

**QUALITY DEER MANAGEMENT ASSOCIATION
FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management of
Quality Deer Management Association

We have audited the accompanying financial statements of Quality Deer Management Association (a nonprofit organization), which comprise the statements of financial positions as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, 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 audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Quality Deer Management Association as of December 31, 2019 and 2018, 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.

Change in Accounting Principle

As described in Note B to the financial statements, the Company adopted ASU 2018-08, effective January 1, 2018, which resulted in revenue associated with membership or sponsorship agreements that was previously recognized over the term of the associated agreements to be recognized at the date of contribution. Our opinion is not modified with respect to that matter.

Rhodes, Young, Blake + Duncan

December 14, 2020

**QUALITY DEER MANAGEMENT ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,**

ASSETS

	<u>2019</u>	<u>2018</u>
Current Assets		
Cash	\$ 241,027	\$ 137,792
Accounts receivable, net of allowance for doubtful accounts of \$145,000 and \$12,000 respectively	461,090	412,322
Inventory, net of allowance for obsolescence of \$13,000 and \$19,000, respectively	226,525	250,521
Prepaid expenses and other assets	325	11,946
Total Current Assets	928,967	812,581
Property and Equipment		
Property and equipment	5,701,404	5,701,404
Less: accumulated depreciation	(831,277)	(789,102)
Total Property and Equipment	4,870,127	4,912,302
Other Assets		
Investments	67,675	51,380
Total Other Assets	67,675	51,380
Total Assets	\$ 5,866,769	\$ 5,776,263

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 491,893	\$ 553,066
Accrued expenses	170,732	197,746
Lines of credit	324,617	109,209
Current portion of mortgage payable	59,572	56,961
Total Current Liabilities	1,046,814	916,982
Long-Term Liabilities		
Mortgage payable, net of current portion	739,550	798,507
Total Long-Term Liabilities	739,550	798,507
Total Liabilities	1,786,364	1,715,489
Net Assets		
Without Donor Restrictions	3,989,910	3,930,774
With Donor Restrictions	90,495	130,000
Total Net Assets	4,080,405	4,060,774
Total Liabilities and Net Assets	\$ 5,866,769	\$ 5,776,263

See independent auditors' report and accompanying notes

**QUALITY DEER MANAGEMENT ASSOCIATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net Assets Without Donor Restrictions			
Revenue and support			
Program services	\$ 2,223,692	\$ -	\$2,223,692
Membership and sponsor contributions	1,683,153	-	1,683,153
Contribution and grant income	454,321	-	454,321
Other revenue	107,088	-	107,088
Unrealized and realized gain on investments	16,295	-	16,295
Total revenue and support	<u>4,484,549</u>	<u>-</u>	<u>4,484,549</u>
Net assets released from restrictions	39,505	(39,505)	-
Total revenue and support	<u>4,524,054</u>	<u>(39,505)</u>	<u>4,484,549</u>
 Expenses			
Conservation and heritage hunting operations	1,343,717	-	1,343,717
Volunteer operations and chapter support	1,653,592	-	1,653,592
Communications	250,012	-	250,012
Total program services	<u>3,247,321</u>	<u>-</u>	<u>3,247,321</u>
 Supporting services			
Fundraising	478,013	-	478,013
Membership development	515,938	-	515,938
Management and general	223,646	-	223,646
Total supporting services	<u>1,217,597</u>	<u>-</u>	<u>1,217,597</u>
Total expenses	<u>4,464,918</u>	<u>-</u>	<u>4,464,918</u>
 Change in net assets	59,136	(39,505)	19,631
 Net assets at beginning of year	<u>3,930,774</u>	<u>130,000</u>	<u>4,060,774</u>
 Net assets at end of year	<u>\$ 3,989,910</u>	<u>\$ 90,495</u>	<u>\$4,080,405</u>

