

FRESHWATER CONSERVATION CANADA

FINANCIAL STATEMENTS

DECEMBER 31, 2025

FRESHWATER CONSERVATION CANADA
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Independent Auditor's Report

To: The Members of **Freshwater Conservation Canada**

Opinion

We have audited the financial statements of Freshwater Conservation Canada (the "Organization"), which comprise the statement of financial position as at December 31, 2025 and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2025, 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 ("ASNPO").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Organization for the year ended December 31, 2024, were audited by another auditor who expressed an unmodified opinion on those statements on April 22, 2025.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The Annual Report is expected to be made available to us after the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report.

Responsibilities of Management and Those Charged With Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report (continued)

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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 a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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 the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants


April 28, 2026
Calgary, Alberta

FRESHWATER CONSERVATION CANADA
STATEMENT OF FINANCIAL POSITION

As at December 31,	2025	2024
Assets		
Current assets		
Cash	\$ 618,187	\$ 243,926
Accounts receivable (Note 6)	145,560	505,030
Prepaid expenditures	28,916	29,286
Inventory	145,220	296,865
	937,883	1,075,107
Capital assets (Notes 3 and 8)	375,547	388,878
	\$ 1,313,430	\$ 1,463,985
Liabilities and fund balances		
Current liabilities		
Accounts payable and accrued liabilities (Notes 4 and 9)	\$ 157,579	\$ 120,102
Deferred revenue (Note 6)	326,324	576,655
Deferred contributions (Note 6)	756,894	717,664
	1,240,797	1,414,421
Deferred capital contributions (Note 7)	12,058	16,078
	1,252,855	1,430,499
Fund balances		
Deferred land contributions (Note 8)	298,000	298,000
Unrestricted deficit	(237,425)	(264,514)
	60,575	33,486
	\$ 1,313,430	\$ 1,463,985
Commitments (Note 10)		

Approved on behalf of the Board


 Chief Executive Officer


 Director

The accompanying notes are an integral part of the financial statements

FRESHWATER CONSERVATION CANADA
STATEMENT OF OPERATIONS

Year ended December 31,	2025	2024
Revenues (Note 12)		
Donation and grant revenue	\$ 1,401,861	\$ 1,400,289
Contract service revenue (Note 6)	677,041	536,654
Merchandise sales and auctions	191,281	45,877
Casino and other revenue	106,412	105,847
Amortization of deferred capital contributions (Note 7)	4,020	4,020
	2,380,615	2,092,687
Expenditures		
Project expenditures (Note 9)	1,861,502	1,769,873
Administration salaries and related benefits (Note 12)	180,398	179,233
Fundraising expenditures (Notes 9 and 12)	118,086	92,117
Merchandise costs	71,700	404
Rent	33,873	33,873
Information technology (Note 9)	25,912	22,634
Professional fees	19,187	14,837
Amortization	15,664	15,315
Event costs	7,527	421
Insurance	7,211	7,013
Advertising and promotion	4,454	4,286
Office and administration	2,863	8,595
Interest and bank charges	2,755	3,097
Travel and automotive	2,394	1,821
	2,353,526	2,153,519
Excess (Deficiencies) of revenue over expenditures	\$ 27,089	\$ (60,832)

The accompanying notes are an integral part of the financial statements

FRESHWATER CONSERVATION CANADA
STATEMENT OF CHANGES IN FUND BALANCES

Year ended December 31,	Deferred land contributions (Note 8)	Unrestricted deficit	2025	2024
Balance, opening of year	\$ 298,000	\$ (264,514)	\$ 33,486	\$ 94,318
Excess (Deficiencies) of revenues over expenditures	-	27,089	27,089	(60,832)
Balance, ending of year	\$ 298,000	\$ (237,425)	\$ 60,575	\$ 33,486

