

SAFARI CLUB INTERNATIONAL
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

**SAFARI CLUB INTERNATIONAL
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YEARS ENDED JUNE 30, 2015 AND 2014**

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INDEPENDENT AUDITOR'S 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, 2015 and 2014, 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.

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, 2015 and 2014, 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 Regarding a Correction of an Error

As discussed in Note 9 to the financial statements, a certain error resulting in an understatement of previously reported payables and expenses as of June 30, 2014 and 2013 was discovered by management during the current year. Accordingly, amounts reported as payables and expenses have been restated in the 2014 financial statements now presented, and an adjustment has been made to unrestricted net assets as of July 1, 2013 to correct the error. Our opinion is not modified with respect to this matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Tucson, Arizona
January 5, 2016

**SAFARI CLUB INTERNATIONAL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>(Restated) 2014</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,312,148	\$ 2,100,633
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$45,998 and \$35,136 in 2015 and 2014, Respectively	769,172	670,426
Notes Receivable	744,831	553,226
Inventories	455,645	347,940
Prepaid Expenses:		
Convention	161,900	106,300
Other Programs	492,899	523,639
Total Current Assets	<u>3,936,595</u>	<u>4,302,164</u>
LONG-TERM NOTES RECEIVABLE, NET OF CURRENT PORTION	182,230	434,860
LONG-TERM INVESTMENTS	9,319,212	8,910,387
LONG-TERM DEPOSIT, RELATED PARTY	77,016	77,016
PROPERTY AND EQUIPMENT, NET	<u>374,203</u>	<u>276,097</u>
Total Assets	<u>\$ 13,889,256</u>	<u>\$ 14,000,524</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 1,558,552	\$ 1,823,425
Unearned Revenue:		
Convention	3,093,606	3,458,855
Safari Publications	590,478	642,307
Other Programs	1,083,616	1,108,343
Total Current Liabilities	<u>6,326,252</u>	<u>7,032,930</u>
LONG-TERM LIABILITIES		
Unearned Three-Year Membership Revenue	<u>570,517</u>	<u>640,227</u>
Total Liabilities	6,896,769	7,673,157
NET ASSETS		
Unrestricted	6,954,925	6,327,367
Temporarily Restricted	37,562	-
Total Net Assets	<u>6,992,487</u>	<u>6,327,367</u>
Total Liabilities and Net Assets	<u>\$ 13,889,256</u>	<u>\$ 14,000,524</u>

See accompanying Notes to Financial Statements

SAFARI CLUB INTERNATIONAL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Convention	\$14,381,866	\$ -	\$ -	\$14,381,866
Dues and Subscriptions	2,511,470	-	-	2,511,470
Membership Services and Product Sales	1,117,116	-	-	1,117,116
Advertising and Sponsorships	2,989,757	-	-	2,989,757
Contributions	1,352,407	101,175	-	1,453,582
Investment Income	272,952	-	-	272,952
Other	3,442	-	-	3,442
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	63,613	(63,613)	-	-
Total Revenues and Other Support	<u>22,692,623</u>	<u>37,562</u>	<u>-</u>	<u>22,730,185</u>
EXPENSES				
Program Services:				
Conservation	2,930,001	-	-	2,930,001
Governmental Affairs	2,553,885	-	-	2,553,885
Total Program Services	<u>5,483,886</u>	<u>-</u>	<u>-</u>	<u>5,483,886</u>
Supporting Services:				
Fundraising	7,371,690	-	-	7,371,690
Membership Services	6,030,047	-	-	6,030,047
General and Administrative	3,179,442	-	-	3,179,442
Total Supporting Services	<u>16,581,179</u>	<u>-</u>	<u>-</u>	<u>16,581,179</u>
Total Expenses	22,065,065	-	-	22,065,065
CHANGES IN NET ASSETS	627,558	37,562	-	665,120
Net Assets - Beginning of Year as Restated (Note 9)	<u>6,327,367</u>	<u>-</u>	<u>-</u>	<u>6,327,367</u>
NET ASSETS - END OF YEAR	<u>\$ 6,954,925</u>	<u>\$ 37,562</u>	<u>\$ -</u>	<u>\$ 6,992,487</u>

