

SAFARI CLUB INTERNATIONAL
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020



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**SAFARI CLUB INTERNATIONAL
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YEARS ENDED JUNE 30, 2021 AND 2020**

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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, 2021 and 2020, 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, 2021 and 2020, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2021 the organization adopted new accounting guidance for recognizing revenue from contracts with customers. Our opinion is not modified with respect to this matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Tucson, Arizona
January 13, 2022

SAFARI CLUB INTERNATIONAL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,951,610	\$ 616,054
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$11,625 and \$9,875 in 2021 and 2020, Respectively	1,093,787	2,749,891
Pledges Receivable	18,800	30,250
Notes Receivable, Net of Allowance for Doubtful Accounts of \$21,867 and \$55,984 in 2021 and 2020, Respectively	608,230	497,561
Inventories	495,499	411,593
Prepaid Expenses:		
Convention	241,177	205,129
Other Programs	409,596	341,680
Total Current Assets	4,818,699	4,852,158
LONG-TERM PLEDGES RECEIVABLE, NET OF CURRENT PORTION	10,767	28,850
LONG-TERM NOTES RECEIVABLE, NET OF CURRENT PORTION	801,176	143,750
LONG-TERM INVESTMENTS	9,762,569	8,845,178
LONG-TERM DEPOSIT, RELATED PARTY	73,599	69,951
INTELLECTUAL PROPERTY	731,800	731,800
PROPERTY AND EQUIPMENT, NET	311,280	470,806
Total Assets	\$ 16,509,890	\$ 15,142,493
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 1,228,501	\$ 874,941
Unearned Revenue:		
Convention	2,978,159	4,029,949
Safari Publications	410,094	418,771
Annual Membership	171,185	-
Other Programs	1,148,754	830,553
Total Current Liabilities	5,936,693	6,154,214
LONG-TERM LIABILITIES		
Unearned Three-Year and Lifetime Membership Revenue	5,094,551	422,985
Total Liabilities	11,031,244	6,577,199
NET ASSETS		
Without Donor Restrictions	4,879,827	8,023,008
With Donor Restrictions	598,819	542,286
Total Net Assets	5,478,646	8,565,294
Total Liabilities and Net Assets	\$ 16,509,890	\$ 15,142,493

See accompanying Notes to Financial Statements.

SAFARI CLUB INTERNATIONAL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Convention	\$ -	\$ -	\$ -
Insurance Proceeds	6,798,064	-	6,798,064
Dues and Subscriptions	1,755,650	-	1,755,650
Membership Services and Product Sales	509,983	-	509,983
Advertising and Sponsorships	1,345,828	-	1,345,828
Contributions	908,703	25,332	934,035
Investment Income	1,713,126	93,803	1,806,929
Other	957	-	957
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	62,602	(62,602)	-
Total Revenues and Other Support	<u>13,094,913</u>	<u>56,533</u>	<u>13,151,446</u>
EXPENSES			
Program Services:			
SCIF Programs	1,000,000	-	1,000,000
Governmental Affairs	2,140,871	-	2,140,871
Total Program Services	<u>3,140,871</u>	<u>-</u>	<u>3,140,871</u>
Supporting Services:			
Fundraising	420,125	-	420,125
Membership Services	5,288,762	-	5,288,762
General and Administrative	2,526,193	-	2,526,193
Total Supporting Services	<u>8,235,080</u>	<u>-</u>	<u>8,235,080</u>
Total Expenses	<u>11,375,951</u>	<u>-</u>	<u>11,375,951</u>
CHANGES IN NET ASSETS	1,718,962	56,533	1,775,495
Net Assets - Beginning of Year, as Previously Reported	8,023,008	542,286	8,565,294
Cumulative Effect of Change in Accounting Principles: <i>Revenue from Contracts with Customers</i> (Topic 606)	<u>(4,862,143)</u>	<u>-</u>	<u>(4,862,143)</u>
Net Assets - Beginning of Year, as Restated	<u>3,160,865</u>	<u>542,286</u>	<u>3,703,151</u>
NET ASSETS - END OF YEAR	<u>\$ 4,879,827</u>	<u>\$ 598,819</u>	<u>\$ 5,478,646</u>

