

**SAFARI CLUB INTERNATIONAL
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021**



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**SAFARI CLUB INTERNATIONAL
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Safari Club International
Tucson, Arizona

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Safari Club International, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated 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 consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Safari Club International and subsidiary as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Safari Club International and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Safari Club International's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Safari Club International's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Safari Club International's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



CliftonLarsonAllen LLP

Tucson, Arizona
July 27, 2023

SAFARI CLUB INTERNATIONAL
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,299,534	\$ 1,951,610
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$94,059 and \$11,625 in 2022 and 2021, Respectively	3,570,652	1,093,787
Pledges Receivable	7,700	18,800
Notes Receivable, Net of Allowance for Doubtful Accounts of \$-0- and \$21,867 in 2022 and 2021, Respectively	840,774	608,230
Inventories	617,529	495,499
Prepaid Expenses:		
Convention	173,098	241,177
Other Programs	707,826	409,596
Total Current Assets	9,217,113	4,818,699
LONG-TERM PLEDGES RECEIVABLE, NET OF CURRENT PORTION	6,600	10,767
LONG-TERM NOTES RECEIVABLE, NET OF CURRENT PORTION	792,557	801,176
LONG-TERM INVESTMENTS	7,730,456	9,762,569
LONG-TERM DEPOSIT, RELATED PARTY	72,884	73,599
INTELLECTUAL PROPERTY	2,675,149	731,800
PROPERTY AND EQUIPMENT, NET	382,663	311,280
Total Assets	\$ 20,877,422	\$ 16,509,890

See accompanying Notes to Consolidated Financial Statements.

SAFARI CLUB INTERNATIONAL
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2022 AND 2021

LIABILITIES AND NET ASSETS	2022	2021
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 4,152,759	\$ 1,228,501
Unearned Revenue:		
Convention	4,840,229	2,978,159
Safari Publications	507,330	410,094
Annual Membership	189,697	171,185
Current Portion of Long-Term Memberships	625,514	532,343
Other Programs	2,576,314	1,148,754
Total Current Liabilities	12,891,843	6,469,036
LONG-TERM LIABILITIES		
Unearned Long-Term Membership Revenue, Net	5,634,300	4,562,208
Total Liabilities	18,526,143	11,031,244
NET ASSETS		
Without Donor Restrictions	1,816,476	4,879,827
With Donor Restrictions	534,803	598,819
Total Net Assets	2,351,279	5,478,646
Total Liabilities and Net Assets	\$ 20,877,422	\$ 16,509,890

See accompanying Notes to Consolidated Financial Statements.

SAFARI CLUB INTERNATIONAL
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Convention	\$ 11,778,754	\$ -	\$ 11,778,754
Insurance Proceeds	309,350	-	309,350
Dues and Subscriptions	2,027,989	-	2,027,989
Membership Services and Product Sales	912,553	-	912,553
Advertising and Sponsorships	2,181,069	-	2,181,069
Contributions	1,379,761	103,157	1,482,918
Investment Loss	(775,726)	(53,259)	(828,985)
Other	822	-	822
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	113,914	(113,914)	-
Total Revenues and Other Support	17,928,486	(64,016)	17,864,470
EXPENSES			
Program Services:			
Governmental Affairs	2,730,042	-	2,730,042
Total Program Services	2,730,042	-	2,730,042
Supporting Services:			
Fundraising	8,687,088	-	8,687,088
Membership Services	6,564,601	-	6,564,601
General and Administrative	3,010,106	-	3,010,106
Total Supporting Services	18,261,795	-	18,261,795
Total Expenses	20,991,837	-	20,991,837
CHANGES IN NET ASSETS	(3,063,351)	(64,016)	(3,127,367)
Net Assets - Beginning of Year	4,879,827	598,819	5,478,646
NET ASSETS - END OF YEAR	\$ 1,816,476	\$ 534,803	\$ 2,351,279

See accompanying Notes to Consolidated Financial Statements.

SAFARI CLUB INTERNATIONAL
CONSOLIDATED 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	13,094,913	56,533	13,151,446
EXPENSES			
Program Services:			
SCIF Programs	1,000,000	-	1,000,000
Governmental Affairs	2,140,871	-	2,140,871
Total Program Services	3,140,871	-	3,140,871
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	8,235,080	-	8,235,080
Total Expenses	11,375,951	-	11,375,951
CHANGES IN NET ASSETS	1,718,962	56,533	1,775,495
Net Assets - Beginning of Year	3,160,865	542,286	3,703,151
NET ASSETS - END OF YEAR	\$ 4,879,827	\$ 598,819	\$ 5,478,646

See accompanying Notes to Consolidated Financial Statements.

