

FINANCIAL STATEMENTS



**FOR THE YEARS ENDED
MARCH 31, 2024 AND 2023**

TROUT UNLIMITED, INC.

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statements of Financial Position, as of March 31, 2024 and 2023	4
EXHIBIT B - Statement of Activities and Changes in Net Assets, for the Year Ended March 31, 2024	5
EXHIBIT C - Statement of Activities and Changes in Net Assets, for the Year Ended March 31, 2023	6
EXHIBIT D - Statement of Functional Expenses, for the Year Ended March 31, 2024	7
EXHIBIT E - Statement of Functional Expenses, for the Year Ended March 31, 2023	8
EXHIBIT F - Statements of Cash Flows, for the Years Ended March 31, 2024 and 2023	9
NOTES TO FINANCIAL STATEMENTS	10 - 26



CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Trout Unlimited, Inc.
Arlington, Virginia

Opinion

We have audited the accompanying financial statements of Trout Unlimited, Inc. (TU), which comprise the statements of financial position as of March 31, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TU as of March 31, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 TU and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

4550 MONTGOMERY AVENUE · SUITE 800 NORTH · BETHESDA, MARYLAND 20814
(301) 951-9090 · WWW.GRFCPA.COM

MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 and *Government 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 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 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 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 TU'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TU'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2024, on our consideration of TU'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 TU'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 TU's internal control over financial reporting and compliance.



December 5, 2024

TROUT UNLIMITED, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2024 AND 2023

ASSETS

	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,770,356	\$ 11,285,698
Grants and contributions receivable, net	26,196,346	18,138,510
Accounts receivable	739,493	224,037
Inventory	1,308,295	913,484
Prepaid expenses and other assets	368,689	540,979
Total current assets	<u>30,383,179</u>	<u>31,102,708</u>
PROPERTY AND EQUIPMENT, NET	<u>733,600</u>	<u>539,580</u>
OTHER ASSETS		
Investments	15,723,667	14,380,881
Right-of-use asset, net	30,439	390,898
Grants and contributions receivable, net	1,100,000	100,000
Total other assets	<u>16,854,106</u>	<u>14,871,779</u>
TOTAL ASSETS	\$ 47,970,885	\$ 46,514,067
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 9,031,509	\$ 5,720,034
Deferred membership fees	1,464,673	293,753
Refundable advances - Federal grants	947,798	66,993
Operating lease liability	30,439	360,459
Total current liabilities	<u>11,474,419</u>	<u>6,441,239</u>
LONG-TERM LIABILITIES		
Operating lease liability, net	-	30,439
Total liabilities	<u>11,474,419</u>	<u>6,471,678</u>
NET ASSETS		
Without donor restrictions	(1,880,593)	3,896,165
With donor restrictions	38,377,059	36,146,224
Total net assets	<u>36,496,466</u>	<u>40,042,389</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 47,970,885	\$ 46,514,067

See accompanying notes to financial statements.

TROUT UNLIMITED, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants and contributions:			
U.S. Government	\$ 31,879,598	\$ -	\$ 31,879,598
State and local grants	21,193,019	-	21,193,019
Foundation grants	334,962	11,866,371	12,201,333
Individual contributions	5,166,079	2,346,808	7,512,887
Other grants and contributions	2,460,046	4,538,313	6,998,359
Bequests	278,135	-	278,135
Membership contributions	2,922,612	-	2,922,612
Landowner projects	372,653	-	372,653
Contributed nonfinancial assets	72,819	-	72,819
Membership fees	173,988	-	173,988
Other income	54,259	-	54,259
Net investment return	197,105	1,750,728	1,947,833
Net assets released from donor restrictions	<u>17,922,133</u>	<u>(17,922,133)</u>	<u>-</u>
Total revenue and support	<u>83,027,408</u>	<u>2,580,087</u>	<u>85,607,495</u>
EXPENSES			
Program Services:			
Conservation Operations	65,511,472	-	65,511,472
Volunteer Operations and Chapter Support	3,451,055	-	3,451,055
Communications	1,787,939	-	1,787,939
Government Affairs	<u>1,520,591</u>	<u>-</u>	<u>1,520,591</u>
Total program services	<u>72,271,057</u>	<u>-</u>	<u>72,271,057</u>
Supporting Services:			
Management and General	11,454,673	-	11,454,673
Fundraising	1,563,749	-	1,563,749
Membership Development	<u>3,863,939</u>	<u>-</u>	<u>3,863,939</u>
Total supporting services	<u>16,882,361</u>	<u>-</u>	<u>16,882,361</u>
Total expenses	<u>89,153,418</u>	<u>-</u>	<u>89,153,418</u>
Changes in net assets before other item	(6,126,010)	2,580,087	(3,545,923)
OTHER ITEM			
Transfer of grant categories	<u>349,252</u>	<u>(349,252)</u>	<u>-</u>
Changes in net assets	(5,776,758)	2,230,835	(3,545,923)
Net assets at beginning of year	<u>3,896,165</u>	<u>36,146,224</u>	<u>40,042,389</u>
NET ASSETS AT END OF YEAR	<u>\$ (1,880,593)</u>	<u>\$ 38,377,059</u>	<u>\$ 36,496,466</u>

