

SAFARI CLUB INTERNATIONAL
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019



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**SAFARI CLUB INTERNATIONAL
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YEARS ENDED JUNE 30, 2020 AND 2019**

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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, 2020 and 2019, 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, 2020 and 2019, 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 17, 2020

SAFARI CLUB INTERNATIONAL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 616,054	\$ 3,389,009
Accounts Receivable, Net of Allowance for Doubtful		
Accounts of \$9,875 and \$12,289 in 2020 and 2019, Respectively	2,749,891	3,385,846
Pledges Receivable	30,250	37,000
Notes Receivable, Net of Allowance for Doubtful		
Accounts of \$55,984 and \$45,000 in 2020 and 2019, Respectively	497,561	487,180
Inventories	411,593	375,031
Prepaid Expenses:		
Convention	205,129	191,345
Other Programs	341,680	485,179
Total Current Assets	4,852,158	8,350,590
LONG-TERM PLEDGES RECEIVABLE, NET OF CURRENT PORTION	28,850	44,200
LONG-TERM NOTES RECEIVABLE, NET OF CURRENT PORTION	143,750	138,750
LONG-TERM INVESTMENTS	8,845,178	10,078,695
LONG-TERM DEPOSIT, RELATED PARTY	69,951	72,353
INTELLECTUAL PROPERTY	731,800	-
PROPERTY AND EQUIPMENT, NET	470,806	420,182
Total Assets	\$ 15,142,493	\$ 19,104,770
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 874,941	\$ 1,220,254
Unearned Revenue:		
Convention	4,029,949	6,207,939
Safari Publications	418,771	410,969
Other Programs	830,553	944,658
Total Current Liabilities	6,154,214	8,783,820
LONG-TERM LIABILITIES		
Unearned Three-Year Membership Revenue	422,985	410,167
Total Liabilities	6,577,199	9,193,987
NET ASSETS		
Without Donor Restrictions	8,023,008	9,421,624
With Donor Restrictions	542,286	489,159
Total Net Assets	8,565,294	9,910,783
Total Liabilities and Net Assets	\$ 15,142,493	\$ 19,104,770

See accompanying Notes to Financial Statements.

SAFARI CLUB INTERNATIONAL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Convention	\$ 11,904,331	\$ -	\$ 11,904,331
Dues and Subscriptions	2,023,906	-	2,023,906
Membership Services and Product Sales	830,894	-	830,894
Advertising and Sponsorships	1,815,249	-	1,815,249
Contributions	988,543	136,409	1,124,952
Investment Income	341,159	17,848	359,007
Other	386,730	-	386,730
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	101,130	(101,130)	-
Total Revenues and Other Support	<u>18,391,942</u>	<u>53,127</u>	<u>18,445,069</u>
EXPENSES			
Program Services:			
SCIF Programs	2,200,000	-	2,200,000
Governmental Affairs	2,367,502	-	2,367,502
Total Program Services	<u>4,567,502</u>	<u>-</u>	<u>4,567,502</u>
Supporting Services:			
Fundraising	6,512,155	-	6,512,155
Membership Services	5,790,336	-	5,790,336
General and Administrative	2,920,565	-	2,920,565
Total Supporting Services	<u>15,223,056</u>	<u>-</u>	<u>15,223,056</u>
Total Expenses	<u>19,790,558</u>	<u>-</u>	<u>19,790,558</u>
CHANGES IN NET ASSETS	(1,398,616)	53,127	(1,345,489)
Net Assets - Beginning of Year	<u>9,421,624</u>	<u>489,159</u>	<u>9,910,783</u>
NET ASSETS - END OF YEAR	<u><u>\$ 8,023,008</u></u>	<u><u>\$ 542,286</u></u>	<u><u>\$ 8,565,294</u></u>

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><u>\$ 9,421,624</u></u>	<u><u>\$ 489,159</u></u>	<u><u>\$ 9,910,783</u></u>

See accompanying Notes to Financial Statements.