SAFARI CLUB INTERNATIONAL
CONSOLIDATED STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2022

	SCIF Programs	Governmental Affairs	Fundraising	Membership Services	General and Administrative	Total
REVENUE AND OTHER SUPPORT						
Convention	\$ -	\$ 26,625	\$ 11,756,856	\$ (4,727)	\$ -	\$ 11,778,754
Insurance Proceeds	-	-	309,350	-	-	309,350
Dues and Subscriptions	-	-	-	2,032,489	(4,500)	2,027,989
Membership Services and Product Sales	-	-	-	871,903	40,650	912,553
Advertising and Sponsorships	-	-	320,300	1,860,769	-	2,181,069
Contributions	-	182,504	-	1,294,643	5,771	1,482,918
Investment Loss	-	-	-	(52,462)	(776,523)	(828,985)
Other	-	-	121	10	691	822
Total	<u>\$ -</u>	<u>\$ 209,129</u>	<u>\$ 12,386,627</u>	<u>\$ 6,002,625</u>	<u>\$ (733,911)</u>	<u>\$ 17,864,470</u>
EXPENSES						
Convention Events	\$ -	\$ 78,566	\$ 6,238,815	\$ 187,220	\$ 158,554	\$ 6,663,155
Salaries, Wages, and Benefits	-	876,237	903,079	2,096,204	1,126,999	5,002,519
Production Costs - Subscriptions	-	-	-	1,042,910	-	1,042,910
Occupancy and Supplies	-	216,683	131,879	167,706	473,889	990,157
Conferences and Meetings	-	8,522	693	47,419	290,438	347,072
Liability and Other Insurance	-	8,963	157,411	195,513	47,849	409,736
Programs and Projects	-	272,978	32,140	5,996	6,307	317,421
SCIF Donated Goods and Services	-	-	-	-	-	-
Rent	-	162,520	56,387	112,973	109,715	441,595
Legal and Accounting Services	-	2,333	-	238	403,743	406,314
Consulting	-	806,690	194,150	620,816	65,799	1,687,455
Depreciation	-	2,592	6,772	27,315	40,723	77,402
Cost of Sales - Membership Services and Products	-	-	-	387,352	-	387,352
Printing	-	32,229	206,170	45,731	10,279	294,409
Promotion and Development	-	117,040	254,028	1,318,157	22,712	1,711,937
Postage and Freight	-	8,673	43,603	145,547	32,469	230,292
Maintenance and Security	-	13,459	5,218	22,739	11,166	52,582
Travel	-	122,557	374,309	143,238	209,204	849,308
Bad Debt	-	-	82,434	(2,523)	-	79,911
Taxes	-	-	-	50	51	101
Other	-	-	-	-	209	209
Total	<u>\$ -</u>	<u>\$ 2,730,042</u>	<u>\$ 8,687,088</u>	<u>\$ 6,564,601</u>	<u>\$ 3,010,106</u>	<u>\$ 20,991,837</u>

See accompanying Notes to Consolidated Financial Statements.

SAFARI CLUB INTERNATIONAL
CONSOLIDATED 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 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 Consolidated Financial Statements.

SAFARI CLUB INTERNATIONAL
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ (3,127,367)	\$ 1,775,495
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	77,402	102,883
Loss on Disposal of Property and Equipment	-	120,988
Realized and Unrealized (Gains) Losses on Investments, Net	1,099,179	(1,558,536)
Allowance (Recovery) for Bad Debts	79,911	(27,586)
Increase (Decrease) in Cash Resulting from Changes in:		
Accounts, Pledges, and Notes Receivable	(2,765,434)	945,128
Inventories	(122,030)	(83,906)
Prepaid Expenses	(230,151)	(103,964)
Deposit, Related Party	715	(3,648)
Accounts Payable and Accrued Liabilities	2,924,258	353,560
Unearned Revenue	3,584,121	(761,658)
Net Cash Provided by Operating Activities	1,520,604	758,756
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	1,145,503	859,177
Purchases of Investments	(212,569)	(218,032)
Acquisition of Subsidiary	(1,050,000)	-
Proceeds from the Sale of Assets	-	1,700
Purchases of Property and Equipment	(148,785)	(66,045)
Net Cash Provided (Used) by Investing Activities	(265,851)	576,800
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,254,753	1,335,556
Cash and Cash Equivalents - Beginning of Year	1,951,610	616,054
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,206,363	\$ 1,951,610
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 Consolidated Financial Statements.

SAFARI CLUB INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 \$-0- and \$1,000,000 for the years ended June 30, 2022 and 2021, respectively.

On August 30, 2021, SCI acquired certain assets of Texas Trophy Hunters Association (TTHA), including all intellectual property and membership lists, see Note 2. The accompanying consolidated financial statements, include the amounts of TTHA and SCI (collectively, the Company) as of that date. All intercompany accounts, transactions, and balances have been eliminated in consolidation.

