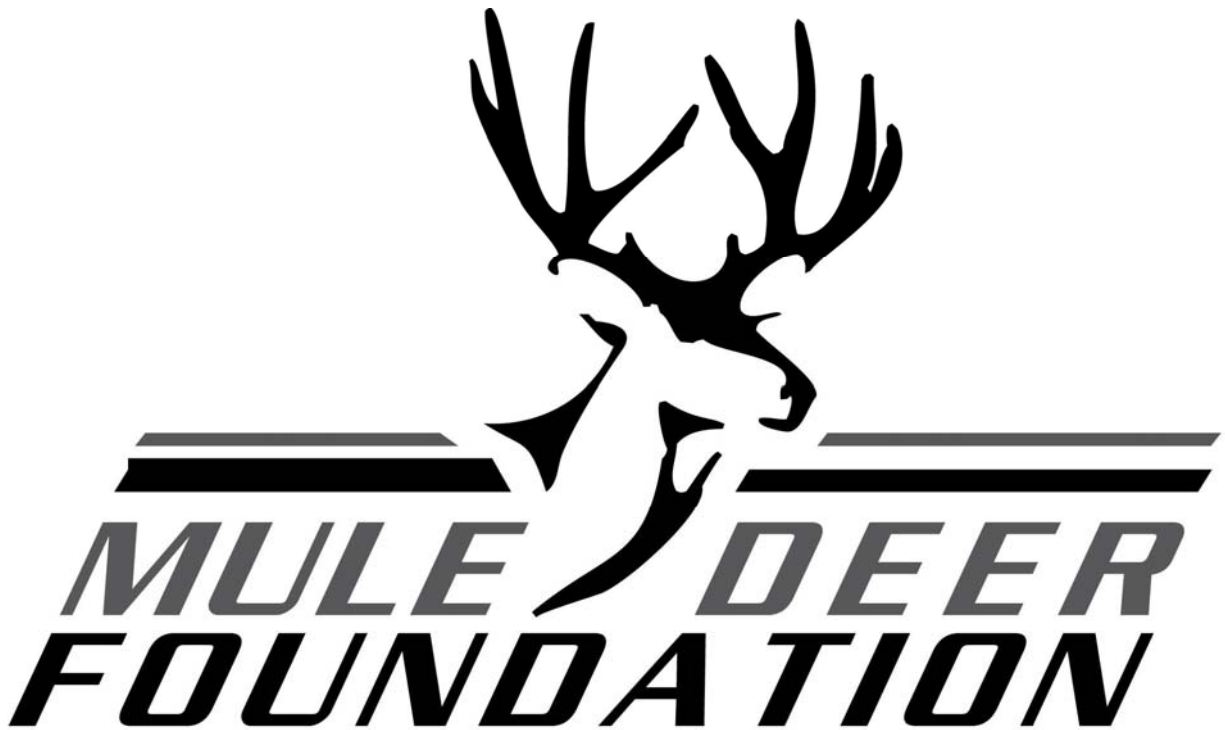


This audit is for the first 6 months of 2015. MDF has transitioned from a calendar year financial audit to a fiscal year financial audit which will be from July 2015 to June 30, 2016.



**Salt Lake City, Utah
Financial Statements
Period Ended June 30, 2015**

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Independent Auditors' Report

To the Board of Directors
Mule Deer Foundation
Salt Lake City, Utah

We have audited the accompanying statement of financial position of Mule Deer Foundation (the Foundation) as of June 30, 2015, and the related statements of activities and cash flows for the six-month period then ended.

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 Foundation'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 Foundation'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2015 and the changes in its net assets and its cash flows for the six-month period then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Pinnacle Accountancy Group, PLLC". The signature is written in a cursive, flowing style.

