



Salt Lake City, Utah

Financial Statements

Year Ended June 30, 2021

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PINNACLE

Accountancy Group of Utah
Certified Public Accountants

a dba of Heaton & Company, PLLC

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Mule Deer Foundation (the Foundation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets and cash flows for year then ended and the related notes to the financial statements (collectively, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2021 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.

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Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2021, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Pinnacle Accountancy Group of Utah

Pinnacle Accountancy Group of Utah
Farmington, Utah
December 9, 2021

Mule Deer Foundation
Statement of Financial Position
June 30, 2021

ASSETS

Current Assets:

Cash and cash equivalents	\$ 1,982,887
Accounts receivable, net of allowance of \$7,083	33,591
Inventories	169,464
Restricted cash	2,480,695
Other current assets	500
	<hr/>
Total current assets	4,667,137

Property and equipment:

Land held for investment	25,000
Furniture and equipment	142,278
Leasehold improvements	10,352
	<hr/>
Total fixed assets	177,630
Less: Accumulated depreciation	(109,517)
	<hr/>
Net fixed assets	68,113

Other Assets

Permanently restricted cash - long-term	1,489,697
Land held for disposal	250,000
	<hr/>
Total other assets	1,739,697
	<hr/>
Total assets	<u>\$ 6,474,947</u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 675,675
Deferred revenue	736,041
Notes payable, current portion	280
	<hr/>
Total current liabilities	1,411,996

Long-term liabilities:

Notes payable, net of current portion	149,620
	<hr/>
Total long-term liabilities	149,620

Total liabilities	<hr/> 1,561,616
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Net Assets:

Without donor restrictions	(703,969)
With donor restrictions	5,617,300
	<hr/>
Total net assets	4,913,331
	<hr/>
Total liabilities and net assets	<u>\$ 6,474,947</u>

See accompanying notes to financial statements

Mule Deer Foundation
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2021

Revenue:	Without Donor Restrictions	With Donor Restrictions	Total
Memberships	\$ 433,230	\$ -	\$ 433,230
Banquet	3,627,354	-	3,627,354
Merchandise	121,335	-	121,335
Cash Donations	353,169	-	353,169
Endowment	-	61,850	61,850
Project Revenue	285,667	4,518,427	4,804,094
Program	35,060	-	35,060
Tags	355,660	4,921,282	5,276,942
Convention	686,945	-	686,945
Conservation Partnerships	1,000	141,800	142,800
Other	1,061,985	-	1,061,985
Net assets released from restrictions	7,447,786	(7,447,786)	-
Total support and revenue	<u>14,409,191</u>	<u>2,195,573</u>	<u>16,604,764</u>
Operating Expenses:			
Tags	2,277,732	-	2,277,732
Salaries, wages and benefits	2,235,458	-	2,235,458
Convention	688,450	-	688,450
Magazine	189,822	-	189,822
Professional fees	329,395	-	329,395
Projects	6,643,946	-	6,643,946
Marketing	72,303	-	72,303
Membership	63,575	-	63,575
Corporate	115,458	-	115,458
Program	17,412	-	17,412
Banquet	2,103,325	-	2,103,325
Rent	72,261	-	72,261
Utilities	28,328	-	28,328
Miscellaneous	314,174	-	314,174
Depreciation	9,662	-	9,662
Total operating expenses	<u>15,161,301</u>	<u>-</u>	<u>15,161,301</u>
Operating income (loss)	(752,110)	2,195,573	1,443,463
Non-Operating Revenue and Expense			
Interest income	3,965	18,249	22,214
Gain on PPP loan forgiveness	527,700	-	527,700
Unrealized gain on investments	-	354,109	354,109
Interest expense	(3,672)	-	(3,672)
Other expense	(448,990)	-	(448,990)
Total non-operating expenses	<u>79,003</u>	<u>372,358</u>	<u>451,361</u>
Change in net assets	(673,107)	2,567,931	1,894,824
Net assets at beginning of year	(30,862)	3,049,369	3,018,507
Net assets at end of year	<u>\$ (703,969)</u>	<u>\$ 5,617,300</u>	<u>\$ 4,913,331</u>

See accompanying notes to financial statements

Mule Deer Foundation
Statement of Cash Flows
For the year ended June 30, 2021

Cash flows from operating activities:

Change in net assets	\$	1,894,824
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization		9,662
Paycheck protection program loan forgiveness		(527,700)
 (Increase) decrease:		
Accounts receivable, net		(4,900)
Inventories		395,557
Other assets		(400)
 Increase (decrease):		
Accounts payable		440,479
Deferred revenue and other liabilities		312,458
Net cash provided by operating activities		2,519,980

Cash flows from investing activities:

Purchase of property and equipment		(7,650)
Net cash used in investing activities		(7,650)

Cash flows from financing activities:

Net change in line of credit		(130,000)
Net cash used in financing activities		(130,000)

Net increase in cash, cash equivalents and restricted cash		2,382,330
Cash, cash equivalents and restricted cash at beginning of year		3,570,949
Cash, cash equivalents and restricted cash at end of year	\$	5,953,279

Supplemental disclosure of cash flow information:

Cash paid during the year for interest	\$	3,672
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See accompanying notes to financial statements

**Mule Deer Foundation
Notes to Financial Statements
For the Year Ended June 30, 2021**

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 with donor restriction uses (longer than 90 days) are included in 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, 2021 the Foundation had \$2,480,695 and \$1,489,697 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.

	June 30, 2021
Cash and cash equivalents	\$ 1,982,887
Restricted cash	2,480,695
Restricted cash included in other long-term assets	1,489,697
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	\$ 5,953,279

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, 2021, the allowance was \$7,083.

Inventory

Inventory comprises program-related merchandise held for sale and is stated at the lower of cost or net realizable value determined by the first-in first-out method. Management has determined that reserves for obsolescence are nominal at June 30, 2021.

Mule Deer Foundation
Notes to Financial Statements
For the Year Ended June 30, 2021

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

Property and Equipment

Property and equipment additions over \$5,000 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 year ended June 30, 2021.

Land held for investments classified as other assets on the balance sheet was evaluated and there were no indicators of asset impairment during the year ended June 30, 2021.

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:

Net assets without donor restrictions— Net assets are not subject to donor-imposed restrictions and are available for use in general operations. These net assets may be used at the discretion of the Foundation’s management and the Board of Directors.

Net assets with donor restrictions – 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 net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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.

Mule Deer Foundation
Notes to Financial Statements
For the Year Ended June 30, 2021

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 year ended June 30, 2021 are \$725,471 and \$758,249 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. Event revenues are recognized when received and constitutes funds received as a direct result of organized 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 year ended June 30, 2021 because items did not meet the definition above.

Restricted contributions received are recorded as increases in net assets with donor restrictions depending on the nature of the restriction. Temporarily restricted net assets are recognized as without donor restrictions revenue when the terms of the restrictions are met. With donor restrictions 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 \$72,303 for the year ended June 30, 2021.

Mule Deer Foundation
Notes to Financial Statements
For the Year Ended June 30, 2021

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 December 9, 2021, 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
For the Year Ended June 30, 2021

2. Property and Equipment

Property and equipment consists of the following at June 30, 2021:

Leashold improvements	\$ 10,352
Land	25,000
Office equipment	11,558
Equipment and tools	80,214
Computers	21,226
Software	8,916
Furniture and fixtures	20,364
	<hr/>
	177,630
Less accumulated depreciation	(109,517)
	<hr/>
	<u>\$ 68,113</u>

At June 30, 2021, depreciation expense totaled \$9,662.

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, 2021, the endowment totaled \$1,489,698.

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. At June 30, 2021 deferred revenues totaled \$736,041.

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 minus .98% (2.25% at June 30, 2021). Accrued interest and principal are due at maturity January 14, 2022. The agreement requires the Foundation to comply with certain non-financial covenants. At June 30, 2021 the outstanding balance was \$0.

Mule Deer Foundation
Notes to Financial Statements
For the Year Ended June 30, 2021

6. Notes Payable

In May 2020 the Foundation received a loan pursuant to the Coronavirus Aid, Relief and Economic Security (“CARES”) Act Paycheck Protection Program. The Foundation received a loan in the amount of \$527,700 (“PPP Loan”) from Zions Bank. The PPP Loan is in the form of a Note dated May 4, 2020, issued by the Foundation, which matures on May 4, 2022. The PPP Loan bears interest at a rate of 1% per annum and is payable monthly commencing on December 4, 2020. The monthly principal payment for the PPP Loan will be \$29,698. The terms of the loan provide that certain amounts may be forgiven if the funds are used for qualify expenses as described in the CARES Act. In May 2021, the principal and interest on the PPP Loan were forgiven in full and are included in gain on PPP Loan forgiveness.

In May 2020 the Foundation received a Small Business Administration (“SBA”) Loan pursuant to the Economic Injury Disaster Loan. The Foundation received a loan in the amount of \$150,000 from the SBA. The SBA Loan is in the form of a Note dated May 24, 2020, issued by the Foundation, which matures on May 24, 2050. The SBA Loan bears interest at a rate of 2.75% per annum and is payable monthly commencing on May 24, 2022. The monthly principal and interest payment for the SBA Loan will be \$641. All proceeds from this Loan will be used solely as working capital to alleviate economic injury caused by the Economic Injury Disaster. At June 30, 2021 the outstanding balance was \$149,900.