Basis of Presentation

The Company's consolidated 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, the Company is required to provide consolidated 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 the Company and changes therein are classified and reported as follows:

SAFARI CLUB INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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 the Company.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Company 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 consolidated 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 consolidated 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 consolidated 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, 2022 and 2021, 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 CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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>
2023	\$ 840,774
2024	57,557
2025	735,000
Total Expected Collections	<u>\$ 1,633,331</u>

Notes receivable are considered impaired if full principal or interest payments are not made in accordance with the contractual terms. There are no past due note receivable as of June 30, 2022. There were four past due note receivables at June 30, 2021 that were fully reserved. Additionally, no notes receivable have been modified or extended to date.

Subsequent to year-end, the similar organization repaid the \$735,000 note receivable and the related accrued interest balance.

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 CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 consolidated 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 the Company's annual conventions are deferred and recognized when the convention is held. The SCI 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 in 2022 and 2021 representing the anticipated net revenue from the event in the amount of \$309,350 and \$6,798,064, respectively. In addition to this, SCI received reimbursement from expenses incurred, totaling \$1,066,518 in 2021. The expense reimbursements were recorded as reductions to the related expenses.

SAFARI CLUB INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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. TTHA has one-year, three-year, and five-year 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 consolidated statements 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, the Company recorded deferred revenue (contract liability) and accounts receivable for any amounts the Company 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

The Company 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 consolidated 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 consolidated financial statements.

Property and Equipment

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

SAFARI CLUB INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intellectual Property

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

Impairment of Long-Lived Assets

The Company 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 2022 and 2021.

Donated Materials and Services

Donated materials are reflected as contributions in the consolidated 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 consolidated 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 the Company 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 consolidated statements of functional revenues and expenses. These functions are consistent with the Company'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 the Company based on the direct functionality or direct benefit to the entity. If indirect costs are common to or benefit both SCI, SCIF, and TTHA, certain allocation methodologies are used based on the nature of the expense or activity to ensure that the entity is absorbing a reasonable prorata share.

SAFARI CLUB INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising costs are expensed as incurred. The Company 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 \$1,711,937 and \$1,245,374 for the years ended June 30, 2022 and 2021, 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. TTHA is a wholly owned subsidiary that is disregarded for tax purposes. Accordingly, no provision for federal or state income taxes has been reflected in the accompanying consolidated financial statements. The Company 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, 2022 and 2021, management does not believe any uncertain tax positions exist.

New Accounting Pronouncements

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the entity's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2021. Management is evaluating the impact of the amended lease guidance on the Company's consolidated financial statements.

Reclassifications

Certain prior year items have been reclassified for consistency with the current year presentation. These reclassifications had no impact on previously reported net assets or changes in net assets.

Subsequent Events

SCI evaluated subsequent events through July 27, 2023, which is the date the consolidated financial statements were available to be issued.

SAFARI CLUB INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 BUSINESS COMBINATION

On August 30, 2021, SCI executed a bill of sale to acquire certain assets of Texas Trophy Hunters Association, Ltd. This transaction is considered an asset acquisition pursuant to Financial Accounting Standards Board Accounting Standards Codification Topic 958-805. As such, the Company is required to recognize and measure the identifiable assets acquired and liabilities assumed at the acquisition date fair value.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

Intellectual Property	\$ 1,943,349
Liabilities Assumed: Unearned Revenue	(893,349)
Cash Paid	<u>\$ 1,050,000</u>

NOTE 3 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following at June 30:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 3,299,534	\$ 1,951,610
Accounts Receivable, Net	3,570,652	1,093,787
Notes Receivable, Net	840,774	608,230
Long-Term Investments	<u>7,730,456</u>	<u>9,762,569</u>
Total Financial Assets	15,441,416	13,416,196
Less: Funds Subject to Donor Restrictions	<u>(534,803)</u>	<u>(598,819)</u>
Total Financial Assets Available	<u>\$ 14,906,613</u>	<u>\$ 12,817,377</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.

NOTE 4 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 CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4 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, 2022 and 2021.

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, 2022.

	Level 1	Level 2	Level 3	Total
Exchange Traded Funds:				
Intermediate-Term Bond	\$ 2,365,280	\$ -	\$ -	\$ 2,365,280
Mid-Cap Blend	307,864	-	-	307,864
Large-Cap Blend	2,451,712	-	-	2,451,712
Small-Cap Blend	395,480	-	-	395,480
Short Term Bond	643,076	-	-	643,076
High Yield Bond	582,585	-	-	582,585
International Bond	984,459	-	-	984,459
Total Investments at Fair Value	<u>\$ 7,730,456</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,730,456</u>

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	\$ -	\$ -	\$ 3,142,977
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	-	-	998,034
Total Investments at Fair Value	<u>\$ 9,762,569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,762,569</u>