Pinnacle Accountancy Group, PLLC
Farmington, Utah
March 1, 2016

Mule Deer Foundation
Statement of Financial Position

June 30, 2015

ASSETS

Current Assets:

Cash and cash equivalents	\$	1,346,525
Accounts receivable, net of allowance of \$32,098		42,320
Inventories		382,375
Prepaid expenses		18,360
Restricted Cash		3,450,732
Other current assets		250
Total current assets		5,240,562

Property and equipment:

Land held for investment		25,000
Furniture and equipment		78,712
Leasehold improvements		2,387
Total fixed assets		106,099
Less: Accumulated depreciation		(54,139)
Net fixed assets		51,960

Other Assets

Restricted Cash - long-term		361,876
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Total assets	\$	5,654,398
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$	186,210
Accrued expenses		74,659
Deferred revenue		337,790
Line-of-credit		437,000
Total current liabilities		1,035,659

Total liabilities		1,035,659
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Net Assets:

Unrestricted net assets		1,046,431
Temporarily restricted		3,210,432
Permanently restricted		361,876
Total net assets		4,618,739

Total liabilities and net assets	\$	5,654,398
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See accompanying notes to financial statements

Mule Deer Foundation
Statement of Activities
For the six-month period ended June 30, 2015

Revenue:	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Memberships	\$ 160,787	\$ -	\$ -	\$ 160,787
Banquet	2,988,871	-	-	2,988,871
Merchandise	9,843	-	-	9,843
Cash Donations	92,203	-	-	92,203
Endowment	-	1,450	9,653	11,103
Magazine	10,150	-	-	10,150
Project Revenue	-	88,655	-	88,655
Program	43,969	-	-	43,969
Tags	1,177,289	2,885,103	-	4,062,392
Convention	1,382,606	-	-	1,382,606
National Projects Grants	11,250	-	-	11,250
Conservation Partnerships	-	61,265	-	61,265
Other	99,698	-	-	99,698
Net assets released from restrictions	1,570,251	(1,570,251)	-	-
Total support and revenue	<u>7,546,917</u>	<u>1,466,222</u>	<u>9,653</u>	<u>9,022,792</u>
Operating Expenses:				
Cost of goods sold	42,639	-	-	42,639
Tags	1,890,353	-	-	1,890,353
Salaries, wages and benefits	747,396	-	-	747,396
Convention	1,347,375	-	-	1,347,375
Magazine	66,706	-	-	66,706
Bad debts	34,617	-	-	34,617
Professional fees	147,955	-	-	147,955
Projects	337,646	-	-	337,646
Marketing	58,571	-	-	58,571
Membership	10,584	-	-	10,584
Corporate	42,489	-	-	42,489
Program	62,526	-	-	62,526
Banquet	1,854,341	-	-	1,854,341
Rent	30,295	-	-	30,295
Utilities	7,450	-	-	7,450
Miscellaneous	59,600	-	-	59,600
Depreciation	4,428	-	-	4,428
Total operating expenses	<u>6,744,971</u>	<u>-</u>	<u>-</u>	<u>6,744,971</u>
Operating income (loss)	801,946	1,466,222	9,653	2,277,821
Non-Operating Revenue and Expense				
Interest income	505	-	530	1,035
Interest expense	(9,241)	-	-	(9,241)
Total non-operating expenses	<u>(8,736)</u>	<u>-</u>	<u>530</u>	<u>(8,206)</u>
Change in net assets	793,210	1,466,222	10,183	2,269,615
Net assets at beginning of year	253,221	1,744,210	351,693	2,349,124
Net assets at end of year	<u>\$ 1,046,431</u>	<u>\$ 3,210,432</u>	<u>\$ 361,876</u>	<u>\$ 4,618,739</u>

