

**SAFARI CLUB INTERNATIONAL FOUNDATION**

**FINANCIAL STATEMENTS**

Years Ended June 30, 2013 and 2012

# SAFARI CLUB INTERNATIONAL FOUNDATION

## FINANCIAL STATEMENTS

Years Ended June 30, 2013 and 2012

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**INDEPENDENT AUDITORS' REPORT**

The Board of Directors

**SAFARI CLUB INTERNATIONAL FOUNDATION**

***Report on the Financial Statements***

We have audited the accompanying financial statements of ***Safari Club International Foundation*** (the "Organization"), which comprise the statements of financial position as of June 30, 2013 and 2012, 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 Foundation*** as of June 30, 2013 and 2012, 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.

Phoenix, Arizona  
March 14, 2014

A handwritten signature in black ink that reads "Mayer Hoffman McCann P.C." in a cursive style.

# SAFARI CLUB INTERNATIONAL FOUNDATION

## STATEMENTS OF FINANCIAL POSITION

June 30, 2013 and 2012

	<u>ASSETS</u>		<u>2013</u>		<u>2012</u>
CURRENT ASSETS					
Cash and cash equivalents		\$	2,359,726	\$	1,021,753
Accounts receivable, net of allowance for doubtful accounts of \$153,887 in 2013 and \$157,708 in 2012			81,559		113,055
Due from SCI			453,762		37,963
Inventories			63,736		39,996
Prepaid expenses			<u>76,130</u>		<u>37,006</u>
TOTAL CURRENT ASSETS			3,034,913		1,249,773
CASH RESTRICTED FOR ENDOWMENT			127,331		-
PLEDGES RESTRICTED FOR ENDOWMENT, net			717,257		676,383
LONG-TERM INVESTMENTS			10,412,428		9,331,056
PROPERTY HELD FOR LONG-TERM PURPOSES			47,310		47,310
PROPERTY AND EQUIPMENT, net			5,230,231		5,375,354
CASH SURRENDER VALUE OF LIFE INSURANCE			<u>56,062</u>		<u>52,872</u>
TOTAL ASSETS		\$	<u>19,625,532</u>	\$	<u>16,732,748</u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>  					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities		\$	601,706	\$	357,361
Unearned revenue - other programs			<u>79,204</u>		<u>118,476</u>
TOTAL CURRENT LIABILITIES			<u>680,910</u>		<u>475,837</u>
NET ASSETS					
Unrestricted			6,921,648		5,960,645
Temporarily restricted			1,765,507		712,267
Permanently restricted			<u>10,257,467</u>		<u>9,583,999</u>
TOTAL NET ASSETS			<u>18,944,622</u>		<u>16,256,911</u>
TOTAL LIABILITIES AND NET ASSETS		\$	<u>19,625,532</u>	\$	<u>16,732,748</u>

See Notes to Financial Statements

**SAFARI CLUB INTERNATIONAL FOUNDATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>				
Convention	\$ 583,240	\$ -	\$ -	\$ 583,240
Dues and subscriptions	29,563	-	-	29,563
Membership services and product sales	184,985	-	-	184,985
Contributions	542,787	1,122,229	693,137	2,358,153
Tuition and admissions	356,814	-	-	356,814
SCI operating grants and rent	3,463,210	-	110,331	3,573,541
Investment income	12,086	885,504	-	897,590
Other	62,592	-	-	62,592
Net assets released from restrictions:				
Satisfaction of program restrictions	954,493	(954,493)	-	-
<b>TOTAL REVENUES AND SUPPORT</b>	<u>6,189,770</u>	<u>1,053,240</u>	<u>803,468</u>	<u>8,046,478</u>
<b>EXPENSES AND LOSSES</b>				
Program services:				
Education	2,191,960	-	-	2,191,960
Conservation	1,741,232	-	-	1,741,232
<b>Total program services</b>	<u>3,933,192</u>	<u>-</u>	<u>-</u>	<u>3,933,192</u>
Supporting services:				
Fundraising	269,178	-	-	269,178
General and administrative	1,026,397	-	-	1,026,397
<b>Total supporting services</b>	<u>1,295,575</u>	<u>-</u>	<u>-</u>	<u>1,295,575</u>
Loss on uncollectible pledges receivable	-	-	130,000	130,000
<b>TOTAL EXPENSES AND LOSSES</b>	<u>5,228,767</u>	<u>-</u>	<u>130,000</u>	<u>5,358,767</u>
<b>CHANGES IN NET ASSETS</b>	961,003	1,053,240	673,468	2,687,711
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>5,960,645</u>	<u>712,267</u>	<u>9,583,999</u>	<u>16,256,911</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 6,921,648</u>	<u>\$ 1,765,507</u>	<u>\$ 10,257,467</u>	<u>\$ 18,944,622</u>

