

SAFARI CLUB INTERNATIONAL
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018



CLAcconnect.com

WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING

**SAFARI CLUB INTERNATIONAL
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	4
STATEMENTS OF FUNCTIONAL REVENUES AND EXPENSES	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9



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, 2019 and 2018, 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, 2019 and 2018, 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
January 6, 2020

**SAFARI CLUB INTERNATIONAL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018**

ASSETS	2019	2018
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,389,009	\$ 2,289,643
Accounts Receivable, Net of Allowance for Doubtful		
Accounts of \$12,289 and \$8,119 in 2019 and 2018, Respectively	3,385,846	527,535
Pledges Receivable	37,000	26,900
Notes Receivable, Net of Allowance for Doubtful		
Accounts of \$45,000 and \$55,000 in 2019 and 2018, Respectively	487,180	526,341
Inventories	375,031	256,315
Prepaid Expenses:		
Convention	191,345	144,110
Other Programs	485,179	542,680
Total Current Assets	8,350,590	4,313,524
LONG-TERM PLEDGES RECEIVABLE, NET OF CURRENT PORTION	44,200	34,200
LONG-TERM NOTES RECEIVABLE, NET OF CURRENT PORTION	138,750	255,000
LONG-TERM INVESTMENTS	10,078,695	10,150,474
LONG-TERM DEPOSIT, RELATED PARTY	72,353	73,721
PROPERTY AND EQUIPMENT, NET	420,182	465,767
Total Assets	\$ 19,104,770	\$ 15,292,686
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 1,220,254	\$ 1,273,509
Unearned Revenue:		
Convention	6,207,939	2,656,019
Safari Publications	410,969	457,857
Other Programs	944,658	1,187,211
Total Current Liabilities	8,783,820	5,574,596
LONG-TERM LIABILITIES		
Unearned Three-Year Membership Revenue	410,167	431,788
Total Liabilities	9,193,987	6,006,384
NET ASSETS		
Without Donor Restrictions	9,421,624	8,864,772
With Donor Restrictions	489,159	421,530
Total Net Assets	9,910,783	9,286,302
Total Liabilities and Net Assets	\$ 19,104,770	\$ 15,292,686

See accompanying Notes to Financial Statements.

SAFARI CLUB INTERNATIONAL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Convention	\$ 13,005,025	\$ -	\$ 13,005,025
Dues and Subscriptions	1,800,092	-	1,800,092
Membership Services and Product Sales	831,709	-	831,709
Advertising and Sponsorships	2,270,723	-	2,270,723
Contributions	1,262,121	165,766	1,427,887
Investment Income	550,291	18,626	568,917
Other	462,628	-	462,628
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	116,763	(116,763)	-
Total Revenues and Other Support	<u>20,299,352</u>	<u>67,629</u>	<u>20,366,981</u>
EXPENSES			
Program Services:			
SCIF Programs	2,300,000	-	2,300,000
Governmental Affairs	2,373,472	-	2,373,472
Total Program Services	<u>4,673,472</u>	<u>-</u>	<u>4,673,472</u>
Supporting Services:			
Fundraising	6,564,115	-	6,564,115
Membership Services	5,590,539	-	5,590,539
General and Administrative	2,914,374	-	2,914,374
Total Supporting Services	<u>15,069,028</u>	<u>-</u>	<u>15,069,028</u>
Total Expenses	<u>19,742,500</u>	<u>-</u>	<u>19,742,500</u>
CHANGES IN NET ASSETS	556,852	67,629	624,481
Net Assets - Beginning of Year	<u>8,864,772</u>	<u>421,530</u>	<u>9,286,302</u>
NET ASSETS - END OF YEAR	<u>\$ 9,421,624</u>	<u>\$ 489,159</u>	<u>\$ 9,910,783</u>

See accompanying Notes to Financial Statements.