See accompanying Notes to Financial Statements

SAFARI CLUB INTERNATIONAL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2014
(RESTATED)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Convention	\$14,726,009	\$ -	\$ -	\$ 14,726,009
Dues and Subscriptions	2,499,390	-	-	2,499,390
Membership Services and Product Sales	1,187,209	-	-	1,187,209
Advertising and Sponsorships	2,729,698	-	-	2,729,698
Contributions	1,476,518	-	-	1,476,518
Investment Income	1,189,913	-	-	1,189,913
Other	2,800	-	-	2,800
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	-	-	-	-
Total Revenues and Other Support	<u>23,811,537</u>	<u>-</u>	<u>-</u>	<u>23,811,537</u>
EXPENSES				
Program Services:				
Conservation	2,655,375	-	-	2,655,375
Governmental Affairs	2,316,162	-	-	2,316,162
Total Program Services	<u>4,971,537</u>	<u>-</u>	<u>-</u>	<u>4,971,537</u>
Supporting Services:				
Fundraising	7,703,463	-	-	7,703,463
Membership Services	6,456,354	-	-	6,456,354
General and Administrative	2,987,036	-	-	2,987,036
Total Supporting Services	<u>17,146,853</u>	<u>-</u>	<u>-</u>	<u>17,146,853</u>
Total Expenses	22,118,390	-	-	22,118,390
CHANGES IN NET ASSETS	1,693,147	-	-	1,693,147
Net Assets - Beginning of Year, As Restated (Note 9)	<u>4,634,220</u>	<u>-</u>	<u>-</u>	<u>4,634,220</u>
NET ASSETS - END OF YEAR	<u>\$ 6,327,367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,327,367</u>

See accompanying Notes to Financial Statements

SAFARI CLUB INTERNATIONAL
STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2015

	Conservation	Governmental Affairs	Fundraising	Membership Services	General and Administrative	Total
REVENUE AND OTHER SUPPORT						
Convention	\$ -	\$ 114,565	\$ 14,267,301	\$ -	\$ -	\$ 14,381,866
Dues and Subscriptions	-	-	-	2,511,470	-	2,511,470
Membership Services and Product Sales	-	-	-	1,049,651	67,465	1,117,116
Advertising and Sponsorships	-	-	277,275	2,712,482	-	2,989,757
Contributions	-	276,701	-	1,176,881	-	1,453,582
Investment Income	-	-	-	272,952	-	272,952
Other	-	-	1,729	962	751	3,442
Total	<u>\$ -</u>	<u>\$ 391,266</u>	<u>\$ 14,546,305</u>	<u>\$ 7,724,398</u>	<u>\$ 68,216</u>	<u>\$ 22,730,185</u>
EXPENSES						
Convention Events	\$ -	\$ 104,296	\$ 4,747,389	\$ 203,773	\$ 141,489	\$ 5,196,947
Salaries, Wages, and Benefits	-	967,772	1,219,871	2,427,131	1,092,988	5,707,762
Production Costs - Subscriptions	-	-	-	1,351,937	-	1,351,937
Production Costs - Record Books and Publications	-	-	-	70,270	-	70,270
Production Costs - Expedition Safari TV Show	-	-	-	120,910	-	120,910
Occupancy and Supplies	-	193,191	34,477	179,504	373,792	780,964
Conferences and Meetings	-	7,693	88	15,237	245,238	268,256
Liability and Other Insurance	-	-	154,383	174,782	40,224	369,389
Programs and Projects	-	343,693	47,866	2,450	1,360	395,369
SCIF Grants	736,092	-	-	-	-	736,092
SCIF Donated Goods and Services	2,193,909	-	-	-	-	2,193,909
Rent	-	199,172	47,346	105,112	110,464	462,094
Legal and Accounting Services	-	9,308	2,261	6,987	497,811	516,367
Consulting	-	424,514	239,746	205,779	125,348	995,387
Depreciation	-	4,957	12,795	19,227	115,967	152,946
Cost of Sales - Membership Services and Products	-	-	-	363,573	1,060	364,633
Printing	-	50,338	128,729	49,089	16,636	244,792
Promotion and Development	-	55,625	262,045	363,679	123,892	805,241
Postage and Freight	-	37,863	100,821	136,985	21,982	297,651
Maintenance and Security	-	14,573	7,021	15,909	16,380	53,883
Travel	-	140,890	358,944	208,732	253,149	961,715
Bad Debt	-	-	7,908	8,931	-	16,839
Taxes	-	-	-	50	-	50
Other	-	-	-	-	1,662	1,662
Total	<u>\$ 2,930,001</u>	<u>\$ 2,553,885</u>	<u>\$ 7,371,690</u>	<u>\$ 6,030,047</u>	<u>\$ 3,179,442</u>	<u>\$ 22,065,065</u>

