QUALITY DEER MANAGEMENT ASSOCIATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

TABLE OF CONTENTS

RHODES, YOUNG, BLACK & DUNCAN
ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of Quality Deer Management Association (a nonprofit organization) as of December 31, 2017, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement 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 a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Quality Deer Management Association as of December 31, 2017 in accordance with accounting principles generally accepted in the United States of America.

Rhodes, Young, Black + Duncan

July 11, 2018

QUALITY DEER MANAGEMENT ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

Currest Assets		
Cash	$	236,328
Accounts receivable, net of allowance for doubtful accounts of $12,000		212,857
Inventory, net of allowance for obsolescence of $148,627		167,754
Prepaid expenses		22,972
Total Current Assets		639,911
Property and Equipment		
Property and equipment		5,716,862
Less: accumulated depreciation		(749,102)
Total Property and Equipment		4,967,760
Other Assets		
Investments		50,751
Other assets		325
Total Other Assets		51,076
Total assets	$	5,658,747

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	$	485,727
Accrued expenses		185,441
Lines of credit		38,575
Deferred revenue, current portion		1,168,585
Current portion of mortgage payable		54,465
Total Current Liabilities		1,932,793
Long-Term Liabilities		
Deferred revenue, long term		884,614
Mortgage payable, net of current portion		850,548
Total Long-Term Liabilities		1,735,162
Total liabilities		3,667,955
Unrestricted Net assets		1,990,792
Total liabilities and unrestricted net assets	$	5,658,747

See independent auditors' report and accompanying notes

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.

Note B
Summary of Significant Accounting Policies

Basis of Accounting:

The statement of financial position of the Organization has been prepared on the accrual basis of accounting and, accordingly, reflects all significant receivables, payables, and other liabilities.

Basis of Presentation:

The Organization reports information regarding its financial position according to three classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets *as* follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that are required to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

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 are stated at unpaid balances, less an allowance for doubtful accounts. 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.

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 and furniture	7 years
Office equipment	5 years
Software	3 years
Buildings	39 years

Investments:

QDMA carries investments in marketable securities with readily determinable fair values at their fair values in the statement of financial position.

Deferred Revenue:

Income from membership dues and magazine advertisements are deferred and recognized over the periods to which the related income applies.

Revenues and contributions:

Revenue associated with membership fees is recognized when earned. Revenue associated with product sales is recognized upon shipment of the related product. Contributions are recognized as revenues in the period received. Contributions are considered to be unrestricted unless specifically restricted by the donor.

QDMA reports contributions in the temporarily or permanently restricted net asset class if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released and reclassified to unrestricted net assets in the statement of activities.

Advertising:

QDMA expenses advertising costs as they are incurred.

Note B
Summary of Significant Accounting Policies (Continued)

Donated Property and Equipment:

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. 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.

Income Tax Status:

The Organization is exempt from federal and state income taxes under Section 50l(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 year ended December 31, 2017.

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 2014.

Board-designated Quasi Endowment:

As of December 31, 2017, the Board of Directors had designated $50,751 of unrestricted net assets 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 unrestricted net assets.

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.

Note B
Summary of Significant Accounting Policies (Continued)

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.

Note C
Property and Equipment

Property and equipment consist of the following:

Land	$4,235,354
Buildings & improvements	1,197,607
Equipment	144,448
Furniture and fixtures	59,248
Vehicles	35,127
Software	45,078
	5,716,862
Accumulated depreciation	(749,102)
	$4,967,760

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, 2017, QDMA's investments consisted of publicly traded equity mutual funds with fair values totaling $50,751. The cost basis of the investments was $37,390 at December 31, 2017. Investments are reported at fair value using a Level 1 measure.

Note E
Lines of Credit

The Organization has a $200,000 working capital line of credit with a balance of $15,000 at December 31, 2017. Interest is payable monthly at prime plus .5% and the interest rate in effect at December 31, 2017 was 4.25%. The line of credit is secured by the land and building at the Organization's corporate office and expires on February 14, 2019.

The Organization also has a $100,000 revolving line of credit with a balance of $23,575 at December 31, 2017. Payments of 2% of the balance outstanding on the line of credit are due monthly. Interest is charged monthly at 5.75%. 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.

Note F
Long-Term Debt

The Organization has a mortgage payable as of December 31, 2017, 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:

2018	$ 54,465
2019	56,961
2020	59,572
2021	734,015
Total	$ 905,013

Note G
Related Party Transactions

QDMA has 225 affiliates that serve as local chapters of the Organization which carry out fundraising events in communities throughout the United States. During 2017 local chapters hosted approximately 120 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.

Amounts due from certain branches at December 31, 2017 were $32,160 for the excess amounts collected. 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, 2017 were $37,034 for the excess remitted from branches to QDMA.

Note H
Subsequent Events

Management has evaluated subsequent events through July 11, 2018, the date on which the financial statement was available to be issued. Management has concluded that no subsequent events have occurred that would require recognition in the financial statement or disclosure in the notes to the financial statement.