

**SAFARI CLUB INTERNATIONAL**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

**SAFARI CLUB INTERNATIONAL  
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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, 2018 and 2017, 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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Tucson, Arizona  
December 20, 2018

**SAFARI CLUB INTERNATIONAL  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2018 AND 2017**

	2018	2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 2,289,643	\$ 3,388,871
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$8,119 and \$1,200 in 2018 and 2017, Respectively	588,635	1,092,673
Notes Receivable, Net of Allowance for Doubtful Accounts of \$55,000 and \$74,039 in 2018 and 2017, Respectively	526,341	797,341
Inventories	256,315	245,539
Prepaid Expenses:		
Convention	144,110	109,108
Other Programs	542,680	589,710
Total Current Assets	4,347,724	6,223,242
<b>LONG-TERM NOTES RECEIVABLE, NET OF CURRENT PORTION</b>	255,000	615,041
<b>LONG-TERM INVESTMENTS</b>	10,150,474	8,705,937
<b>LONG-TERM DEPOSIT, RELATED PARTY</b>	73,721	71,634
<b>PROPERTY AND EQUIPMENT, NET</b>	465,767	383,852
Total Assets	\$ 15,292,686	\$ 15,999,706
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 1,273,509	\$ 1,094,038
Unearned Revenue:		
Convention	2,656,019	3,567,817
Safari Publications	457,857	485,480
Other Programs	1,187,211	1,786,190
Total Current Liabilities	5,574,596	6,933,525
<b>LONG-TERM LIABILITIES</b>		
Unearned Three-Year Membership Revenue	431,788	463,586
Total Liabilities	6,006,384	7,397,111
<b>NET ASSETS</b>		
Unrestricted	8,864,772	8,343,783
Temporarily Restricted	421,530	258,812
Total Net Assets	9,286,302	8,602,595
Total Liabilities and Net Assets	\$ 15,292,686	\$ 15,999,706

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES AND OTHER SUPPORT</b>			
Convention	\$ 13,518,840	\$ -	\$ 13,518,840
Dues and Subscriptions	1,895,347	-	1,895,347
Membership Services and Product Sales	941,665	-	941,665
Advertising and Sponsorships	2,849,737	-	2,849,737
Contributions	1,170,779	210,095	1,380,874
Investment Income	836,761	11,761	848,522
Other	135,957	-	135,957
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	59,138	(59,138)	-
Total Revenues and Other Support	21,408,224	162,718	21,570,942
<b>EXPENSES</b>			
Program Services:			
Conservation	2,609,633	-	2,609,633
Governmental Affairs	2,326,527	-	2,326,527
Total Program Services	4,936,160	-	4,936,160
Supporting Services:			
Fundraising	7,281,065	-	7,281,065
Membership Services	5,490,419	-	5,490,419
General and Administrative	3,179,591	-	3,179,591
Total Supporting Services	15,951,075	-	15,951,075
Total Expenses	20,887,235	-	20,887,235
<b>CHANGES IN NET ASSETS</b>	520,989	162,718	683,707
Net Assets - Beginning of Year	8,343,783	258,812	8,602,595
<b>NET ASSETS - END OF YEAR</b>	\$ 8,864,772	\$ 421,530	\$ 9,286,302

See accompanying Notes to Financial Statements.

**SAFARI CLUB INTERNATIONAL**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Convention	\$ 14,226,415	\$ -	\$ 14,226,415
Dues and Subscriptions	2,029,759	-	2,029,759
Membership Services and Product Sales	1,021,782	-	1,021,782
Advertising and Sponsorships	3,016,363	-	3,016,363
Contributions	1,320,983	207,993	1,528,976
Investment Income	1,086,408	-	1,086,408
Other	84,222	-	84,222
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	67,656	(67,656)	-
Total Revenues and Other Support	<u>22,853,588</u>	<u>140,337</u>	<u>22,993,925</u>
<b>EXPENSES</b>			
Program Services:			
Conservation	2,880,774	-	2,880,774
Governmental Affairs	2,614,426	-	2,614,426
Total Program Services	<u>5,495,200</u>	<u>-</u>	<u>5,495,200</u>
Supporting Services:			
Fundraising	7,807,104	-	7,807,104
Membership Services	5,583,893	-	5,583,893
General and Administrative	3,136,591	-	3,136,591
Total Supporting Services	<u>16,527,588</u>	<u>-</u>	<u>16,527,588</u>
Total Expenses	<u>22,022,788</u>	<u>-</u>	<u>22,022,788</u>
<b>CHANGES IN NET ASSETS</b>	830,800	140,337	971,137
Net Assets - Beginning of Year	<u>7,512,983</u>	<u>118,475</u>	<u>7,631,458</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 8,343,783</u>	<u>\$ 258,812</u>	<u>\$ 8,602,595</u>

See accompanying Notes to Financial Statements.

