

NATIONAL DEER ASSOCIATION

FINANCIAL REPORT

DECEMBER 31, 2022

NATIONAL DEER ASSOCIATION

FINANCIAL REPORT DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
National Deer Association
Bogart, Georgia**

Opinion

We have audited the accompanying financial statements of **National Deer Association** (the "Association") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Deer Association as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of National Deer Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of National Deer Association as of December 31, 2021 were audited by other auditors whose report dated December 5, 2022 expressed an unmodified opinion on those statements.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about National Deer Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of National Deer Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about National Deer Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 19, 2023

NATIONAL DEER ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,780,912	\$ 1,793,036
Accounts and grants receivable, net of allowance for doubtful account of \$12,000 and \$52,000, respectively	509,727	427,925
Inventory, net of allowance for obsolescence of \$6,102 and \$25,000, respectively	136,026	33,130
Prepaid expenses	43,966	41,411
Total current assets	2,470,631	2,295,502
PROPERTY AND EQUIPMENT		
Land	152,500	152,500
Equipment	3,881	3,881
Software	5,268	5,268
Less: accumulated depreciation	(7,833)	(5,301)
Total property and equipment	153,816	156,348
ASSETS HELD FOR SALE	1,300,000	1,657,370
OTHER ASSETS		
Accounts receivable, non-current	10,714	78,572
Investments - Board designated quasi endowment	94,287	109,897
Total other assets	105,001	188,469
Total assets	\$ 4,029,448	\$ 4,297,689
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 181,253	\$ 146,351
Accrued expenses	145,901	119,070
Lines of credit	-	64,588
Deferred revenues	91,560	139,248
Total liabilities	418,714	469,257
NET ASSETS		
Net assets without donor restrictions		
Undesignated	2,997,203	3,106,412
Board designated	94,287	109,897
Net assets with donor restrictions	519,244	612,123
Total net assets	3,610,734	3,828,432
Total net assets	3,610,734	3,828,432
Total liabilities and net assets	\$ 4,029,448	\$ 4,297,689

See Notes to Financial Statements.

NATIONAL DEER ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Membership dues and sponsor revenues	\$ 840,808	\$ -	\$ 840,808
Program services	1,294,462	-	1,294,462
Contribution and grant income	552,318	523,424	1,075,742
In-kind contributions	132,747	-	132,747
Fundraising revenues, net	80,447	-	80,447
Other revenue	3,335	-	3,335
Investment earnings	(13,786)	-	(13,786)
Total revenues and gains	<u>2,890,331</u>	<u>523,424</u>	<u>3,413,755</u>
Net assets released from restrictions:			
Satisfaction of program and time restrictions	<u>616,303</u>	<u>(616,303)</u>	<u>-</u>
Total revenues, gains, and other support	<u>3,506,634</u>	<u>(92,879)</u>	<u>3,413,755</u>
EXPENSES			
Program services:			
Chapter, member, and volunteer services	1,189,462	-	1,189,462
Conservation	1,033,743	-	1,033,743
Education	602,163	-	602,163
Supporting services:			
Fundraising	255,508	-	255,508
Administrative	193,207	-	193,207
Total expenses	<u>3,274,083</u>	<u>-</u>	<u>3,274,083</u>
Impairment of land held for sale	<u>357,370</u>	<u>-</u>	<u>357,370</u>
Change in net assets	(124,819)	(92,879)	(217,698)
Net assets, beginning of year	<u>3,216,309</u>	<u>612,123</u>	<u>3,828,432</u>
Net assets, end of year	<u>\$ 3,091,490</u>	<u>\$ 519,244</u>	<u>\$ 3,610,734</u>

See Notes to Financial Statements.

