

**TROUT UNLIMITED CANADA -
TRUITE ILLIMITÉE CANADA**
FINANCIAL STATEMENTS
DECEMBER 31, 2011

**TROUT UNLIMITED CANADA -
TRUITE ILLIMITÉE CANADA
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AUDITORS' REPORT

**To: The Members of
Trout Unlimited Canada – Truite Illimitée Canada**

We have audited the accompanying financial statements of Trout Unlimited Canada, which comprise the statement of net assets as at December 31, 2011, and the statements of operations and statement of 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 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 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. 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 the auditor's qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from fundraising dinners organized by independent chapters, membership fees and corporate and individual donations in cash or 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.

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 as at December 31, 2011 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.

**CALGARY, ALBERTA
MAY 3, 2012**

Catalyst LLP

ACCOUNTANTS

TROUT UNLIMITED CANADA – TRUITE ILLIMITÉE CANADA
Statement of Net Assets
December 31, 2011

	General Fund	2011 Project Fund	Total	2010 Total
Assets				
Current assets				
Cash	\$ 32,192	\$ 529	\$ 32,721	\$ 595
Accounts receivable (Note 8)	46,447	41,302	87,749	206,360
Due from project fund	28,075	-	28,075	61,839
Inventory	77,058	-	77,058	80,028
Prepaid expenses	15,766	-	15,766	14,677
	<u>199,538</u>	<u>41,831</u>	<u>241,369</u>	<u>363,499</u>
Collection of rare books	-	-	-	20,500
Property and equipment (Note 3)	53,170	298,000	351,170	357,842
	<u>\$252,708</u>	<u>\$339,831</u>	<u>\$592,539</u>	<u>\$741,841</u>
Liabilities				
Current liabilities				
Cheques issued in excess of deposits	\$ -	\$ -	\$ -	\$ 99,390
Line of credit	-	-	-	20,000
Accounts payable and accrued liabilities (Note 8)	194,635	-	194,635	257,444
Due to general fund	-	28,075	28,075	61,839
Unexpended grants (Note 5)	-	-	-	-
Deferred revenue	-	-	-	2,500
	<u>194,635</u>	<u>28,075</u>	<u>222,710</u>	<u>441,173</u>
Deferred contributions related to property and equipment (Note 6)	-	228,000	228,000	228,000
	<u>194,635</u>	<u>256,075</u>	<u>450,710</u>	<u>669,173</u>
Fund Balances				
Unrestricted	58,073	-	58,073	(11,088)
Internally restricted	-	83,756	83,756	83,756
	<u>58,073</u>	<u>83,756</u>	<u>141,829</u>	<u>72,668</u>
	<u>\$ 252,708</u>	<u>\$339,831</u>	<u>\$592,539</u>	<u>\$741,841</u>

Approved on behalf of the Board

_____ Director

_____ Director

TROUT UNLIMITED CANADA – TRUITE ILLIMITÉE CANADA
Statement of Operations
For the year ended December 31, 2011

	2011		2010	
	General Fund	Project Fund	Total	Total
Revenue				
Dinner donations	\$1,386,602	\$ -	\$1,386,602	\$ 965,535
Grants and special projects (Note 5)	-	1,104,371	1,104,371	775,208
Memberships	29,570	-	29,570	31,503
Interest and other	7,211	-	7,211	9,575
	<u>1,423,383</u>	<u>1,104,371</u>	<u>2,527,754</u>	<u>2,047,101</u>
Expenses				
Dinner Expenses	616,756	-	616,756	665,952
Resource expenditures – (Schedule 1)	688,966	1,142,371	1,831,337	1,562,625
	<u>1,305,722</u>	<u>1,142,371</u>	<u>2,448,093</u>	<u>2,228,577</u>
Excess (deficiency) before other income	117,661	(38,000)	79,661	(181,476)
Other income				
Loss on sale of capital assets	(10,500)	-	(10,500)	-
Excess (deficiency) of Revenues over expenditures	<u>\$ 107,161</u>	<u>\$ (38,000)</u>	<u>\$ 69,161</u>	<u>\$ (181,476)</u>

TROUT UNLIMITED CANADA – TRUITE ILLIMITÉE CANADA

Statement of Changes in Fund Balances

For the year ended December 31, 2011

	2011			2010	
	General Fund	Project Fund		Total	Total
	Unrestricted	Internally Restricted	Unrestricted		
Balance, beginning of year	\$ (11,088)	\$ 83,756	\$ -	\$ 72,668	\$232,194
Excess (deficiency) of revenue over expenditures	107,161	-	(38,000)	69,161	(181,476)
Interfund transfers (Note 9)	(38,000)	-	38,000	-	-
Allocation from Coldwater Conservation fund (Note 5)	-	-	-	-	21,950
Balance, end of year	<u>\$ 58,073</u>	<u>\$ 83,756</u>	<u>\$ -</u>	<u>\$141,829</u>	<u>\$ 72,668</u>