See accompanying notes to financial statements

**Mule Deer Foundation
Statement of Cash Flows**

**Six-month
Period Ended
June 30, 2015**

Cash flows from operating activities:	
Change in net assets	\$ 2,269,615
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	4,428
Bad debt expense	34,617
(Increase) decrease:	
Accounts receivable	(10,096)
Inventories	28,620
Prepaid expenses	71,953
Other assets	(165)
Increase (decrease):	
Accounts payable	(243,710)
Accrued expenses	10,545
Deferred revenue and other liabilities	(66,819)
Net cash provided by operating activities	2,098,988
Cash flows from investing activities:	
Increase in land held for investment	(25,000)
Increase in restricted cash	(1,559,566)
Purchase of property and equipment	(3,809)
Net cash used in investing activities	(1,588,375)
Cash flows from financing activities:	
Net change in line of credit	411,000
Principal payments on term loan	(14,288)
Net cash used in financing activities	396,712
Net increase in cash and cash equivalents	907,325
Cash and cash equivalents at beginning of year	439,200
Cash and cash equivalents at end of year	\$ 1,346,525
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	\$ 9,241

See accompanying notes to financial statements

Mule Deer Foundation
Notes to Financial Statements
Six-Month Period Ended June 30, 2015

1. Organization and summary of significant accounting policies

Organization

Mule Deer Foundation (the “Foundation”) was formed in 1988 in Redding, California. In 2006, the Foundation moved to Salt Lake City, Utah and became a nonprofit institution subject to the nonprofit corporation laws of the State of Utah. The Foundation was organized by Emmett Burroughs and the original Board of Directors developed the mission statement. The mission statement of the Mule Deer Foundation is to ensure the conservation of mule deer, black-tailed deer and their habitat.

Cash and Cash Equivalents

The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for short or long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other short and long-term purposes of the Foundation are excluded from this definition.

Restricted Cash

The Foundation has restricted cash that is both temporarily and permanently restricted. These restrictions are put in place by various outside agencies as a result of various types of donations and agreements. Temporarily restricted cash consists of funds related to conservation partnerships, wildlife tags and project grants. Permanently restricted cash consists of an endowment fund held by the Foundation. At June 30, 2015 the Foundation had \$3,450,732 and \$361,876 in temporarily and permanently restricted cash, respectively. Restrictions on temporarily restricted cash are usually released within the short-term, generally defined as one year or less.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for project reimbursements, magazine/advertising fees, membership fees, and miscellaneous operating income. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At June 30, 2015, the allowance was \$32,098.

Inventory

Inventory comprises program-related merchandise held for sale and is stated at the lower of cost or market determined by the first-in first-out method. Management has determined that reserves for obsolescence are nominal at June 30, 2015.

Mule Deer Foundation
Notes to Financial Statements
Six-Month Period Ended June 30, 2015

1. Organization and summary of significant accounting policies (continued)

Property and Equipment

Property and equipment additions over \$1,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 39 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Foundation reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the period ended June 30, 2015.

Net Assets

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

Unrestricted Net Assets – Net assets available for use in general operations.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Foundation and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by the Foundation's Board of Directors.

The Foundation reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Foundation. The restrictions stipulate that resources be maintained permanently but permit the Foundation to expend the income generated in accordance with the provisions of the agreements.

In 2014, management and the Board of Directors acquired full control over a permanently restricted endowment account previously under control and managed by another entity. As a result, the Foundation held \$361,876 of permanently restricted net assets as of June 30, 2015, not previously held by the Foundation.

Mule Deer Foundation
Notes to Financial Statements
Six-Month Period Ended June 30, 2015

1. Organization and summary of significant accounting policies (continued)

Functional Expenses

A statement of functional expenses is not presented since the detail and classification is included in sufficient detail on the statement of activities. Fundraising revenues and expenses for the period ended June 30, 2015 are \$683,274 and \$406,872 respectively.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Banquet revenues are recognized when received and constitutes funds received as a direct result of organized banquet events. Conservation partner and project revenue is recognized when received and results from funds being given to the Foundation for the purpose of completing conservation projects. Convention revenues are recognized when received and are related to funds received from the Western Hunting and Conservation Expo for general sales and merchandise. Tag revenues are recognized when received and are generated from the sale of specific big game hunting permits. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions and Donated Services - Unrestricted contributions are recognized as revenue when received. Contributions of goods are recorded at fair value. Volunteers contribute significant amounts of time to the Foundation's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria prescribed by generally accepted accounting principles. Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when the Foundation would otherwise purchase the services. The Foundation records donated professional services at the respective fair values of the services received. No amounts have been reflected in the accompanying financial statements for contributed goods or services during the period ended June 30, 2015 because items did not meet the definition above.