See independent auditors' report and accompanying notes

**QUALITY DEER MANAGEMENT ASSOCIATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net Assets Without Donor Restrictions			
Revenue and support			
Program services	\$ 2,438,380	\$ -	\$ 2,438,380
Membership and sponsor contributions	2,025,065	-	2,025,065
Contribution and grant income	653,144	130,000	783,144
Other revenue	40,207	-	40,207
Unrealized and realized gain on Investments	18,263	-	18,263
Total revenue and support	<u>5,175,059</u>	<u>130,000</u>	<u>5,305,059</u>
Net assets released from restrictions	-	-	-
Total revenue and support	<u>5,175,059</u>	<u>130,000</u>	<u>5,305,059</u>
Expenses			
Conservation and heritage hunting operations	1,368,750	-	1,368,750
Volunteer operations and chapter support	2,294,505	-	2,294,505
Communications	369,663	-	369,663
Total program services	<u>4,032,918</u>	<u>-</u>	<u>4,032,918</u>
Supporting services			
Fundraising	851,572	-	851,572
Membership development	385,301	-	385,301
Management and general	198,817	-	198,817
Total supporting services	<u>1,435,690</u>	<u>-</u>	<u>1,435,690</u>
Total expenses	<u>5,468,608</u>	<u>-</u>	<u>5,468,608</u>
Change in net assets	(293,549)	130,000	(163,549)
Net assets at beginning of year, as previously reported	1,990,792	-	1,990,792
Adoption of new accounting pronouncement (Note B)	<u>2,233,532</u>	<u>-</u>	<u>2,233,532</u>
Restated net assets at beginning of year	<u>4,224,324</u>	<u>-</u>	<u>4,224,324</u>
Net assets at end of year	<u>\$ 3,930,775</u>	<u>\$ 130,000</u>	<u>\$ 4,060,775</u>

See independent auditors' report and accompanying notes

**QUALITY DEER MANAGEMENT ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Services				Supporting Services				
	Conservation & Heritage Hunting Operations	Volunteer Operations and Chapter Support	Communications	Total Program Services	Fundraising	Membership Development	Management and General	Total Supporting Services	Total
Accounting and legal fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,341	\$ 44,341	\$ 44,341
Advertising and promotion	48,161	57,483	12,429	118,073	7,768	24,857	4,660	37,285	155,358
Bad debt	132,895	-	-	132,895	-	-	8,725	8,725	141,620
Bank charges	-	-	-	-	3,226	-	8,723	11,949	11,949
Cost of materials	152	325,679	-	325,831	243,899	301	-	244,200	570,031
Depreciation	12,940	15,445	3,339	31,724	2,087	6,679	1,254	10,020	41,744
Dues, subscriptions and contributions	11,929	8,352	1,816	22,097	1,479	-	1,896	3,375	25,472
Hunting trips	-	-	-	-	54,567	-	-	54,567	54,567
Insurance	7,966	4,710	821	13,497	2,463	462	13,763	16,688	30,185
Interest expense	-	-	-	-	-	-	50,640	50,640	50,640
Leased equipment and software	98,449	21,286	1,330	121,065	5,322	5,322	1,330	11,974	133,039
Magazine publication expense	99,928	119,269	25,788	244,985	16,117	51,576	9,671	77,364	322,349
Mail processing	21,759	78,334	-	100,093	7,616	-	1,088	8,704	108,797
Merchant account charges	65,155	52,533	-	117,688	-	-	-	-	117,688
National convention expense	19,776	7,191	-	26,967	8,989	-	-	8,989	35,956
Office and shipping supplies	13,849	16,529	3,574	33,952	2,234	7,148	1,339	10,721	44,673
Payroll, employee benefit and related	668,888	798,350	172,616	1,639,854	107,885	345,233	64,732	517,850	2,157,704
Printing	11,078	11,078	2,770	24,926	554	29,910	-	30,464	55,390
Professional and outside service	26,111	18,862	100	45,073	-	266	1,516	1,782	46,855
Repairs and maintenance	2,508	-	-	2,508	-	-	1,684	1,684	4,192
Taxes	16,567	16,317	3,337	36,221	-	-	-	-	36,221
Travel expense	55,818	66,621	14,405	136,844	9,003	28,809	5,402	43,214	180,058
Utilities	17,801	21,247	4,594	43,642	2,871	9,188	1,722	13,781	57,423
Web site and IT expense	11,987	14,306	3,093	29,386	1,933	6,187	1,160	9,280	38,666
	<u>\$ 1,343,717</u>	<u>\$ 1,653,592</u>	<u>\$ 250,012</u>	<u>\$ 3,247,321</u>	<u>\$ 478,013</u>	<u>\$ 515,938</u>	<u>\$ 223,646</u>	<u>\$ 1,217,597</u>	<u>\$ 4,464,918</u>