SAFARI CLUB INTERNATIONAL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Convention	\$ 13,518,840	\$ -	\$ 13,518,840
Dues and Subscriptions	1,895,347	-	1,895,347
Membership Services and Product Sales	941,665	-	941,665
Advertising and Sponsorships	2,849,737	-	2,849,737
Contributions	1,170,779	210,095	1,380,874
Investment Income	791,663	11,761	803,424
Other	135,957	-	135,957
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	59,138	(59,138)	-
Total Revenues and Other Support	<u>21,363,126</u>	<u>162,718</u>	<u>21,525,844</u>
EXPENSES			
Program Services:			
SCIF Programs	2,609,633	-	2,609,633
Governmental Affairs	2,326,527	-	2,326,527
Total Program Services	<u>4,936,160</u>	<u>-</u>	<u>4,936,160</u>
Supporting Services:			
Fundraising	7,281,065	-	7,281,065
Membership Services	5,445,321	-	5,445,321
General and Administrative	3,179,591	-	3,179,591
Total Supporting Services	<u>15,905,977</u>	<u>-</u>	<u>15,905,977</u>
Total Expenses	<u>20,842,137</u>	<u>-</u>	<u>20,842,137</u>
CHANGES IN NET ASSETS	520,989	162,718	683,707
Net Assets - Beginning of Year	<u>8,343,783</u>	<u>258,812</u>	<u>8,602,595</u>
NET ASSETS - END OF YEAR	<u><u>\$ 8,864,772</u></u>	<u><u>\$ 421,530</u></u>	<u><u>\$ 9,286,302</u></u>

See accompanying Notes to Financial Statements.

SAFARI CLUB INTERNATIONAL
STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2019

	SCIF Programs	Governmental Affairs	Fundraising	Membership Services	General and Administrative	Total
REVENUE AND OTHER SUPPORT						
Convention	\$ -	\$ 30,394	\$ 12,929,631	\$ 45,000	\$ -	\$ 13,005,025
Dues and Subscriptions	-	-		1,800,092	-	1,800,092
Membership Services and Product Sales	-	7,788	-	774,112	49,809	831,709
Advertising and Sponsorships	-	-	265,750	2,004,973	-	2,270,723
Contributions	-	125,856	-	1,274,814	27,217	1,427,887
Investment Income	-	-	-	568,917	-	568,917
Other	-	45,070	416,544	430	584	462,628
Total	\$ -	\$ 209,108	\$ 13,611,925	\$ 6,468,338	\$ 77,610	\$ 20,366,981
EXPENSES						
Convention Events	\$ -	\$ 54,335	\$ 3,947,288	\$ 152,747	\$ 172,838	\$ 4,327,208
Salaries, Wages, and Benefits	-	931,447	1,261,714	2,610,918	1,260,589	6,064,668
Production Costs - Subscriptions	-	-	-	903,985	-	903,985
Occupancy and Supplies	-	221,111	78,718	178,667	267,475	745,971
Conferences and Meetings	-	15,279	919	20,543	235,296	272,037
Liability and Other Insurance	-	2,007	162,506	162,131	32,521	359,165
Programs and Projects	-	252,726	85,840	10,208	136	348,910
SCIF Grants	187,644	-	-	-	-	187,644
SCIF Donated Goods and Services	2,112,356	-	-	-	-	2,112,356
Rent	-	189,399	57,949	107,151	87,828	442,327
Legal and Accounting Services	-	1,285	-	589	260,106	261,980
Consulting	-	466,307	205,490	456,467	46,814	1,175,078
Depreciation	-	6,632	7,000	21,036	183,536	218,204
Cost of Sales - Membership Services and Products	-	-	-	325,642	-	325,642
Printing	-	22,611	127,156	55,127	6,426	211,320
Promotion and Development	-	43,030	189,625	273,367	125,767	631,789
Postage and Freight	-	21,453	44,234	75,587	29,633	170,907
Maintenance and Security	-	9,294	8,117	15,088	11,429	43,928
Travel	-	135,267	382,743	228,320	193,980	940,310
Bad Debt	-	-	4,170	(7,034)	-	(2,864)
Taxes	-	1,289	-	-	-	1,289
Other	-	-	646	-	-	646
Total	\$ 2,300,000	\$ 2,373,472	\$ 6,564,115	\$ 5,590,539	\$ 2,914,374	\$ 19,742,500

See accompanying Notes to Financial Statements.