NATIONAL DEER ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Membership dues and sponsor revenues	\$ 1,242,776	\$ -	\$ 1,242,776
Program services	1,022,224	-	1,022,224
Contribution and grant income	388,124	401,926	790,050
In-kind contributions	263,748	-	263,748
Contribution received in acquisition	125,080	-	125,080
Fundraising revenues, net	139,668	-	139,668
Other revenue	3,245	-	3,245
Investment earnings	11,325	-	11,325
Gain on sale of building and land	468,405	-	468,405
Total revenues and gains	<u>3,664,595</u>	<u>401,926</u>	<u>4,066,521</u>
Net assets released from restrictions:			
Satisfaction of program and time restrictions	<u>133,312</u>	<u>(133,312)</u>	<u>-</u>
Total revenues, gains, and other support	<u>3,797,907</u>	<u>268,614</u>	<u>4,066,521</u>
EXPENSES			
Program services:			
Chapter, member, and volunteer services	713,678	-	713,678
Conservation	929,439	-	929,439
Education	880,005	-	880,005
Supporting services:			
Fundraising	194,604	-	194,604
Administrative	<u>283,443</u>	<u>-</u>	<u>283,443</u>
Total expenses	<u>3,001,169</u>	<u>-</u>	<u>3,001,169</u>
Change in net assets	796,738	268,614	1,065,352
Net assets, beginning of year	<u>2,419,571</u>	<u>343,509</u>	<u>2,763,080</u>
Net assets, end of year	<u>\$ 3,216,309</u>	<u>\$ 612,123</u>	<u>\$ 3,828,432</u>

See Notes to Financial Statements.

**NATIONAL DEER ASSOCIATION
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services				Supporting Services			Totals
	Chapter, Member, and Volunteer Services	Conservation	Education	Total Program Services	Fundraising	Administrative	Total Supporting Services	
EXPENSES								
Accounting and legal fees	\$ 80	\$ 2,448	\$ -	\$ 2,528	\$ -	\$ 61,225	\$ 61,225	\$ 63,753
Advertising	1,494	1,051	970	3,515	364	162	526	4,041
Bad debt	186	-	-	186	-	-	-	186
Bank charges	3,421	-	-	3,421	1,082	4,266	5,348	8,769
Cost of merchandise	11,077	7,784	7,185	26,046	2,694	1,197	3,891	29,937
Depreciation	-	-	-	-	-	2,532	2,532	2,532
Dues and subscriptions	9,728	8,621	-	18,349	225	6,688	6,913	25,262
Habitat expense	-	1,815	-	1,815	-	-	-	1,815
Hunting trips	65,806	4,840	-	70,646	-	177	177	70,823
Insurance	13,249	1,207	1,207	15,663	1,207	1,208	2,415	18,078
Interest expense	-	-	-	-	-	122	122	122
Investment fees	935	657	607	2,199	228	101	329	2,528
Leased equipment	6,536	4,593	4,240	15,369	1,590	707	2,297	17,666
Magazine publication expense	63,840	44,861	41,410	150,111	15,529	6,902	22,431	172,542
Mail processing	21,597	2,941	-	24,538	33,241	223	33,464	58,002
Merchant account charges	94,944	149	-	95,093	18	9,359	9,377	104,470
Office and shipping supplies	6,814	4,789	4,421	16,024	1,658	737	2,395	18,419
Payroll, employee benefit and related	708,571	497,916	459,615	1,666,102	172,355	76,602	248,957	1,915,059
Printing	6,879	6,936	-	13,815	-	17	17	13,832
Promotion	4,085	2,870	2,650	9,605	994	442	1,436	11,041
Professional and outside service	69,871	370,001	15,000	454,872	-	6,708	6,708	461,580
Software	45,594	32,040	29,575	107,209	11,091	4,929	16,020	123,229
Taxes	361	-	-	361	-	3,023	3,023	3,384
Travel expense	34,495	24,240	22,375	81,110	8,391	3,729	12,120	93,230
Utilities	11,390	8,004	7,388	26,782	2,771	1,231	4,002	30,784
Website and IT expense	8,509	5,980	5,520	20,009	2,070	920	2,990	22,999
Total expenses	\$ 1,189,462	\$ 1,033,743	\$ 602,163	\$ 2,825,368	\$ 255,508	\$ 193,207	\$ 448,715	\$ 3,274,083

See Notes to Financial Statements.