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

	Conservation	Governmental Affairs	Fundraising	Membership Services	General and Administrative	Total
<b>REVENUE AND OTHER SUPPORT</b>						
Convention	\$ -	\$ 26,940	\$ 13,491,900	\$ -	\$ -	\$ 13,518,840
Dues and Subscriptions	-	-	(1,250)	1,896,597	-	1,895,347
Membership Services and Product Sales	-	1,625	-	886,355	53,685	941,665
Advertising and Sponsorships	-	-	345,695	2,504,042	-	2,849,737
Contributions	-	115,408	-	1,265,096	370	1,380,874
Investment Income	-	-	-	848,522	-	848,522
Other	-	3,897	130,529	2	1,529	135,957
Total	<u>\$ -</u>	<u>\$ 147,870</u>	<u>\$ 13,966,874</u>	<u>\$ 7,400,614</u>	<u>\$ 55,584</u>	<u>\$ 21,570,942</u>
<b>EXPENSES</b>						
Convention Events	\$ -	\$ 52,241	\$ 4,722,944	\$ 112,884	\$ 156,127	\$ 5,044,196
Salaries, Wages, and Benefits	-	942,758	1,231,950	2,439,977	1,139,279	5,753,964
Production Costs - Subscriptions	-	-	-	1,044,025	-	1,044,025
Production Costs - Record Books and Publications	-	-	-	-	-	-
Production Costs - Expedition Safari TV Show	-	-	-	-	-	-
Occupancy and Supplies	-	193,079	91,441	204,193	328,301	817,014
Conferences and Meetings	-	20,131	720	21,995	233,528	276,374
Liability and Other Insurance	-	1,652	156,340	158,223	35,324	351,539
Programs and Projects	-	214,669	41,434	6,756	53,863	316,722
SCIF Grants	508,294	-	-	-	-	508,294
SCIF Donated Goods and Services	2,101,339	-	-	-	-	2,101,339
Rent	-	175,719	49,192	105,767	99,123	429,801
Legal and Accounting Services	-	1,517	2,813	2,363	575,089	581,782
Consulting	-	457,365	212,623	283,872	39,931	993,791
Depreciation	-	7,137	17,741	19,605	185,332	229,815
Cost of Sales - Membership Services and Products	-	-	-	375,812	-	375,812
Printing	-	29,329	159,221	61,764	10,207	260,521
Promotion and Development	-	48,731	196,551	356,985	117,837	720,104
Postage and Freight	-	30,798	27,987	77,192	27,290	163,267
Maintenance and Security	-	9,850	6,446	14,256	12,988	43,540
Travel	-	141,551	355,243	189,137	165,372	851,303
Bad Debt	-	-	8,419	15,563	-	23,982
Taxes	-	-	-	50	-	50
Other	-	-	-	-	-	-
Total	<u>\$ 2,609,633</u>	<u>\$ 2,326,527</u>	<u>\$ 7,281,065</u>	<u>\$ 5,490,419</u>	<u>\$ 3,179,591</u>	<u>\$ 20,887,235</u>

See accompanying Notes to Financial Statements.



