

**SAFARI CLUB INTERNATIONAL**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2017 AND 2016**

**SAFARI CLUB INTERNATIONAL  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Safari Club International  
Tucson, Arizona

We have audited the accompanying financial statements of Safari Club International, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, functional revenues and expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors  
Safari Club International

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Safari Club International as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Tucson, Arizona  
December 20, 2017

**SAFARI CLUB INTERNATIONAL  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2017 AND 2016**

	2017	2016
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 3,388,871	\$ 2,854,668
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$1,200 and \$23,253 in 2017 and 2016, Respectively	1,092,673	919,465
Notes Receivable, Net of Allowance for Doubtful Accounts of \$74,039 and \$19,039 in 2017 and 2016, Respectively	797,341	559,092
Inventories	245,539	422,899
Prepaid Expenses:		
Convention	109,108	116,815
Other Programs	589,710	550,461
Total Current Assets	6,223,242	5,423,400
<b>LONG-TERM NOTES RECEIVABLE, NET OF CURRENT PORTION</b>	615,041	211,472
<b>LONG-TERM INVESTMENTS</b>	8,705,937	7,855,741
<b>LONG-TERM DEPOSIT, RELATED PARTY</b>	71,634	79,191
<b>PROPERTY AND EQUIPMENT, NET</b>	383,852	516,239
Total Assets	\$ 15,999,706	\$ 14,086,043
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 1,094,038	\$ 1,244,334
Unearned Revenue:		
Convention	3,567,817	3,030,751
Safari Publications	485,480	539,495
Other Programs	1,786,190	1,149,459
Total Current Liabilities	6,933,525	5,964,039
<b>LONG-TERM LIABILITIES</b>		
Unearned Three-Year Membership Revenue	463,586	490,546
Total Liabilities	7,397,111	6,454,585
<b>NET ASSETS</b>		
Unrestricted	8,343,783	7,512,983
Temporarily Restricted	258,812	118,475
Total Net Assets	8,602,595	7,631,458
Total Liabilities and Net Assets	\$ 15,999,706	\$ 14,086,043

See accompanying Notes to Financial Statements.

**SAFARI CLUB INTERNATIONAL**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Convention	\$ 14,226,415	\$ -	\$ 14,226,415
Dues and Subscriptions	2,029,759	-	2,029,759
Membership Services and Product Sales	1,021,336	-	1,021,336
Advertising and Sponsorships	3,016,809	-	3,016,809
Contributions	1,320,983	207,993	1,528,976
Investment Income	1,086,408	-	1,086,408
Other	84,222	-	84,222
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	67,656	(67,656)	-
Total Revenues and Other Support	<u>22,853,588</u>	<u>140,337</u>	<u>22,993,925</u>
<b>EXPENSES</b>			
Program Services:			
Conservation	2,880,774	-	2,880,774
Governmental Affairs	2,614,426	-	2,614,426
Total Program Services	<u>5,495,200</u>	<u>-</u>	<u>5,495,200</u>
Supporting Services:			
Fundraising	7,807,104	-	7,807,104
Membership Services	5,583,893	-	5,583,893
General and Administrative	3,136,591	-	3,136,591
Total Supporting Services	<u>16,527,588</u>	<u>-</u>	<u>16,527,588</u>
Total Expenses	<u>22,022,788</u>	<u>-</u>	<u>22,022,788</u>
<b>CHANGES IN NET ASSETS</b>	830,800	140,337	971,137
Net Assets - Beginning of Year	<u>7,512,983</u>	<u>118,475</u>	<u>7,631,458</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 8,343,783</u>	<u>\$ 258,812</u>	<u>\$ 8,602,595</u>

See accompanying Notes to Financial Statements.

