

**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, 2016

and

December 31, 2015

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, 2016**

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1551 Jennings Mill Rd Suite 2800-D  
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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Quality Deer Management Association, Inc. (a non-profit organization) which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years 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.

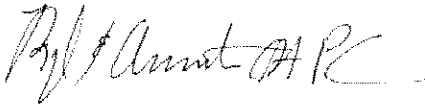
We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **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, 2016 and 2015, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of functional expenses – current year and the statement of functional expenses – prior year are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from, and is related directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Royals & Associates CPA PC  
June 30, 2017

Quality Deer Management Association, Inc.  
Comparative Statements of Financial Position  
December 31, 2016 and 2015

	2016	2015
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 320,720	\$ 473,259
Accounts receivable - net of allowance for doubtful accounts	210,626	104,103
Inventory	543,859	567,665
Total current assets	1,075,205	1,145,027
<b>Property and Equipment</b>		
Building, equipment, furniture and vehicles - net of accumulated depreciation	993,525	822,555
<b>Other Assets</b>		
Land	960,000	960,000
Investments	37,727	495,401
NDA Founders Contribution	120,774	120,774
Utility deposits	325	325
Total other assets	1,118,826	1,576,500
Total assets	\$ 3,187,556	\$ 3,544,082
 <b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 441,233	\$ 365,995
Current portion of long-term debt	56,752	49,612
Line of credit	89,812	89,812
State chapter funds payable	0	4,757
Total current liabilities	587,797	510,176
<b>Long Term Debt</b>		
Notes payable	860,781	920,818
Less: current portion included above	(56,752)	(49,612)
Total long term debt	804,029	871,206
Total liabilities	1,391,826	1,381,382
<b>Net Assets</b>		
Unrestricted net assets	1,795,730	2,162,700
Total liabilities and unrestricted net assets	\$ 3,187,556	\$ 3,544,082

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, 2016 and 2015

	2016	2015
Support and Revenue		
Program support:		
Advertising and sponsorship	\$ 573,324	\$ 448,953
Commission and royalties	10,624	576
Donations	254,645	168,645
Fundraising	1,252,884	1,291,550
Member programs and services	1,726,410	1,528,374
Membership and magazine sales	855,687	928,500
Merchandise sales	308,849	239,213
National convention income	164,494	197,462
Other revenue	0	665
Grants, research and special projects	305,339	297,406
Whitetail Summit income	0	161,431
Endowment and investment revenue:		
Interest Income	498	297
Investment income	9,301	17,879
Unrealized gain(loss) on investments	26,808	(18,137)
Total revenues	5,488,863	5,262,814
Cost of Goods Sold	1,910,109	1,634,857
Gross profit	3,578,754	3,627,957
Expenses and Reductions to Net Assets:		
Program services	3,274,793	2,873,969
Fundraising and special events	465,425	599,212
Management and administrative cost	205,506	191,361
Total expenses and reductions	3,945,724	3,664,542
Increase (decrease) in Net Assets	(366,970)	(36,585)
Net Assets, Beginning of Period	2,162,700	2,199,285
Net Assets, End of Period	\$ 1,795,730	\$ 2,162,700

Quality Deer Management Association, Inc.  
Statement of Functional Expenses - Current Year  
For the year ended December 31, 2016

	Program Expense	Fundraising and Special Events	Management and Administrative
Accounting and legal fees	\$ -	\$ -	\$ 22,832
Advertising and promotion	91,579	13,240	5,517
Bank charges	-	-	14,564
Depreciation	43,802	6,333	2,639
Dues, subscriptions, and contributions	26,060	-	-
Entertainment and event expense	33,592	14,397	-
Fundraising expenses	-	21,364	-
Insurance	36,317	-	-
Interest expense	27,829	4,023	1,676
Licenses and fees	1,487	-	-
Magazine expense	391,476	-	-
Mail processing	191,416	27,675	11,531
Merchant account charges	72,383	10,465	4,360
National convention expense	104,634	104,633	-
Office and shipping supplies	45,910	6,637	2,766
Payroll, employee benefit and related expenses	1,823,183	208,840	83,427
Printing	34,020	4,919	2,049
Rent - equipment	6,324	-	-
Repairs & maintenance	9,604	-	-
Research and special project expense	34,748	-	-
Royalties	3,711	-	-
Taxes	-	-	36,270
Travel expense	209,500	30,289	12,621
Utilities	58,771	8,497	3,540
Web site and IT expense	28,447	4,113	1,714
Total expenses	<u>\$ 3,274,793</u>	<u>\$ 465,425</u>	<u>\$ 205,506</u>

Quality Deer Management Association, Inc.  
Statement of Functional Expenses - Prior Year  
For the year ended December 31, 2015

