

**QUALITY DEER MANAGEMENT ASSOCIATION, INC.**  
**(a Georgia non-profit corporation)**

**BOGART, GEORGIA**

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COMPARATIVE FINANCIAL STATEMENTS

With

AUDIT REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANT

For the years ended

DECEMBER 31, 2015

and

DECEMBER 31, 2014

Royals & Associates CPA PC  
1551 Jennings Mill Rd  
Suite 2800-D  
Watkinsville GA 30677

**QUALITY DEER MANAGEMENT ASSOCIATION, INC.**

**BOGART, GEORGIA**

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**DECEMBER 31, 2015**

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# ROYALS & ASSOCIATES CPA PC

Certified Public Accountants

1551 Jennings Mill Road  
Suite 2800-D  
Watkinsville, GA 30677

Buster Royals, CPA  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Quality Deer Management Association, Inc.

We have audited the accompanying comparative financial statements of Quality Deer Management Association, Inc. (a non-profit organization) which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

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

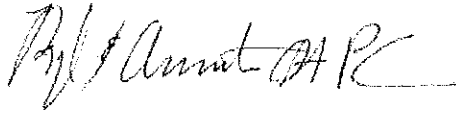
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and significant accounting

estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Quality Deer Management Association, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Roy J. Amundson" followed by a stylized flourish.

Royals & Associates CPA PC  
September 28, 2016

Quality Deer Management Association, Inc.  
Comparative Statements of Financial Position  
December 31, 2015 and 2014

	2015	2014
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 473,259	\$ 458,841
Accounts receivable - net of allowance for doubtful accounts	104,103	198,278
Inventory	567,665	504,075
Total current assets	1,145,027	1,161,194
<b>Property and Equipment</b>		
Building, equipment, furniture and vehicles - net of accumulated depreciation	822,555	866,212
<b>Other Assets</b>		
Land	960,000	960,000
Investments	495,401	495,660
NDA Founders Contribution	120,774	131,395
Utility deposits	325	325
Total other assets	1,576,500	1,587,380
Total assets	\$ 3,544,082	\$ 3,614,786
 <b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 365,995	\$ 302,056
Current portion of long-term debt	49,612	52,574
Line of credit	89,812	92,658
State chapter funds payable	4,757	15,808
Due to National Deer Alliance	0	32,541
Total current liabilities	510,176	495,637
<b>Long Term Debt</b>		
Notes payable	920,818	972,437
Less: current portion included above	(49,612)	(52,574)
Total long term debt	871,206	919,863
Total liabilities	1,381,382	1,415,500
<b>Net Assets</b>		
Unrestricted net assets	2,162,700	2,199,286
Total liabilities and unrestricted net assets	\$ 3,544,082	\$ 3,614,786

See accompanying auditor's report and notes to the financial statements

Quality Deer Management Association, Inc.  
 Comparative Statements of Activities  
 For the years ended December 31, 2015 and 2014

	2015	2014
Support and Revenue		
Program support:		
Advertising and sponsorship	\$ 448,953	\$ 486,527
Commission and royalties	576	15,733
Donations	168,645	179,368
Fundraising	1,291,550	1,260,734
Members programs and services	1,528,374	1,442,439
Membership and magazine sales	928,500	987,560
Merchandise sales	239,213	365,817
National convention income	197,462	241,309
Other revenue	665	1,397
Grants, research and special projects	297,406	227,107
Whitetail Summit income	161,431	111,001
Endowment and investment revenue:		
Investment income	17,879	26,092
Unrealized gain(loss) on investments	(18,137)	885
Total revenues	5,262,517	5,345,969
Cost of Goods Sold	1,605,261	1,631,216
Gross profit	3,657,256	3,714,753
Expenses		
Accounting and legal fees	23,541	25,410
Advertising and promotion	152,815	145,365
Bank charges	7,362	10,378
Dues and subscriptions and contributions	35,547	20,621
Entertainment and event expense	138,107	42,932
Fundraising expenses	170,691	178,792
Insurance	31,745	27,883

Quality Deer Management Association, Inc.  
Comparative Statements of Activities (continued)  
For the years ended December 31, 2015 and 2014

	2015	2014
Licenses and fees	1,602	2,521
Magazine expense	400,546	346,699
Mail processing	194,281	207,524
Merchant account charges	90,512	69,208
National convention expense	184,907	187,601
Office and shipping supplies	50,113	37,074
Payroll, employee benefit and related expenses	1,547,100	1,596,149
Printing	57,346	26,529
Rent - equipment	6,255	4,324
Repairs & maintenance	17,982	15,761
Research and special project expense	12,675	9,891
Royalties	4,178	9,208
Taxes	33,993	37,341
Travel expense	201,343	213,717
Utilities	68,026	76,470
Web site and IT expense	65,465	42,457
Whitetail Summit	95,722	118,842
	<b>Total expenditures</b>	<b>3,591,854</b>
Increase in net assets from operations	65,402	262,056
Non-operating income (expense)		
Interest income	297	279
Depreciation	(55,971)	(54,869)
Interest expense	(46,313)	(42,455)
Total non-operating income (expense)	(101,987)	(97,045)
Increase (Decrease) in Unrestricted Net Assets	(36,585)	165,011
Unrestricted net assets at December 31, 2014 and 2013	2,199,285	2,034,274
Unrestricted net assets at December 31, 2015 and 2014	\$ 2,162,700	\$ 2,199,285