TROUT UNLIMITED, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants and contributions:			
U.S. Government	\$ 20,695,794	\$ -	\$ 20,695,794
State and local grants	8,950,728	102,434	9,053,162
Foundation grants	236,458	9,903,448	10,139,906
Individual contributions	6,252,532	5,556,595	11,809,127
Other grants and contributions	1,420,243	3,297,421	4,717,664
Bequests	444,083	417,581	861,664
Membership contributions	5,294,319	-	5,294,319
Landowner projects	564,117	39,346	603,463
Contributed nonfinancial assets	356,842	-	356,842
Membership fees	317,625	-	317,625
Other income	222,637	-	222,637
Net investment return	89,347	(534,882)	(445,535)
Net assets released from donor restrictions	<u>17,033,117</u>	<u>(17,033,117)</u>	<u>-</u>
Total revenue and support	<u>61,877,842</u>	<u>1,748,826</u>	<u>63,626,668</u>
EXPENSES			
Program Services:			
Conservation Operations	46,254,113	-	46,254,113
Volunteer Operations and Chapter Support	3,679,004	-	3,679,004
Communications	2,676,064	-	2,676,064
Government Affairs	<u>637,458</u>	<u>-</u>	<u>637,458</u>
Total program services	<u>53,246,639</u>	<u>-</u>	<u>53,246,639</u>
Supporting Services:			
Management and General	8,210,616	-	8,210,616
Fundraising	2,588,500	-	2,588,500
Membership Development	<u>4,582,674</u>	<u>-</u>	<u>4,582,674</u>
Total supporting services	<u>15,381,790</u>	<u>-</u>	<u>15,381,790</u>
Total expenses	<u>68,628,429</u>	<u>-</u>	<u>68,628,429</u>
Changes in net assets before other item	(6,750,587)	1,748,826	(5,001,761)
OTHER ITEM			
Transfer of grant categories	<u>(1,019,669)</u>	<u>1,019,669</u>	<u>-</u>
Changes in net assets	(7,770,256)	2,768,495	(5,001,761)
Net assets at beginning of year	<u>11,666,421</u>	<u>33,377,729</u>	<u>45,044,150</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,896,165</u>	<u>\$ 36,146,224</u>	<u>\$ 40,042,389</u>

TROUT UNLIMITED, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2024

	Program Services					Supporting Services				
	Conservation Operations	Volunteer Operations and Chapter Support	Communications	Government Affairs	Total Program Services	Management and General	Fundraising	Membership Development	Total Supporting Services	Total Expenses
Salaries	\$ 16,178,795	\$ 1,780,745	\$ 586,527	\$ 1,006,960	\$ 19,553,027	\$ 5,584,600	\$ 323,299	\$ 412,299	\$ 6,320,198	\$ 25,873,225
Employee benefits and payroll taxes	4,337,384	542,123	162,027	258,394	5,299,928	2,890,013	85,678	136,934	3,112,625	8,412,553
Contractors	19,617,962	-	-	-	19,617,962	8,623	-	-	8,623	19,626,585
Consulting	15,909,135	55,748	393,217	100,786	16,458,886	334,483	54,514	1,087,944	1,476,941	17,935,827
Materials	3,399,015	31,811	519	1,787	3,433,132	1,198	-	470	1,668	3,434,800
Professional fees	127,243	-	-	-	127,243	227,822	-	-	227,822	355,065
Advertising and promotion	25,173	-	19,744	-	44,917	15,000	-	-	15,000	59,917
Bank and credit card fees	7,722	14,199	-	-	21,921	20,319	2,673	106,351	129,343	151,264
Meetings and conferences	185,986	234,907	2,272	7,079	430,244	279,266	2,796	227	282,289	712,533
Dues and subscriptions	62,899	229	34,247	47,684	145,059	33,343	348	27,719	61,410	206,469
Grants and chapter rebates	783,607	534,739	-	-	1,318,346	64,642	56,872	24,925	146,439	1,464,785
Water leases	866,103	-	-	-	866,103	-	-	-	-	866,103
Information technology	66,983	519	3,189	36,140	106,831	780,853	-	-	780,853	887,684
Occupancy	374,433	2,994	-	1,145	378,572	473,542	-	-	473,542	852,114
Supplies, maintenance and telephone	416,527	5,966	204,545	3,172	630,210	26,794	120	3,096	30,010	660,220
Postage, shipping and handling	9,179	3,790	273,459	173	286,601	59,544	231,997	594,228	885,769	1,172,370
Equipment leases	149,721	-	-	-	149,721	239,679	-	-	239,679	389,400
Printing and publishing	24,239	3,941	75,799	1,735	105,714	8,791	449,167	991,205	1,449,163	1,554,877
Travel	1,551,746	108,808	25,825	27,559	1,713,938	275,472	20,246	2,108	297,826	2,011,764
Depreciation and amortization	182,544	-	-	-	182,544	-	-	-	-	182,544
Premiums	2,405	13,265	-	-	15,670	8,165	325,614	451,288	785,067	800,737
Bad debt expense	-	-	-	-	-	44	-	-	44	44
Other expenses	1,232,671	117,271	6,569	27,977	1,384,488	122,480	10,425	25,145	158,050	1,542,538
TOTAL	\$ 65,511,472	\$ 3,451,055	\$ 1,787,939	\$ 1,520,591	\$ 72,271,057	\$ 11,454,673	\$ 1,563,749	\$ 3,863,939	\$ 16,882,361	\$ 89,153,418

See accompanying notes to financial statements.