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	<u>101,130</u>	<u>(101,130)</u>	<u>-</u>
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	<u>2,367,502</u>	<u>-</u>	<u>2,367,502</u>
Total Program Services	4,567,502	-	4,567,502
Supporting Services:			
Fundraising	6,512,155	-	6,512,155
Membership Services	5,790,336	-	5,790,336
General and Administrative	<u>2,920,565</u>	<u>-</u>	<u>2,920,565</u>
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 FUNCTIONAL REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2021

	SCIF Programs	Governmental Affairs	Fundraising	Membership Services	General and Administrative	Total
REVENUE AND OTHER SUPPORT						
Convention	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance Proceeds	-	(9,584)	6,986,232	(92,702)	(85,882)	6,798,064
Dues and Subscriptions	-	-	-	1,755,650	-	1,755,650
Membership Services and Product Sales	-	-	-	509,983	-	509,983
Advertising and Sponsorships	-	-	-	1,345,828	-	1,345,828
Contributions	-	60,187	-	867,770	6,078	934,035
Investment Income	-	-	-	93,974	1,712,955	1,806,929
Other	-	-	257	200	500	957
Total	<u>\$ -</u>	<u>\$ 50,603</u>	<u>\$ 6,986,489</u>	<u>\$ 4,480,703</u>	<u>\$ 1,633,651</u>	<u>\$ 13,151,446</u>
EXPENSES						
Convention Events	\$ -	\$ -	\$ 179,606	\$ 580	\$ 4,175	\$ 184,361
Salaries, Wages, and Benefits	-	755,073	37,055	2,058,726	1,107,968	3,958,822
Production Costs - Subscriptions	-	-	-	779,460	-	779,460
Occupancy and Supplies	-	192,443	26,523	139,714	459,452	818,132
Conferences and Meetings	-	108	50	1,998	30,458	32,614
Liability and Other Insurance	-	4,025	98,798	186,341	43,767	332,931
Programs and Projects	-	185,573	-	2,815	3,699	192,087
SCIF Grants	-	-	-	-	-	-
SCIF Donated Goods and Services	1,000,000	-	-	-	-	1,000,000
Rent	-	134,473	28,816	115,466	112,135	390,890
Legal and Accounting Services	-	1,493	475	2,319	485,905	490,192
Consulting	-	796,827	36,201	385,040	83,211	1,301,279
Depreciation	-	4,143	2,434	31,802	64,504	102,883
Cost of Sales - Membership Services and Products	-	-	-	248,107	-	248,107
Printing	-	31,080	-	46,022	6,261	83,363
Promotion and Development	-	16,808	1,674	1,216,099	10,793	1,245,374
Postage and Freight	-	3,178	273	64,325	10,837	78,613
Maintenance and Security	-	10,129	2,441	9,176	8,911	30,657
Travel	-	5,518	4,029	30,058	47,149	86,754
Bad Debt	-	-	1,750	(29,336)	-	(27,586)
Taxes	-	-	-	50	-	50
Other	-	-	-	-	46,968	46,968
Total	<u>\$ 1,000,000</u>	<u>\$ 2,140,871</u>	<u>\$ 420,125</u>	<u>\$ 5,288,762</u>	<u>\$ 2,526,193</u>	<u>\$ 11,375,951</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
Total	<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>
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
Total	<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>

See accompanying Notes to Financial Statements.