See independent auditors' report and accompanying notes

**QUALITY DEER MANAGEMENT ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Program Services				Supporting Services				
	Conservation & Heritage Hunting Operations	Volunteer Operations and Chapter Support	Communications	Total Program Services	Fundraising	Membership Development	Management and General	Total Supporting Services	Total
Accounting and legal fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,731	\$ 35,731	\$ 35,731
Advertising and promotion	68,685	54,691	596	123,972	2,500	62,175	-	64,675	188,647
Bad debt	-	-	-	-	-	-	11,931	11,931	11,931
Bank charges	-	-	-	-	3,967	-	10,704	14,671	14,671
Cost of materials	18,803	840,969	-	859,772	362,888	18,846	-	381,734	1,241,506
Depreciation	12,145	16,480	4,891	33,516	3,082	2,286	1,115	6,483	39,999
Dues, subscriptions and contributions	25,771	12,657	2,680	41,108	4,825	600	533	5,958	47,066
Hunting trips	10,224	35,976	881	47,081	23,998	2,500	-	26,498	73,579
Insurance	8,888	18,422	-	27,310	-	28	2,513	2,541	29,851
Interest expense	-	-	-	-	-	-	49,281	49,281	49,281
Leased equipment and software	108,540	20,393	484	129,417	-	-	840	840	130,257
Magazine publication expense	50,580	49,091	49,091	148,762	111,571	111,571	-	223,142	371,904
Mail processing	23,432	81,925	7,411	112,768	195	23,190	171	23,556	136,324
Merchant account charges	31,951	52,703	-	84,654	-	-	-	-	84,654
National convention expense	173,385	66,097	-	239,482	76,890	-	-	76,890	316,372
Office and shipping supplies	11,989	19,966	8,643	40,598	250	191	321	762	41,360
Payroll, employee benefit and related	646,135	878,258	259,763	1,784,156	165,367	120,816	63,463	349,646	2,133,802
Printing	9,362	9,261	2,578	21,201	1,397	27,978	1,001	30,376	51,577
Professional and outside service	33,569	16,193	500	50,262	7,976	150	2,760	10,886	61,148
Repairs and maintenance	12,268	-	146	12,414	-	-	2,962	2,962	15,376
Taxes	20,995	20,995	1,077	43,067	392	-	2,149	2,541	45,608
Travel expense	69,155	55,822	17,683	142,660	77,932	8,783	10,320	97,035	239,695
Utilities	20,649	28,019	8,316	56,984	5,240	3,886	1,898	11,024	68,008
Web site and IT expense	12,224	16,587	4,923	33,734	3,102	2,301	1,123	6,526	40,260
	\$ 1,368,750	\$ 2,294,505	\$ 369,663	\$ 4,032,918	\$ 851,572	\$ 385,301	\$ 198,816	\$ 1,435,690	\$ 5,468,608