	Program Expense	Fundraising and Special Events	Management and Administrative
Accounting and legal fees	\$ -	\$ -	\$ 23,541
Advertising and promotion	126,836	18,338	7,641
Bank charges	-	-	7,362
Depreciation	46,456	6,717	2,799
Dues, subscriptions, and contributions	35,547	-	-
Entertainment and event expense	75,956	32,552	-
Fundraising expenses	-	170,691	-
Insurance	31,745	-	-
Interest expense	38,440	5,558	2,316
Licenses and fees	1,602	-	-
Magazine expense	400,546	-	-
Mail processing	161,253	23,314	9,714
Merchant account charges	75,125	10,861	4,526
National convention expense	92,454	92,453	-
Office and shipping supplies	41,594	6,014	2,506
Payroll, employee benefit and related expenses	1,284,093	185,652	77,355
Printing	47,597	6,882	2,867
Rent - equipment	6,255	-	-
Repairs & maintenance	17,982	-	-
Research and special project expense	12,675	-	-
Royalties	4,178	-	-
Taxes	-	-	33,993
Travel expense	167,115	24,161	10,067
Utilities	56,462	8,163	3,401
Web site and IT expense	54,336	7,856	3,273
Whitetail Summit	95,722	-	-
Total expenses	<u>\$ 2,873,969</u>	<u>\$ 599,212</u>	<u>\$ 191,361</u>



Quality Deer Management Association, Inc.  
Comparative Statements of Cash Flows  
For the years ended December 31, 2016 and 2015

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

	2016	2015
Change in unrestricted net assets	\$ (366,970)	\$ (36,585)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	52,774	55,971
Unrealized gain on investments	26,808	259
(Increase)decrease in operating assets		
Accounts receivable	(106,523)	94,175
Inventory	23,805	(63,590)
Long term investments	430,866	0
NDA Founders Contribution	0	10,621
Increase(decrease) in operating liabilities		
Accounts payable	75,239	77,695
Net change in line of credit	0	(2,846)
Other liabilities	(4,757)	(24,809)
Due to National Deer Alliance	0	(32,541)
Net cash provided by operating activities	131,242	78,350
 Cash Flows From Investing Activities		
Purchase of equipment	(848)	(6,294)
Purchase of software	(222,896)	(6,019)
Net cash used by investing activities	(223,744)	(12,313)
 Cash Flows From Financing Activities		
Repayment of principal	(60,037)	(51,619)
Net cash used by financing activities	(60,037)	(51,619)
Net Increase (decrease) in Cash and Cash Equivalents	(152,539)	14,418
Cash and Cash Equivalents at Beginning of Period	473,259	458,841
Cash and Cash Equivalents at End of Period	\$ 320,720	\$ 473,259
Supplemental information:		
Interest paid	\$33,528	\$46,313

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

Quality Deer Management Association, Inc.  
Notes to Financial Statements  
December 31, 2016

**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.

Comparative Information

The prior year financial information has been summarized and reclassified as necessary to provide a consistent presentation.

Management Note on Comparative Financial Statements

The budgetary shortfall experienced in 2016 was largely the result of strategic investments in operating infrastructure and staff to increase efficiency and enable sustained growth. The QDMA National Board of Directors and senior staff considered these investments vital to the association's long-term mission delivery capabilities.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Quality Deer Management Association, Inc.  
Notes to Financial Statements  
December 31, 2016

**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. The entirety of the investments fall within the Level 1 fair value hierarchy in which fair value measurements are based on quoted prices in active markets for identical assets.

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, 2016, 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, 2016

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

Property and Equipment

Land, buildings, vehicles, equipment and furniture are carried at cost. Purchased property and equipment and the fair value of donated property and equipment is capitalized or expensed based on management's estimate of useful life. 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.

**Note 2 - Property and Equipment**

Property and equipment at December 31, 2016 consists of the following:

Building	\$ 1,196,594
Vehicles	35,127
Grounds & Warehouse Equip	24,279
Office Equipment	25,001
Computer Equipment	93,760
Software	266,334
Office Furniture & Fixtures	51,176
	<hr/>
	1,692,271
Less: accumulated depreciation	(698,746)
Net book value of fixed assets	<hr/> <u>\$ 993,525</u>

During the year ended December 31, 2016, depreciation expense of \$43,802 was charged to operations, \$6,333 was charged to fundraising and special events and \$2,639 was charged management and administrative expense.

Quality Deer Management Association, Inc.  
Notes to Financial Statements  
December 31, 2016

**Note 3 - Financial Instruments**

FASB ASC-820 requires the disclosure of fair value for financial instruments. The following disclosure is made in accordance with the requirements of that Statement. The estimated fair value has been determined by the Organization using appropriate valuation methodologies and available quoted market information.

	Carrying Value	Fair Market Value
General Endowment Fund-equities and mutual funds	\$ 37,727	\$ 37,727

The following schedule summarizes the investment returns for the year ended December 31, 2016 and includes an investment account liquidated during the year.

Investment income	\$ 6,193
Unrealized gains(losses)	26,808
	\$ 33,001

The carrying value of cash and cash equivalents, accounts receivable and accounts payable approximates their fair value at December 31, 2016.

Fair value of short-term debt and long-term debt is based on rates currently available to the Organization for debt with similar terms and remaining maturities. There are no quoted market prices for the debt and similar debt.

**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, 2016 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 17, 2017 and is renewable at the option of the institution and the Organization.

Quality Deer Management Association, Inc.  
Notes to Financial Statements  
December 31, 2016

**Note 6 - Long-term Debt**

Long term debt at December 31, 2016 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 \$1,677,815 including the land. \$ 855,915

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 \$5,196. 4,866

\$ 860,781

Schedule of maturity of long-term debt:

For the year ended December 31, 2017:	\$56,752
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 year ended December 31, 2021:	62,074
For the years ended thereafter:	571,585
	<u>\$860,781</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 \$36,428 for the year ended December 31, 2016.

**Note 8 - Subsequent Events**

Management has evaluated subsequent events through June 30, 2017, 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, 2016.