SAFARI CLUB INTERNATIONAL
STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2018

	SCIF Programs	Governmental Affairs	Fundraising	Membership Services	General and Administrative	Total
REVENUE AND OTHER SUPPORT						
Convention	\$ -	\$ 26,940	\$ 13,491,900	\$ -	\$ -	\$ 13,518,840
Dues and Subscriptions	-	-	(1,250)	1,896,597	-	1,895,347
Membership Services and Product Sales	-	1,625	-	886,355	53,685	941,665
Advertising and Sponsorships	-	-	345,695	2,504,042	-	2,849,737
Contributions	-	115,408	-	1,265,096	370	1,380,874
Investment Income	-	-	-	803,424	-	803,424
Other	-	3,897	130,529	2	1,529	135,957
Total	\$ -	\$ 147,870	\$ 13,966,874	\$ 7,355,516	\$ 55,584	\$ 21,525,844
EXPENSES						
Convention Events	\$ -	\$ 52,241	\$ 4,722,944	\$ 112,884	\$ 156,127	\$ 5,044,196
Salaries, Wages, and Benefits	-	942,758	1,231,950	2,439,977	1,139,279	5,753,964
Production Costs - Subscriptions	-	-	-	1,044,025	-	1,044,025
Occupancy and Supplies	-	193,079	91,441	159,095	328,301	771,916
Conferences and Meetings	-	20,131	720	21,995	233,528	276,374
Liability and Other Insurance	-	1,652	156,340	158,223	35,324	351,539
Programs and Projects	-	214,669	41,434	6,756	53,863	316,722
SCIF Grants	508,294	-	-	-	-	508,294
SCIF Donated Goods and Services	2,101,339	-	-	-	-	2,101,339
Rent	-	175,719	49,192	105,767	99,123	429,801
Legal and Accounting Services	-	1,517	2,813	2,363	575,089	581,782
Consulting	-	457,365	212,623	283,872	39,931	993,791
Depreciation	-	7,137	17,741	19,605	185,332	229,815
Cost of Sales - Membership Services and Products	-	-	-	375,812	-	375,812
Printing	-	29,329	159,221	61,764	10,207	260,521
Promotion and Development	-	48,731	196,551	356,985	117,837	720,104
Postage and Freight	-	30,798	27,987	77,192	27,290	163,267
Maintenance and Security	-	9,850	6,446	14,256	12,988	43,540
Travel	-	141,551	355,243	189,137	165,372	851,303
Bad Debt	-	-	8,419	15,563	-	23,982
Taxes	-	-	-	50	-	50
Other	-	-	-	-	-	-
Total	\$ 2,609,633	\$ 2,326,527	\$ 7,281,065	\$ 5,445,321	\$ 3,179,591	\$ 20,842,137

See accompanying Notes to Financial Statements.

**SAFARI CLUB INTERNATIONAL
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 624,481	\$ 683,707
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	218,204	229,815
Realized and Unrealized Gains on Investments, Net	(331,734)	(617,521)
Loss on Disposal of Property and Equipment	646	-
Allowance for Bad Debts	-	23,982
Increase (Decrease) in Cash Resulting from Changes in:		
Accounts, Pledges, and Notes Receivable	(2,723,000)	1,111,097
Inventories	(118,716)	(10,776)
Prepaid Expenses	10,266	12,028
Deposit, Related Party	1,368	(2,087)
Accounts Payable and Accrued Liabilities	(53,255)	179,471
Unearned Revenue	3,240,858	(1,570,198)
Net Cash Provided by Operating Activities	869,118	39,518
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	802,404	946,546
Purchases of Investments	(398,891)	(1,773,562)
Purchases of Property and Equipment	(173,265)	(311,730)
Net Cash Provided (Used) by Investing Activities	230,248	(1,138,746)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,099,366	(1,099,228)
Cash and Cash Equivalents - Beginning of Year	2,289,643	3,388,871
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,389,009	\$ 2,289,643

See accompanying Notes to Financial Statements.