SAFARI CLUB INTERNATIONAL
STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2020

	SCIF Programs	Governmental Affairs	Fundraising	Membership Services	General and Administrative	Total
REVENUE AND OTHER SUPPORT						
Convention	\$ -	\$ 32,645	\$ 11,857,257	\$ 14,429	\$ -	\$ 11,904,331
Dues and Subscriptions	-	-	-	2,023,906	-	2,023,906
Membership Services and Product Sales	-	-	-	799,304	31,590	830,894
Advertising and Sponsorships	-	-	197,600	1,617,649	-	1,815,249
Contributions	-	146,239	-	976,653	2,060	1,124,952
Investment Income	-	-	-	19,369	339,638	359,007
Other	-	4,550	380,105	-	2,075	386,730
	<u>\$ -</u>	<u>\$ 183,434</u>	<u>\$ 12,434,962</u>	<u>\$ 5,451,310</u>	<u>\$ 375,363</u>	<u>\$ 18,445,069</u>
Total						
EXPENSES						
Convention Events	\$ -	\$ 66,029	\$ 4,066,464	\$ 121,954	\$ 123,272	\$ 4,377,719
Salaries, Wages, and Benefits	-	1,043,297	998,906	2,457,891	1,281,615	5,781,709
Production Costs - Subscriptions	-	-	-	881,964	-	881,964
Occupancy and Supplies	-	219,184	160,579	218,365	307,275	905,403
Conferences and Meetings	-	9,255	635	22,357	130,954	163,201
Liability and Other Insurance	-	2,020	149,729	153,823	57,573	363,145
Programs and Projects	-	239,129	77,427	5,587	7,752	329,895
SCIF Grants	115,513	-	-	-	-	115,513
SCIF Donated Goods and Services	2,084,487	-	-	-	-	2,084,487
Rent	-	193,512	46,929	98,919	94,758	434,118
Legal and Accounting Services	-	2,740	-	7,320	455,277	465,337
Consulting	-	419,761	267,264	626,492	88,209	1,401,726
Depreciation	-	4,815	5,387	25,069	137,117	172,388
Cost of Sales - Membership Services and Products	-	-	-	346,175	-	346,175
Printing	-	19,865	117,389	59,056	5,243	201,553
Promotion and Development	-	13,181	240,701	484,509	36,311	774,702
Postage and Freight	-	18,114	47,746	67,528	27,080	160,468
Maintenance and Security	-	11,298	4,588	10,106	9,263	35,255
Travel	-	105,252	337,944	201,570	142,316	787,082
Bad Debt	-	-	(9,533)	1,681	-	(7,852)
Taxes	-	50	-	-	-	50
Other	-	-	-	(30)	16,550	16,520
	<u>\$ 2,200,000</u>	<u>\$ 2,367,502</u>	<u>\$ 6,512,155</u>	<u>\$ 5,790,336</u>	<u>\$ 2,920,565</u>	<u>\$ 19,790,558</u>
Total						

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	<u>\$ -</u>	<u>\$ 209,108</u>	<u>\$ 13,611,925</u>	<u>\$ 6,468,338</u>	<u>\$ 77,610</u>	<u>\$ 20,366,981</u>
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	<u>\$ 2,300,000</u>	<u>\$ 2,373,472</u>	<u>\$ 6,564,115</u>	<u>\$ 5,590,539</u>	<u>\$ 2,914,374</u>	<u>\$ 19,742,500</u>

See accompanying Notes to Financial Statements.

**SAFARI CLUB INTERNATIONAL
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ (1,345,489)	\$ 624,481
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	172,388	218,204
Realized and Unrealized Gains on Investments, Net	(131,324)	(331,734)
Loss on Disposal of Property and Equipment	-	646
Increase (Decrease) in Cash Resulting from Changes in:		
Accounts, Pledges, and Notes Receivable	642,674	(2,723,000)
Inventories	(36,562)	(118,716)
Prepaid Expenses	129,715	10,266
Deposit, Related Party	2,402	1,368
Accounts Payable and Accrued Liabilities	(345,313)	(53,255)
Unearned Revenue	(2,271,475)	3,240,858
Net Cash Provided (Used) by Operating Activities	(3,182,984)	869,118
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	2,407,742	802,404
Purchases of Investments	(1,042,901)	(398,891)
Purchase of Intellectual Property	(731,800)	-
Purchases of Property and Equipment	(223,012)	(173,265)
Net Cash Provided by Investing Activities	410,029	230,248
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,772,955)	1,099,366
Cash and Cash Equivalents - Beginning of Year	3,389,009	2,289,643
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 616,054	\$ 3,389,009

See accompanying Notes to Financial Statements.

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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 \$2,200,000 and \$2,300,000 for the years ended June 30, 2020 and 2019, 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, 2020 AND 2019**

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.