See accompanying Notes to Financial Statements

SAFARI CLUB INTERNATIONAL
STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2014
(RESTATED)

	Conservation	Governmental Affairs	Fundraising	Membership Services	General and Administrative	Total
REVENUE AND OTHER SUPPORT						
Convention	\$ -	\$ 6,148	\$ 14,719,861	\$ -	\$ -	\$ 14,726,009
Dues and Subscriptions	-	-	-	2,499,390	-	2,499,390
Membership Services and Product Sales	-	-	-	1,126,836	60,373	1,187,209
Advertising and Sponsorships	-	-	210,967	2,518,731	-	2,729,698
Contributions	-	217,950	-	1,258,514	54	1,476,518
Investment Income	-	-	-	1,189,913	-	1,189,913
Other	-	-	1,696	105	999	2,800
Total	\$ -	\$ 224,098	\$ 14,932,524	\$ 8,593,489	\$ 61,426	\$ 23,811,537
EXPENSES						
Convention Events	\$ -	\$ 32,743	\$ 4,881,058	\$ 279,251	\$ 151,116	\$ 5,344,168
Salaries, Wages, and Benefits	-	918,044	1,251,246	2,589,552	1,160,001	5,918,843
Production Costs - Subscriptions	-	-	-	1,213,618	-	1,213,618
Production Costs - Record Books and Publications	-	-	-	12,982	-	12,982
Production Costs - Expedition Safari TV Show	-	-	-	146,241	-	146,241
Occupancy and Supplies	-	193,853	118,018	228,692	304,528	845,091
Conferences and Meetings	-	13,832	2,212	14,319	223,465	253,828
Liability and Other Insurance	-	-	171,950	161,526	62,676	396,152
Programs and Projects	-	283,863	32,978	13,746	3,083	333,670
SCIF Grants	744,476	-	-	-	-	744,476
SCIF Donated Goods and Services	1,910,899	-	-	-	-	1,910,899
Rent	-	199,172	47,569	104,486	110,866	462,093
Legal and Accounting Services	-	-	15,815	380	336,298	352,493
Consulting	-	406,750	266,602	298,820	104,565	1,076,737
Depreciation	-	6,480	12,036	26,267	115,608	160,391
Cost of Sales - Membership Services and Products	-	-	-	329,518	1,950	331,468
Printing	-	17,318	142,192	96,720	20,302	276,532
Promotion and Development	-	28,762	229,362	492,781	105,526	856,431
Postage and Freight	-	9,974	107,913	163,527	23,173	304,587
Maintenance and Security	-	16,321	5,386	11,843	12,815	46,365
Travel	-	189,050	415,545	248,218	252,167	1,104,980
Bad Debt	-	-	3,581	23,468	-	27,049
Taxes	-	-	-	50	-	50
Other	-	-	-	349	(1,103)	(754)
Total	\$ 2,655,375	\$ 2,316,162	\$ 7,703,463	\$ 6,456,354	\$ 2,987,036	\$ 22,118,390