TROUT UNLIMITED, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2023

	Program Services				Supporting Services					
	Conservation Operations	Volunteer Operations and Chapter Support	Communications	Government Affairs	Total Program Services	Management and General	Fundraising	Membership Development	Total Supporting Services	Total Expenses
Salaries	\$ 11,074,003	\$ 1,517,655	\$ 918,014	\$ 339,481	\$13,849,153	\$ 3,825,261	\$ 712,497	\$ 400,691	\$ 4,938,449	\$18,787,602
Employee benefits and payroll taxes	5,443,319	777,010	480,872	173,942	6,875,143	1,686,351	368,250	208,104	2,262,705	9,137,848
Contractors	11,652,656	24,648	-	-	11,677,304	-	-	-	-	11,677,304
Consulting	8,907,891	152,167	203,777	41,657	9,305,492	439,288	15,008	163,456	617,752	9,923,244
Water leases	2,158,782	20	-	-	2,158,802	-	-	-	-	2,158,802
Printing and publishing	115,730	13,830	203,549	189	333,298	17,637	409,716	997,203	1,424,556	1,757,854
Premiums	9,267	2,528	3,060	-	14,855	21,869	616,954	1,006,818	1,645,641	1,660,496
Travel	1,162,206	235,371	61,183	13,002	1,471,762	45,554	117,823	6,383	169,760	1,641,522
Grants and chapter rebates	900,676	507,944	-	-	1,408,620	(38,869)	-	18,295	(20,574)	1,388,046
Postage, shipping, and handling	36,944	3,879	282,530	113	323,466	33,199	138,558	839,374	1,011,131	1,334,597
Information technology	739,982	109,746	61,381	22,232	933,341	266,732	46,660	26,240	339,632	1,272,973
Other expenses	217,007	11,714	4,640	1,716	235,077	773,656	8,638	99,088	881,382	1,116,459
Small equipment and equipment lease	1,032,993	15,033	12,106	3,217	1,063,349	37,103	6,752	3,797	47,652	1,111,001
Materials	1,021,388	5,190	1,380	-	1,027,958	-	-	-	-	1,027,958
Supplies, maintenance and telephone	633,532	70,239	256,616	4,096	964,483	34,955	10,544	3,202	48,701	1,013,184
Lease expense	672,556	44,579	21,705	7,858	746,698	84,787	21,291	9,048	115,126	861,824
Fulfillment, caging, and contact center	1,428	961	-	-	2,389	110,731	25,654	717,131	853,516	855,905
Professional fees	72,396	24,958	774	286	98,414	694,668	601	338	695,607	794,021
Meetings and conferences	124,684	140,221	6,832	55	271,792	130,679	70,687	9	201,375	473,167
Advertising and promotion	91,575	4,364	117,876	88	213,903	1,923	184	1,603	3,710	217,613
Dues and subscriptions	124,116	6,321	35,313	27,886	193,636	18,177	4,530	203	22,910	216,546
Bank and credit card fees	7,594	3,309	30	3	10,936	5,398	10,718	79,759	95,875	106,811
Depreciation and amortization	53,388	7,317	4,426	1,637	66,768	18,442	3,435	1,932	23,809	90,577
Bad debt expense	-	-	-	-	-	3,075	-	-	3,075	3,075
TOTAL	\$ 46,254,113	\$ 3,679,004	\$ 2,676,064	\$ 637,458	\$53,246,639	\$ 8,210,616	\$ 2,588,500	\$ 4,582,674	\$15,381,790	\$68,628,429

See accompanying notes to financial statements.

TROUT UNLIMITED, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (3,545,923)	\$ (5,001,761)
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	182,544	90,577
Unrealized and realized (gain) loss on investments	(1,259,417)	990,158
Receipt of contributed securities	(462,833)	(685,241)
Proceeds from sale of contributed securities	426,213	690,180
Realized loss (gain) on sale of contributed securities	1,700	(4,939)
Amortization of right-of-use asset	360,459	351,729
Change in allowance for doubtful accounts	-	2,277
(Decrease) increase in:		
Grants and contributions receivable, net	(9,057,836)	5,419,651
Accounts receivable	(515,456)	98,207
Inventory	(394,811)	100,488
Prepaid expenses and other assets	172,290	53,613
Decrease (increase) in:		
Accounts payable and accrued liabilities	3,311,476	(466,069)
Deferred membership fees	1,170,920	(24,090)
Refundable advances - Federal grants	880,805	19,643
Operating lease liability	<u>(360,459)</u>	<u>(351,729)</u>
Net cash (used) provided by operating activities	<u>(9,090,328)</u>	<u>1,282,694</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(376,564)	(439,401)
Purchases of investments	(1,009,675)	(523,600)
Proceeds from sale of investments	<u>961,225</u>	<u>55,162</u>
Net cash used by investing activities	<u>(425,014)</u>	<u>(907,839)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of line of credit	(9,000,000)	-
Proceeds from line of credit	<u>9,000,000</u>	<u>-</u>
Net cash used by financing activities	<u>-</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(9,515,342)	374,855
Cash and cash equivalents at beginning of year	<u>11,285,698</u>	<u>10,910,843</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,770,356</u>	<u>\$ 11,285,698</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	<u>\$ 158,633</u>	<u>\$ -</u>
SCHEDULE OF NONCASH TRANSACTIONS		
Right-of-Use Asset for Operating Lease Liability	<u>\$ -</u>	<u>\$ 742,627</u>
Operating Lease Liability	<u>\$ -</u>	<u>\$ 742,627</u>

See accompanying notes to financial statements.