See Notes to Financial Statements

**SAFARI CLUB INTERNATIONAL FOUNDATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

Year Ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>				
Convention	\$ 583,320	\$ -	\$ -	\$ 583,320
EPIC Outdoor Game Fair	449,231	-	-	449,231
Dues and subscriptions	28,505	-	-	28,505
Membership services and product sales	165,741	-	-	165,741
Contributions	566,842	86,829	798,762	1,452,433
Tuition and admissions	369,020	-	-	369,020
SCI operating grants	3,506,000	-	-	3,506,000
Investment loss	(1,786)	(54,514)	-	(56,300)
Other	165,566	-	-	165,566
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>268,304</u>	<u>(268,304)</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES AND SUPPORT</b>	<u>6,100,743</u>	<u>(235,989)</u>	<u>798,762</u>	<u>6,663,516</u>
<b>EXPENSES AND GAINS</b>				
Program services:				
Education	2,139,932	-	-	2,139,932
Conservation	<u>1,636,876</u>	<u>-</u>	<u>-</u>	<u>1,636,876</u>
Total program services	<u>3,776,808</u>	<u>-</u>	<u>-</u>	<u>3,776,808</u>
Supporting services:				
Fundraising	1,805,494	-	-	1,805,494
General and administrative	<u>869,977</u>	<u>-</u>	<u>-</u>	<u>869,977</u>
Total supporting services	<u>2,675,471</u>	<u>-</u>	<u>-</u>	<u>2,675,471</u>
Gain on uncollectible pledges receivable	<u>-</u>	<u>-</u>	<u>(90,000)</u>	<u>(90,000)</u>
<b>TOTAL EXPENSES AND GAINS</b>	<u>6,452,279</u>	<u>-</u>	<u>(90,000)</u>	<u>6,362,279</u>
<b>CHANGES IN NET ASSETS</b>	(351,536)	(235,989)	888,762	301,237
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>6,312,181</u>	<u>948,256</u>	<u>8,695,237</u>	<u>15,955,674</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 5,960,645</u>	<u>\$ 712,267</u>	<u>\$ 9,583,999</u>	<u>\$ 16,256,911</u>

See Notes to Financial Statements

# SAFARI CLUB INTERNATIONAL FOUNDATION

## STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES

Year Ended June 30, 2013

	<u>Education</u>	<u>Conservation</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>					
Convention	\$ 361,040	\$ 196,500	\$ 25,700	\$ -	\$ 583,240
Dues and subscriptions	29,563	-	-	-	29,563
Membership services and product sales	138,087	38,416	8,482	-	184,985
Contributions	138,454	886,930	1,317,918	14,851	2,358,153
Tuition and admissions	356,814	-	-	-	356,814
SCI operating grants and rent	1,113,317	988,975	197,340	1,273,909	3,573,541
Investment income	9,774	242	878,583	8,991	897,590
Other	52,850	(1,167)	10,180	729	62,592
	<u>\$ 2,199,899</u>	<u>\$ 2,109,896</u>	<u>\$ 2,438,203</u>	<u>\$ 1,298,480</u>	<u>\$ 8,046,478</u>
<b>EXPENSES</b>					
Convention events	\$ 105,623	\$ 20,765	\$ 42,964	\$ 9,266	\$ 178,618
EPIC Outdoor Game Fair	-	-	2,500	-	2,500
Salaries, wages, and benefits	824,785	414,203	61,214	423,016	1,723,218
General and administrative	174,856	174,699	59,381	142,320	551,256
Conferences and meetings	4,088	14,319	1,022	30,926	50,355
Liability and other insurance	64,086	-	-	6,513	70,599
Programs and projects	125,448	207,684	3,878	468	337,478
Grants and scholarships	293,400	466,140	-	-	759,540
Legal and accounting services	1,140	64,596	6,280	145,625	217,641
Consulting	6,067	108,520	10,143	77,946	202,676
Depreciation	167,577	113,410	668	86,314	367,969
Cost of sales - membership services and products	66,925	6,563	5,186	-	78,674
Printing	11,515	8,277	33,441	7,705	60,938
Promotion and advertising	186,194	12,045	11,582	1,130	210,951
Postage and freight	8,247	3,325	25,746	8,231	45,549
Maintenance and security	88,263	13,457	-	19,907	121,627
Travel	63,656	113,229	6,446	69,334	252,665
Bad debt expenses (recoveries)	90	-	(1,273)	(2,323)	(3,506)
Other expenses	-	-	-	19	19
	<u>\$ 2,191,960</u>	<u>\$ 1,741,232</u>	<u>\$ 269,178</u>	<u>\$ 1,026,397</u>	<u>\$ 5,228,767</u>