**SAFARI CLUB INTERNATIONAL**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Convention	\$ 14,617,912	\$ -	\$ 14,617,912
Dues and Subscriptions	2,181,522	-	2,181,522
Membership Services and Product Sales	1,092,544	-	1,092,544
Advertising and Sponsorships	3,052,129	-	3,052,129
Contributions	1,263,548	110,700	1,374,248
Investment Income	100,356	-	100,356
Other	207,057	-	207,057
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	29,787	(29,787)	-
Total Revenues and Other Support	<u>22,544,855</u>	<u>80,913</u>	<u>22,625,768</u>
<b>EXPENSES</b>			
Program Services:			
Conservation	2,859,208	-	2,859,208
Governmental Affairs	2,537,445	-	2,537,445
Total Program Services	<u>5,396,653</u>	<u>-</u>	<u>5,396,653</u>
Supporting Services:			
Fundraising	8,114,552	-	8,114,552
Membership Services	5,741,118	-	5,741,118
General and Administrative	2,734,474	-	2,734,474
Total Supporting Services	<u>16,590,144</u>	<u>-</u>	<u>16,590,144</u>
Total Expenses	<u>21,986,797</u>	<u>-</u>	<u>21,986,797</u>
<b>CHANGES IN NET ASSETS</b>	558,058	80,913	638,971
Net Assets - Beginning of Year	<u>6,954,925</u>	<u>37,562</u>	<u>6,992,487</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 7,512,983</u>	<u>\$ 118,475</u>	<u>\$ 7,631,458</u>

See accompanying Notes to Financial Statements.

**SAFARI CLUB INTERNATIONAL**  
**STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES**  
**YEAR ENDED JUNE 30, 2017**

	Conservation	Governmental Affairs	Fundraising	Membership Services	General and Administrative	Total
<b>REVENUE AND OTHER SUPPORT</b>						
Convention	\$ -	\$ 5,262	\$ 14,221,153	\$ -	\$ -	\$ 14,226,415
Dues and Subscriptions	-	(1,640)	-	2,031,399	-	2,029,759
Membership Services and Product Sales	-	-	-	949,073	72,263	1,021,336
Advertising and Sponsorships	-	-	369,100	2,647,709	-	3,016,809
Contributions	-	202,091	-	1,324,567	2,318	1,528,976
Investment Income	-	-	-	1,086,408	-	1,086,408
Other	-	6,600	77,775	44	(197)	84,222
Total	<u>\$ -</u>	<u>\$ 212,313</u>	<u>\$ 14,668,028</u>	<u>\$ 8,039,200</u>	<u>\$ 74,384</u>	<u>\$ 22,993,925</u>
<b>EXPENSES</b>						
Convention Events	\$ -	\$ 20,366	\$ 5,312,688	\$ 120,864	\$ 126,861	\$ 5,580,779
Salaries, Wages, and Benefits	-	961,255	1,111,329	2,266,378	1,048,238	5,387,200
Production Costs - Subscriptions	-	-	-	1,209,358	-	1,209,358
Production Costs - Record Books and Publications	-	-	-	111,495	-	111,495
Production Costs - Expedition Safari TV Show	-	-	-	124,833	-	124,833
Occupancy and Supplies	-	191,765	98,597	185,995	302,921	779,278
Conferences and Meetings	-	48,289	568	18,863	224,400	292,120
Liability and Other Insurance	-	612	158,771	181,060	41,880	382,323
Programs and Projects	-	301,312	82,739	2,880	2,209	389,140
SCIF Grants	704,293	-	-	-	-	704,293
SCIF Donated Goods and Services	2,176,481	-	-	-	-	2,176,481
Rent	-	201,950	50,100	109,363	117,446	478,859
Legal and Accounting Services	-	24,225	3,427	15,308	655,555	698,515
Consulting	-	535,895	208,195	125,910	92,243	962,243
Depreciation	-	6,129	25,463	19,341	189,734	240,667
Cost of Sales - Membership Services and Products	-	-	-	353,552	-	353,552
Printing	-	47,652	177,633	57,756	8,250	291,291
Promotion and Development	-	70,915	154,927	343,828	118,042	687,712
Postage and Freight	-	37,386	81,479	82,305	25,035	226,205
Maintenance and Security	-	13,359	6,650	14,519	15,592	50,120
Travel	-	151,515	342,952	200,338	168,185	862,990
Bad Debt	-	-	(8,414)	39,897	-	31,483
Taxes	-	-	-	50	-	50
Other	-	1,801	-	-	-	1,801
Total	<u>\$ 2,880,774</u>	<u>\$ 2,614,426</u>	<u>\$ 7,807,104</u>	<u>\$ 5,583,893</u>	<u>\$ 3,136,591</u>	<u>\$ 22,022,788</u>