TROUT UNLIMITED, INC.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Trout Unlimited, Inc. (TU) brings together diverse interests to care for and recover rivers and streams, so our children can experience the joy of wild and native trout and salmon. TU is a not-for-profit organization with approximately 340,000 members and supporters in over 400 chapters and councils nationwide. TU also receives U.S. Government grants that are subject to audit by its oversight agency (largest U.S. Government funder), the U.S. Department of Interior.

The following programs and supporting services are included in the accompanying statements of activities:

Conservation Operations: Conservation operations include TU's network of regional offices that conduct regionally-based conservation initiatives and TU's Science Team which promotes science-based policies, guides where and how the organization conducts its conservation efforts, provides tools for more effective conservation planning and ground-work, and conducts original research with a host of collaborators.

Volunteer Operations and Chapter Support: Volunteer operations is the department responsible for coordinating the activities of chapter operations; providing leadership training and guidance to state councils; and identifying, assessing and responding to the needs of the various states' volunteer conservation efforts.

Communications: The communications department is responsible for educating the public on the importance of trout and salmon watershed conservation. It publishes the quarterly TROUT magazine, the monthly Lines to Leaders newsletter and TU's annual report. The communications department is also responsible for other publications, maintaining TU's website, generating press releases, conducting press conferences and other public relations.

Government Affairs: Government affairs deals with legislative and regulatory affairs directly relating to the mission of Trout Unlimited, Inc. on both the Federal and state levels.

Management and General: This supporting service category includes the functions necessary to secure the proper administrative functioning of TU's governing board, maintain an appropriate working environment, provide information technology tools and support, and manage the financial responsibilities of TU.

Fundraising: This supporting service category includes expenditures that provide the structure necessary to encourage and secure private financial support.

Membership Development: Membership Development manages the campaigns that solicit for prospective members and membership dues and the retention of current members. This department also provides support to membership. This support takes the form of member/chapter database maintenance, responding to member queries, providing rosters, and fulfilling premiums.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

TROUT UNLIMITED, INC.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Basis of presentation (continued) -

Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

New accounting pronouncement adopted -

Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by TU that are subject to the guidance in FASB ASC 326 are trade accounts receivable. TU implemented the ASU on April 1, 2023, using a modified retrospective approach. Based on management's analysis, the standard does not have a material effect on the financial statements as a whole.

Cash and cash equivalents -

TU considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents with the exception of cash held in the investment portfolio.

The total amount of cash and cash equivalents included in the investment portfolios for the years ended March 31, 2024 and 2023 were \$2,669,852 and \$2,778,819, respectively.

TU maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, TU maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment return, which is presented net of investment expenses paid to external investment advisors, in the accompanying Statements of Activities and Changes in Net Assets.

Investments acquired by gift, such as contributed securities, are recorded at their fair value at the date of the gift. TU's policy is to liquidate all gifts of investments as soon as possible after the gift.

TROUT UNLIMITED, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Grants and contributions receivable -

Grants and contributions receivable include unconditional promises to give that are expected to be collected in future years. Grants and contributions receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term grants and contributions receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in contributions. There is no discount on long-term receivables as of March 31, 2024 and 2023.

The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the funder. The provision for doubtful accounts totaled \$276,309 as of March 31, 2024 and 2023.

Accounts receivable -

Accounts receivable primarily consists of amounts due within one year related to advertising and landowner fee income. Accounts receivable are recorded at their net realizable value which approximates fair value. Accounts receivable are evaluated for an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs.

Inventory -

Inventory consists of merchandise. Inventory is stated at the lower of cost or net realizable value using the first in, first out (FIFO) method of valuation. Management performs an annual physical count of all merchandise and publications and, as a result, inventory is adjusted annually to agree to the physical count. Therefore, management has not established an allowance for obsolete inventory.

Property and equipment -

Property and equipment in excess of \$2,500 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally five to ten years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred.

Depreciation and amortization expense for the years ended March 31, 2024 and 2023 totaled \$182,544 and \$90,577, respectively.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to Statements of Activities and Changes in Net Assets, to its current fair value.

Income taxes -

TU is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. TU is not a private foundation.

TROUT UNLIMITED, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Revenue recognition -

Support from grants and contributions, including Federal awards -

TU receives grants and contributions, including Federal awards from the U.S. Government. Contributions are recognized in the appropriate category of net assets in the period received. TU performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

For grants qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Most Federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. TU's refundable advances totaled \$947,798 and \$66,993 as of March 31, 2024 and 2023, respectively.

In addition, TU has obtained funding source agreements related to conditional contributions, such as Federal awards from the U.S. Government, which will be received in future years. TU had \$135,710,306 and \$92,945,874 in unrecognized conditional awards as of March 31, 2024 and 2023, respectively.

Revenue from contracts with customers -

TU's landowner projects and membership fees are the most significant revenue streams that are treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met. TU has elected to opt out of all disclosures not required for nonpublic entities. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. TU's contracts with customers generally have initial terms of one year or less.

Revenue received from landowner projects are recorded once the project is complete. Transaction price is determined based on cost.

Membership dues includes a contribution component and general member benefits component that is based on a series of distinct obligations. Membership contributions are recognized in full at time of payment and membership fees are recognized ratably over the membership period.

TROUT UNLIMITED, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Contributed nonfinancial assets -

Contributed nonfinancial assets consists of donated supplies, I.T. services and facility space, which is included in other donations below. The donated supplies, space and I.T. services are valued based on the cost for these goods and services that would be charged to the public. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by TU. None of the contributed nonfinancial assets were restricted by donors and none of the donated goods were monetized through sale.

