapters maintain their own Board of Directors and are responsible for their own finances, management and projects. Accordingly, the councils' and chapters' assets, liabilities, revenues and expenditures are not included in the financial statements.

**TROUT UNLIMITED CANADA**  
**TRUITE ILLIMITÉE CANADA**  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

3. Capital assets	General Fund Cost	General Fund Accumulated amortization	General Fund	Project Fund	2015	2014
Land	\$ 44,000	\$ -	\$ 44,000	\$ 298,000	\$ 342,000	\$ 342,000
Computer equipment	5,699	2,470	3,229	-	3,229	3,682
	<u>\$ 49,699</u>	<u>\$ 2,470</u>	<u>\$ 47,229</u>	<u>\$ 298,000</u>	<u>\$ 345,229</u>	<u>\$ 345,682</u>

**TROUT UNLIMITED CANADA**  
**TRUITE ILLIMITÉE CANADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**4. Operating loan**

The Organization has a revolving demand loan authorized to a maximum of \$250,000, bearing interest at a rate of prime plus 2%. The loan is secured by a general security agreement detailing a first ranking security interest in all property of the Organization. There are no financial covenants. As at December 31, 2015, the operating loan had \$95,000 outstanding on this facility (2014 - \$nil).

**5. Unexpended grants**

Unexpended grants represent the portion of corporate sponsorships, government grants and private donations for specific projects which have not been fully expended during the year. These unexpended sponsorships, grants and donations are recognized as revenue when the costs of the project are incurred. A negative end of year balance means that the Organization has spent more on a particular project that has been covered by designated grant funds. A summary of the unexpended grants is in Schedule 2.

**6. Gapen Pool land contributions**

Contributions relate to money raised from government and community donors for the purchase of the Gapen Pool land in 2007. The Gapen Pool land has a carrying value of \$298,000.

**7. Commitments**

The Organization is committed under an occupancy leases on premises for future minimum rental payments exclusive of occupancy costs, as well as monthly payments for three vehicles under lease, as follows:

2016	\$	88,438
2017		85,065
2018		74,949
2019		68,462
2020		29,083

**TROUT UNLIMITED CANADA**  
**TRUITE ILLIMITÉE CANADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**8. Related party transactions**

The Organization, in conjunction with many of the chapters, held fundraising dinners during the year. The Organization helps with the planning and organization of the dinners held by the chapters.

Included in accounts payable and accrued liabilities is \$9,142 payable to the Bow River Chapter and \$125,000 payable to members of the board.

**9. Interfund transfers**

During the year, \$127,943 was allocated from the unrestricted General Fund to the Project fund to cover additional expenditures (2014 - \$172,670).

**10. Internally restricted funds**

In the unrestricted Project Fund, \$70,000 (2014 - \$70,000) consists of internally restricted funds related to the Gapen Pool land acquisition in Note 6.

**11. Allocation of expenses**

Salaries and consulting expenses have been allocated as follows:

	2015	2014
<b>Education</b>		
Consulting	\$ 22,915	\$ 40,786
Administration salary	53,043	54,776
Management salary	29,045	31,687
<b>Fundraising</b>		
Management salary	29,045	31,687
Consulting	17,186	10,196
<b>Conservation</b>		
Administration salary	106,085	109,552
Management salary	29,045	31,687
Consulting	17,186	
<b>Total allocated expenses</b>	<b>\$ 303,550</b>	<b>\$ 310,371</b>



**TROUT UNLIMITED CANADA**  
**TRUITE ILLIMITÉE CANADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**12. Financial instruments**

The Organization is exposed to various financial risks through transactions in financial instruments. The following provides helpful information in assessing the extent of the Organization's exposure to these risks.

(a) Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its operating line, accounts payable and accrued liabilities and operating lease commitments.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on its floating interest rate financial instrument. Floating rate financial instruments subject the Organization to a cash flow risk.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant currency risk or other price risks arising from these financial instruments.

**TROUT UNLIMITED CANADA**  
**TRUITE ILLIMITÉE CANADA**  
**SCHEDULE 1**  
**SCHEDULE OF RESOURCE EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	General Fund	Project Fund	2015	2014
<b>Resource expenditures</b>				
Conservation	\$ 152,316	\$ 952,462	\$ 1,104,778	\$ 934,687
Education, communications, memberships/council/chapter support	105,003	-	105,003	127,870
Fundraising - special events	46,231	-	46,231	41,883
Amortization	1,140	-	1,140	1,002
	<u>304,690</u>	<u>952,462</u>	<u>1,257,152</u>	<u>1,105,442</u>
<b>Support services</b>				
Rent	135,308	-	135,308	108,242
Other direct costs	125,767	-	125,767	138,215
Salaries	82,088	-	82,088	86,463
Office	63,560	-	63,560	90,384
Professional fees	60,260	-	60,260	76,805
Insurance	15,265	-	15,265	16,449
Travel	13,636	-	13,636	33,040
	<u>495,884</u>	<u>-</u>	<u>495,884</u>	<u>549,598</u>
	<u>\$ 800,574</u>	<u>\$ 952,462</u>	<u>\$ 1,753,036</u>	<u>\$ 1,655,040</u>

**TROUT UNLIMITED CANADA**  
**TRUITE ILLIMITÉE CANADA**

SCHEDULE 2

**SCHEDULE OF UNEXPENDED GRANTS FOR THE PROJECT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Yellow Fish Road	Million Mile Campaign	Other Projects	2015	2014
Balance, beginning of the year	\$ (59,917)	\$ -	\$ 59,917	\$ -	\$ -
Add: Grants and sponsorships received during the year	103,212	272,504	448,803	824,519	620,778
Less: Expenditures incurred during the year	(102,394)	(58,792)	(791,276)	(952,462)	(793,448)
Interfund transfer	-	-	127,943	127,943	172,670
	<u>\$ (59,099)</u>	<u>\$ 213,712</u>	<u>\$ (154,613)</u>	<u>\$ -</u>	<u>\$ -</u>