TROUT UNLIMITED CANADA – TRUITE ILLIMITÉE CANADA

**Statement of Cash Flows
For the year ended December 31, 2011**

	2011		2010	
	General Fund [note 2c]	Project Fund [note 2c]	Total	Total
Cash provided by (used in):				
Operating activities				
Excess (deficiency) of revenue over expenditures	\$ 107,161	\$ (38,000)	\$ 69,161	\$ (181,475)
Add items not affecting cash				
Amortization	8,938	-	8,938	9,319
Interfund transfers	(38,000)	38,000	-	-
Loss on sale of capital assets	10,500	-	10,500	-
	<u>88,599</u>	<u>-</u>	<u>88,599</u>	<u>(172,156)</u>
Changes in non-cash working capital				
Accounts receivable	84,913	33,698	118,611	36,203
Inventory	2,970	-	2,970	(1,603)
Prepaid expenses	(1,089)	-	(1,089)	5,343
Due from project fund	33,764	-	33,764	(41,635)
Accounts payable and accrued liabilities	(62,809)	-	(62,809)	(162,376)
Unexpended grants, net	-	-	-	(116,382)
Deferred contributions, net	-	-	-	-
Unearned revenue	(2,500)	-	(2,500)	2,500
Due to general fund	-	(33,764)	(33,764)	41,635
	<u>55,249</u>	<u>(66)</u>	<u>55,183</u>	<u>(236,315)</u>
	<u>143,848</u>	<u>(66)</u>	<u>143,782</u>	<u>(408,471)</u>
Investing activity				
Purchase of property and equipment	(2,266)	-	(2,266)	(7,035)
Proceeds on disposal of property and equipment	10,000	-	10,000	-
	<u>7,734</u>	<u>-</u>	<u>7,734</u>	<u>(7,035)</u>
Financing activity				
Loan from board of directors	-	-	-	100,000
Restricted donations	-	-	-	21,950
Repayment on line of credit	(20,000)	-	(20,000)	20,000
	<u>(20,000)</u>	<u>-</u>	<u>(20,000)</u>	<u>141,950</u>
Increase (decrease) in cash	131,582	(66)	131,516	(273,556)
Cheques issued in excess of deposits, beginning of year	(99,390)	595	(98,795)	174,761
Cash, end of year	<u>\$ 32,192</u>	<u>\$ 529</u>	<u>\$ 32,721</u>	<u>\$ (98,795)</u>

TROUT UNLIMITED CANADA – TRUITE ILLIMITÉE CANADA
Notes to the Financial Statements
For the year ended December 31, 2011

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. Trout Unlimited 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 generally accepted accounting principles. The significant policies are detailed as follows:

a) Measurement uncertainty

Preparation of these financial statements requires management to make certain estimates and assumptions that affect amounts reported and disclosed in the financial statements and related notes. Actual amounts could differ from those estimates.

b) Financial instruments

Cash is designated as held-for-trading. Accounts receivable, accounts payable and accrued liabilities are designated as loans and receivables.

The Organization has no available-for sale or held-to maturity assets.

Unless otherwise noted it is management's opinion that the Organization is not exposed to significant interest, currency or credit risks.

The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities is comparable to its fair value due to the approaching maturity of these financial instruments.

c) 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 revenue 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.

TROUT UNLIMITED CANADA – TRUITE ILLIMITÉE CANADA
Notes to the Financial Statements
For the year ended December 31, 2011

2. Significant accounting policies (continued)

d) Revenue recognition

The organization follows the deferral method of accounting for contributions.

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 in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Investment income earned on Project Fund resources is recognized as revenue of the General Fund.

e) Property and equipment

Purchased property and equipment are recorded at cost. Contributed property and equipment is 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.

f) Deferred contributions related to property and equipment

Contributed property and equipment and amounts externally restricted for capital purposes are credited to deferred contributions related to property and equipment 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.

g) Inventory and contributed materials

Purchased inventory is valued at the lower of cost or net realizable value. 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%

h) 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.

TROUT UNLIMITED CANADA – TRUITE ILLIMITÉE CANADA
Notes to the Financial Statements
For the year ended December 31, 2011

2. Significant accounting policies (continued)

i) Regional councils and chapters

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, except as disclosed in Note 8.

j) Capital management

The Organization defines its capital as the amounts included in its net asset balances. The Organization's objective when managing its capital is to safeguard the Organization's ability to continue as a going concern so that it can continue to provide the appropriate level of benefits to its stakeholders.

The Organization sets the amount of net asset balances in proportion to risk, manages the net asset structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Organization expects its current capital resources will be sufficient to meet its objectives through its current operating period.

k) Financial reporting by not-for-profit organizations

The Accounting Standards Board of the CICA has approved the final accounting standards for not-for-profit organizations in Canada. These new standards modify certain disclosure requirements, as well as provide for clarification of issues relating to recognition, measurement and presentation for not-for-profit organizations. These new standards are available for early adoption with mandatory adoption required for fiscal years commencing on or after January 1, 2012. The Organization is currently assessing the impact, if any, on its financial statements.