Quality Deer Management Association, Inc.  
Comparative Statements of Cash Flows  
For the years ended December 31, 2015 and 2014

Reconciliation of Changes in Net Assets to Net Cash  
Provided by Operating Activities

	2015	2014
Change in unrestricted net assets	\$ (36,585)	\$ 165,012
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	55,971	54,869
Unrealized gain on investments	259	(885)
(Increase)decrease in operating assets		
Accounts receivable	94,175	(56,788)
Inventory	(63,590)	(18,337)
Long term investments	0	(26,092)
NDA Founders Contribution	10,621	(131,395)
Increase(decrease) in operating liabilities		
Accounts payable	77,695	29,191
Net change in line of credit	(2,846)	(13)
Other liabilities	(24,809)	24,458
Due to National Deer Alliance	(32,541)	0
Net cash provided by operating activities	78,350	40,020
 Cash Flows From Investing Activities		
Purchase of equipment	(6,294)	0
Purchase of software	(6,019)	(14,906)
Net cash used by investing activities	(12,313)	(14,906)
 Cash Flows From Financing Activities		
Proceeds from borrowing	0	3,303
Repayment of principal	(51,619)	(40,377)
Net cash used by financing activities	(51,619)	(37,074)
Net Increase (decrease) in Cash and Cash Equivalents	14,418	(11,960)
Cash and Cash Equivalents at Beginning of Period	458,841	470,801
Cash and Cash Equivalents at End of Period	\$ 473,259	\$ 458,841
Supplemental information:		
Interest paid	\$46,313	\$42,455



Quality Deer Management Association, Inc.  
Notes to Financial Statements  
December 31, 2015

**Note 1 - Summary of Significant Accounting Policies**

Nature of Activities

Quality Deer Management Association Inc (QDMA) is a non-profit wildlife conservation organization dedicated to promoting sustainable, high quality white-tailed deer populations, wildlife habitats and ethical hunting experiences through education, research, and management in partnership with hunters, landowners, natural resource professionals and the public. The Organization is a non-profit corporation and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The Organization follows the provisions of Financial Accounting Standards Board (FASB), Accounting Standard Codification (ASC) 958, *Not-For-Profit Entities*, which establishes external reporting standards for not-for-profit organizations. Under ASC 958, the Organization is required to report information regarding its financial position and activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

1. Unrestricted - Net assets which are free of donor imposed restrictions; all revenues, expenses, gains and losses that are not changes in permanently or temporarily restricted net assets.
2. Temporarily Restricted - Net assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or that can be removed by actions of the Organization pursuant to such stipulations.
3. Permanently Restricted - Net assets whose use by the Organization is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of the Organization.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents. At times during the year, the Organization maintains cash balances in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes risk in these situations to be minimal.

Quality Deer Management Association, Inc.  
Notes to Financial Statements  
December 31, 2015

**Note 1 - Summary of Significant Accounting Policies (continued)**

Investments

The Organization follows the provisions FASB 958, *Not-For Profit Entities*, which establishes external reporting standards for not-for-profit organizations. Standards for accounting for investment securities are contained in FASB ASC 958-320, *Investments - Debt and Equity Securities*. The Organization is required to report investments with readily determinable fair values and all investments in debt securities at fair value on the financial statement date. All gains and losses, both realized and unrealized, interest and dividends are included in the statement of changes in net assets. Investments received as gifts are recorded at fair value at the date of the gift.

Fair Value Measurements

The Organization adopted the provisions of FASB ASC 820, *Fair Value Measurements and Disclosure*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a hierarchy based on the quality of the inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value and enhances disclosure requirements for fair value measurements.

Investments held by the Organization are relatively short term investments with readily available determinable market values. Based on the nature of these investments, management believes the fair value of these investments approximates their cash value at

Accounts Receivable

Accounts Receivable are recorded and revenue recognized when the invoices are issued and are presented in the state of financial position net of the allowance for doubtful accounts. Receivables are written off as management determines the balances are uncollectible. The allowance for doubtful accounts is estimated based on the Organization's historical losses, existing economic conditions, and the financial stability of its customers. At December 31, 2015, the allowance for doubtful accounts reduced trade receivables by \$12,000.

Statement of Cash Flows

The statement of cash flows is intended to reflect only receipts and payment activities arising from cash transactions. The statement does not reflect immaterial non-cash investing and finance activities.

Contributions and Support

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of the donor imposed restriction.

All donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of changes in net assets as assets released from restriction. The Organization reports any donor-restricted contributions whose restrictions are not in the same accounting period as unrestricted support.