**SAFARI CLUB INTERNATIONAL**  
**STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES**  
**YEAR ENDED JUNE 30, 2017**

	Conservation	Governmental Affairs	Fundraising	Membership Services	General and Administrative	Total
<b>REVENUE AND OTHER SUPPORT</b>						
Convention	\$ -	\$ 5,262	\$ 14,221,153	\$ -	\$ -	\$ 14,226,415
Dues and Subscriptions	-	(1,640)	-	2,031,399	-	2,029,759
Membership Services and Product Sales	-	-	-	949,519	72,263	1,021,782
Advertising and Sponsorships	-	-	369,100	2,647,263	-	3,016,363
Contributions	-	202,091	-	1,324,567	2,318	1,528,976
Investment Income	-	-	-	1,086,408	-	1,086,408
Other	-	6,600	77,775	44	(197)	84,222
Total	<u>\$ -</u>	<u>\$ 212,313</u>	<u>\$ 14,668,028</u>	<u>\$ 8,039,200</u>	<u>\$ 74,384</u>	<u>\$ 22,993,925</u>
<b>EXPENSES</b>						
Convention Events	\$ -	\$ 20,366	\$ 5,312,688	\$ 120,864	\$ 126,861	\$ 5,580,779
Salaries, Wages, and Benefits	-	961,255	1,111,329	2,266,378	1,048,238	5,387,200
Production Costs - Subscriptions	-	-	-	1,209,358	-	1,209,358
Production Costs - Record Books and Publications	-	-	-	111,495	-	111,495
Production Costs - Expedition Safari TV Show	-	-	-	124,833	-	124,833
Occupancy and Supplies	-	191,765	98,597	185,995	302,921	779,278
Conferences and Meetings	-	48,289	568	18,863	224,400	292,120
Liability and Other Insurance	-	612	158,771	181,060	41,880	382,323
Programs and Projects	-	301,312	82,739	2,880	2,209	389,140
SCIF Grants	704,293	-	-	-	-	704,293
SCIF Donated Goods and Services	2,176,481	-	-	-	-	2,176,481
Rent	-	201,950	50,100	109,363	117,446	478,859
Legal and Accounting Services	-	24,225	3,427	15,308	655,555	698,515
Consulting	-	535,895	208,195	125,910	92,243	962,243
Depreciation	-	6,129	25,463	19,341	189,734	240,667
Cost of Sales - Membership Services and Products	-	-	-	353,552	-	353,552
Printing	-	47,652	177,633	57,756	8,250	291,291
Promotion and Development	-	70,915	154,927	343,828	118,042	687,712
Postage and Freight	-	37,386	81,479	82,305	25,035	226,205
Maintenance and Security	-	13,359	6,650	14,519	15,592	50,120
Travel	-	151,515	342,952	200,338	168,185	862,990
Bad Debt	-	-	(8,414)	39,897	-	31,483
Taxes	-	-	-	50	-	50
Other	-	1,801	-	-	-	1,801
Total	<u>\$ 2,880,774</u>	<u>\$ 2,614,426</u>	<u>\$ 7,807,104</u>	<u>\$ 5,583,893</u>	<u>\$ 3,136,591</u>	<u>\$ 22,022,788</u>

See accompanying Notes to Financial Statements.

**SAFARI CLUB INTERNATIONAL  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ 683,707	\$ 971,137
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	229,815	240,667
Realized and Unrealized Gains on Investments, Net	(617,521)	(879,510)
Allowance for Bad Debts	23,982	31,483
Increase (Decrease) in Cash Resulting from Changes in:		
Accounts and Notes Receivable	1,111,097	(846,509)
Inventories	(10,776)	177,360
Prepaid Expenses	12,028	(31,542)
Deposit, Related Party	(2,087)	7,557
Accounts Payable and Accrued Liabilities	179,471	(150,296)
Unearned Revenue	(1,570,198)	1,092,822
Net Cash Provided by Operating Activities	39,518	613,169
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Investments	946,546	1,993,700
Purchases of Investments	(1,773,562)	(1,964,386)
Purchases of Property and Equipment	(311,730)	(108,280)
Net Cash Used by Investing Activities	(1,138,746)	(78,966)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,099,228)	534,203
Cash and Cash Equivalents - Beginning of Year	3,388,871	2,854,668
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 2,289,643	\$ 3,388,871

See accompanying Notes to Financial Statements.

**SAFARI CLUB INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Nature of Operations**

Safari Club International (SCI), a nonprofit organization incorporated in the state of Arizona on January 1, 2000, is dedicated to educating the public concerning sport hunting, preserving the rights of hunters, promoting safe, legal and ethical hunting, and promoting wildlife conservation worldwide.

Prior to January 1, 2000, Safari Club operated as a single 501(c)(3) charitable organization. A corporate restructuring was implemented January 1, 2000, in which Safari Club changed its name to Safari Club International Foundation (SCIF). SCIF maintains a portion of the existing operations, while the remaining operations were transitioned to the newly formed 501(c)(4) social welfare organization titled Safari Club International (SCI). SCI and SCIF have some common members of management and common members on the board of directors.