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

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 and donated goods and services totaling \$2,300,000 and \$2,609,633 for the years ended June 30, 2019 and 2018, 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 (the 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.

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:

Without Donor Restrictions – 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, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

With Donor Restrictions – 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, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 support without donor restrictions. Contributions of cash or other assets without donor stipulations concerning the use of such assets are reported as revenues without donor restrictions. Contributions of cash or other assets with donor stipulations are reported as revenues of net assets with donor restrictions. The restrictions are considered to be released at the time such assets are placed in service. Net assets with donor restrictions held and released from restrictions for the years ended June 30, 2019 and 2018 were for hunter advocacy.

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, 2019 and 2018, a portion of the cash balances at financial institutions exceeded the balance insured by the FDIC.

Accounts and Notes Receivable

Accounts receivable consist primarily of amounts due from advertisers, convention auction purchases, and chapters. 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.

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts and Notes Receivable

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>
2020	\$ 532,180
2021	120,000
2022	18,750
Total	<u>670,930</u>
Less: Allowance for Doubtful Accounts	<u>(45,000)</u>
Total Expected Collections	<u>\$ 625,930</u>

Notes receivable are considered impaired if full principal or interest payments are not made in accordance with the contractual terms. There are two past due notes receivable that are fully reserved as of June 30, 2019 and 2018. Additionally, no notes receivable have been modified or extended to date.

Pledges Receivable

Unconditional promises to give are recognized as assets and revenues in the period the promise is received. Unconditional promises to give that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the fair value of their estimated future cash flows as of the date of the promise to give through the use of a present value discount technique. In periods subsequent to initial recognition, unconditional promises to give are reported at the amount management expects to collect and are discounted over the collection period using the same discount rate as determined at the time of initial recognition. The discount rate determined at the initial recognition of the unconditional promise to give is based upon management's assessment of many factors, including when the pledge is expected to be collected, the creditworthiness of the other parties, SCI's past collection experience and its policies concerning the enforcement of promises to give, expectations about possible variations in the amount or timing, or both, of the cash flows and other factors concerning the pledge's collectability. Amortization of the discounts is included in support from contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Management provides for probably, uncollectible amounts through a charge to operations and a credit to valuation allowance based on the assessment of the current status of individual balances.

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.

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions received are considered to be available for general 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 support with donor restrictions. When a donor's stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 support without donor restrictions.

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 net realizable value.

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.

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 2019 and 2018.

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.

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

- SCIF Programs
- 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 \$631,789 \$720,104 for the years ended June 30, 2019 and 2018, respectively.

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, 2019 and 2018, management does not believe any uncertain tax positions exist.

Change in Accounting Principle

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. SCI has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly with no changes on total net assets.

SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

SCI evaluated subsequent events through January 6, 2020, which is the date the financial statements were available to be issued.

In October 2019, SCI obtained a \$6,700,000 securities-based line of credit.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and Cash Equivalents	\$ 3,389,009
Accounts Receivable, Net	3,385,846
Notes Receivable, Net	487,180
Long-Term Investments	9,589,536
	<u>\$ 16,851,571</u>

As part of our liquidity management plan, we invest cash in excess of daily requirements in investments.

NOTE 3 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.

SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 3 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, 2019 and 2018.

Corporate Bond Funds: Investments in bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote is available.

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, 2019.