The accompanying notes are an integral part of the financial statements

FRESHWATER CONSERVATION CANADA
STATEMENT OF CASH FLOWS

Year ended December 31,	2025	2024
Cash flows from operating activities		
Excess (Deficiencies) of revenues over expenditures	\$ 27,089	\$ (60,832)
Items not affecting cash		
Amortization of capital assets	15,664	15,315
Amortization of deferred capital contributions	(4,020)	(4,020)
	<u>38,733</u>	<u>(49,537)</u>
Change in non-cash working capital items		
Accounts receivable	359,470	46,373
Prepaid expenditures	370	(6,939)
Inventory	151,645	(62,333)
Accounts payable and accrued liabilities	37,477	4,570
Deferred revenue	(202,657)	258,647
Deferred contributions	(8,444)	86,864
	<u>376,594</u>	<u>277,645</u>
Cash flows from investing activity		
Purchase of capital assets	(2,333)	(30,728)
Cash flows from financing activity		
Proceeds from deferred capital contributions	-	20,098
Increase in cash	<u>374,261</u>	<u>267,015</u>
Cash (cheques issued in excess of deposits), beginning of year	<u>243,926</u>	<u>(23,089)</u>
Cash, end of year	<u>\$ 618,187</u>	<u>\$ 243,926</u>
Cash consists of:		
Restricted casino funds (Note 6)	\$ 78,113	\$ 116,948
Cash	540,074	126,978
	<u>\$ 618,187</u>	<u>\$ 243,926</u>

The accompanying notes are an integral part of the financial statements

FRESHWATER CONSERVATION CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1. Nature of operations

Effective October 8, 2024, the Organization changed its legal name from Trout Unlimited Canada - Truite Illimitée Canada to Freshwater Conservation Canada. The Organization continues to operate under the same business activities and legal structure. The Organization is a not-for-profit organization dedicated to conserving, protecting and restoring Canada's freshwater ecosystems and their coldwater 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 ("ASNPO"). The significant policies are detailed as follows:

(a) Cash

Cash consists of balances with financial institutions, net of cheques not cashed.

(b) Financial instruments

(i) Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value.

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

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

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

FRESHWATER CONSERVATION CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

2. Significant accounting policies, continued

(b) Financial instruments, continued

(ii) Impairment

Financial assets measured at amortized 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 amount of assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Significant areas requiring the use of estimates include: estimated useful lives of capital assets, deferred revenue and inventory valuation.

Contract service revenue is recognized based on the percentage of completion method, which only recognizes revenues when the measurable outcomes are achieved and collection is reasonably assured. Provisions for losses anticipated on contracts are made when such losses are likely and determinable. Amounts equal to contract costs attributable to recoverable contract claims are included in earned revenue when realization is probable, and they can be reasonably estimated.

Actual results may differ from management's best estimates as additional information becomes available in the future.

(d) Expenditure allocation

The Organization allocates certain amounts of its expenditures to project and fundraising expenditures by identifying the appropriate basis for the allocation and applies that basis consistently each year.

FRESHWATER CONSERVATION CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

2. Significant accounting policies, continued

(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.

(f) Impairment of long-lived assets

The Organization records a write-down when a capital asset no longer contributes to the Organization's ability to provide services, or that the future economic benefits or service potential associated with it are less than the net carrying amount. The excess of the asset's net carrying amount over its fair value of replacement cost is recognized as an expense in the statement of operations.

(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. Contributions restricted for the purchase of land are recognized as a direct increase to fund balances as deferred land contributions.

(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. Inventory value is immediately adjusted as follows:

Appraised items; appraised value discounted by 90%
Retail value exceeds \$250; item discounted by 50%
Retail value less than \$250; item discounted by 35% - 75%

(i) Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions for donations, grants and casino are recognized as revenue in the year in which the related expenditure occurs.

Unrestricted contributions are recognized as revenue in the year received or when receivable if the amount can be reasonably assured.

FRESHWATER CONSERVATION CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

2. Significant accounting policies, continued

(i) Revenue recognition, continued

Contract service revenue is recognized based on the percentage of completion method, as noted in Note 2(c).

Deferred contract service revenue represents the excess of amounts received over amounts recognized.

(j) 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.

(k) Affiliates

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 chapters.

Chapters maintain their own Executive Directors and are responsible for their own finances, management and projects. Accordingly, the chapters' assets, liabilities, revenues and expenditures are not included in these financial statements.