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

SCI provided certain support to SCIF in the form of operating grants and donated goods and services totaling \$2,609,633 and \$2,880,774 for the years ended June 30, 2018 and 2017, 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, 2018 AND 2017**

**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 and released from restrictions for the years ended June 30, 2018 and 2017 were for hunter advocacy.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations require the support amounts be invested in perpetuity and permanently restricted from spending. SCI had no permanently restricted net assets at June 30, 2018 and 2017.

**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, 2018 and 2017, 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, 2018 AND 2017**

**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 and offset by deferred revenue as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 581,341
2020	161,250
2021	75,000
2022	18,750
Total	<u>836,341</u>
Less: Allowance for Doubtful Accounts	<u>(55,000)</u>
Total Expected Collections	<u><u>\$ 781,341</u></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 are two past due notes receivable that are fully reserved as of June 30, 2018. There were three past due notes receivable that were fully reserved as of June 30, 2017. 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, 2018 AND 2017**

**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 net realizable value.

**Unearned Revenue and Prepaid Expenses**

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

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

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

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

**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, 2018 AND 2017**

**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 2018 and 2017.

**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 \$720,104 and \$687,712 for the years ended June 30, 2018 and 2017, respectively.

**SAFARI CLUB INTERNATIONAL  
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**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, 2018 and 2017, management does not believe any uncertain tax positions exist.

**Recent Accounting Guidance**

In August 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU is designed to improve nonprofit financial statements and provide more useful information to donors, grantors, creditors, and other financial statement users. The ASU is effective for SCI's fiscal year beginning July 1, 2018. SCI is analyzing the impact of the standard on its financial statements.

**Subsequent Events**

SCI evaluated subsequent events through December 20, 2018, 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.



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**NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the valuation methodologies used at June 30, 2018 and 2017.

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

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

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2018.

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

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**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, 2017.

	Level 1	Level 2	Level 3	Total
Mutual Funds:				
High Yield Bond	\$ 2,041,861	\$ -	\$ -	\$ 2,041,861
Foreign Large Blend	465,564	-	-	465,564
Emerging Markets	288,096	-	-	288,096
REIT	20,283	-	-	20,283
Alternatives	65,240	-	-	65,240
Exchange Traded Funds:				
Intermediate Term Bond	1,218,518	-	-	1,218,518
Mid-Cap Blend	978,333	-	-	978,333
Large-Cap Blend	1,005,537	-	-	1,005,537
Small-Cap Blend	646,390	-	-	646,390
Common Stocks:				
Consumer Discretionary	259,192	-	-	259,192
Consumer Staples	173,196	-	-	173,196
Energy	143,104	-	-	143,104
Financials	283,938	-	-	283,938
Healthcare	282,743	-	-	282,743
Industrials	208,631	-	-	208,631
Information Technology	468,489	-	-	468,489
Materials	66,649	-	-	66,649
Real Estate	20,509	-	-	20,509
Telecommunications Services	34,410	-	-	34,410
Utilities	35,254	-	-	35,254
Total Investments at Fair Value	<u>\$ 8,705,937</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,705,937</u>

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

	2018	2017
Interest and Dividend Income	\$ 231,001	\$ 206,898
Net Realized Gains on Investments	193,311	169,623
Net Unrealized Gains on Investments	424,210	709,887
Total Investment Income	<u>\$ 848,522</u>	<u>\$ 1,086,408</u>

Expenses relating to investment income, including custodial fees and investment advisory fees were approximately \$45,000 and \$40,000 for the years ended June 30, 2018 and 2017, respectively, and are included in expense in the accompanying statements of activities and changes in net assets.

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**NOTE 3 PROPERTY AND EQUIPMENT**

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

	<u>2018</u>	<u>2017</u>
Office Furniture and Equipment	\$ 2,060,583	\$ 2,071,858
Work in Progress	273,299	-
Less: Accumulated Depreciation	<u>(1,868,115)</u>	<u>(1,688,006)</u>
Property and Equipment, Net	<u>\$ 465,767</u>	<u>\$ 383,852</u>

Depreciation expense charged to operations was \$229,815 and \$240,667 for the years ended June 30, 2018 and 2017, respectively.