See independent auditors' report and accompanying notes

**QUALITY DEER MANAGEMENT ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 19,631	\$ (163,549)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	41,744	39,999
Unrealized and realized loss on investments	(16,295)	(629)
Gain on sale of land	-	(18,263)
Change in allowance for doubtful accounts	132,895	-
Changes in operating assets and liabilities:		
Accounts receivable	(181,663)	(19,132)
Inventory	23,996	(82,767)
Prepaid expenses and other assets	11,621	11,351
Accounts payable	(61,173)	67,339
Accrued expenses	(27,014)	12,304
	<u>(56,258)</u>	<u>(153,347)</u>
<u>NET CASH USED BY OPERATING ACTIVITIES</u>		
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	-	(7,494)
Proceeds from sale of land	-	41,216
	<u>-</u>	<u>33,722</u>
<u>NET CASH PROVIDED BY INVESTING ACTIVITIES</u>		
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Net increase in lines of credits	215,408	70,634
Principal payments on mortgage payable	(55,915)	(49,545)
	<u>159,493</u>	<u>21,089</u>
<u>NET CASH PROVIDED BY FINANCING ACTIVITIES</u>		
NET INCREASE (DECREASE) IN CASH	103,235	(98,536)
CASH AT THE BEGINNING OF THE YEAR	<u>137,792</u>	<u>236,328</u>
CASH AT END OF YEAR	<u>\$ 241,027</u>	<u>\$ 137,792</u>
Cash paid during the year for interest	\$ 50,640	\$ 49,281

See independent auditors' report and accompanying notes

**QUALITY DEER MANAGEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

Note A

Nature of Organization

Quality Deer Management Association (“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, land owners, 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.

Founded in 1988, QDMA established in South Carolina and moved to Athens, Georgia in 1997. QDMA encourages the protection of most or all yearling (1 ½ year old) bucks combined with an appropriate harvest of does, when necessary, to maintain a healthy population in balance with habitat conditions and hunter desires.

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

Conservation & Hunting Heritage Operations: Conservation operations include QDMA’s network of all hunters who share a passion for the whitetail deer. This department blends the art of hunting with the science of management to create better deer and better deer hunting. These efforts are accomplished using five key areas: research, educations, advocacy, certification, and hunting. This department is involved in all areas of the whitetail deer research included ecology, management, hunting, diseases and human dimensions. This department coordinates and funds practical research projects that increase knowledge and management.

Volunteer Operations and Chapter Support – Volunteer operations is the department responsible for coordinating the activities of chapter operations; provide leadership training and guidance to the 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 whitetail deer conservation. It publishes a bi-monthly Quality Whitetails magazine, weekly newsletter, and the annual Whitetail Report. The communications department is also responsible for other publications; maintain QDMA’s website, generating press releases, and other public relations.

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

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

Membership Development – Management 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.

Note B

Summary of Significant Accounting Policies

Basis of Accounting:

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

See independent auditors’ report.

QUALITY DEER MANAGEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note B

Summary of Significant Accounting Policies (Continued)

Basis of Presentation:

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Statements Board (FASB) accounting Standards Updated (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. The ASU was adopted retrospectively for the years ended December 31, 2019 and 2018. The ASU amends the previous reporting model for nonprofit organizations and enhances their required disclosures.

The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (c) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (d) presenting investment return net of external and direct internal investment expenses, and (e) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The Organization has adopted this ASU as of and for the years ended December 31, 2019 and 2018.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU intends to clarify and improve current accounting guidance to determine when a transaction should be accounted for as a contribution or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional. Distinguishing between contributions, both conditional and nonconditional, and exchange transactions is key to the timing of revenue recognition. The adoption of ASU 2018-08 resulted in revenue associated with membership or sponsorship agreements that was previously recognized over the term of the associated agreements to be recognized at the date of contribution since the agreements meet the criteria for recognition as contributions under ASU 2018-08. The ASU was implemented on a retrospective basis as of January 1, 2018, resulting in an increase in net assets without donor restrictions of \$2,233,532 at January 1, 2018.