See accompanying Notes to Financial Statements

**SAFARI CLUB INTERNATIONAL
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>(Restated) 2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 665,120	\$ 1,693,147
Adjustments to Reconcile Changes in Net Assets to Net Cash Used in Operating Activities:		
Depreciation	152,946	160,391
Gain on Disposal of Assets	-	(759)
Unrealized and Realized Gains on Investments, Net	(52,721)	(1,017,118)
Allowance for Bad Debts	16,839	27,049
Increase (Decrease) in Cash Resulting from Changes in:		
Accounts and Notes Receivable	(54,560)	(940,547)
Inventories	(107,705)	22,179
Prepaid Expenses	(24,860)	(51,518)
Accounts Payable and Accrued Liabilities	(264,873)	(168,799)
Deposit, Related Party	-	(77,016)
Due to SCIF	-	(453,762)
Unearned Revenue	(511,515)	671,640
Net Cash Used by Operating Activities	<u>(181,329)</u>	<u>(135,113)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	1,300,000	1,000,000
Purchases of Investments	(1,656,104)	(1,105,795)
Purchases of Property and Equipment	(251,052)	(139,895)
Net Cash Used by Investing Activities	<u>(607,156)</u>	<u>(245,690)</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	 (788,485)	 (380,803)
 Cash and Cash Equivalents - Beginning of Year	 <u>2,100,633</u>	 <u>2,481,436</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 1,312,148</u>	 <u>\$ 2,100,633</u>

See accompanying Notes to Financial Statements

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

Safari Club International (SCI), a not-for-profit 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 Boards of Directors.

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

SCI provided certain support to SCIF in the form of operating grants totaling \$2,930,001 and \$2,655,375 for the years ended June 30, 2015 and 2014, respectively.

Basis of Presentation

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

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

Unrestricted Net Assets

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

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that may or will be met either by actions of SCI and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restriction. Donor-restricted contributions received and expended in the same reporting period are recorded as unrestricted support. Contributions of cash or other assets without donor stipulations concerning the use of such assets are reported as revenues of unrestricted net assets. Contributions of cash or other assets with donor stipulations are reported as revenues of temporarily restricted net assets. The restrictions are considered to be released at the time such assets are placed in service. Temporarily restricted net assets held at June 30, 2015 and released from restrictions for the year ended June 30, 2015 were for hunter advocacy. There were no temporarily restricted net assets at June 30, 2014.

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations require the support amounts be invested in perpetuity and permanently restricted from spending. Investment income and gains relating to such support are available for the general operations of SCI. SCI had no permanently restricted net assets at June 30, 2015 and 2014.

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, 2015 and 2014, a portion of the cash balances at financial institutions exceeded the balance insured by the FDIC.

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts and Notes Receivable

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 744,831
2017	182,230
Total Expected Collections	<u>\$ 927,061</u>

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

Notes receivable are considered impaired if full principal or interest payments are not made in accordance with the contractual terms. There were no past due amounts, no non-accrual status notes, and no allowance for impaired notes receivable as of June 30, 2015 and 2014. Additionally, no notes receivable have been modified or extended to date.

Long-Term Deposit

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

Contributions

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

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

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

Unearned Revenue and Prepaid Expenses

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

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

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

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

Investments

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

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

Property and Equipment

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

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

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 2015 and 2014.

Donated Materials and Services

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

Functional Assignment of Revenues and Expenses

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

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

Common Costs

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

Advertising Costs

Advertising costs are expensed as incurred. SCI utilizes many forms of advertising and promotion in order to communicate and accomplish its mission of protecting the freedom to hunt and promoting wildlife conservation worldwide. Advertising costs totaled \$805,242 and \$856,431 for the years ended June 30, 2015 and 2014, respectively.

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

SCI is a not-for-profit organization under Internal Revenue Code 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, 2015 and 2014, management does not believe any uncertain tax positions exist.

The federal and state corporate tax returns of SCI for fiscal years 2014, 2013, and 2012 are subject to examination by the Internal Revenue Service and state taxing authorities, generally for three years after they were filed. As of the date of this report, the fiscal year 2015 Form 990 had not yet been filed.

Subsequent Events

SCI evaluated subsequent events through January 5, 2016, which is the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS

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

- Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

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, 2015 and 2014.