See accompanying Notes to Financial Statements.

**SAFARI CLUB INTERNATIONAL**  
**STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES**  
**YEAR ENDED JUNE 30, 2016**

	Conservation	Governmental Affairs	Fundraising	Membership Services	General and Administrative	Total
<b>REVENUE AND OTHER SUPPORT</b>						
Convention	\$ -	\$ 5,887	\$ 14,612,025	\$ -	\$ -	\$ 14,617,912
Dues and Subscriptions	-	(1,500)	-	2,183,022	-	2,181,522
Membership Services and Product Sales	-	-	-	1,031,984	60,560	1,092,544
Advertising and Sponsorships	-	-	309,450	2,742,679	-	3,052,129
Contributions	-	180,626	-	1,193,622	-	1,374,248
Investment Income	-	-	-	100,356	-	100,356
Other	-	-	201,599	208	5,250	207,057
Total	<u>\$ -</u>	<u>\$ 185,013</u>	<u>\$ 15,123,074</u>	<u>\$ 7,251,871</u>	<u>\$ 65,810</u>	<u>\$ 22,625,768</u>
<b>EXPENSES</b>						
Convention Events	\$ -	\$ 30,601	\$ 5,363,350	\$ 182,072	\$ 144,987	\$ 5,721,010
Salaries, Wages, and Benefits	-	974,992	1,131,190	2,260,338	1,067,272	5,433,792
Production Costs - Subscriptions	-	-	-	1,341,956	-	1,341,956
Production Costs - Record Books and Publications	-	-	-	17,150	-	17,150
Production Costs - Expedition Safari TV Show	-	-	-	133,401	-	133,401
Occupancy and Supplies	-	193,736	88,733	179,198	81,546	543,213
Conferences and Meetings	-	8,914	683	17,232	250,317	277,146
Liability and Other Insurance	-	-	160,510	188,870	43,671	393,051
Programs and Projects	-	317,623	48,275	4,703	7,162	377,763
SCIF Grants	652,616	-	-	-	-	652,616
SCIF Donated Goods and Services	2,206,592	-	-	-	-	2,206,592
Rent	-	204,948	49,419	108,548	122,680	485,595
Legal and Accounting Services	-	1,261	400	11,966	388,092	401,719
Consulting	-	483,583	208,514	147,770	122,419	962,286
Depreciation	-	5,286	23,182	13,372	143,531	185,371
Cost of Sales - Membership Services and Products	-	-	-	448,727	-	448,727
Printing	-	70,727	233,915	73,260	9,291	387,193
Promotion and Development	-	30,947	325,876	253,829	111,818	722,470
Postage and Freight	-	32,251	111,034	125,605	17,082	285,972
Maintenance and Security	-	16,849	6,421	14,104	14,966	52,340
Travel	-	165,254	354,034	222,041	210,008	951,337
Bad Debt	-	-	9,016	(3,074)	-	5,942
Taxes	-	-	-	50	-	50
Other	-	473	-	-	(368)	105
Total	<u>\$ 2,859,208</u>	<u>\$ 2,537,445</u>	<u>\$ 8,114,552</u>	<u>\$ 5,741,118</u>	<u>\$ 2,734,474</u>	<u>\$ 21,986,797</u>

See accompanying Notes to Financial Statements.