See Notes to Financial Statements

# SAFARI CLUB INTERNATIONAL FOUNDATION

## STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES

Year Ended June 30, 2012

	<u>Education</u>	<u>Conservation</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>					
Convention	\$ 452,320	\$ 131,000	\$ -	\$ -	\$ 583,320
EPIC Outdoor Game Fair	-	-	449,231	-	449,231
Dues and subscriptions	28,505	-	-	-	28,505
Membership services and product sales	146,045	2,475	17,221	-	165,741
Contributions	183,925	27,180	1,241,314	14	1,452,433
Tuition and admissions	369,020	-	-	-	369,020
SCI operating grants	1,339,292	1,104,390	466,298	596,020	3,506,000
Investment income (loss)	(882)	508	(56,019)	93	(56,300)
Other	71,077	35,000	1,027	58,462	165,566
	<u>\$ 2,589,302</u>	<u>\$ 1,300,553</u>	<u>\$ 2,119,072</u>	<u>\$ 654,589</u>	<u>\$ 6,663,516</u>
<b>TOTAL REVENUES AND SUPPORT</b>					
<b>EXPENSES</b>					
Convention events	\$ 102,026	\$ 18,066	\$ 50,943	\$ 13,146	\$ 184,181
EPIC Outdoor Game Fair	429	245	554,869	2,217	557,760
Salaries, wages, and benefits	789,500	435,177	238,828	425,561	1,889,066
General and administrative	167,111	163,692	87,242	122,785	540,830
Conferences and meetings	3,335	5,123	473	3,198	12,129
Liability and other insurance	67,153	-	69,510	2,722	139,385
Programs and projects	99,172	344,085	3,329	118	446,704
Grants and scholarships	222,998	360,807	-	1,188	584,993
Legal and accounting services	1,872	11,899	17,527	78,177	109,475
Consulting	9,250	7,450	150,651	51,709	219,060
Depreciation	184,768	111,941	749	78,521	375,979
Cost of sales - membership services and products	70,338	7,981	6,898	-	85,217
Printing	19,149	807	72,948	6,776	99,680
Promotion and advertising	202,815	25,073	247,711	1,666	477,265
Postage and freight	10,440	5,085	37,776	13,853	67,154
Maintenance and security	112,155	29,766	-	3,758	145,679
Travel	77,151	106,405	110,884	64,582	359,022
Bad debt expenses	-	-	155,156	-	155,156
Other expenses	270	3,274	-	-	3,544
	<u>\$ 2,139,932</u>	<u>\$ 1,636,876</u>	<u>\$ 1,805,494</u>	<u>\$ 869,977</u>	<u>\$ 6,452,279</u>
<b>TOTAL EXPENSES</b>					

See Notes to Financial Statements



# SAFARI CLUB INTERNATIONAL FOUNDATION

## STATEMENTS OF CASH FLOWS

Years Ended June 30, 2013 and 2012

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 2,687,711	\$ 301,237
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	367,969	375,979
Loss on disposal of assets	1,276	48,936
Net realized and unrealized losses (gains) on investments	(624,990)	264,260
Permanently restricted contributions and grants	(803,468)	(798,762)
Provision for (recovery on) bad debts	(3,506)	155,156
(Gain) loss on uncollectible pledges receivable	130,000	(90,000)
Change in discount on pledges receivable	(4,541)	6,250
Changes in operating activities:		
Accounts receivable	35,002	(242,056)
Due from SCI	(415,799)	(37,963)
Pledges receivable	(14,725)	(5,484)
Inventories	(23,740)	(15,080)
Prepaid expenses	(39,124)	322,107
Accounts payable and accrued liabilities	244,345	(18)
Unearned revenue - other programs	(39,272)	(123,749)
Net cash provided by operating activities	1,497,138	160,813
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(3,140,868)	(1,998,147)
Proceeds from sale of investments	2,684,486	1,652,773
Purchases of property and equipment	(224,122)	(37,879)
Change in cash restricted for endowment	(127,331)	-
Change in value of cash surrender value of life insurance	(3,190)	592
Net cash used in investing activities	(811,025)	(382,661)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from receipt of permanently restricted contributions	651,860	515,290
Net cash provided by financing activities	651,860	515,290
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	1,337,973	293,442
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	1,021,753	728,311
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 2,359,726	\$ 1,021,753