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

SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2015.

	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Intermediate Term Bond	\$ 1,254,242	\$ -	\$ -	\$ 1,254,242
Large Growth	149,028	-	-	149,028
High Yield Bond	2,278,290	-	-	2,278,290
Mid-Cap Blend	758,560	-	-	758,560
Foreign Large Growth	9,654	-	-	9,654
Foreign Large Blend	518,737	-	-	518,737
Large-Cap Blend	1,451,340	-	-	1,451,340
Small-Cap Blend	838,685	-	-	838,685
Emerging Markets	391,024	-	-	391,024
Large Value	431,861	-	-	431,861
Common Stocks:				
Energy	109,776	-	-	109,776
Materials	38,742	-	-	38,742
Industrials	126,315	-	-	126,315
Consumer Discretionary	159,416	-	-	159,416
Consumer Staples	98,069	-	-	98,069
Healthcare	201,561	-	-	201,561
Financials	197,315	-	-	197,315
Information Technology	284,166	-	-	284,166
Telecommunications Services	8,679	-	-	8,679
Utilities	13,752	-	-	13,752
Total Assets at Fair Value	<u>\$ 9,319,212</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,319,212</u>

SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2014.

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Intermediate Term Bond	\$ 1,305,785	\$ -	\$ -	\$ 1,305,785
Large Growth	159,265	-	-	159,265
High Yield Bond	1,580,444	-	-	1,580,444
Mid-Cap Blend	819,881	-	-	819,881
Foreign Large Growth	12,528	-	-	12,528
Foreign Large Value	164,022	-	-	164,022
Foreign Large Blend	310,668	-	-	310,668
Large-Cap Blend	1,276,211	-	-	1,276,211
Small-Cap Blend	547,496	-	-	547,496
Emerging Markets	544,995	-	-	544,995
Large Value	464,140	-	-	464,140
Short Term Bond	551,880	-	-	551,880
Common Stocks:				
Energy	141,524	-	-	141,524
Materials	34,010	-	-	34,010
Industrials	134,561	-	-	134,561
Consumer Discretionary	141,129	-	-	141,129
Consumer Staples	94,044	-	-	94,044
Healthcare	170,880	-	-	170,880
Financials	189,558	-	-	189,558
Information Technology	230,250	-	-	230,250
Telecommunications Services	11,040	-	-	11,040
Utilities	26,076	-	-	26,076
Total Assets at Fair Value	\$ 8,910,387	\$ -	\$ -	\$ 8,910,387

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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

	2015	2014
Interest and Dividend Income	\$ 220,231	\$ 172,795
Net Realized Gains on Investments	450,905	533,114
Net Unrealized Gains (Losses) on Investments	(398,184)	484,004
Total Investment Income	\$ 272,952	\$ 1,189,913

Expenses relating to investment income, including custodial fees and investment advisory fees of approximately \$35,000 and \$36,000 for the years ended June 30, 2015 and 2014, respectively, are included in investment income in the accompanying statements of activities and changes in net assets.

NOTE 3 PROPERTY AND EQUIPMENT

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

	2015	2014
Office Furniture and Equipment	\$ 1,883,841	\$ 1,828,102
Work in Progress	115,072	68,147
Less: Accumulated Depreciation	(1,624,710)	(1,620,152)
Property and Equipment, Net	\$ 374,203	\$ 276,097

Depreciation expense charged to operations was \$152,946 and \$160,391 for the years ended June 30, 2015 and 2014, respectively.

NOTE 4 RELATED PARTY TRANSACTIONS

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

Effective fiscal 2013, SCI and SCIF entered into a memorandum of understanding, facilities use, shared services and 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.