SAFARI CLUB INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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

	<u>2022</u>	<u>2021</u>
Interest and Dividend Income	\$ 284,242	\$ 264,110
Net Realized Gains on Investments	423,771	317,024
Net Unrealized Gains (Losses) on Investments	(1,522,950)	1,241,512
Fees on Investments	<u>(14,048)</u>	<u>(15,717)</u>
Total Investment Income	<u>\$ (828,985)</u>	<u>\$ 1,806,929</u>

NOTE 5 PROPERTY AND EQUIPMENT

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

	<u>2022</u>	<u>2021</u>
Office Furniture and Equipment	\$ 1,914,873	\$ 1,862,900
Software Development in Progress	243,810	147,000
Less: Accumulated Depreciation	<u>(1,776,020)</u>	<u>(1,698,620)</u>
Property and Equipment, Net	<u>\$ 382,663</u>	<u>\$ 311,280</u>

Depreciation expense charged to operations was \$77,402 and \$102,883 for the years ended June 30, 2022 and 2021, respectively.

NOTE 6 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 and are included in long-term investments in the accompanying consolidated balance sheets.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 6 LIFE HUNTER ADVOCATE SOCIETY (CONTINUED)

The change in the LHAS fund for the year ended June 30, 2022 is as follows:

	Without Restrictions	With Donor Restrictions		Total
		Time/Purpose Restricted	Restricted in Perpetuity	
LHAS Net Assets, July 1, 2021	\$ -	\$ 459,749	\$ -	\$ 459,749
Contributions and Pledge Payments	-	35,900	-	35,900
Investment Return:				
Net Realized and Unrealized Losses	-	(62,584)	-	(62,584)
Dividends and Interest	-	10,053	-	10,053
Appropriation of LHAS				
Assets for Expenditure	-	19,997	-	19,997
LHAS Net Assets, June 30, 2022	<u>\$ -</u>	<u>463,115</u>	<u>\$ -</u>	<u>\$ 463,115</u>
Pledges Receivable, Net (Restricted)		14,300		
LHAS Net Assets Time/Purpose Restricted		<u>\$ 477,415</u>		

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)		26,650		
LHAS Net Assets Time/Purpose Restricted		<u>\$ 486,399</u>		

NOTE 7 RELATED PARTY TRANSACTIONS

Many members of the board of directors volunteer their time and perform a variety of tasks that assist SCI, SCIF, and TTHA 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.

SAFARI CLUB INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 RELATED PARTY TRANSACTIONS (CONTINUED)

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, 2022 and 2021, SCIF charged SCI \$441,594 and \$419,705, 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 \$218,353 and \$213,441 for the years ended June 30, 2022 and 2021, respectively. Additionally, SCI received from SCIF reimbursement of allocated expenses totaling \$250,426 and \$236,555 for the years ended June 30, 2022 and 2021, respectively.

In addition, the agreement provides that as part of SCI's ongoing support of SCIF, SCI can donate an 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, 2022 and 2021, SCI provided to SCIF goods and services totaling \$-0- and \$1,000,000, respectively, which is included as SCIF Donated Goods and Services in the accompanying consolidated statements of functional revenues and expenses.

As of June 30, 2022 and 2021, amounts due from SCIF totaled \$390,182 and \$212,582, respectively, which are included in accounts receivable in the accompanying consolidated statements of financial position.

SCI paid an independent contractor, who is the son of a member of the SCI board of directors. The amounts paid were \$-0- and \$99,047 for the years ended June 30, 2022 and 2021, respectively, for production related expenses.

During 2022, SCI paid \$305,324 to a law firm in which the spouse of a board member is a partner. The Company has a payable balance at June 30, 2022 of \$67,989.

NOTE 8 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 4.30% and 2.60% at June 30, 2022 and 2021, respectively). There were no amounts outstanding under this line of credit at June 30, 2022 and 2021.

SAFARI CLUB INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 9 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:

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 10 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 \$163,549 and \$163,549, respectively for the year ended June 30, 2022. 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.

NOTE 11 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 2022 and 2021, employer matching contributions totaled \$90,666 and \$70,346, net of forfeitures, respectively.

SAFARI CLUB INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 12 NET ASSETS

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

	2022	2021
Subject to Expenditure for Specified Purpose:		
Life Hunter Advocate Society	\$ 477,415	\$ 486,399
Miscellaneous Hunter Advocacies	57,388	112,420
Total Net Assets with Donor Restrictions	\$ 534,803	\$ 598,819

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:

	2022	2021
Satisfaction of Purpose Restrictions:		
Life Hunter Advocate Society	\$ 20,745	\$ 50,599
Miscellaneous Hunter Advocacies	93,169	12,003
Total Satisfaction of Purpose Restrictions	\$ 113,914	\$ 62,602

NOTE 13 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.



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