Estimates:

The preparation of financial statement in conformity with accounting principles generally accepted in the United States of America requires QDMA's management to make estimates and assumptions that affect certain reported amounts in the statement of financial position and the accompanying notes. Accordingly, actual results could differ from those estimates. Estimates are used primarily in the recording of the allowance for doubtful accounts and the allowance for inventory obsolescence.

Accounts Receivable:

Accounts receivable include contributions and other receivables and are stated at unpaid balances, less an allowance for doubtful accounts based on a review of all outstanding amounts on an annual basis which approximates fair value. The Organization provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

See independent auditors' report.

QUALITY DEER MANAGEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note B

Summary of Significant Accounting Policies (Continued)

Inventory:

Inventory consists of fundraising event merchandise as well as merchandise sold through QDMA's website and is stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the statement of activities in the period in which it occurs.

Property and Equipment:

Expenditures for major improvements that extend the useful lives of assets and acquisition of property and equipment in excess of \$2,500 are capitalized. Property and equipment are carried at cost, or, if donated, at the approximate fair value at the date of donation. Depreciation of is computed over the estimated useful lives of the respective assets on a straight-line basis as follows:

Equipment	5-7 years
Furniture and fixtures	7 years
Vehicles	5 years
Software	3 years
Buildings and improvements	7-31 years

Investments:

QDMA carries investments in marketable securities with readily determinable fair values at their fair values in the statement of financial position as of December 31, 2019 and 2018. Interest, dividends, realized and unrealized gains and losses of \$16,295 and \$629, respectively, net of management fees, are included in Other revenue on the Statement of Activities and Change in Net Assets.

QDMA invests in a professionally managed portfolio that contains various securities that are exposed to risks such as interest, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

Revenues and contributions:

Contributions and grants are recorded as revenue in the year notification is received from the donor. Contributions and grants with 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; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Grant funding received in advance of incurring the related expenses is recorded as "net assets with donor restrictions".

Advertising:

QDMA expenses advertising costs as they are incurred. Advertising expense were \$155,358 and \$188,647 for the years ended December 31, 2019 and 2018, respectively.

See independent auditors' report.

QUALITY DEER MANAGEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note B

Summary of Significant Accounting Policies (Continued)

Donated Inventory:

Donations of inventory are recorded as sponsorship contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions since the donors have not restricted the donated assets to a specific purpose.

During the years ended December 31, 2019 and 2018, the Organization received \$317,325 and \$833,864 of inventory from sponsors, respectively, which was recorded as revenue on the accompanying Statements of Activities and Change in Net Assets.

Functional allocation of expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. These costs include utilities, depreciation and information technology. Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort.

Income Tax Status:

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been provided in this financial statement. Unrelated business income, if any, may be subject to income tax. The Organization paid no taxes on unrelated business income for the years ended December 31, 2019 and 2018.

Generally accepted accounting principles require the recognition, measurement, classification, and disclosure in the financial statement of uncertain tax positions taken or expected to be taken in the Organization's tax returns. Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statement or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge.

The Organization files Form 990 in the U.S. federal jurisdiction and the State Of Georgia. The Organization is generally subject to examination by the Internal Revenue Service for years after 2016.

Board-designated Quasi Endowment:

As of December 31, 2019 and 2018, the Board of Directors had designated \$67,675 and \$51,380, respectively, of net assets without restriction as a quasi-endowment fund to support youth education and outreach to further the mission of the Organization. This amount is classified as "Investments" on the accompanying statement of financial position. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as a net asset without donor restriction.

See independent auditors' report.

QUALITY DEER MANAGEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note B

Summary of Significant Accounting Policies (Continued)

To achieve that objective, the Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and fixed income securities that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%. Accordingly, the Organization expects its endowment assets, over time, to produce an average rate of return of approximately 6% annually. Actual returns in any given year may vary from this amount.

Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Concentration of Credit Risk:

The Organization maintains its cash in bank deposits, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

Net Asset Classification:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions are recorded as “net assets without donor restrictions”. Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Net Assets With Donor Restrictions – Contributions restricted by donors (or certain grantors) are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in “net assets with donor restrictions”, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions.