In addition, volunteers have donated significant amounts of their time to TU; these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services. The following contributed nonfinancial assets have been included in revenue and expense for the years ended March 31, 2024 and 2023:

	2024	2023
Donated supplies	\$ 10,119	\$ 259,042
Donated I.T. services	62,700	59,200
Other donations	-	38,600
TOTAL	\$ 72,819	\$ 356,842

The following programs have benefited from these donated goods and services:

	2024	2023
Conservation Operations	\$ 69,319	\$ 97,800
Membership Development	3,500	259,042
TOTAL	\$ 72,819	\$ 356,842

Risks and uncertainties -

TU invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Use of estimates -

The preparation of the 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 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.

Advertising -

TU expenses advertising costs as incurred. Advertising expense was \$59,917 and \$217,613 for the years ended March 31, 2024 and 2023, respectively.

TROUT UNLIMITED, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These costs include depreciation and amortization, headquarters rent, information technology, and website. Expenses directly attributed to a specific functional area of TU are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of actual time and effort.

Joint cost allocation -

TU regularly communicates to the public and TU members via mailings regarding key issues critical to conserving, protecting and restoring coldwater fishery habitats. These mailings also include requests for contributions.

Included in the costs of the packages that were mailed during the years ended March 31, 2024 and 2023, were joint costs in the amount of \$1,661,899 and \$1,534,275, respectively. Those joint costs are allocated as follows:

	2024	2023
Program	\$ 506,451	\$ 455,507
Fundraising	1,155,448	1,078,768
TOTAL	\$ 1,661,899	\$ 1,534,275

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. The reclassifications had no effect on the previously reported changes in net assets.

2. GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivables consisted of the following as of March 31, 2024 and 2023:

	2024	2023
Federal grants - billed	\$ 9,198,945	\$ 6,791,144
Federal grants - unbilled	1,889,985	1,537,421
State grants - billed	9,151,302	4,836,812
State grants - unbilled	508,975	2,542,773
Pledges receivable, current	3,602,724	508,930
Other	2,120,724	2,197,739
	26,472,655	18,414,819
Less: Provision for doubtful accounts	(276,309)	(276,309)
Total current receivables, net	26,196,346	18,138,510
Grants and contributions receivable, long-term	1,100,000	100,000
GRANTS AND CONTRIBUTIONS RECEIVABLE, NET	\$ 27,296,346	\$ 18,238,510

TROUT UNLIMITED, INC.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023

3. CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets consisted of the following revenue streams as of:

	<u>March 31, 2024</u>	<u>March 31, 2023</u>	<u>April 1, 2022</u>
Landowner projects	\$ 539,368	\$ 85,135	\$ 104,497
Advertising (included in other)	<u>200,125</u>	<u>138,902</u>	<u>217,747</u>
TOTAL CONTRACT ASSETS	<u>\$ 739,493</u>	<u>\$ 224,037</u>	<u>\$ 322,244</u>

Contract liabilities consisted of the following revenue streams as of:

	<u>March 31, 2024</u>	<u>March 31, 2023</u>	<u>April 1, 2022</u>
Membership Fees	<u>\$ 1,464,673</u>	<u>\$ 293,753</u>	<u>\$ 317,843</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of March 31, 2024:

<u>Asset Category</u>	<u>Estimated Lives</u>	<u>Cost</u>	<u>Accumulated Depreciation and Amortization</u>	<u>Net</u>	<u>Depreciation/Amortization Expense</u>
Furniture and equipment	5-10 years	\$ 5,756,990	\$ (5,119,022)	\$ 637,968	\$ 157,116
Software	3-5 years	242,243	(156,382)	85,861	22,430
Leasehold improvements	10 years	65,566	(63,596)	1,970	2,998
Land	-	<u>7,801</u>	<u>-</u>	<u>7,801</u>	<u>-</u>
TOTAL		<u>\$ 6,072,600</u>	<u>\$ (5,339,000)</u>	<u>\$ 733,600</u>	<u>\$ 182,544</u>

Property and equipment consisted of the following as of March 31, 2023:

<u>Asset Category</u>	<u>Estimated Lives</u>	<u>Cost</u>	<u>Accumulated Depreciation and Amortization</u>	<u>Net</u>	<u>Depreciation/Amortization Expense</u>
Furniture and equipment	5-10 years	\$ 5,622,669	\$ (5,095,858)	\$ 526,811	\$ 89,270
Leasehold improvements	10 years	65,566	(60,598)	4,968	1,307
Land	-	<u>7,801</u>	<u>-</u>	<u>7,801</u>	<u>-</u>
TOTAL		<u>\$ 5,696,036</u>	<u>\$ (5,156,456)</u>	<u>\$ 539,580</u>	<u>\$ 90,577</u>

TROUT UNLIMITED, INC.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023

5. INVESTMENTS AND FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, TU has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market TU has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the valuation methodologies used and there were no transfers between levels in the fair value hierarchy during the years ended March 31, 2024 and 2023. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The fair value is equal to the reported net asset value of the fund.
- *Mutual Funds* - The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.
- *Hedge Funds and Real Estate Income Trust Fund* - These instruments do not have a readily determinable fair value. The fair values used are generally determined by the general partner or management of the entity and are based on appraisals or other estimates that require varying degrees of judgment. Inputs used in determining fair value may include the cost and recent activity concerning the underlying investments in the funds or partnerships.