NATIONAL DEER ASSOCIATION
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services			Supporting Services			Totals	
	Chapter, Member, and Volunteer Services	Conservation	Education	Total Program Services	Fundraising	Administrative		Total Supporting Services
EXPENSES								
Accounting and legal fees	\$ 2,001	\$ 709	\$ -	\$ 2,710	\$ -	\$ 51,818	\$ 51,818	\$ 54,528
Advertising	3,598	4,803	5,821	14,222	920	1,140	2,060	16,282
Bad debt	43,349	-	-	43,349	-	-	-	43,349
Bank charges	403	9	-	412	11,113	11,113	22,226	22,638
Cost of merchandise	13,665	9,602	8,864	32,131	3,324	1,477	4,801	36,932
Depreciation	-	-	-	-	-	2,628	2,628	2,628
Dues and subscriptions	6,441	13,698	-	20,139	-	3,088	3,088	23,227
Habitat expense	-	89,686	-	89,686	-	-	-	89,686
Hunting trips	22,640	5,613	-	28,253	5,011	-	5,011	33,264
Insurance	7,530	4,219	7,300	19,049	1,421	2,169	3,590	22,639
Interest expense	-	-	-	-	-	13,003	13,003	13,003
Leased software	28,068	37,467	45,404	110,939	7,176	8,890	16,066	127,005
Magazine publication expense	37,603	50,194	60,829	148,626	9,613	11,300	20,913	169,539
Mail processing	33,542	6,232	1,563	41,337	24,740	658	25,398	66,735
Merchant account charges	30,811	67,046	-	97,857	291	2,502	2,793	100,650
Office and shipping supplies	7,654	10,217	12,381	30,252	4,605	2,422	7,027	37,279
Payroll, employee benefit and related	398,223	531,565	644,185	1,573,973	101,808	126,134	227,942	1,801,915
Printing	2,563	8,264	15	10,842	-	169	169	11,011
Promotion	19,648	26,228	31,784	77,660	5,023	6,223	11,246	88,906
Professional and outside service	27,259	25,868	15,779	68,906	12,278	11,144	23,422	92,328
Repairs and maintenance	-	-	-	-	-	2,240	2,240	2,240
Taxes	198	-	-	198	-	16,410	16,410	16,608
Travel expense	10,713	14,300	17,330	42,343	2,739	3,288	6,027	48,370
Utilities	6,987	9,327	11,303	27,617	1,786	2,213	3,999	31,616
Website and IT expense	10,782	14,392	17,447	42,621	2,756	3,414	6,170	48,791
Total expenses	<u>\$ 713,678</u>	<u>\$ 929,439</u>	<u>\$ 880,005</u>	<u>\$ 2,523,122</u>	<u>\$ 194,604</u>	<u>\$ 283,443</u>	<u>\$ 478,047</u>	<u>\$ 3,001,169</u>

See Notes to Financial Statements.

NATIONAL DEER ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (217,698)	\$ 1,065,352
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,532	2,628
Investment earnings	13,786	(11,325)
Value of donated land	-	(152,500)
Gain on sale of property and equipment	-	(468,405)
Impairment of land held for sale	357,370	-
Change in allowance for doubtful accounts	40,000	(40,000)
Change in assets and liabilities:		
Accounts receivable	(53,944)	58,028
Inventory	(102,896)	29,833
Prepaid expenses and other assets	(2,555)	(23,088)
Accounts payable	34,902	90,591
Accrued expenses	26,831	17,074
Deferred revenue	(47,688)	139,248
Net cash provided by operating activities	50,640	707,436
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	1,824	-
Proceeds from sale of property and equipment	-	608,454
Net cash provided by investing activities	1,824	608,454
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on line of credit	(64,588)	(13,666)
Net cash (used in) financing activities	(64,588)	(13,666)
NET (DECREASE) INCREASE IN CASH	(12,124)	1,302,224
CASH, beginning of year	1,793,036	490,812
CASH, end of year	\$ 1,780,912	\$ 1,793,036
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 122	\$ 13,003
NON-CASH FINANCING ACTIVITIES:		
Mortgage loan repaid with proceeds from sale of land and building	\$ -	\$ 740,259

See Notes to Financial Statements.

NATIONAL DEER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

National Deer Association (the "Association") is a not-for-profit wildlife conservation organization dedicated to ensuring the future of wild deer, wildlife habitat and hunting. The Association 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, the Association was established in South Carolina and moved to Georgia in 1997. The Association 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: Conservation operations include the Association's network of all hunters who share a passion for wild deer. This department blends the art of hunting with the science of management to create better deer and better deer hunting. This program covers all areas of wild deer research included ecology, management, hunting, diseases and human dimensions. This department coordinates, and funds practical research projects that increase knowledge and management of wild deer.

Chapter, Member, and Volunteer Services: 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. Membership support manages the campaigns that solicit for prospective members and the retention of current members. Membership support takes the form of member/chapter database maintenance, responding to member queries, providing rosters, and fulfilling premiums.