**SAFARI CLUB INTERNATIONAL  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2017 AND 2016**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ 971,137	\$ 638,971
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	240,667	185,371
Loss on Disposal of Assets	-	473
Realized and Unrealized (Gains) Losses on Investments, Net	(879,510)	131,100
Allowance for Bad Debts	31,483	5,942
Increase (Decrease) in Cash Resulting from Changes in:		
Accounts and Notes Receivable	(846,509)	262
Inventories	177,360	32,746
Prepaid Expenses	(31,542)	(12,477)
Deposit, Related Party	7,557	(2,175)
Accounts Payable and Accrued Liabilities	(150,296)	(314,218)
Unearned Revenue	1,092,822	(127,966)
Net Cash Provided by Operating Activities	613,169	538,029
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Investments	1,993,700	2,957,293
Purchases of Investments	(1,964,386)	(1,624,922)
Purchases of Property and Equipment	(108,280)	(327,880)
Net Cash Provided (Used) by Investing Activities	(78,966)	1,004,491
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	534,203	1,542,520
Cash and Cash Equivalents - Beginning of Year	2,854,668	1,312,148
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 3,388,871	\$ 2,854,668

See accompanying Notes to Financial Statements.

**SAFARI CLUB INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Nature of Operations**

Safari Club International (SCI), a nonprofit organization incorporated in the state of Arizona on January 1, 2000, is dedicated to educating the public concerning sport hunting, preserving the rights of hunters, promoting safe, legal and ethical hunting, and promoting wildlife conservation worldwide.

Prior to January 1, 2000, Safari Club operated as a single 501(c)(3) charitable organization. A corporate restructuring was implemented January 1, 2000, in which Safari Club changed its name to Safari Club International Foundation (SCIF). SCIF maintains a portion of the existing operations, while the remaining operations were transitioned to the newly formed 501(c)(4) social welfare organization titled Safari Club International (SCI). SCI and SCIF have some common members of management and common members on the board of directors.

The intent of the corporate restructuring was for SCI to become more involved in advocacy for hunters' rights through increased legislative lobbying and limited political activities, which are limited and/or prohibited for 501(c)(3) charitable organizations. Therefore, the 501(c)(4) social welfare organization was formed to perform that role and the corresponding operations were transitioned to SCI. The restructuring was also beneficial to SCIF by retaining the operations and programs of wildlife conservation, outdoor education, wildlife related humanitarian services, etc. to improve its ability to raise charitable donations.

SCI provided certain support to SCIF in the form of operating grants totaling \$2,880,774 and \$2,859,208 for the years ended June 30, 2017 and 2016, respectively.

**Basis of Presentation**

SCI's financial statements have been prepared in accordance with the American Institute of Certified Public Accountants (AICPA) Not-For-Profit Industry Guidance within the Financial Accounting Standards Board (FASB) Codification (Guidance). Under the Guidance, SCI is required to provide financial statements which are prepared to focus on the organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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

**Unrestricted Net Assets** – Net assets that are not subject to donor-imposed stipulations may be expendable for any purpose in performing the primary objectives of SCI.

**SAFARI CLUB INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of SCI and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restriction. Donor-restricted contributions received and expended in the same reporting period are recorded as unrestricted support. Contributions of cash or other assets without donor stipulations concerning the use of such assets are reported as revenues of unrestricted net assets. Contributions of cash or other assets with donor stipulations are reported as revenues of temporarily restricted net assets. The restrictions are considered to be released at the time such assets are placed in service. Temporarily restricted net assets held and released from restrictions for the years ended June 30, 2017 and 2016 were primarily for hunter advocacy.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations require the support amounts be invested in perpetuity and permanently restricted from spending. SCI had no permanently restricted net assets at June 30, 2017 and 2016.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and disclosures concerning contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents include short-term certificates of deposit, money market investment accounts, and other marketable securities purchased with original maturities of three months or less. SCI, in the normal course of business, maintains checking and savings account balances. Balances on deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured. As of June 30, 2017 and 2016, a portion of the cash balances at financial institutions exceeded the balance insured by the FDIC.