Investments measured at net asset value: Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this tables below are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statements of Financial Position.

TROUT UNLIMITED, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023**

5. INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)

The table below summarizes TU's investments by level within the fair value hierarchy and those measured at NAV per practical expedient as of March 31, 2024:

Asset Class:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 2,669,852	\$ -	\$ -	\$ 2,669,852
Equity mutual funds	7,589,560	-	-	7,589,560
Fixed income mutual funds	<u>4,274,241</u>	<u>-</u>	<u>-</u>	<u>4,274,241</u>
Subtotal investments using fair value hierarchy	<u>\$ 14,533,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>14,533,653</u>
Investments measured in NAV per practical expedient:				
Hedge funds				896,913
Real estate income trust fund				<u>293,101</u>
Subtotal investments measured using NAV				<u>1,190,014</u>
TOTAL INVESTMENTS				<u>\$ 15,723,667</u>

The table below summarizes TU's investments by level within the fair value hierarchy and those measured at NAV per practical expedient as of March 31, 2023:

Asset Class:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 2,778,819	\$ -	\$ -	\$ 2,778,819
Equity mutual funds	6,724,070	-	-	6,724,070
Fixed income mutual funds	<u>3,747,061</u>	<u>-</u>	<u>-</u>	<u>3,747,061</u>
Subtotal investments using fair value hierarchy	<u>\$ 13,249,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>13,249,950</u>
Investments measured in NAV per practical expedient:				
Hedge funds				838,316
Real estate income trust fund				<u>292,615</u>
Subtotal investments measured using NAV				<u>1,130,931</u>
TOTAL INVESTMENTS				<u>\$ 14,380,881</u>

TROUT UNLIMITED, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023**

5. INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)

The following is a summary of the investments valued using NAV as a practical expedient and the related unfunded commitments and redemption restrictions associated with each major category at March 31, 2024 and March 31, 2023:

	2024			
	Net Asset Value	Unfunded Commitments	Redemption Frequency	Notice Period
Hedge funds (a)	\$ 896,913	\$ -	Daily	Daily
Real estate income trust fund (b)	293,101	-	Daily	Daily
TOTAL	\$ 1,190,014	\$ -		
	2023			
	Net Asset Value	Unfunded Commitments	Redemption Frequency	Notice Period
Hedge funds (a)	\$ 838,316	\$ -	Daily	Daily
Real estate income trust fund (b)	292,615	-	Daily	Daily
TOTAL	\$ 1,130,931	\$ -		

(a) Hedge funds:

- Graham Absolute Return Ltd. provides exposure to a diverse portfolio of GCM's discretionary and quantitative investment strategies, including global macro, fixed income, equity, foreign currency, futures, and options strategies. The fund pursues profit opportunities across a broad array of markets, time frames, and trading styles, including relative value, arbitrage, long- short, market neutral, trend-based, momentum-based, high frequency, and mean reversion – all of which are designed to produce attractive absolute and risk-adjusted returns while maintaining low correlation to traditional investments, as well as to other alternative investment strategies.
- Nineteen77 Global Multi-Strategy Alpha Master Limited is a multi-strategy hedge fund that generates a composite returns stream by diversifying across multiple hedge fund strategies.
- Starboard Value and Opportunity Fund is an activist hedge fund that focuses on undervalued companies in the US, while an opportunity fund is an investment vehicle that focuses on real estate or business development in economically distressed areas.

(b) Real estate income trust fund:

- Blackstone Real Estate Income Trust Fund is a non-listed REIT that invests primarily in stabilized income-generating commercial real estate investments across asset classes in the United States ("U.S.") and, to a lesser extent, real estate debt investments, with a focus on current income.
- Siguler Guff Distressed Opportunities Fund III, L.P. invests in companies undergoing financial distress, operating difficulties and significant restructuring, in both foreign and domestic markets. The partnership holds both direct investments and pooled investment vehicles, managed by investment managers.

TROUT UNLIMITED, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023**

5. INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)

Included in the investment portfolio as of March 31, 2024 and 2023 are contributions to be invested in perpetuity in the amount of \$7,505,767. Also included in the investment portfolio are donor restricted investments in the amount of \$53,627 and \$60,266 for the North Carolina River Course Fund. During the year ended March 31, 2023, Trout also held restricted investments totaling \$427,247 for the Michigan Council. These amounts were released back to the Michigan Council during the year ended March 31, 2024. These donor restricted funds are included in the volunteer operations and chapter support as noted in Note 8.

Net investment return consisted of the following for the years ended March 31, 2024 and 2023:

	2024	2023
Interest and dividends	\$ 746,189	\$ 595,020
Unrealized and realized gain (loss)	1,257,717	(985,219)
Management fees	(56,073)	(55,336)
NET INVESTMENT RETURN	\$ 1,947,833	\$ (445,535)

6. LEASE COMMITMENTS

TU follows FASB ASC 842 for leases. TU has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. TU has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

Short-term Leases:

TU leases certain assets on an as-needed basis. The Organization has elected the practical expedient for these short-term leases as the lease terms are less than 12 months. Total short-term lease expense included in operating expenses for the year ended March 31, 2024 and 2023, was \$486,845 and \$496,556, respectively.

Operating Leases:

TU has an operating lease for office space in Arlington, Virginia that expires in April 2024. The office lease includes an escalation of base rentals which is being amortized on a basis to achieve straight-line rent expense over the life of the lease. The operating lease liability was calculated using a discount rate of 2.454%.