	Level 1	Level 2	Level 3	Total
Mutual Funds:				
High Yield Bond	\$1,711,666	\$ -	\$ -	\$ 1,711,666
Foreign Large Blend	498,446	-	-	498,446
Emerging Markets	311,209	-	-	311,209
REIT	27,736	-	-	27,736
Alternatives	30,652	-	-	30,652
Exchange Traded Funds:				
Intermediate Term Bond	1,345,871	-	-	1,345,871
Mid-Cap Blend	1,113,131	-	-	1,113,131
Large-Cap Blend	1,217,985	-	-	1,217,985
Small-Cap Blend	822,322	-	-	822,322
Corporate Bond Funds:				
Individual Securities	-	559,010	-	559,010
Common Stocks:				
Consumer Discretionary	252,208	-	-	252,208
Consumer Staples	179,265	-	-	179,265
Energy	121,275	-	-	121,275
Financials	294,206	-	-	294,206
Healthcare	330,184	-	-	330,184
Industrials	275,856	-	-	275,856
Information Technology	550,532	-	-	550,532
Materials	52,550	-	-	52,550
Real Estate	46,206	-	-	46,206
Telecommunications Services	268,299	-	-	268,299
Utilities	70,086	-	-	70,086
Total Investments at Fair Value	\$ 9,519,685	\$ 559,010	\$ -	\$ 10,078,695

SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 3 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, 2018.

	Level 1	Level 2	Level 3	Total
Mutual Funds:				
High Yield Bond	\$ 2,159,719	\$ -	\$ -	\$ 2,159,719
Foreign Large Blend	530,501	-	-	530,501
Emerging Markets	302,421	-	-	302,421
REIT	24,074	-	-	24,074
Alternatives	65,938	-	-	65,938
Exchange Traded Funds:				
Intermediate Term Bond	1,286,723	-	-	1,286,723
Mid-Cap Blend	1,088,641	-	-	1,088,641
Large-Cap Blend	1,128,046	-	-	1,128,046
Small-Cap Blend	872,462	-	-	872,462
Corporate Bond Funds:				
Individual Securities	-	343,765	-	343,765
Common Stocks:				
Consumer Discretionary	342,875	-	-	342,875
Consumer Staples	162,924	-	-	162,924
Energy	164,238	-	-	164,238
Financials	298,406	-	-	298,406
Healthcare	305,569	-	-	305,569
Industrials	228,676	-	-	228,676
Information Technology	648,370	-	-	648,370
Materials	73,578	-	-	73,578
Real Estate	36,331	-	-	36,331
Telecommunications Services	39,768	-	-	39,768
Utilities	47,449	-	-	47,449
Total Investments at Fair Value	<u>\$ 9,806,709</u>	<u>\$ 343,765</u>	<u>\$ -</u>	<u>\$ 10,150,474</u>

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

	2019	2018
Interest and Dividend Income	\$ 284,484	\$ 231,001
Net Realized Gains on Investments	233,710	193,311
Net Unrealized Gains on Investments	98,024	424,210
Fees on Investments	(47,301)	(45,098)
Total Investment Income	<u>\$ 568,917</u>	<u>\$ 803,424</u>

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 4 PROPERTY AND EQUIPMENT

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

	<u>2019</u>	<u>2018</u>
Office Furniture and Equipment	\$ 2,141,019	\$ 2,060,583
Work in Progress	43,702	273,299
Less: Accumulated Depreciation	<u>(1,764,539)</u>	<u>(1,868,115)</u>
Property and Equipment, Net	<u>\$ 420,182</u>	<u>\$ 465,767</u>

Depreciation expense charged to operations was \$218,204 and \$229,815 for the years ended June 30, 2019 and 2018, respectively.