See Notes to Financial Statements

# SAFARI CLUB INTERNATIONAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2013 and 2012

### (1) Operations and summary of significant accounting policies

**Safari Club International Foundation** ("SCIF"), a nonprofit organization incorporated in the State of Nevada in 1972, is dedicated to educating the public concerning sport hunting and wildlife conservation, supporting scientific wildlife management practices for enhancement of game species and populations, and funding humanitarian programs.

A corporate restructuring was implemented on January 1, 2000, in which Safari Club changed its name to **Safari Club International Foundation**. 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").

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 those operations that are typical of charitable organizations (education, humanitarian services, wildlife conservation, etc.) to improve its ability to raise charitable donations.

SCIF provided certain support to SCIF in the form of operating grants and rent totaling \$3,573,541 and \$3,506,000 for the years ended June 30, 2013 and 2012, respectively.

The significant accounting policies followed by SCIF are as follows:

**Basis of presentation** – The accompanying financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*. Under FASB ASC 958-205, SCIF is required to report information regarding its financial position and activities according to 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 SCIF and changes therein are classified and reported as follows:

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

**Temporarily restricted net assets** – Net assets subject to donor-imposed stipulations that may or will be met either by actions of SCIF 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 also include endowment earnings not yet appropriated for expenditure.

# SAFARI CLUB INTERNATIONAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2013 and 2012

### (1) Operations and summary of significant accounting policies (continued)

**Permanently restricted net assets** – Net assets subject to donor-imposed stipulations that require the support amounts be invested in perpetuity and permanently restricted from spending. Investment income and gains relating to such support are available for spending at the discretion of SCIF and are recorded as temporarily restricted and then reclassified to unrestricted net assets upon appropriation from the endowment.

**Management's 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 estimates and assumptions that affect the reported amounts of assets and liabilities, 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. SCIF, 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. The unlimited guarantee of non-interest-bearing transaction deposit accounts is over and above the \$250,000 coverage on all deposit accounts. As of June 30, 2013 and 2012, a portion of the cash balances at financial institutions exceeded the balance insured by the FDIC.

**Accounts receivable, net** – Net accounts receivable consist primarily of amounts due under a collaborative arrangement (see Note 11), amounts due in relation to tuition for the American Wilderness Leadership School (AWLS) camp and the portion of fundraising revenue earned by the chapters affiliated with SCIF. Accounts 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 receivable.

**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 initially 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, SCIF'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 collectibility. 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 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.

# SAFARI CLUB INTERNATIONAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2013 and 2012

### (1) Operations and summary of significant accounting policies (continued)

**Inventories** – Inventories consist mainly of merchandise held for sale. Merchandise inventory is stated at the lower of cost (using the first-in, first-out method) or market.

**Investments** – SCIF accounts for its investments in accordance with FASB ASC 958-320, *Not-for-Profit Entities – Investments – Debt and Equity Securities*. Under ASC 958-320, SCIF is required to report its investments in equity securities that have readily determinable fair values, and all investments in debt securities, 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 held for long-term purposes** – Property held for long-term purposes consists of donated items of art that are displayed or held until the expiration of donor-imposed holding periods, at which time they are sold with the proceeds used to fund program activities. Property held for long-term purposes is recorded at fair value as of the date contributed.

**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 computed using the straight-line method over the following estimated useful lives:

Building – Headquarters and museum	30 years
Building – Granite Ranch	30 years
Building – Washington, D. C.	30 years
Office furniture and equipment	2 - 25 years

Exhibits include the collections held within SCIF's International Wildlife Museum and are recorded at cost if purchased and at fair value at date of accession if donated. Gains and losses from deaccessions are reported as changes in net assets based on the absence or existence and nature of donor-imposed restrictions. Collection items are protected, kept unencumbered, cared for and preserved.