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Note C

Property and Equipment

Property and equipment consist of the following:

Land	\$4,212,400
Buildings & improvements	1,198,603
Equipment	150,947
Furniture and fixtures	59,248
Vehicles	35,127
Software	<u>45,079</u>
	5,701,404
Accumulated depreciation	<u>(831,277)</u>
	<u>\$4,870,127</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$41,744 and \$39,999, respectively.

Note D

Investments

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

At December 31, 2019 and 2018, QDMA's investments consisted of publicly traded equity mutual funds with fair values totaling \$67,675 and \$51,380, respectively. The cost basis of the investments was \$46,085 and \$42,338 at December 31, 2019 and 2018, respectively. Investments are reported at fair value using a Level 1 measure.

Note E

Lines of Credit

The Organization had a \$200,000 working capital line of credit with a balance of \$82,074 and \$100,000 at December 31, 2019 and 2018, respectively. Interest was payable monthly at prime plus .5% and the interest rate in effect at December 31, 2019 and 2018 was 6%. The line of credit was secured by the land and building at the Organization's corporate office and expired on August 14, 2020 and was not renewed.

The Organization also has a \$100,000 revolving line of credit with a balance of \$94,338 and \$9,209 at December 31, 2019 and 2018, respectively. Payments of 2% of the balance outstanding on the line of credit are due monthly. Interest is charged monthly at 7%. The line of credit is secured by the Organization's inventory, cash accounts, equipment and fixtures and has no expiration date. The line of credit may be terminated at any time at the lender's sole discretion.

The Organization entered into a \$400,000 revolving line of credit with a balance of \$148,206 at December 31, 2019. Interest is payable monthly at prime plus .25% and the interest rate in effect at December 31, 2019 was 5.25%. The line of credit is secured by the Organization's inventory, cash accounts, equipment and fixtures and expires February 20, 2021.

See independent auditors' report.

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Note F

Long-Term Debt

The Organization has a mortgage payable, due in monthly installments of \$7,846 including interest at a rate of 4.49%, with all unpaid interest and principal due on October 3, 2021. The mortgage is collateralized by the land and building at the Organization's corporate office.

The minimum future principal payments due as follows:

2020	\$ 59,572
2021	739,550
Total	<u>\$ 799,122</u>

Note G

Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2019 and 2018 are \$90,495 and \$130,000, respectively. These amounts are restricted as to use toward the salary of a cooperative specialist position.

Note H

Related Party Transactions

QDMA has 232 affiliates that serve as local chapters of the Organization which carry out fundraising events in communities throughout the United States. During 2019 local chapters hosted approximately 107 grassroots fundraising events. Local chapters are chartered by QDMA and operate as unincorporated associations to support QDMA in the local community. The Organization provides technical and fund-raising assistance to the local chapters and in return receives 75% of net income from required banquets to use toward memberships, mission and operations and provide reports of receipts and direct expenses to QDMA. Because the financial transactions of local committees are controlled by the volunteers, they are not consolidated with QDMA and net amounts to be remitted to QDMA are recorded as receivables in the statement of financial position.

During 2019 and 2018 QDMA recorded revenue of \$1,443,378 and \$793,045 for the years ended December 31, 2019 and 2018, respectively, from fundraising events hosted by local chapters.

Amounts due from certain branches at December 31, 2019 and 2018 were \$113,484 and \$32,927, respectively, for the excess amounts collected. These amounts are included in Accounts Receivable in the accompanying Statement of Financial Position. Alternatively, on occasion the branches remit amounts in excess of the total ultimately owed and QDMA will refund the excess. Amounts due to certain branches at December 31, 2019 and 2018 were \$67,253 and \$20,611 respectively, for the excess remitted from branches to QDMA. These amounts are included in Accounts Payable in the accompanying Statements of Financial Position.