Education: The Association provides education and informational resources to its members, volunteers, and the public on the importance of wild deer and their importance to conservation. Through various education programs, the Association conducts thousands of hands-on education programs for adults and youth interested in habitat conservation and hunting. The Association also produces a quarterly publication, Quality Whitetails, as well as provides various information content to the public through its website, podcast, social media channels, and newsletters.

Administrative: This supporting service category includes the functions necessary to secure the proper administrative functioning of the Association's governing board, maintain an appropriate working environment, provide information technology tools, and support, and manage the financial responsibilities of the Association.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Basis of Presentation

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

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958, *Not-for-Profit Entities*. Accordingly, net assets are reported in each of the following two classes:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association’s management and the Board of Directors. These net assets also may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, or its requirement is met, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the accompanying statements of activities.

Estimates

The preparation of financials statements in conformity with accounting principles generally accepted in the United States of America requires the Association’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, depreciating property and equipment, allocating functional expenses, and valuing assets held for sale.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all unrestricted highly liquid investments with initial maturity of three months or less to be cash equivalents. In addition, cash designated by the Board of Directors for long-term purposes are included for the purposes of the statement of cash flows. However, money market funds which are a part of the Association's investment pools are not included in cash and cash equivalents for purposes of the statement of cash flows.

Investments

The Association carries investments in marketable securities with readily determinable fair values at their fair values in the statements of financial position as of December 31, 2022 and 2021. Interest, dividends, realized and unrealized gains and losses of (\$13,786) and \$11,325, respectively, net of management fees, are included on the statements of activities.

The Association 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.

Receivables

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Allowances for amounts deemed uncollectible by management are calculated based on historical collection rates and specific identification of uncollectible accounts. The Association has recognized an allowance for uncollectible accounts in the amount of \$12,000 and \$52,000 at December 31, 2022 and 2021.

Inventory

Inventory consists of fundraising event merchandise as well as merchandise sold through the Association's website. Inventory is stated at the lower of cost or net realizable value on the first-in/first-out basis. 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.

Prepaid Expenses

Prepaid expenses consist primarily of software prepayments and postage prepayments.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The Association follows the practice of capitalizing all expenditures for land, buildings, and equipment in excess of \$5,000.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

	<u>Years</u>
Equipment	5 – 7
Furniture and fixtures	7
Vehicles	5
Software	3
Buildings and improvements	7 - 31

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized.

Revenue Recognition

Revenues consist primarily of dues paid by membership dues, sponsor revenue, program services, grants, and fundraising. The Association recognizes membership dues when the member pays its membership dues. Sponsor revenue includes a contribution component as well as an exchange component associated with the benefit that the sponsor receives for advertising. The association recognizes the contribution component when received. The exchange component is recognized upon issuance of the related publication or broadcast. Program services primarily include proceeds from banquets that are held by chapters and other program specific activities. The Association's policy is to recognize banquet proceeds as revenue when earned and collectability is reasonably assured. Program specific activities are recognized upon the occurrence of the related program event or activity. Grants are recorded as revenue in the year notification is received from the donor. Fundraising includes specific events such as raffles. Revenue from these events is recognized upon occurrence of the event. 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. Grants funding received in advance of incurring the related expenses is recorded as net assets with donor restrictions.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Association recognizes revenues in accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers*, which is recognized at the time the transaction is executed, as that is the point in time the Association fulfills the performance obligation.

The Association records deferred revenue related to grant and sponsorship unearned contract revenue.

Advertising

The Association expenses advertising costs as they are incurred. Advertising expense was \$4,041 and \$16,282 for the years ended December 31, 2022 and 2021, respectively.

Functional Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. These costs include professional and outside service, magazine publication expense and software. Expenses directly attributed to a specific functional area of the Association 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 Taxes

The Association qualifies as a tax-exempt organization as described in Internal Revenue Code Section 501(c)(3) and has been classified by the Internal Revenue Service as a publicly supported organization and not as a private foundation. However, income from certain activities not directly related to the Association’s tax-exempt purpose is subject to taxation as unrelated business income. The Association follows the statutory requirements for its income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination.

Management believes any liability resulting from taxing authorities imposing additional income taxes from activities deemed to be unrelated to the Association’s tax-exempt status would not have a material effect on the Association’s financial statements.