Lease expense and cash paid for the years ended March 31, 2024 and 2023, was \$365,268.

Future minimum lease payments as of March 31, 2024 are as follows:

Year Ending March 31, 2025	\$ 30,439
-----------------------------------	------------------

TU has also entered into a long term lease agreement for new office space that commenced subsequent to year end on May 1, 2024 through December 31, 2035. Payments under the new agreement are \$24,164 monthly with an annual escalation provision.

TROUT UNLIMITED, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023**

7. LINE OF CREDIT

TU has a \$2,000,000 revolving line of credit with a bank. The line matured on June 30, 2024 and TU is currently working with the institution on further renewals. The line accrued interest at a variable rate equal to the Secured Overnight Financing Rate (SOFR) plus 2.00%. The rate was 7.31% at March 31, 2024 and 6.87% at March 31, 2023.

The line of credit was secured by the deposits and investments of TU maintained by the bank. There was no outstanding balance at March 31, 2024 and 2023. There are no financial covenants related to the line of credit. The agreement requires certain financial reporting to be made within 180 days after fiscal year-end.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of March 31, 2024 and 2023:

	<u>Balance at March 31, 2023</u>	<u>Additions/ Investment Income</u>	<u>Transfer of Grant Categories</u>	<u>Releases</u>	<u>Balance at March 31, 2024</u>
Subject to expenditure for specified purpose:					
Conservation operations	\$ 24,392,936	\$ 17,172,368	\$ (246,550)	\$ (16,084,640)	\$ 25,234,114
Volunteer operations and chapter support	2,767,730	817,305	(48,577)	(934,818)	2,601,640
Government affairs	563,043	1,175,319	-	(902,675)	835,687
Accumulated endowment earnings not yet authorized for spending	862,623	1,337,228	-	-	2,199,851
Subject to passage of time	54,125	-	(54,125)	-	-
Endowment contributions to be invested in perpetuity	<u>7,505,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,505,767</u>
TOTAL	<u>\$ 36,146,224</u>	<u>\$ 20,502,220</u>	<u>\$ (349,252)</u>	<u>\$ (17,922,133)</u>	<u>\$ 38,377,059</u>
	<u>Balance at March 31, 2022</u>	<u>Additions/ Investment Income</u>	<u>Transfer of Grant Categories</u>	<u>Releases</u>	<u>Balance at March 31, 2023</u>
Subject to expenditure for specified purpose:					
Conservation operations	\$ 21,021,208	\$ 18,056,896	\$ 1,019,669	\$ (15,704,837)	\$ 24,392,936
Volunteer operations and chapter support	2,561,952	887,549	-	(681,771)	2,767,730
Government affairs	605,318	264,443	-	(306,718)	563,043
Accumulated endowment earnings not yet authorized for spending	1,629,359	(426,945)	-	(339,791)	862,623
Subject to passage of time	54,125	-	-	-	54,125
Endowment contributions to be invested in perpetuity	<u>7,505,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,505,767</u>
TOTAL	<u>\$ 33,377,729</u>	<u>\$ 18,781,943</u>	<u>\$ 1,019,669</u>	<u>\$ (17,033,117)</u>	<u>\$ 36,146,224</u>

TROUT UNLIMITED, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023**

9. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following:

	2024	2023
Cash and cash equivalents	\$ 1,770,356	\$ 11,285,698
Investments	15,723,667	14,380,881
Grants and contributions receivable, net	27,296,346	18,138,510
Accounts receivable	739,493	224,037
Subtotal financial assets available within one year	45,529,862	44,029,126
Less: Donor restricted funds	(38,377,059)	(36,146,224)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 7,152,803	\$ 7,882,902

TU has a policy to structure its financial assets to be available and liquid as its obligations become due. In addition, TU has a line of credit agreement (as further discussed in Note 7) which allows for additional available borrowings up to \$2,000,000.

10. TRANSFER OF GRANT CATEGORIES

Throughout the course of the year, TU may re-evaluate the previous determinations made for historical grants that result in a change of net asset category. For the years ended March 31, 2024 and 2023 transfer of grant categories resulted in increases (reductions) of net assets without donor restrictions of \$349,252 and \$(1,019,669), respectively.

11. AGENCY TRANSACTIONS

TU serves as a fiscal agent to manage various fiscal matters related to grants applied for and received by the Minnesota Council, (MN Council) a separate 501(c)(3) organization. Transactions related to the MN Council are recorded as both revenue and expense within TU's financial statements and reversed at the end of the year. MN Council revenue and expenses incurred by TU totaled \$2,108,345 and \$1,637,965 for the years ended March 31, 2024 and 2023, respectively.

Additionally, during the year ended March 31, 2024, TU established an administrative service agreement with another council, whereby salary and benefit costs are directly reimbursed and recorded as an offsetting reduction to the expenditures. The amounts totaled \$1,544,735 for the year ended March 31, 2024.

12. EMPLOYEE RETIREMENT PLAN AND SELF-INSURANCE PLAN

TU maintains a 403(b) plan (the Plan) for eligible employees. All employees with at least one-year of service are eligible for the Plan. TU is required to contribute 4% of each eligible employee's gross salary to the Plan. TU's retirement expense for the years ended March 31, 2024 and 2023 totaled \$486,845 and \$496,556, respectively.

TU has a self-insured health benefit plan for its employees. Under the Plan, TU has a coverage maximum of \$50,000 per diagnosis.