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, 2020 and 2019, 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, 2020 AND 2019**

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>
2021	\$ 553,545
2022	143,750
Total	<u>697,295</u>
Less: Allowance for Doubtful Accounts	<u>(55,984)</u>
Total Expected Collections	<u>\$ 641,311</u>

Notes receivable are considered impaired if full principal or interest payments are not made in accordance with the contractual terms. There is one past due note receivable as of June 30, 2020 and two past due note receivables at June 30, 2020 that are fully reserved. 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, 2020 AND 2019**

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, 2020 AND 2019

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.

Intellectual Property

SCI capitalizes amounts paid for copyrights and trademarks at cost. SCI considers that the trademarks and copyrights have an indefinite life and therefore no amortization is recorded.

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 2020 and 2019.

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, 2020 AND 2019**

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 \$774,702 \$631,789 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019, management does not believe any uncertain tax positions exist.

Recent Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This standard outlines a single comprehensive model for companies to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry specific guidance. The standard is required to be applied retrospectively. The ASU permits private companies and nonprofit organizations that have not yet applied the revenue recognition standard to elect to adopt for annual reporting periods beginning after December 15, 2019. SCI is currently evaluating the effect the standard will have on the financial statements.

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

SCI evaluated subsequent events through December 17, 2020, which is the date the financial statements were available to be issued.

In July 2020, SCI extended a note receivable to a similar organization in the amount of \$735,000. The note requires quarterly interest payments at 10% until maturity in November 2024.

In October 2020, SCI made the decision to cancel its February 2021 Hunters' Convention in Las Vegas due to restrictions and safety precautions due to coronavirus. The impact of this cancellation is not included in the accompanying financial statements as of and for the year ended June 30, 2020.

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 at June 30:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 616,054	\$ 3,389,009
Accounts Receivable, Net	2,749,891	3,385,846
Notes Receivable, Net	497,561	487,180
Long-Term Investments	8,845,178	10,078,695
Total Financial Assets	<u>12,708,684</u>	<u>17,340,730</u>
Less: Funds Subject to Donor Restrictions	<u>(542,286)</u>	<u>(489,159)</u>
Total Financial Assets Available	<u>\$ 12,166,398</u>	<u>\$ 16,851,571</u>

As part of our liquidity management plan, we invest cash in excess of daily requirements in investments. Additionally, SCI has a \$6,700,000 line of credit.

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

SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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.

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, 2020 and 2019.

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, 2020.

	Level 1	Level 2	Level 3	Total
Exchange Traded Funds:				
Intermediate Term Bond	\$ 1,874,574	\$ -	\$ -	\$ 1,874,574
Mid-Cap Blend	599,076	-	-	599,076
Large-Cap Blend	3,310,455	-	-	3,310,455
Small-Cap Blend	741,330	-	-	741,330
Short Term Bond	712,911	-	-	712,911
High Yield Bond	356,860	-	-	356,860
International Bond	1,249,972	-	-	1,249,972
	<hr/>	<hr/>	<hr/>	<hr/>
Total Investments at Fair Value	<u>\$ 8,845,178</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,845,178</u>

SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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, 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	<u>\$ 9,519,685</u>	<u>\$ 559,010</u>	<u>\$ -</u>	<u>\$ 10,078,695</u>

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

	2020	2019
Interest and Dividend Income	\$ 253,384	\$ 284,484
Net Realized Gains on Investments	2,105,350	233,710
Net Unrealized Gains (Losses) on Investments	(1,974,026)	98,024
Fees on Investments	(25,701)	(47,301)
Total Investment Income	<u>\$ 359,007</u>	<u>\$ 568,917</u>

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 4 PROPERTY AND EQUIPMENT

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

	2020	2019
Office Furniture and Equipment	\$ 2,106,997	\$ 2,141,019
Work in Progress	199,121	43,702
Less: Accumulated Depreciation	(1,835,312)	(1,764,539)
Property and Equipment, Net	\$ 470,806	\$ 420,182

Depreciation expense charged to operations was \$172,388 and \$218,204 for the years ended June 30, 2020 and 2019, 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, 2020 is as follows:

	Without Restrictions	With Donor Restrictions		Total
		Time/Purpose Restricted	Restricted in Perpetuity	
LHAS Net Assets, July 1, 2019	\$ -	\$ 373,594	\$ -	\$ 373,594
Contributions and Pledge Payments	-	67,600	-	67,600
Investment Return:				
Net Realized and Unrealized Gains	-	8,547	-	8,547
Dividends and Interest	-	9,301	-	9,301
Appropriation of LHAS				
Assets for Expenditure	-	(25,861)	-	(25,861)
LHAS Net Assets, June 30, 2020	\$ -	\$ 433,181	\$ -	\$ 433,181

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 5 LIFE HUNTER ADVOCATE SOCIETY (CONTINUED)

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

	Without Restrictions	With Donor Restrictions		Total
		Time/Purpose Restricted	Restricted in Perpetuity	
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 LHAS				
Assets for Expenditure	-	(53,762)	-	(53,762)
LHAS Net Assets, June 30, 2019	<u>\$ -</u>	<u>\$ 373,594</u>	<u>\$ -</u>	<u>\$ 373,594</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.

A new agreement was entered into effective May 14, 2020. The new agreement has an initial term of two years and shall auto-renew for additional terms of equal length thereafter, unless terminated by either party providing 90 days 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, 2020 and 2019, SCIF charged SCI \$434,118 and \$442,327, 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 \$215,525 and \$254,968 for the years ended June 30, 2020 and 2019, respectively. Additionally, SCI received from SCIF reimbursement of allocated expenses totaling \$216,616 and \$220,620 for the years ended June 30, 2020 and 2019, respectively.

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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, 2020 and 2019, SCI provided to SCIF goods and services totaling \$2,084,487 and \$2,112,356, 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, 2020 and 2019, the annual grant totaled \$115,513 and \$187,644, 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, 2020 and 2019, amounts due from SCIF totaled \$134,418 and \$220,343, 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. On July 1, 2019, SCI purchased the Marks for \$731,800. Prior to the purchase, on July 1, the license fee to be received by SCIF from SCI as stated within the agreement was \$100,000 for the year ended June 30, 2019. The license fee was 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 2020 and 2019. The amounts paid were \$197,240 and \$222,502 for the years ended June 30, 2020 and 2019, respectively, for production related expenses.

NOTE 7 SECURITIES BASED LINE OF CREDIT

In October 2019, SCI obtained a securities based line of credit in the amount of \$6,700,000. Outstanding draws are secured by a portion of SCI's investment portfolio and are charged interest at the one-month LIBOR plus 2.25% (effective rate of 2.41% at June 30, 2020). There were no amounts outstanding under this line of credit on June 30, 2020.

SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 8 COMMITMENTS

SCI leases space for its annual conventions and as entered into agreements for events through the 2030 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. Hotels in the areas have also been booked. SCI has entered into agreements for events through 2030 as follows:

2021	Las Vegas Convention Center	Las Vegas, NV
2022	Mandalay Bay	Las Vegas, NV
2023	Music City Center	Nashville, TN
2024	Music City Center	Nashville, TN
2025	Music City Center	Nashville, TN
2026	Ernest N. Morial Convention Center	New Orleans, LA
2027	Indiana Convention Center	Indianapolis, IN
2028	Ernest N. Morial Convention Center	New Orleans, LA
2029	Indiana Convention Center	Indianapolis, IN
2030	Ernest N. Morial Convention Center	New Orleans, LA

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 9 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 \$56,914 and \$56,914, respectively for the year ended June 30, 2020. 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.

NOTE 10 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 2020 and 2019, employer matching contributions totaled \$95,474 and \$118,226, net of forfeitures, respectively.

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 11 NET ASSETS

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	2020	2019
Subject to Expenditure for Specified Purpose:		
Life Hunter Advocate Society	\$ 433,181	\$ 373,594
Miscellaneous Hunter Advocacies	109,105	115,565
Total Net Assets with Donor Restrictions	\$ 542,286	\$ 489,159

Net assets were released from donor restrictions by incurring expense satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30 as follows:

	2020	2019
Satisfaction of Purpose Restrictions:		
Life Hunter Advocate Society	\$ 25,000	\$ 52,404
Miscellaneous Hunter Advocacies	76,130	64,359
	\$ 101,130	\$ 116,763

NOTE 12 CONTINGENCIES

Litigation

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.

Pandemic

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to SCI, COVID-19 may impact various parts of its fiscal 2021 operations and financial results, including decreased revenues and increased expenses. Management believes SCI is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