NOTE 5 LIFE HUNTER ADVOCATE SOCIETY

The Life Hunter Advocate Society (LHAS) was established with the purpose of accepting contributions and funding advocacy projects. All contributions by SCI life members to the LHAS are held in a segregated account

The change in the LHAS fund for the year ended June 30, 2019 is as follows:

	<u>Unrestricted</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Time/Purpose Restricted</u>	<u>Restricted in Perpetuity</u>	
LHAS Net Assets, July 1, 2018	\$ -	\$ 305,998	\$ -	\$ 305,998
Contributions and Pledge Payments	-	102,900	-	102,900
Investment Return:				
Net Realized and Unrealized Gains	-	10,042	-	10,042
Dividends and Interest	-	8,416	-	8,416
Appropriation of Endowment				
Assets for Expenditure	-	<u>(53,762)</u>	-	<u>(53,762)</u>
LHAS Net Assets, June 30, 2019	<u>\$ -</u>	<u>\$ 373,594</u>	<u>\$ -</u>	<u>\$ 373,594</u>

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 5 LIFE HUNTER ADVOCATE SOCIETY (CONTINUED)

The change in the LHAS fund for the year ended June 30, 2018 is as follows:

	Unrestricted	With Donor Restrictions		Total
		Time/Purpose Restricted	Restricted in Perpetuity	
LHAS Net Assets, July 1, 2017	\$ -	\$ 208,150	\$ -	\$ 208,150
Contributions and Pledge Payments	-	88,900	-	88,900
Investment Return:				
Net Realized and Unrealized Gains	-	7,625	-	7,625
Dividends and Interest	-	4,136	-	4,136
Appropriation of Endowment				
Assets for Expenditure	-	(2,813)	-	(2,813)
LHAS Net Assets, June 30, 2018	<u>\$ -</u>	<u>\$ 305,998</u>	<u>\$ -</u>	<u>\$ 305,998</u>

NOTE 6 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 for facilities use and 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. For the years ended June 30, 2019 and 2018, SCIF charged SCI \$442,327 and \$429,801, 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 \$254,968 and \$225,776 for the years ended June 30, 2019 and 2018, respectively. Additionally, SCI received from SCIF reimbursement of allocated expenses totaling \$220,620 and \$228,077 for the years ended June 30, 2019 and 2018, respectively.

SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 6 RELATED PARTY TRANSACTIONS (CONTINUED)

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, 2019 and 2018, SCI provided to SCIF goods and services totaling \$2,112,356 and \$2,101,339, respectively, which is included as SCIF Donated Goods and Services in the accompanying statements of functional revenues and expenses.

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, 2019 and 2018, the annual grant totaled \$187,644 and \$508,294, 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, 2019 and 2018, amounts due from SCIF totaled \$220,343 and \$67,400, respectively, which are included in accounts receivable 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 was \$100,000 for the years ended June 30, 2019 and 2018. The license fee is included in Promotion and Development in the accompanying statements of functional revenues and expenses. On July 1, 2019, SCI purchased the Marks for \$731,800.

SCI paid an independent contractor, who is the son of a member of the SCI board of directors in 2019 and 2018. The amounts paid were \$222,502 and \$172,901 for the years ended June 30, 2019 and 2018, respectively, for production related expenses.

SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 7 COMMITMENTS

SCI leases space at the Mandalay Bay Convention Center and Caesar's Palace Convention Center in Las Vegas, Nevada, and the Sparks Convention Center in Reno, Nevada for the annual conventions and has entered into agreements for events through the 2022 convention. The Sparks Convention Center lease is for the 2020 convention. The Caesar's Palace Convention Center lease is for the 2021 convention. The Mandalay Bay Convention Center lease is for the 2022 convention. 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.

NOTE 8 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 \$32,794 and \$32,794, respectively for the year ended June 30, 2019. Amounts included in revenue and expense resulting from such exchange transactions was \$89,506 and \$89,506, respectively, for the year ended June 30, 2018.

NOTE 9 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 2019 and 2018, employer matching contributions totaled \$118,226 and \$111,475, net of forfeitures, respectively.

NOTE 10 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.