TROUT UNLIMITED, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023**

12. EMPLOYEE RETIREMENT PLAN AND SELF-INSURANCE PLAN (Continued)

TU is insured for claims in excess of that coverage. As of March 31, 2024 and 2023, TU had accruals of \$290,449 and \$179,316 for health benefits payable under the Plan, which are included in accounts payable and accrued liabilities in the accompanying Statements of Financial Position.

13. CONTINGENCIES

TU receives grants from various agencies of the United States Government. For the years ended March 31, 2024 and 2023, such grants are subject to audit under the provisions 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)*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2024. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

Various lawsuits and other contingent liabilities arise in the ordinary course of TU's activities. While the final outcome of these legal actions cannot be determined at this time, management is of the opinion that the ultimate liability, if any, from the final resolution of these matters will not have a material effect on TU's financial statements.

14. ENDOWMENT

TU's endowment funds consist of both donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law -

TU has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted by the relevant state as requiring the preservation of the fair value of the original gift made to the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

As a result, of this interpretation, TU classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) 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.

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

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

TROUT UNLIMITED, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023**

14. ENDOWMENT (Continued)

Endowment net asset composition by type of fund as of March 31, 2024:

Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$	7,505,767
Accumulated investment earnings:		
CCF		1,546,867
Teller		186,143
Idaho		348,382
Talcott		<u>118,459</u>
TOTAL FUNDS	\$	<u>9,705,618</u>

Endowment net asset composition by type of fund as of March 31, 2023:

Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$	7,505,767
Accumulated investment earnings:		
CCF		721,143
Teller		104,539
Idaho		236,180
Talcott		<u>(199,239)</u>
TOTAL FUNDS	\$	<u>8,368,390</u>

Changes in endowment net assets for the year ended March 31, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets as of March 31, 2023	\$ <u>-</u>	\$ <u>8,368,390</u>	\$ <u>8,368,390</u>
Investment return:			
Investment income	-	378,490	378,490
Net appreciation (realized and unrealized)	<u>-</u>	<u>958,738</u>	<u>958,738</u>
Total investment return	<u>-</u>	<u>1,337,228</u>	<u>1,337,228</u>
ENDOWMENT NET ASSETS AS OF MARCH 31, 2024	\$ <u>-</u>	\$ <u>9,705,618</u>	\$ <u>9,705,618</u>

Changes in endowment net assets for the year ended March 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets as of March 31, 2022	\$ <u>-</u>	\$ <u>9,135,126</u>	\$ <u>9,135,126</u>
Investment return:			
Investment income	-	399,898	399,898
Net depreciation (realized and unrealized)	<u>-</u>	<u>(826,843)</u>	<u>(826,843)</u>
Total investment return	<u>-</u>	<u>(426,945)</u>	<u>(426,945)</u>
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(339,791)</u>	<u>(339,791)</u>
ENDOWMENT NET ASSETS AS OF MARCH 31, 2023	\$ <u>-</u>	\$ <u>8,368,390</u>	\$ <u>8,368,390</u>

TROUT UNLIMITED, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023**

14. ENDOWMENT (Continued)

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 the organization to retain as fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets without donor restrictions. Deficiencies of this nature exist in one donor-restricted endowment fund, which has an original gift value of \$2,500,000, and deficiencies of \$0 and \$199,239 as of March 31, 2024 and 2023, respectively. This deficiency resulted from unfavorable market fluctuations that occurred after the investment of the donor-restricted endowment funds.

Return Objectives and Risk Parameters -

TU's objective is to earn a respectable, long-term, risk-adjusted total rate of return to support the designated programs. TU recognizes and accepts that pursuing a respectable rate of return involves risk and potential volatility. Over complete market cycles, the goal is to have TU's assets generate a return, net of fees, greater than the benchmark index consisting of a combination of appropriate capital market indexes weighted in the same proportions as TU's asset allocation. To minimize the administrative costs and burdens, TU is currently only invested in publicly-traded fixed income and equity mutual funds and money market funds.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, TU relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). TU targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

CCF Endowment: The fund was developed to support the scientific resource work of TU and was funded through the Russell Memorial Fund (\$569,375) and other individual contributions. Up to 15% of the original contribution revenue was allocated to be spent on overhead and administrative costs associated with the Coldwater Conservation Fund program. The remaining portion of the overhead and administrative allocation was spent in fiscal year 2016. A portion of the current investment income from the Endowment's funds are to be spent annually, in accordance with TU's spending policy. Spending rate of 4.5% was set for the years ended March 31, 2024 and 2023.

E.T. Teller Endowment: This fund was established in 1995 by the Teller family. Per request by the donor, up to 50% of the annual earnings are available for general operations of TU. The other 50% should be reinvested in the fund.

Idaho Water Fund: This endowment was established in 2008 with grant funds from the Ishiyama Family Foundation. The purpose of the endowment is to fund the Idaho Water Project. A portion of the funds can be spent annually, in accordance with TU's spending policy. Funds in the amount of \$0 and \$36,663 were spent during the years ending March 31, 2024 and 2023, respectively.

Talcott Endowment: The Talcott endowment was established in 2021 with a bequest in the amount of \$2,500,000 from Thayer Talcott, Jr. The funds were restricted to TU's perpetual endowment with the income to be used to support the general purposes of TU.

TROUT UNLIMITED, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023

15. SUBSEQUENT EVENTS

In preparing these financial statements, TU has evaluated events and transactions for potential recognition or disclosure through December 5, 2024, the date the financial statements were issued.