The Association files Form 990 in the U.S. federal jurisdiction and the State of Georgia.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Inventory, Land, and Services

Donations of inventory, land, and services from sponsors are recorded as 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.

Fair Value of Financial Instruments

The Association follows FASB's fair value measurements and disclosure guidance, which provides a framework for measuring fair value under generally accepted accounting principles. This guidance applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in the FASB issued guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Association uses various methods including market, income and cost approaches.

Based on these approaches, the Association often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Association utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Based on the observability of the inputs used in the valuation techniques the Association is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of these instruments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

For the years ended December 31, 2022 and 2021, the application of valuation techniques applied to similar assets and liabilities has been consistent. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers.

If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of these instruments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Board-Designated Quasi Endowment

As of December 31, 2022 and 2021, the Board of Directors had designated \$94,287 and \$109,897, respectively, of net assets without restriction as a quasi-endowment fund to support youth education and outreach to further the mission of the Association. This amount is classified as "Investments" on the accompanying statements 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Board-Designated Quasi Endowment (Continued)

To achieve that objective, the Association 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 Association 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 Association maintains its cash in bank deposits, which at times may exceed federally insured limits. The Association has not experienced any losses in such accounts.

Recent Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 84), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for financial statements issued for fiscal years beginning after December 15, 2020. In June 2020, FASB issued ASU 2020-05, *Leases* (Topic 842), which extended the required implementation date of the lease standard for financial statements issued for fiscal years beginning after December 15, 2021. For the year ending December 31, 2022, the Association adopted ASU 2016-02 and has adjusted the presentation in these financial statements accordingly. This adjustment did not have an effect on total net assets or changes in net assets for 2022.

NOTE 2. LIQUIDITY AND AVAILABILITY

The Association's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts for fundraising, events and contributions. The Association manages liquidity during the year by utilizing the following strategies: operating with a balanced budget which assumes collection of sufficient revenue via contributions, events, fundraising, and other sources to cover operating expenditures not covered by donor-restricted resources and regular analysis of actual operating results versus budget.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. LIQUIDITY AND AVAILABILITY (CONTINUED)

The following table reflects financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date.

	2022	2021
Cash	\$ 1,780,912	\$ 1,793,036
Accounts to be received within one year	509,727	427,925
Total financial assets	2,290,639	2,220,961
Less amounts with restrictions at year end	(519,244)	(612,123)
Liquidity resources – available funds on line of credit	100,000	435,412
Financial assets available to meet general expenditures over the next twelve months	\$ 1,871,395	\$ 2,044,250

NOTE 3. INVESTMENTS

At December 31, 2022 and 2021, the Association's investments consisted of publicly traded equity mutual funds with fair values totaling \$94,287 and \$109,897, respectively. The cost basis of the investments was \$46,694 and \$46,320 at December 31, 2022 and 2021, respectively. Investments are reported at fair value using a Level 1 measurement.

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable balances consisted of the following at December 31, 2022 and 2021:

	2022	2021
Grants and contributions	\$ 304,294	\$ 529,849
Banquets	30,518	14,281
Timber Program	143,737	-
Other	53,892	14,367
Allowance	(12,000)	(52,000)
Total receivables	\$ 520,441	\$ 506,497
Amounts due in:		
Less than one year	\$ 509,727	\$ 427,925
One to five years	10,714	78,572
	\$ 520,441	\$ 506,497

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PROPERTY AND EQUIPMENT

As of December 31, 2022 and 2021, a summary of the Association's property and equipment accounts and the related accumulated depreciation is as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 152,500	\$ 152,500
Equipment	3,881	3,881
Software	5,268	5,268
	<u>161,649</u>	<u>161,649</u>
Accumulated depreciation	<u>(7,833)</u>	<u>(5,301)</u>
Net property and equipment	<u>\$ 153,816</u>	<u>\$ 156,348</u>

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset. Long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell. There were no such adjustments during the years ended December 31, 2022 and 2021.

For the years ended December 31, 2022 and 2021, depreciation expense was \$2,532 and \$2,628, respectively.