Future maturities of notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 280	\$ 361
2023	3,405	4,287
2024	3,500	4,192
2025	3,597	4,095
2026	3,697	3,995
Thereafter	135,421	66,031
	<u>\$ 149,900</u>	<u>\$ 82,961</u>

Mule Deer Foundation
Notes to Financial Statements
For the Year Ended June 30, 2021

7. Net Assets With Donor Restrictions

With donor restrictions on net assets at June 30, 2021:

Restricted by donors for:

Conservation Partnerships	\$ 316,170
Wildlife Tags	3,384,128
Project Grants	125,000
Endowment Operations	9,163
Land Donation	250,000
Cumulative Endowment Fund Contributions	1,532,839
	<u>\$ 5,617,300</u>

8. Related Party Transactions

During the year ended June 30, 2021, the Foundation purchased inventory totaling \$15,506, from companies owned by members of its Board of Directors.

9. Commitments

Lease Commitments

The Foundation occupied its office facilities according to a non-cancellable operation lease agreement through March 2023. Rent expense for the year ended June 30, 2021 was \$69,320.

Following are future minimum lease payments of the lease agreement:

<u>Year Ending June 30,</u>	<u>Operating Lease</u>
2022	\$ 69,320
2023	51,990
	<u>\$ 121,310</u>

Other Commitments

During the year ending June 30, 2021, the Foundation received funding from a project partner to engage a contractor to complete fuels reduction work on the Plumas National Forest. Prior to completion of this project by the contractor, a wildfire burned through the Plumas National Forest project area. As a result, the project could not be completed. Subsequent to June 30, 2021, it was determined that the funds received from the project partner for work that was not able to be completed totaled \$448,990. However, during the year ending June 30, 2021, the Foundation paid the contractor the \$448,990 based on invoices received from the contractor. Since the project area had burned the work could not be completed per the partner agreement. As such, subsequent to June 30, 2021, the Foundation determined to reimburse the partner the \$448,990. Since the conditions and events leading up to this determination were in existence as of June 30, 2021, the Foundation recorded a \$448,990 liability in accounts payable and accrued expenses at June 30, 2021, with the corresponding sunk cost as other expense for the year then ended. This payment will be made to the project partner during the year ending.

Mule Deer Foundation
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

<u>Federal Assistance Programs</u> <u>Agency/Program Grant Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Federal</u> <u>Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Direct Programs:		
Soil and Water Conservation	10.902	\$ <u>70,038</u>
<u>U.S. Department of the Interior</u>		
<u>Bureau of Land Management</u>		
Direct Programs:		
Fish, Wildlife and Plant Conservation Resource Management	15.231	\$ 432,436
Wildlife Resource Management	15.247	182,707
Forest and Woodlands Resource Management	15.233	<u>2,019,949</u>
Total U.S Department of the Interior		<u>2,635,092</u>
Total expenditures of federal awards		<u>\$ 2,705,130</u>

Mule Deer Foundation
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

1. Scope of Audit Pursuant to OMB Circular A-133

The Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal award programs of the Foundation. All federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies or other entities are included in the Schedule.

2. Basis of Presentation

The Foundation's Schedule of Expenditures of Federal Awards has been prepared using the same basis of accounting as the June 30, 2021 financial statements of the Foundation. A complete description of the basis of accounting is included in Note 1 to those financial statements.

3. Contingencies

In connection with various federal grant programs, the Foundation is obligated to administer related programs and spend the funds in accordance with regulatory restrictions, and is subject to audit by grantor agencies and other auditors. In cases of noncompliance, the agencies involved may require the Foundation to refund program funds.



a dba of Heaton & Company, PLLC

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Mule Deer Foundation (the Foundation), which comprise the statement of financial position as of and for the year ended June 30, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Foundation's financial statements, and have issued our report thereon dated December 9, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pinnacle Accountancy Group of Utah

Pinnacle Accountancy Group of Utah
Farmington, Utah
December 9, 2021



PINNACLE

Accountancy Group of Utah

Certified Public Accountants

a dba of Heaton & Company, PLLC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Mule Deer Foundation's (the Foundation), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2021. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, Mule Deer Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Pinnacle Accountancy Group of Utah

Pinnacle Accountancy Group of Utah
Farmington, Utah
December 9, 2021

Mule Deer Foundation
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

SECTION I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes No

Non compliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

Yes No

Identification of major programs?

CFDA Number(s)

15.233

Name of Federal Program or Cluster

Forests and Woodlands Resource Management Program

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

Yes No

Mule Deer Foundation
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2021

Section II-Federal Award Findings and Questioned Costs

None