**SAFARI CLUB INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts and Notes Receivable**

Accounts receivable consist primarily of amounts due from advertisers, convention auction purchases, and chapters. Notes receivable consist primarily of amounts due from long-term corporate sponsorship contracts. Long-term corporate sponsorship contracts for future services are recorded as notes receivable that bear no interest and are expected to be collected according to the payment terms within the contracts and offset by deferred revenue as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 797,341
2019	358,841
2020	162,450
2021	75,000
2022	18,750
Total Expected Collections	<u>\$ 1,412,382</u>

Accounts and notes receivable are stated at the amount management expects to collect. Management provides for probable, uncollectible amounts through a charge to operations and a credit to a valuation allowance based on the assessment of the current status of individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to accounts and notes receivable.

Notes receivable are considered impaired if full principal or interest payments are not made in accordance with the contractual terms. There are three past due notes receivable that are fully reserved as of June 30, 2017. There was one past due note receivable that was fully reserved as of June 30, 2016. Additionally, no notes receivable have been modified or extended to date.

**Long-Term Deposit**

Effective fiscal 2013, SCIF and SCI entered into a memorandum of understanding for facilities use, shared services and grant agreements. The terms require that SCI shall deposit SCIF available funds in the amount equal to two months rent. SCIF may apply all or part of the deposit to any unpaid rent or other charges due from SCI or to cure any other defaults of SCI. No interest is paid on the deposit.

**Contributions**

Contributions received are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. When a donor's temporary 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 are reported in the statements of activities and changes in net assets as net assets released from restrictions. Restricted support, where restrictions are met in the same period as the contribution is made, is shown as unrestricted support.

**SAFARI CLUB INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventories**

Inventories consist mainly of record books, engraving supplies, merchandise inventories, world hunting awards, and Cabela's gift certificates. Record books, engraving supplies, merchandise inventories, world hunting awards, and gift certificates are stated at the lower of cost (using the first-in, first-out method) or market.

**Unearned Revenue and Prepaid Expenses**

Convention revenue and expenses related to SCI's annual convention are deferred and recognized when the convention is held. The convention is conducted by SCI and all revenues accrue to SCI. However, certain proceeds from auction items, sweepstakes, and other activities may be dedicated for the benefit of SCIF, and if so, the revenues are paid directly to SCIF.

Magazine and newspaper advertising revenue is deferred and recognized as each issue is published. Corporate sponsorship revenue is deferred and recognized in the period in which the contract obligations are fulfilled.

Revenue from record book sales and the related record book production costs are deferred and recognized when the record book is published and delivered.

SCI has one-year, three-year, and life memberships. Dues received on each one-year and three-year membership representing the cost of preparing member publications are deferred and recognized as the publications are issued. The remaining portion of dues received is recognized ratably over the membership period for three-year memberships and when the dues are received for one-year memberships. Life memberships are recognized when the dues are received, as advertising fees cover the cost of future services of the life memberships.

**Investments**

SCI accounts for its investments at fair value. The fair value is based on quoted market prices. Changes in value are shown as unrealized gains or losses on the statements of activities and changes in net assets.

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the accompanying financial statements.

**Property and Equipment**

Property and equipment are initially recorded at cost when purchased or fair value as of the date contributed. Generally, property and equipment additions in excess of \$1,000 are capitalized. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets, which range from 2 to 25 years.

**SAFARI CLUB INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Impairment of Long-Lived Assets**

SCI reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. No impairment charges were recorded for 2017 and 2016.