Quality Deer Management Association, Inc.  
Notes to Financial Statements  
December 31, 2015

**Note 1 - Summary of Significant Accounting Policies (continued)**

Property and Equipment

Land, buildings, vehicles, equipment and furniture are carried at cost. Expenditures for property and equipment and the fair value of donated property and equipment in excess of \$2,000 is capitalized. Depreciation is computed over the estimated useful life of the asset. Typically, the estimated useful lives range from:

Buildings - 31.5 to 39 years  
Equipment and furniture - 7 years  
Office Equipment - 5 years  
Software - 3 years

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has placed restrictions on the asset for a specific purpose. Assets donated with explicit restrictions regarding their use or contributions of cash that must be used to acquire specific assets are recorded as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Contributed Services

The Organization receives a substantial amount of services donated by individuals in carrying out the Organization's activities. No amounts have been recognized in the financial statements for these services as they do not meet the criteria for recognition under FASB ASC 958.

Direct Fundraiser Cost & Special Events

During the year ended December 31, 2015, the Organization spent \$20,327 on product development for fundraisers and special events.

**Note 2 - Property and Equipment**

Property and equipment at December 31, 2015 consists of the following:

Building	\$ 1,196,594
Vehicles	35,127
Grounds & Warehouse Equip	24,279
Office Equipment	25,001
Computer Equipment	92,912
Software	43,438
Office Furniture & Fixtures	51,176
	1,468,527
Less: accumulated depreciation	(645,972)
Net book value of fixed assets	\$ 822,555

During the year ended December 31, 2015, depreciation expense of \$55,971 was charged to operations.

Quality Deer Management Association, Inc.  
Notes to Financial Statements  
December 31, 2015

**Note 3 - Investments**

Marketable securities as of December 31, 2015 are summarized as follows:

	Cost Basis	Fair Market (Carrying) Value
Youth Education & Recruitment Fund-mutual funds	\$ 412,502	\$ 459,625
General Endowment Fund-equities and mutual funds	33,000	35,776
	\$ 445,502	\$ 495,401

The following schedule summarizes the investment returns for the year ended December 31, 2015.

Investment income	\$ 17,879
Unrealized gains(losses)	(18,137)
	\$ (258)

**Note 4 - National Deer Alliance Founders Contribution**

The National Deer Alliance (NDA) is a 501(c)(4) organization with a mission to serve as the guardian of wild deer conservation and our hunting heritage. The NDA was an outcome of the inaugural North American Whitetail Summit hosted by QDMA in March 2014. NDA was formally incorporated in the Commonwealth of Virginia on May 2, 2015. It is organized and operated for the exclusive benefit of Quality Deer Management Association, Mule Deer Foundation and Whitetails Unlimited, all of which are public charities as described in section 501(c)(3) of the Internal Revenue Code. QDMA is a founding member of NDA and holds two permanent seats on the NDA Board of Directors. QDMA does not hold a controlling interest in NDA. During 2014 and 2015 when NDA was in the process of becoming incorporated, QDMA maintained a separate bank account in Georgia on NDA's behalf to hold contributions. These funds were transferred in their entirety to NDA's permanent bank account in Virginia by December 2015, after which the Georgia holding account was closed. QDMA provides limited in-kind staff support to NDA for its chartered charitable purposes but not for any lobbying or political activities.

**Note 5 - Line of Credit**

The Organization has a \$200,000 line of credit with Athens First Bank & Trust. The outstanding principal at December 31, 2015 is \$89,812. The line of credit has an annual interest rate of 4%. The line of credit is secured by an interest in a building and land at 170 Whitetail Way, Bogart, Georgia. The line of credit matures on August 15, 2016 and is renewable at the option of the institution and the Organization.

Quality Deer Management Association, Inc.  
Notes to Financial Statements  
December 31, 2015

**Note 6 - Long-term Debt**

Long term debt at December 31, 2015 consists of the following:

Mortgage payable in monthly installments of \$7,477 including interest at an annual rate of 4.49%. The mortgage is collateralized by property with a net book value of \$1,791,945 including the land. \$ 911,649

Note payable to Bank of America in monthly installments of \$428 including interest at an annual rate of 3.29%. Loan is collateralized by a vehicle with a net book value of \$19,046. 9,169

\$ 920,818

Schedule of maturity of long-term debt:

For the year ended December 31, 2016:	\$49,613
For the year ended December 31, 2017:	51,886
For the year ended December 31, 2018:	54,265
For the year ended December 31, 2019:	56,752
For the year ended December 31, 2020:	59,353
For the years ended thereafter:	648,949
	<u>\$920,818</u>

**Note 7 - Retirement Contribution**

The Organization maintains a retirement plan for eligible employees in which the employees invest in individual IRA accounts. The Organization matches contributions under provisions of the plan. Employer retirement plan contributions charged to operations are \$30,367 for the year ended December 31, 2015.

**Note 8 - Subsequent Events**

Management has evaluated subsequent events through September 26, 2016, which is the date the financial statements were available to be issued. As of this date, there are no material subsequent events that require disclosure in the financial statements for the year ended December 31, 2015.