TROUT UNLIMITED CANADA – TRUITE ILLIMITÉE CANADA
Notes to the Financial Statements
For the year ended December 31, 2011

3. Property and equipment

	Cost	Accumulated Amortization	Net Book Value	
			2011	2010
Land	\$ 44,000	\$ -	\$ 44,000	\$ 44,000
Land – projects	298,000	-	298,000	298,000
Computer hardware and software	21,282	12,748	8,534	13,384
Office furniture and equipment	3,181	2,545	636	2,458
	<u>\$ 366,463</u>	<u>\$15,293</u>	<u>\$ 351,170</u>	<u>\$ 357,842</u>

4. Line of credit

The Organization has a revolving demand loan, authorized to a maximum of \$200,000, bearing interest at a rate of prime plus 2%. The rate in effect at December 31, 2011 was 5.00%. The loan is secured by a general security agreement detailing a first ranking security interest in all personal property of Borrower. There are no financial covenants. At year end the line of credit was nil (2010 - \$20,000).

TROUT UNLIMITED CANADA – TRUITE ILLIMITÉE CANADA
Notes to the Financial Statements
For the year ended December 31, 2011

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.

The changes in the unexpended grants balance for the year are as follows:

	2011						Total	2010 Total
	Bronte Creek	Drywood Creek	Duffins Creek	Qualicum Bay	Yellow Fish Road	Other Projects		
Balance, beginning of year	\$ 47,726	\$(70)	\$ -	\$ -	\$ -	\$(47,656)	\$ -	\$116,382
Add: Grants and sponsorships received during year	183,061	75,000	205,237	65,000	170,150	405,923	1,104,371	658,826
Less: Expenditures incurred during year	(306,070)	(7,338)	(95,994)	(24,146)	(90,279)	(618,544)	(1,142,371)	(933,745)
Less: Investment in property and equipment	-	-	-	-	-	-	-	-
Interfund transfer	-	-	-	-	-	38,000	38,000	158,537
Balance, end of year	\$(75,283)	\$67,592	\$109,243	\$40,854	\$ 79,871	\$(222,277)	\$ -	\$ -

During the year, in order to better reflect actual operations, management combined the Ontario Fund and the Cold Water Conservation Fund, the balances of which are now included in the Other Projects Fund above.

TROUT UNLIMITED CANADA – TRUITE ILLIMITÉE CANADA
Notes to the Financial Statements
For the year ended December 31, 2011

6. Deferred contributions related to property and equipment

Deferred contributions related to property and equipment are comprised of the unamortized portion of contributed property and equipment and contributions from government and community donors restricted for the purchase of property and equipment.

The changes for the year in the project fund deferred contributions balance are as follows:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 228,000	\$ 228,000
Contributions	-	-
Balance, end of year	<u>\$ 228,000</u>	<u>\$ 228,000</u>

Because the deferred contributions relate to land, no amortization will be taken.

7. Lease commitments

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

2012	\$ 48,401
2013	\$ 46,118
2014	\$ 43,858
2015	\$ 29,083

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 and, in return, receives half of the net receipts from the dinners.

Included in accounts receivable are \$9,123 (2010 - \$50,919) from chapters and regional councils. Included in accounts payable are \$38,720 (2010 - \$29,383) to chapters and regional councils.

TROUT UNLIMITED CANADA – TRUITE ILLIMITÉE CANADA
Notes to the Financial Statements
For the year ended December 31, 2011

9. Interfund transfers

During the year, \$38,000 was allocated to the Unrestricted Project Fund to cover additional expenditures for the year.

TROUT UNLIMITED CANADA – TRUITE ILLIMITÉE CANADA
Schedule of Resource Expenditures (Schedule 1)
For the year ended December 31, 2011

	2011		2010	
	General Fund [note 2c]	Project Fund [note 2c]	Total	Total
Conservation	\$ 128,347	\$1,142,371	\$1,270,718	\$1,090,687
Education, communications, memberships/council/chapter support	175,180	-	175,180	147,413
Fundraising – special events	40,875	-	40,875	35,126
Council and chapter development	-	-	-	-
Amortization	8,938	-	8,938	9,319
	<u>353,340</u>	<u>1,142,371</u>	<u>1,495,711</u>	<u>1,282,545</u>
Support services				
Salaries	79,567	-	79,567	68,826
Rent	76,684	-	76,684	88,768
Other direct costs	73,338	-	73,338	34,035
Office	56,228	-	56,228	50,577
Travel	28,227	-	28,227	13,574
Insurance	15,342	-	15,342	12,080
Professional fees	6,240	-	6,240	12,220
	<u>335,626</u>	<u>-</u>	<u>335,626</u>	<u>280,080</u>
	<u>\$688,966</u>	<u>\$1,142,371</u>	<u>\$1,831,337</u>	<u>\$1,562,625</u>