**Donated Materials and Services**

Donated materials are reflected as contributions in the statements of activities and changes in net assets at their estimated fair values at the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. No amounts have been reflected in the financial statements for certain donated volunteer services because they did not qualify for recording under generally accepted accounting principles; however, a substantial number of volunteers have donated significant amounts of their time and perform a variety of tasks that assist SCI in certain administrative and committee assignments.

**Functional Assignment of Revenues and Expenses**

All revenues and expenses are allocated based upon the functions to which they relate in the accompanying statements of functional revenues and expenses. These functions are consistent with SCI's overall goals as an organization. Revenues and expenses were allocated among the following functional categories on the basis of specific identification, estimates of time spent, and benefits derived:

- Conservation
- Governmental Affairs
- Fundraising
- Membership Services
- General and Administrative

**Common Costs**

Direct costs are allocated to SCI based on the direct functionality or direct benefit to the entity. If indirect costs are common to or benefit both SCI and SCIF, certain allocation methodologies are used based on the nature of the expense or activity to ensure that the entity is absorbing a reasonable pro rata share.

**Advertising Costs**

Advertising costs are expensed as incurred. SCI utilizes many forms of advertising and promotion in order to communicate and accomplish its mission of protecting the freedom to hunt and promoting wildlife conservation worldwide. Advertising costs totaled \$687,712 and \$722,470 for the years ended June 30, 2017 and 2016, respectively.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

SCI is a nonprofit organization under Internal Revenue Code (IRC) Section 501(c)(4) and, as such, it is exempt from both federal and Arizona income taxes. Accordingly, no provision for federal or state income taxes has been reflected in the accompanying financial statements. SCI evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts. As of June 30, 2017 and 2016, management does not believe any uncertain tax positions exist.

**Recent Accounting Guidance**

In August 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU is designed to improve nonprofit financial statements and provide more useful information to donors, grantors, creditors, and other financial statement users. The ASU is effective December 15, 2017. SCI is analyzing the impact of the standard on its financial statements.

**Subsequent Events**

SCI evaluated subsequent events through December 20, 2017, which is the date the financial statements were available to be issued.

**NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

*Level 1* – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

*Level 2* – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

*Level 3* – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

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**NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the valuation methodologies used at June 30, 2017 and 2016.

*Mutual Funds, Exchange Traded Funds, and Common Stocks:* Valued at the daily closing price as reported by the active market on which it is traded.

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2017.

	Level 1	Level 2	Level 3	Total
Mutual Funds:				
High Yield Bond	\$ 2,041,861	\$ -	\$ -	\$ 2,041,861
Foreign Large Blend	465,564	-	-	465,564
Emerging Markets	288,096	-	-	288,096
REIT	20,283	-	-	20,283
Alternatives	65,240	-	-	65,240
Exchange Traded Funds:				
Intermediate Term Bond	1,218,518	-	-	1,218,518
Mid-Cap Blend	978,333	-	-	978,333
Large-Cap Blend	1,005,537	-	-	1,005,537
Small-Cap Blend	646,390	-	-	646,390
Common Stocks:				
Energy	143,104	-	-	143,104
Materials	66,649	-	-	66,649
Industrials	208,631	-	-	208,631
Consumer Discretionary	259,192	-	-	259,192
Consumer Staples	173,196	-	-	173,196
Healthcare	282,743	-	-	282,743
Financials	283,938	-	-	283,938
Information Technology	468,489	-	-	468,489
Telecommunications Services	34,410	-	-	34,410
Utilities	35,254	-	-	35,254
Real Estate	20,509	-	-	20,509
Total Investments at Fair Value	<u>\$ 8,705,937</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,705,937</u>

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**NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2016.