**Impairment of long-lived assets** – SCIF accounts for long-lived assets in accordance with the provisions of FASB ASC 360, *Property, Plant, and Equipment*. FASB ASC 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that 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 2013 and 2012.

# SAFARI CLUB INTERNATIONAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2013 and 2012

### (1) Operations and summary of significant accounting policies (continued)

**Contributions** – SCIF accounts for contributions in accordance with FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. In accordance with FASB ASC 958-605, 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.

**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 in accordance with FASB ASC 958-605 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 the guidelines of FASB ASC 958-605; however, a substantial number of volunteers have donated significant amounts of their time and perform a variety of tasks that assist SCIF in certain administrative committee assignments.

**Unearned revenue and prepaid expenses** – Unearned revenue and prepaid expenses consist primarily of tuition revenue and program expenses related to the annual American Wilderness Leadership School (AWLS) Camp, and program expense and event sponsorships for the EPIC Outdoor Game Fair event (Note 11). The AWLS Camp revenue and prepaid expenses are deferred and recognized upon completion of each summer's camp. The Game Fair event sponsorship revenue and prepaid expenses were recognized when the event occurred.

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. SCIF's portion of the convention revenue is recognized when received. Corporate sponsorship revenue is deferred and recognized in the period in which the contract obligations are fulfilled.

**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 SCIF'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:

- Education
- Conservation
- Fundraising
- General and administrative

# SAFARI CLUB INTERNATIONAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2013 and 2012

### (1) Operations and summary of significant accounting policies (continued)

**Common costs** – Direct costs are allocated to SCIF based on the direct functionality or direct benefit to the entity. If indirect costs are common to or benefit both SCIF and SCI, 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. SCIF utilizes many forms of advertising and promotion in order to communicate and accomplish its worldwide mission of promoting wildlife conservation, outdoor education and humanitarian services. Advertising and promotional costs totaled \$210,951 and \$477,265 for the years ended June 30, 2013 and 2012, respectively.

**Income taxes** – SCIF is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). Accordingly, no provision for federal or state income taxes has been reflected in the accompanying financial statements. In addition, SCIF qualifies for the charitable contribution deduction and has been classified as an organization that is not a private foundation. Income determined to be unrelated business taxable income (UBTI) would be taxable. SCIF 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, 2013 and 2012, management does not believe any uncertain tax positions exist.

SCIF’s federal Return of Organizations Exempt from Income Tax (Form 990) for fiscal year 2010, 2011 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 2013 Form 990 had not yet been filed.

**Recent accounting pronouncement** – In October 2012, the FASB issued ASU No. 2012-05 (“ASU 2012-05”) “Statement of Cash Flows (Topic 230), Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows.” ASU 2012-05 requires a not-for-profit entity to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without any not-for-profit imposed limitations for sale and were converted nearly immediately into cash. Accordingly, the cash receipts from the sale of those financial assets should be classified as cash inflows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposes, in which case those cash receipts should be classified as cash flows from financing activities. Otherwise, cash receipts from the sale of donated financial assets should be classified as cash flows from investing activities by the not-for-profit. ASU 2012-05 is effective for the first period beginning after June 15, 2013. The amendments of this ASU will be applied prospectively, with early adoption permitted if the not-for-profit’s financial statements for the early adoption period have not yet been made available for issuance. Retrospective application to all prior periods presented is permitted, but not required. SCIF elected to early adopt ASU 2012-05 in 2013, with no significant impact to its financial statements.

**Subsequent events** – SCIF evaluated subsequent events through March 14, 2014 which is the date the financial statements were available to be issued.

# SAFARI CLUB INTERNATIONAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2013 and 2012

### (2) Pledges receivable

Pledges receivable consist of Hunter Legacy Fund endowment pledges from individuals as follows:

	<u>2013</u>	<u>2012</u>
Pledges receivable before unamortized discount	\$ 914,250	\$ 912,917
Less unamortized discount	(6,993)	(11,534)
Less allowance for doubtful accounts	(190,000)	(225,000)
Net pledges receivable	<u>\$ 717,257</u>	<u>\$ 676,383</u>
Amounts due in:		
Less than one year	\$ 233,750	\$ 342,917
One to six years	680,500	570,000
Total	<u>\$ 914,250</u>	<u>\$ 912,917</u>

The discount rate used to determine the present value of the pledges receivable balance is the fair market rate appropriate for the expected repayment term. For the years ended June 30, 2013 and 2012, this rate was .38% and .75%, respectively.