Note I

Joint Cost Allocations

QDMA regularly communicates to the public and QDMA members via its magazine regarding key issues critical to conserving and protecting the deer population. These mailings also include requests for contributions.

See independent auditors' report.

**QUALITY DEER MANAGEMENT ASSOCIATION
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Note I

Joint Cost Allocations (continued)

Included in the costs of the packages that were mailed during the years ended December 31, 2019 and 2018, were joint costs in the amount of \$322,349 and \$371,904, respectively. These joint costs are allocated as follows:

	<u>2019</u>	<u>2018</u>
Program	\$ 244,985	\$148,762
Membership	51,576	111,571
Fundraising	16,117	111,571
Management	<u>9,671</u>	<u>-</u>
	<u>\$ 322,349</u>	<u>\$371,904</u>

QDMA also holds an annual convention where it honors contributors and volunteers and solicits contributions from attendees via various events. The event also provides educational courses on conservation and includes significant fundraising events.

Included in the costs of the annual convention held during the years ended December 31, 2019 and 2018, were joint costs in the amount of \$35,956 and \$316,372, respectively. These joint costs are allocated as follows:

	<u>2019</u>	<u>2018</u>
Program	\$ 26,967	\$239,482
Fundraising	<u>8,989</u>	<u>76,890</u>
	<u>\$ 35,956</u>	<u>\$316,372</u>

Note J

Liquidity and Availability of Resources

The Organizations' financial assets available to meet cash needs for general expenditures within one year of the statement of financial position as of December 31, 2019 consist of accounts receivable of \$461,090 and cash of \$241,027 less \$90,495 which is restricted by donors for specific use. The Organization manages its cash available very closely. As discussed in Note E, to help manage unanticipated liquidity needs, management has two available lines of credit totaling \$700,000, of which \$242,544 was drawn as of December 31, 2019. In August 2020 the company paid off its line of credit balances and one line of credit was not renewed resulting in an available line of credit of \$500,000. Also, management can utilize the proceeds from the sale of its building which was in the progress of completion as of the date of issuance of the financial statements, as noted in Note L with the approval of the Board.

Note K

COVID-19 Pandemic

Due to the COVID-19 pandemic that was declared by the World Health Organization on March 11, 2020, the vast majority of the Organization's 2020 in-person events were cancelled or moved online. The full impact of the COVID-19 outbreak continues, and it is unknown what the complete financial effect will be on the Organization. Virtual events continue to raise funds for the Organization, though not at the same rate as before the pandemic began.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress in March 2020. As part of the CARES Act, the Organization has received relief through the payroll tax deferral and the employee retention credit provisions.

See independent auditors' report.

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Note L

Subsequent Events

Management has evaluated subsequent events through December 14, 2020, the date the financial statements were available to be issued and determined that, other than the events noted below, no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

On April 19, 2020, the Organization was granted a loan (the "Loan") from Synovus Bank in the amount of \$442,000 pursuant to the Payroll Protection Program under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated April 19, 2020 issued by the Organization, matures on April 19, 2022 and bears interest at a rate of 1% per annum, payable monthly commencing on November 15, 2020. The Organization applied for forgiveness of the loan in November 2020 and, therefore, has not yet begun making payments as of the date of issuance of these financial statements.

The Note, if not forgiven, may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Organization intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan will be forgiven if they are used for qualifying expenses as described in the CARES Act.

On December 4, 2020, the Company has entered into an agreement for the sale of its office building and 21.92 acres of land on which the building sits in the amount of \$1,434,400. The anticipated closing of the sale is expected to be in January 2021.

In June 2020, the board of the Organization approved the combination of the Organization and another 501(c) (3) "National Deer Alliance" and on November 11, 2020, the Organization changed its name to National Deer Association. The combination is anticipated to take place on January 1, 2021 and will result in the CEO of National Deer Alliance becoming the CEO of National Deer Association and certain assets of National Deer Alliance being contributed to National Deer Alliance on that date.