	Level 1	Level 2	Level 3	Total
Mutual Funds:				
High Yield Bond	\$ 1,923,201	\$ -	\$ -	\$ 1,923,201
Foreign Large Blend	476,780	-	-	476,780
Emerging Markets	249,917	-	-	249,917
Exchange Traded Funds:				
Intermediate Term Bond	1,141,466	-	-	1,141,466
Mid-Cap Blend	847,598	-	-	847,598
Large-Cap Blend	993,629	-	-	993,629
Small-Cap Blend	566,276	-	-	566,276
Common Stocks:				
Energy	144,439	-	-	144,439
Materials	51,045	-	-	51,045
Industrials	163,782	-	-	163,782
Consumer Discretionary	200,863	-	-	200,863
Consumer Staples	175,487	-	-	175,487
Healthcare	247,170	-	-	247,170
Financials	224,493	-	-	224,493
Information Technology	354,974	-	-	354,974
Telecommunications Services	43,775	-	-	43,775
Utilities	50,846	-	-	50,846
Total Investments at Fair Value	<u>\$ 7,855,741</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,855,741</u>

Investment income consists of the following for the years ended June 30:

	2017	2016
Interest and Dividend Income	\$ 206,898	\$ 231,456
Net Realized Gains on Investments	169,623	27,726
Net Unrealized Gains (Losses) on Investments	709,887	(158,826)
Total Investment Income	<u>\$ 1,086,408</u>	<u>\$ 100,356</u>

Expenses relating to investment income, including custodial fees and investment advisory fees of approximately \$40,000 and \$42,000 for the years ended June 30, 2017 and 2016, respectively, are included in expense in the accompanying statements of activities and changes in net assets.

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**NOTE 3 PROPERTY AND EQUIPMENT**

A summary of property and equipment as of June 30 follows:

	<u>2017</u>	<u>2016</u>
Office Furniture and Equipment	\$ 2,071,858	\$ 1,940,944
Work in Progress	-	50,245
Less: Accumulated Depreciation	<u>(1,688,006)</u>	<u>(1,474,950)</u>
Property and Equipment, Net	<u>\$ 383,852</u>	<u>\$ 516,239</u>

Depreciation expense charged to operations was \$240,667 and \$185,371 for the years ended June 30, 2017 and 2016, respectively.

**NOTE 4 RELATED PARTY TRANSACTIONS**

Many members of the board of directors volunteer their time and perform a variety of tasks that assist both SCI and SCIF in certain administrative and committee assignments.

Effective fiscal 2013, SCI and SCIF entered into a memorandum of understanding, facilities use, shared services and a grant agreement (the agreement) that is effective through June 30, 2017 with an automatic five year renewal unless either party provides a written notice of termination. Effective July 1, 2017, SCI and SCIF entered into a bridge amendment to the memorandum of understanding which automatically renews annually unless either party provides written notice.

The agreement calls for SCI to lease certain facilities from SCIF based upon the estimated usage of the space by SCI and SCIF. The usage of the space will be reviewed periodically but not less than every two years, at which time the annual rent payments will be adjusted to reflect the new usage estimates. The minimum rent to be paid by SCI to SCIF as stated within the agreement was approximately \$462,000 for fiscal 2017 and 2016. For the years ended June 30, 2017 and 2016, SCIF charged SCI \$478,859 and \$485,595, respectively, for the use of facilities.

The agreement also requires SCI to pay, on a monthly basis, an allocated share of property taxes, utilities, janitorial services, and property insurance. The expenses recognized by SCI related to these facilities expenses totaled \$241,956 and \$250,423 for the years ended June 30, 2017 and 2016, respectively. Additionally, SCI received from SCIF reimbursement of allocated expenses totaling \$242,165 and \$235,234 for the years ended June 30, 2017 and 2016, respectively.

In addition, the agreement provides that as part of SCI's ongoing support of SCIF, SCI agrees to donate as part of its annual grant each year to SCIF, the total employee payroll costs and amounts expended in goods and services on behalf of SCIF. For the years ended June 30, 2017 and 2016, SCI provided to SCIF goods and services totaling \$2,176,481 and \$2,206,592, respectively, which is included as SCIF donated goods and services in the accompanying statements of functional revenues and expenses.