At June 30, 2013 and 2012, gross pledges receivable include \$248,750 and \$127,917 respectively, due from members of the Board of Directors of SCI and SCIF.

### (3) Investments and fair value measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a common definition for fair value to be applied to U. S. generally accepted accounting principles requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements. FASB ASC 820 establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values. FASB ASC 820 requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.
- Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Unobservable inputs for the asset or liability.

# SAFARI CLUB INTERNATIONAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2013 and 2012

### (3) Investments and fair value measurements (continued)

The following table summarizes the valuation of SCIF's assets and liabilities subject to fair value measurement on a recurring basis by the above FASB ASC 820 categories as of June 30, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Intermediate term bond	\$ 1,962,937	\$ -	\$ -	\$ 1,962,937
Foreign large growth	371,106	-	-	371,106
High yield bond	921,675	-	-	921,675
World bond	279,928	-	-	279,928
Emerging market bond	358,540	-	-	358,540
Inflation protected bond	302,758	-	-	302,758
Mid-cap blend	616,044	-	-	616,044
Foreign large blend	297,775	-	-	297,775
Large growth	846,051	-	-	846,051
Large-cap blend	565,171	-	-	565,171
Small-cap blend	326,598	-	-	326,598
Emerging markets	767,794	-	-	767,794
Short term bond	905,382	-	-	905,382
Large value	338,922	-	-	338,922
Small growth	258,149	-	-	258,149
Total mutual funds	9,118,830	-	-	9,118,830
Common stocks				
Energy	141,377	-	-	141,377
Materials	30,988	-	-	30,988
Industrials	133,733	-	-	133,733
Consumer discretionary	147,613	-	-	147,613
Consumer staples	168,360	-	-	168,360
Healthcare	149,957	-	-	149,957
Financials	203,739	-	-	203,739
Information technology	194,828	-	-	194,828
Telecommunication services	26,209	-	-	26,209
Utilities	31,395	-	-	31,395
Total common stocks	1,228,199	-	-	1,228,199
Other Broad basket commodities	65,399	-	-	65,399
Total assets at fair value	<u>\$ 10,412,428</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,412,428</u>



# SAFARI CLUB INTERNATIONAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2013 and 2012

### (3) Investments and fair value measurements (continued)

The following table summarizes the valuation of SCIF's assets and liabilities subject to fair value measurement on a recurring basis by the above FASB ASC 820 categories as of June 30, 2012:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Intermediate term bond	\$ 2,276,872	\$ -	\$ -	\$ 2,276,872
Foreign large growth	248,486	-	-	248,486
High yield bond	611,241	-	-	611,241
World bond	277,018	-	-	277,018
Emerging market bond	468,635	-	-	468,635
Inflation protected bond	326,082	-	-	326,082
Mid-cap blend	497,121	-	-	497,121
Foreign large blend	271,103	-	-	271,103
Large growth	789,139	-	-	789,139
Large-cap blend	401,220	-	-	401,220
Small-cap blend	255,388	-	-	255,388
Emerging markets	599,828	-	-	599,828
Short term bond	916,546	-	-	916,546
Large value	108,800	-	-	108,800
Small growth	<u>213,362</u>	-	-	<u>213,362</u>
Total mutual funds	8,260,841	-	-	8,260,841
Common stocks				
Energy	112,669	-	-	112,669
Materials	28,983	-	-	28,983
Industrials	103,857	-	-	103,857
Consumer discretionary	123,994	-	-	123,994
Consumer staples	111,049	-	-	111,049
Healthcare	123,532	-	-	123,532
Financials	151,774	-	-	151,774
Information technology	204,545	-	-	204,545
Telecommunication services	17,896	-	-	17,896
Utilities	<u>25,764</u>	-	-	<u>25,764</u>
Total common stocks	1,004,063	-	-	1,004,063
Other Broad basket commodities	<u>66,152</u>	-	-	<u>66,152</u>
Total assets at fair value	<u>\$ 9,331,056</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,331,056</u>

Investment income consists of the following:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 272,600	\$ 207,960
Net realized gains (losses) on investments	147,391	(47,927)
Net unrealized gains (losses) on investments	<u>477,599</u>	<u>(216,333)</u>
Total investment income (loss)	<u>\$ 897,590</u>	<u>\$ (56,300)</u>

Expenses relating to investment income, including custodial fees and investment advisory fees of approximately \$47,000 and \$41,000 for the years ended June 30, 2013 and 2012, respectively, are included in investment income in the accompanying statements of activities and changes in net assets.