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 4 RELATED PARTY TRANSACTIONS (CONTINUED)

The agreement calls for SCI to lease certain facilities from SCIF based upon the estimated usage of the space by SCI and SCIF. The usage of the space will be reviewed periodically but not less than every two years, at which time the annual rent payments will be adjusted to reflect the new usage estimates. The minimum rent to be paid by SCI to SCIF as stated within the agreement was approximately \$476,000 (including rent of \$14,400 for the South Africa office no longer in use) for fiscal 2015 and 2014. For the years ended June 30, 2015 and 2014, SCIF charged SCI \$462,094 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 \$212,593 and \$259,029 for the years ended June 30, 2015 and 2014, 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, 2015 and 2014, SCI provided to SCIF goods and services totaling \$2,193,909 and \$1,910,899, 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, 2015 and 2014, the annual grant totaled \$736,092 and \$744,476, 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, 2015 and 2014, amounts receivable due from SCIF totaled \$128,794 and \$83,514, respectively, which is included in accounts receivable in the accompanying statements of financial position.

Effective January 1, 2000, SCI and SCIF entered in an intellectual property license agreement whereby SCIF licensed to SCI certain trademarks, names, logos, and emblems (the Marks) owned by SCIF. This agreement granted SCI the right to use the Marks in connection with its nonprofit activities that include protecting hunter's rights and promoting conservation of wildlife worldwide, and written materials. The license fee to be received by SCIF from SCI as stated within the agreement is \$100,000 for the years ended June 30, 2015 and 2014 (See Note 9). The license fee is included in promotion and development in the accompanying statements of functional revenues and expenses.

SCI paid an independent contractor, who is the son of a member of the SCI Board of Directors in 2015 and 2014. The amounts paid were \$307,323 and \$324,306 for the years ended June 30, 2015 and 2014, respectively, for production related expenses.

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 5 COMMITMENTS

SCI leases space at the Mandalay Bay Convention Center and Las Vegas Convention Center, both in Las Vegas, Nevada for the annual conventions and has entered into agreements for events through the 2020 convention. The Mandalay Bay Convention Center leases are for the years 2015 to 2017 and 2019 to 2020. The lease for year 2018 is with the Las Vegas Convention Center. The leases require either minimum food and beverage sales, or a license fee, as well as penalties ranging up to 100% of total anticipated revenues determined by the date of cancellation.

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

During March 2015, SCI entered into two contracts for information technology upgrades. The related work being contracted will not be completed until December 2015. As of June 30, 2015, significant commitments existed with the contracted vendors until project completion.

NOTE 6 EXCHANGE TRANSACTIONS

In the normal course of operations, SCI trades marketing exposure in return for products. These transactions are recorded at fair value when the goods and services are received. Amounts included in revenue and expense resulting from such exchange transactions was \$28,300 and \$-0-, respectively, for the year ended June 30, 2015. Amounts included in revenue and expense resulting from such exchange transactions was \$24,000 and \$-0-, respectively, for the year ended June 30, 2014.

NOTE 7 RETIREMENT PLAN

SCI has a 401(k) plan available to all eligible employees with more than 1,000 hours of service. SCI matches all employee contributions at a rate of 30% up to the maximum contribution allowed by the Internal Revenue Code. These matching contributions vest over a five year period. In 2015 and 2014, employer matching contributions totaled \$97,793 and \$117,378, net of forfeitures, respectively.

NOTE 8 CONTINGENCIES

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

**SAFARI CLUB INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 9 PRIOR PERIOD ADJUSTMENT

During 2015, SCIF determined it had not charged SCI the annual intellectual property licensing fee for fiscal years 2012 through 2015. The prior period financial statements have been restated to reflect the annual licensing fee. The effect on previously issued financial statements is summarized as follows:

	<u>Unrestricted Net Assets</u>		
June 30, 2013, as originally reported	\$ 4,834,220		
Licensing fees, 2012 and 2013	<u>(200,000)</u>		
June 30, 2013, as restated	<u>\$ 4,634,220</u>		
	<u>Unrestricted Net Assets</u>	<u>Net Income</u>	<u>Accounts Payable</u>
June 30, 2014, as originally reported	\$ 6,627,367	\$ 1,793,147	\$ 1,523,425
Licensing fees	<u>(300,000)</u>	<u>(100,000)</u>	<u>300,000</u>
June 30, 2014, as restated	<u>\$ 6,327,367</u>	<u>\$ 1,693,147</u>	<u>\$ 1,823,425</u>