NOTE 6. ASSETS HELD FOR SALE

During 2020, the Association determined that it was in its best interest to sell the building and a portion of the land where its corporate headquarters were located. The ongoing operations of the Association were continued remotely. At December 31, 2020, the Association entered into a letter of intent and in February 2021 closed on the sale of the building and the land on which it was situated. The carrying value of the land and building sold was \$879,782. The sale resulted in a gain on sale of assets in the amount of \$468,405.

During 2020, the Association also determined that it would sell its remaining land. The fair value of the land listed for sale was deemed to be \$1,657,370 at December 31, 2020. During 2022, the Association signed a letter of intent to sell the land in 2023. This sale fell through and the land was once again being marketed for sale. During 2023, the Association signed a letter of intent to sell the land.

Property held for sale consisted of land at a cost of \$1,300,000 and \$1,657,370 as of December 31, 2022 and 2021, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LINES OF CREDIT

The Association had a \$400,000 revolving line of credit with a balance of \$0 at December 31, 2022 and 2021. Interest is payable at prime plus 0.25%. The line of credit is secured by the land owned by the Association and expires in July 2023. The Company plans to let the line of credit expire in July 2023 without renewing.

The Association also has a \$100,000 revolving line of credit with a balance of \$0 and \$64,588 at December 31, 2022 and 2021, 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 Association's inventory and cash accounts and has no expiration date. The line of credit may be terminated at any time at the lender's sole discretion.

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Conservation management	\$ 378,651	\$ 343,530
Habitat improvement	52,593	149,087
USFS Habitat and Deer Steward program	-	94,506
Field to Fork Program	88,000	-
Chronic Waste Disease Prevention	-	25,000
Net assets with donor restrictions	<u>\$ 519,244</u>	<u>\$ 612,123</u>

NOTE 9. RELATED PARTY TRANSACTIONS

The Association has 232 affiliates that serve as local chapters of the Association which carry out fundraising events in communities throughout the United States. During 2022 and 2021, local chapters hosted approximately 52 and 45 grassroots fundraising events, respectively. Local chapters are chartered by the Association and operate as unincorporated associations to support the Association in the local community. The Association provides technical and fund-raising assistance to the local chapters and in return receives a percentage of net income from required banquets to use toward membership programs, mission and operations. Because the financial transactions of local committees are controlled by the volunteers, they are not consolidated with the Association and net amounts to be remitted to the Association are recorded as receivables in the statements of financial position.

During 2022 and 2021, the Association recorded revenue of \$314,270 and \$170,269, respectively, from fundraising events hosted by local chapters.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. RELATED PARTY TRANSACTIONS (Continued)

Amounts due from certain chapters at December 31, 2022 and 2021 were \$31,643 and \$14,281, respectively, for the excess amounts collected yet not remitted. These amounts are included in accounts receivable in the accompanying statements of financial position. Alternatively, on occasion the chapters remit amounts in excess of the total ultimately owned and the Association will refund the excess. Amounts due to certain chapters at December 31, 2022 and 2021 were \$1,125 and \$0, respectively, for the excess remitted from chapters to the Association. These amounts are included in accounts receivable in the accompanying statements of financial position.

NOTE 10. IN-KIND CONTRIBUTIONS

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within in-kind contribution revenue on the statements of activities included:

	<u>2022</u>	<u>2021</u>	<u>Usage</u>
Merchandise	\$ 87,447	\$ 111,248	Fundraising
Guns	31,500	-	Fundraising
Hunting safety	13,800	-	Program
Land	-	152,500	Program
	<u>\$ 132,747</u>	<u>\$ 263,748</u>	

Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Nonfinancial assets were valued using estimated average prices of identical or similar products or services using pricing data of similar products or services under a 'like-kind' methodology, considering the utility of the goods at the time of the contribution.

NOTE 11. ACQUISITION OF ENTITY

During the first quarter of 2021, the Association acquired National Deer Alliance ("Alliance"). Alliance had no assets aside from cash of \$125,080 and no liabilities. No consideration was paid by the Association and because no consideration was transferred, the Association recorded a contribution in the amount of \$125,080, in the statements of activities.

NOTE 12. SUBSEQUENT EVENTS

The Association has evaluated subsequent events occurring through June 19, 2023, the date on which 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.

In May 2023, the Association signed an agreement to sell the property held for sale for a price of \$1,300,000. The sell is yet to be finalized, but the Association expects it to close at this price. Due to the sale of this land, the Association also does not plan to renew the \$400,000 line of credit that expires in July 2023.