**SAFARI CLUB INTERNATIONAL
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 1,775,495	\$ (1,345,489)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	102,883	172,388
Loss on Disposal of Property and Equipment	120,988	-
Realized and Unrealized Gains on Investments, Net	(1,558,536)	(131,324)
Increase (Decrease) in Cash Resulting from Changes in:		
Accounts, Pledges, and Notes Receivable	917,542	642,674
Inventories	(83,906)	(36,562)
Prepaid Expenses	(103,964)	129,715
Deposit, Related Party	(3,648)	2,402
Accounts Payable and Accrued Liabilities	353,560	(345,313)
Unearned Revenue	(761,658)	(2,271,475)
Net Cash Provided (Used) by Operating Activities	758,756	(3,182,984)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	859,177	2,407,742
Purchases of Investments	(218,032)	(1,042,901)
Purchase of Intellectual Property	-	(731,800)
Proceeds from the Sale of Assets	1,700	-
Purchases of Property and Equipment	(66,045)	(223,012)
Net Cash Provided by Investing Activities	576,800	410,029
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,335,556	(2,772,955)
Cash and Cash Equivalents - Beginning of Year	616,054	3,389,009
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,951,610	\$ 616,054
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Effect of Adoption of Topic 606 on:		
Net Assets without Donor Restrictions	\$ 4,862,143	\$ -
Unearned Revenue	\$ 4,862,143	\$ -

See accompanying Notes to Financial Statements.

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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 \$1,000,000 and \$2,200,000 for the years ended June 30, 2021 and 2020, 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, 2021 AND 2020**

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, 2021 and 2020, 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, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts and Notes Receivable (Continued)

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. Notes receivable also includes a note to a similar organization in the amount of \$735,000 which requires quarterly interest payments at 10% until maturity in November 2024. The notes receivable are expected to be collected according to the payment terms within the contracts as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 630,097
2023	66,176
2024	<u>735,000</u>
Total	1,431,273
Less: Allowance for Doubtful Accounts	<u>(21,867)</u>
Total Expected Collections	<u><u>\$ 1,409,406</u></u>

Notes receivable are considered impaired if full principal or interest payments are not made in accordance with the contractual terms. There are four past due note receivables as of June 30, 2021 and one past due note receivable 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.

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

Program Revenue, Unearned Revenue, Prepaid Expenses and Insurance Proceeds

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.

SCI's 2021 annual convention was cancelled due to COVID-19. As a result, SCI received insurance proceeds representing the anticipated net revenue from the event in the amount of \$6,798,064. In addition to this, SCI received reimbursement from expenses incurred, totaling \$1,066,518. The expense reimbursements were recorded as reductions to the related expenses.

SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Revenue, Unearned Revenue, Prepaid Expenses, and Insurance Proceeds (Continued)

SCI has one-year, three-year, and life memberships. Membership dues are on an anniversary-date basis and include multiple distinct performance obligations, including publications and general member services. Dues revenue is allocated among the performance obligations and is recognized when each of the performance obligations are satisfied, as follows:

- Bi-monthly magazine – upon publication
- Monthly newspaper – upon publication
- General member benefits – ratably over the membership period. SCI recognizes life memberships over a period of 20 years based on historical experience and expected mortality

Unearned membership revenue is reflected as unearned revenue on the statement of financial position.

Magazine and newspaper advertising revenue is deferred and recognized as each issue is published. Sponsorships are billed when contracts are signed and, as a result, SCI recorded deferred revenue (contract liability) and accounts receivable for any amounts SCI has a right to invoice for which services/events have not been provided. Corporate sponsorship revenue is deferred and recognized in the period in which the performance obligations are met.

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

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.

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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 2021 and 2020.

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:

- 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 \$1,245,374 and \$774,702 for the years ended June 30, 2021 and 2020, respectively.

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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, 2021 and 2020, management does not believe any uncertain tax positions exist.