Restricted contributions received are recorded as increases in temporarily restricted or permanently restricted net assets depending on the nature of the restriction. Temporarily restricted net assets are recognized as unrestricted revenue when the terms of the restrictions are met. Permanently restricted net assets represent the cumulative amount of endowment contributions received. Endowment contributions are principal amounts donated with the agreement that only future earnings on the principal be available for the operations of the Foundation. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Advertising Costs

Advertising costs are expensed as incurred and approximated \$58,571 for the period ended June 30, 2015.

Mule Deer Foundation
Notes to Financial Statements
Six-Month Period Ended June 30, 2015

1. Organization and summary of significant accounting policies (continued)

Income Taxes

The Foundation is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c) of the Internal Revenue Code as an organization described in Section 501(c)(3), which qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under Sections 509(a)(1) and (3), respectively. The Foundation is required annually to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Foundation has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Foundation believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

The Foundation manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and partners supportive of the Foundation's mission.

Subsequent Events

The Foundation has evaluated subsequent events through March 1, 2016, the date the financial statements were available to be issued. All of the information that has become available prior to the issuance of the financial statements has been used by management in its assessment of the conditions on which the Foundation's estimates were based. The evaluation of the subsequent events has led the foundation to believe that any estimates used to prepare these financial statements remain accurate and have not been materially affected by recent events.

Mule Deer Foundation
Notes to Financial Statements
Six-Month Period Ended June 30, 2015

2. Property and Equipment

Property and equipment consists of the following at June 30, 2015:

Leashold improvements	\$ 2,387
Land held for investment	25,000
Office equipment	6,083
Equipment and tools	34,381
Computers	13,896
Software	8,916
Furniture and fixtures	<u>15,436</u>
	106,099
Less accumulated depreciation	<u>(54,139)</u>
	<u><u>\$ 51,960</u></u>

3. Endowment Fund

The Foundation has an endowment fund that consists of permanently restricted cash. The corpus of the endowment is permanently restricted until it reaches an amount of \$2 million. Any earnings or donations to the fund that exceed the designated corpus may be used for program-related expenses to further the mission of the foundation. At June 30, 2015, the endowment totaled \$355,226.

4. Deferred Revenue

Deferred revenues consist of revenues and payments received by the Foundation for services yet to be performed including registration and booth sales income as well as unearned membership revenues. At June 30, 2015 deferred revenues totaled \$337,790.

5. Line of Credit

The Foundation has a \$500,000 revolving line of credit with a bank, secured by accounts receivable and a certificate of deposit held at U.S. Bank in the amount of \$500,000. Borrowings under the line bear interest at the bank's prime rate plus 2.00% (5.25% at June 30, 2015). Accrued interest and principal are due at maturity July 19, 2015. Subsequent to year end the balance was paid in full. The agreement requires the Foundation to comply with certain non-financial covenants which management claims have been met. At June 30, 2015 the outstanding balance was \$437,000.

6. Note Payable

The Foundation had an unsecured note payable with a maturity date of April 1, 2015. During the course of the period this note was paid in full. The balance at June 30, 2015 was \$0.

Mule Deer Foundation
Notes to Financial Statements
Six-Month Period Ended June 30, 2015

7. Restricted Net Assets

Temporarily restricted net assets at June 30, 2015:

Restricted by donors for:

Conservation Partnerships	\$ 222,725
Wildlife Tags	2,960,588
Project Grants	25,669
Endowment Seed Money	<u>1,450</u>
	<u>\$3,210,432</u>

Permanently restricted net assets at June 30, 2015:

Restricted by donors for:

Endowment Fund Contributions	<u>\$ 361,876</u>
	<u>\$ 361,876</u>

8. Related Party Transactions

During the period ended June 30, 2015, the Foundation purchased inventory totaling \$15,624, from a company owned by a member of its Board of Directors.