**NOTE 4 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, 2018 is as follows:

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

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**NOTE 4 LIFE HUNTER ADVOCATE SOCIETY (CONTINUED)**

The change in the LHAS fund for the year ended June 30, 2017 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
LHAS Net Assets, July 1, 2016	\$ -	\$ 110,700	\$ -	\$ 110,700
Contributions and Pledge Payments	-	109,700	-	109,700
Investment Return:				
Net Realized and Unrealized Losses	-	-	-	-
Dividends and Interest	-	-	-	-
Appropriation of Endowment				
Assets for Expenditure	-	(12,250)	-	(12,250)
LHAS Net Assets, June 30, 2017	<u>\$ -</u>	<u>\$ 208,150</u>	<u>\$ -</u>	<u>\$ 208,150</u>

**NOTE 5 RELATED PARTY TRANSACTIONS**

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

Effective fiscal 2013, SCI and SCIF entered into a memorandum of understanding for facilities use and shared services and a grant agreement (the agreement) that is effective through June 30, 2017 with an automatic five year renewal unless either party provides a written notice of termination. Effective July 1, 2017, SCI and SCIF entered into a bridge amendment to the memorandum of understanding which automatically renews annually unless either party provides written notice.

The agreement calls for SCI to lease certain facilities from SCIF based upon the estimated usage of the space by SCI and SCIF. The usage of the space will be reviewed periodically but not less than every two years, at which time the annual rent payments will be adjusted to reflect the new usage estimates. For the years ended June 30, 2018 and 2017, SCIF charged SCI \$429,801 and \$478,859, 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 \$225,776 and \$241,956 for the years ended June 30, 2018 and 2017, respectively. Additionally, SCI received from SCIF reimbursement of allocated expenses totaling \$228,077 and \$242,165 for the years ended June 30, 2018 and 2017, respectively.

**SAFARI CLUB INTERNATIONAL**  
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**NOTE 5 RELATED PARTY TRANSACTIONS (CONTINUED)**

In addition, the agreement provides that as part of SCI's ongoing support of SCIF, SCI agrees to donate as part of its annual grant each year to SCIF, the total employee payroll costs and amounts expended in goods and services on behalf of SCIF. For the years ended June 30, 2018 and 2017, SCI provided to SCIF goods and services totaling \$2,101,339 and \$2,176,481, 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, 2018 and 2017, the annual grant totaled \$508,294 and \$704,293, 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, 2018, amounts due from SCIF totaled \$67,400. As of June 30, 2017, amounts due to SCIF totaled \$8,716. Amounts are included in accounts receivable and accounts payable, respectively, in the accompanying statements of financial position.

Effective January 1, 2000, SCI and SCIF entered in an intellectual property license agreement whereby SCIF licensed to SCI certain trademarks, names, logos, and emblems (the Marks) owned by SCIF. This agreement granted SCI the right to use the Marks in connection with its nonprofit activities that include protecting hunter's rights and promoting conservation of wildlife worldwide, and written materials. The license fee to be received by SCIF from SCI as stated within the agreement was \$100,000 for the years ended June 30, 2018 and 2017. 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 2018 and 2017. The amounts paid were \$172,901 and \$261,348 for the years ended June 30, 2018 and 2017, respectively, for production related expenses.

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**NOTE 6 COMMITMENTS**

SCI leases space at the Mandalay Bay Convention Center, in Las Vegas, Nevada, and the Sparks Convention Center in Reno, Nevada for the annual conventions and has entered into agreements for events through the 2022 convention. The Sparks Convention Center lease is for the 2019 to 2021 conventions. The Mandalay Bay Convention Center lease is for the 2022 convention. The leases require either minimum food and beverage sales, or a license fee, as well as penalties ranging up to 100% of total anticipated revenues determined by the date of cancellation.

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

**NOTE 7 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 \$89,506 and \$89,506 for the year ended June 30, 2018. Amounts included in revenue and expense resulting from such exchange transactions was \$50,649 and \$50,649, respectively, for the year ended June 30, 2017.

**NOTE 8 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 2018 and 2017, employer-matching contributions totaled \$111,475 and \$116,477, net of forfeitures, respectively.

**NOTE 9 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.