3. Capital assets

	Cost	Accumulated Amortization	2025 Net Book Value	2024 Net Book Value
Land	\$ 342,000	\$ -	\$ 342,000	\$ 342,000
Computer equipment	49,709	28,220	21,489	30,800
Vehicles	20,098	8,040	12,058	16,078
	\$ 411,807	\$ 36,260	\$ 375,547	\$ 388,878

4. Accounts payable and accrued liabilities

The Organization has credit cards authorized to a maximum credit card limit of \$75,000 and bears interest at 19.99% per annum. As at year-end, \$5,103 (2024 - \$6,811) is held on these credit cards and included in accounts payable and accrued liabilities.

FRESHWATER CONSERVATION CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

5. 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, 2025, the Organization has no amount outstanding on this credit facility (2024 - \$nil).

6. Deferred revenue and deferred contributions

Deferred revenue	Opening balance	Amounts received	Amounts utilized	Ending balance
Contract services	\$ 459,297	\$ 400,421	\$ (612,311)	\$ 247,407
Casino	116,948	2,061	(40,896)	78,113
Events	410	804	(410)	804
	\$ 576,655	\$ 403,286	\$ (653,617)	\$ 326,324

Deferred contributions	Opening balance	Contributions	Contributions utilized	Ending balance
Donations and grants	\$ 717,664	\$ 1,256,374	\$ (1,217,144)	\$ 756,894

As described in Note 2(i) to the financial statements, the Organization recognizes contract service revenue using the percentage of completion method, with the degree of completion measured based on the ratio of costs incurred to total estimated costs. Application of this measure of the degree of completion requires management to estimate the costs required to complete each contract at the balance sheet date, the uncertainty inherent in which will not be resolved until each contract is completed. As at December 31, 2025, the estimated cost to complete all contracts currently in progress is approximately \$247,407 (2024 - \$459,297).

The aggregate amount of contract service revenue recognized is \$677,041 (2024 - \$536,654) which includes \$64,730 (2024 - \$134,597) of contracts that were immediately recognized and therefore did not impact deferred revenue. Related to such contracts in progress is an accounts receivable of \$37,326 (2024 - \$294,226) including a holdback receivable of \$37,326 (2024 - \$37,326).

FRESHWATER CONSERVATION CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

7. Deferred capital contributions

	2025	2024
Opening balance	\$ 16,078	\$ 20,098
Deferred capital contribution amortization	(4,020)	(4,020)
Ending balance	\$ 12,058	\$ 16,078

8. Deferred land contributions

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

9. Related party transactions

During the year, the Organization incurred Information Technology contract services expenditures from a company owned by a director in the amount of \$46,041 (2024 - \$40,898). The expenditures are allocated among project expenditures, information technology, and fundraising expenditures. These transactions are in the normal course of operations and are recorded at the exchange amount which is the amount of consideration established and agreed to by the related party. There is \$2,680 (2024 - \$3,994) due to the related party included in accounts payable and accrued liabilities.

10. Commitments

The Organization is committed under their premise lease for future minimum rental payments exclusive of occupancy costs, as well as monthly payments for two vehicles and equipment. The minimum rental payments for the next five years are as follows:

2026	\$ 58,126
2027	48,333
2028	36,596
2029	34,836
2030	34,836
	\$ 212,727

FRESHWATER CONSERVATION CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

11. 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) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risk relates to its accounts receivable.

(b) 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 accounts payable and accrued liabilities, and operating lease commitments.

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.

12. Additional information to comply with the Charitable Foundation Act and Regulations

Gross contributions received of \$2,380,615 (2024 - \$2,092,688) were used in accordance with the internal and external restrictions imposed by the donor's request and the Organization's disbursement policies. Undesignated donations are allocated for use by the board of directors of the Organization.

	<u>2025</u>	<u>2024</u>
Fundraising costs	\$ 118,086	\$ 92,117

All expenditures incurred, direct and indirectly, for the purpose of soliciting contributions are included above. Remuneration of \$56,968 (2024 - \$56,600) was paid for fundraising activities.

13. Comparative figures

The financial statements for the prior year have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.