Adoption of New Accounting Principle

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

SCI adopted the requirements of the new guidance as of July 1, 2020 utilizing the modified retrospective method of transition. As a result, SCI recorded a cumulative adjustment of \$4,862,143 to net assets without donor restrictions as of July 1, 2020, to reflect the effect of the new guidance. The comparative financial information presented has not been restated and continues to be reported under the accounting standards in effect for those periods. SCI applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of July 1, 2020. Adoption of the new guidance resulted in changes to the accounting policies for revenue recognition and deferred revenue as detailed below.

The modified retrospective method of transition requires SCI to disclose the effect of applying the new guidance on each item included in the 2021 financial statements. Following are the line items from the statement of financial position as of June 30, 2021 that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balances reported under the new guidance:

	<u>Amounts that Would Have Been Reported</u>	<u>Effects of Applying the New Guidance</u>	<u>As Reported</u>
<u>Assets</u>	<u>\$ 16,509,890</u>	<u>\$ -</u>	<u>\$ 16,509,890</u>
<u>Liabilities</u>			
Unearned Revenue, Annual Membership	<u>\$ -</u>	<u>\$ 171,185</u>	<u>\$ 171,185</u>
Unearned Three-Year and Lifetime Membership Revenue	<u>\$ 186,719</u>	<u>\$ 4,907,832</u>	<u>\$ 5,094,551</u>
<u>Net Assets</u>			
Without Donor Restrictions	<u>\$ 5,210,607</u>	<u>\$ (330,780)</u>	<u>\$ 4,879,827</u>

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Following are the line items from the statement of activities and changes in net assets as of June 30, 2021 that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balances reported under the new guidance:

	<u>Amounts that Would Have Been Reported</u>	<u>Effects of Applying the New Guidance</u>	<u>As Reported</u>
<u>Revenues</u>			
Dues and Subscriptions	<u>\$ 1,759,853</u>	<u>\$ (4,203)</u>	<u>\$ 1,755,650</u>
Advertising and Sponsorships	<u>\$ 1,672,405</u>	<u>\$ (326,577)</u>	<u>\$ 1,345,828</u>
<u>Expenses</u>			
	<u>\$ 11,375,951</u>	<u>\$ -</u>	<u>\$ 11,375,951</u>
Change in Net Assets	<u>\$ 2,106,275</u>	<u>\$ (330,780)</u>	<u>\$ 1,775,495</u>
<u>Cash Flows</u>			
Change in Net Assets	<u>\$ 2,106,275</u>	<u>\$ (330,780)</u>	<u>\$ 1,775,495</u>

Subsequent Events

SCI evaluated subsequent events through January 13, 2022, which is the date the financial statements were available to be issued.

On August 30, 2021, SCI acquired certain assets of Texas Trophy Hunters Association, including all intellectual property and membership lists.

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>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 1,951,610	\$ 616,054
Accounts Receivable, Net	1,093,787	2,749,891
Notes Receivable, Net	608,230	497,561
Long-Term Investments	<u>9,762,569</u>	<u>8,845,178</u>
Total Financial Assets	13,416,196	12,708,684
Less: Funds Subject to Donor Restrictions	<u>(598,819)</u>	<u>(542,286)</u>
Total Financial Assets Available	<u>\$ 12,817,377</u>	<u>\$ 12,166,398</u>

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

SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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.

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, 2021 and 2020.

Exchange Traded Funds: 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, 2021.

	Level 1	Level 2	Level 3	Total
Exchange Traded Funds:				
Intermediate-Term Bond	\$ 3,142,977	\$ -	\$ -	\$ 2,844,846
Mid-Cap Blend	401,751	-	-	401,751
Large-Cap Blend	3,225,947	-	-	3,225,947
Small-Cap Blend	496,632	-	-	496,632
Short Term Bond	765,042	-	-	765,042
High Yield Bond	732,186	-	-	732,186
International Bond	998,034	-	-	1,296,165
Total Investments at Fair Value	<u>\$ 9,762,569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,762,569</u>

SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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, 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
Total Investments at Fair Value	<u>\$ 8,845,178</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,845,178</u>