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**NOTE 4 RELATED PARTY TRANSACTIONS (CONTINUED)**

Lastly, the agreement provides for an annual grant from SCI to SCIF to support SCIF's mission. The annual grant shall be equal to 15% of SCI's prior fiscal year's gross unrestricted operating revenue, less the value of donated goods and services (as described above), and less the annual amount paid for rent, but not facilities expenses (as described above). SCIF may submit requests to SCI's Executive Committee from time to time during any year for additional discretionary grants for up to an additional 1% of the prior fiscal year's gross unrestricted operating revenue. For the years ended June 30, 2017 and 2016, the annual grant totaled \$704,293 and \$652,616, respectively, which is included as SCIF grants in the accompanying statements of functional revenues and expenses. The grant is payable in monthly installments to SCIF, provided that SCI may offset the rent as well as the donated goods and services against the annual grant amount. As of June 30, 2017, amounts due to SCIF totaled \$8,716. As of June 30, 2016, amounts receivable due from SCIF totaled \$231,509. Amounts are included in accounts payable and accounts receivable, respectively, in the accompanying statements of financial position.

Effective January 1, 2000, SCI and SCIF entered in an intellectual property license agreement whereby SCIF licensed to SCI certain trademarks, names, logos, and emblems (the Marks) owned by SCIF. This agreement granted SCI the right to use the Marks in connection with its nonprofit activities that include protecting hunter's rights and promoting conservation of wildlife worldwide, and written materials. The license fee to be received by SCIF from SCI as stated within the agreement is \$100,000 for the years ended June 30, 2017 and 2016. The license fee is included in promotion and development in the accompanying statements of functional revenues and expenses.

SCI paid an independent contractor, who is the son of a member of the SCI board of directors in 2017 and 2016. The amounts paid were \$261,348 and \$238,341 for the years ended June 30, 2017 and 2016, respectively, for production related expenses.

**NOTE 5 COMMITMENTS**

SCI leases space at the Mandalay Bay Convention Center and Las Vegas Convention Center, both in Las Vegas, Nevada and the Reno-Sparks Convention Center in Reno, Nevada for the annual conventions and has entered into agreements for events through the 2020 convention. The lease for year 2018 is with the Las Vegas Convention Center. The lease for years 2019 and 2020 are with the Reno-Sparks Convention Center. The leases require either minimum food and beverage sales, or a license fee, as well as penalties ranging up to 100% of total anticipated revenues determined by the date of cancellation.

SCI also entered into advertising and sponsorship contracts. Payments are made according to schedules outlined in the contracts and expenses in the periods in which the advertising airs.

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**NOTE 6 EXCHANGE TRANSACTIONS**

In the normal course of operations, SCI trades marketing exposure in return for products. These transactions are recorded at fair value when the goods and services are received. Amounts included in revenue and expense resulting from such exchange transactions was \$50,649 and \$50,649 for the year ended June 30, 2017. Amounts included in revenue and expense resulting from such exchange transactions was \$35,759 and \$35,759 for the year ended June 30, 2016.

**NOTE 7 RETIREMENT PLAN**

SCI has a 401(k) plan available to all eligible employees with more than 1,000 hours of service. SCI matches 30% of each participant's deferral contributions up to 30% of compensation or up the maximum contribution allowed by the IRC. These matching contributions vest over a five-year period. In 2017 and 2016, employer matching contributions totaled \$116,477 and \$110,176, net of forfeitures, respectively.

**NOTE 8 CONTINGENCIES**

SCI is involved in various disputes and matters of litigation generally incidental to their business. SCI engages in these lawsuits as plaintiff or friend of the court in an effort to influence legislation affecting hunting. Management does not believe any existing matters will ultimately have a significant impact on SCI's financial position or results of operations.