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

	2021	2020
Interest and Dividend Income	\$ 264,110	\$ 253,384
Net Realized Gains on Investments	317,024	2,105,350
Net Unrealized Gains (Losses) on Investments	1,241,512	(1,974,026)
Fees on Investments	(15,717)	(25,701)
Total Investment Income	<u>\$ 1,806,929</u>	<u>\$ 359,007</u>

NOTE 4 PROPERTY AND EQUIPMENT

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

	2021	2020
Office Furniture and Equipment	\$ 1,862,900	\$ 2,106,997
Work in Progress	147,000	199,121
Less: Accumulated Depreciation	(1,698,620)	(1,835,312)
Property and Equipment, Net	<u>\$ 311,280</u>	<u>\$ 470,806</u>

Depreciation expense charged to operations was \$102,883 and \$172,388 for the years ended June 30, 2021 and 2020, respectively.

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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, 2021 is as follows:

	Without Restrictions	With Donor Restrictions		Total
		Time/Purpose Restricted	Restricted in Perpetuity	
LHAS Net Assets, July 1, 2020	\$ -	\$ 433,181	\$ -	\$ 433,181
Contributions and Pledge Payments	-	42,750	-	42,750
Investment Return:				
Net Realized and Unrealized Gains	-	83,750	-	83,750
Dividends and Interest	-	10,052	-	10,052
Appropriation of LHAS				
Assets for Expenditure	-	(109,984)	-	(109,984)
LHAS Net Assets, June 30, 2021	<u>\$ -</u>	<u>459,749</u>	<u>\$ -</u>	<u>\$ 459,749</u>
Pledges Receivable, Net (Restricted)		<u>26,650</u>		
LHAS Net Assets Time/Purpose Restricted		<u>\$ 486,399</u>		

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	<u>\$ -</u>	<u>\$ 433,181</u>	<u>\$ -</u>	<u>\$ 433,181</u>

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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, 2021 and 2020, SCIF charged SCI \$419,705 and \$434,118, 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 \$213,441 and \$215,525 for the years ended June 30, 2021 and 2020, respectively. Additionally, SCI received from SCIF reimbursement of allocated expenses totaling \$236,555 and \$216,616 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020, SCI provided to SCIF goods and services totaling \$1,000,000 and \$2,084,487, 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, 2021 and 2020, the annual grant totaled \$-0- and \$115,513, 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, 2021 and 2020, amounts due from SCIF totaled \$212,582 and \$134,418, respectively, which are included in accounts receivable in the accompanying statements of financial position.

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 6 RELATED PARTY TRANSACTIONS (CONTINUED)

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.

SCI paid an independent contractor, who is the son of a member of the SCI board of directors. The amounts paid were \$99,047 and \$197,240 for the years ended June 30, 2021 and 2020, 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 2.60% at June 30, 2021). There were no amounts outstanding under this line of credit on June 30, 2021.

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:

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.

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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 \$46,181 and \$46,181, respectively for the year ended June 30, 2021. 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.

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 2021 and 2020, employer matching contributions totaled \$70,346 and \$95,474, net of forfeitures, respectively.

NOTE 11 NET ASSETS

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

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose:		
Life Hunter Advocate Society	\$ 486,399	\$ 433,181
Miscellaneous Hunter Advocacies	<u>112,420</u>	<u>109,105</u>
Total Net Assets with Donor Restrictions	<u>\$ 598,819</u>	<u>\$ 542,286</u>

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:

	<u>2021</u>	<u>2020</u>
Satisfaction of Purpose Restrictions:		
Life Hunter Advocate Society	\$ 50,599	\$ 25,000
Miscellaneous Hunter Advocacies	<u>12,003</u>	<u>76,130</u>
	<u>\$ 62,602</u>	<u>\$ 101,130</u>

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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 continues to have significant effects on global markets, supply chains, businesses, travel restrictions, and communities. Specific to SCI, COVID-19 may impact various parts of its fiscal 2022 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.

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