# SAFARI CLUB INTERNATIONAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2013 and 2012

### (4) Property and equipment

A summary of property and equipment at June 30 follows:

	<u>2013</u>	<u>2012</u>
Land	\$ 323,926	\$ 323,925
Building - Headquarters and museum	4,822,152	4,822,152
Building - Granite Ranch	1,537,964	1,537,964
Building - Washington, D. C.	3,257,914	3,257,914
Exhibits	1,377,755	1,377,755
Office furniture and equipment	1,743,000	1,727,539
Work-in-progress	<u>176,959</u>	<u>11,147</u>
Total property and equipment	13,239,670	13,058,396
Less accumulated depreciation	<u>(8,009,439)</u>	<u>(7,683,042)</u>
Property and equipment, net	<u>\$ 5,230,231</u>	<u>\$ 5,375,354</u>

Depreciation expense charged to operations was \$367,969 for 2013 and \$375,979 for 2012.

At June 30, 2013 and 2012, work-in-progress includes costs associated with various software installations not yet placed into service and renovations and improvements to the AWLS cabin. During 2013, the software was placed into service.

### (5) Cash surrender value of life insurance

SCIF is the named beneficiary of certain life insurance policies. The policies are recorded at their cash surrender value. Policy earnings are included in the accompanying statements of activities and changes in net assets as investment income.

### (6) Endowments

SCIF endowments consist entirely of three donor-restricted endowment funds established to support SCIF's programs. As required by U. S. generally accepted accounting principles, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of relevant law** – In September 2008, the State of Arizona enacted ARS§10-11801 et seq Management of Charitable Funds Act ("MCFA"). SCIF has interpreted MCFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, SCIF classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by SCIF in a manner consistent with the standard of prudence prescribed by MCFA. In accordance with MCFA, SCIF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of SCIF and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of SCIF
- (7) The investment policies of SCIF

# SAFARI CLUB INTERNATIONAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2013 and 2012

### (6) Endowments (continued)

**Return objectives and risk parameters** – SCIF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The endowment assets are invested in a balanced asset allocation approach that is intended to produce results similar to a 60% Standard & Poor's 500 Stock Index, 30% Barclays Capital Intermediate Government/Credit Index, and 10% 90-day Treasury Bills while assuming a conservative to moderate level of investment risk.

**Spending policy** – SCIF has a policy of appropriating for distribution each year not more than 6 percent of its endowment fund's average appreciation over the prior three years preceding the fiscal year in which the distribution is planned at the discretion of the Board.

In establishing this policy, SCIF considered the long-term expected returns on its endowment investments. Accordingly, over the long term, the Foundation expects the current spending policy will allow its endowment to retain the original fair value of the gift.

**Strategies employed for achieving objectives** – SCIF relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends). SCIF targets a diversified asset allocation that emphasizes a balanced asset allocation approach to achieve its long-term objectives within prudent risk constraints.

The change in endowment net assets for the year ended June 30, 2013 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2012	\$ -	\$ 515,147	\$ 8,888,350	\$ 9,403,497
Contributions and pledge payments	-	-	651,860	651,860
Investment return:				
Net realized and unrealized gains	-	621,586	-	621,586
Dividends and interest	-	263,918	-	263,918
Appropriation of endowment assets for expenditure	-	(636,025)	-	(636,025)
Endowment net assets, June 30, 2013	<u>\$ -</u>	<u>\$ 764,626</u>	<u>\$ 9,540,210</u>	<u>\$ 10,304,836</u>

The change in endowment net assets for the year ended June 30, 2012 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2011	\$ -	\$ 803,591	\$ 8,373,060	\$ 9,176,651
Contributions and pledge payments	-	-	515,290	515,290
Investment return:				
Net realized and unrealized losses	-	(255,401)	-	(255,401)
Dividends and interest	-	203,035	-	203,035
Appropriation of endowment assets for expenditure	-	(236,078)	-	(236,078)
Endowment net assets, June 30, 2012	<u>\$ -</u>	<u>\$ 515,147</u>	<u>\$ 8,888,350</u>	<u>\$ 9,403,497</u>

# SAFARI CLUB INTERNATIONAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2013 and 2012

### (7) 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, SCIF and SCI 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.

The agreement calls for SCIF to lease certain facilities to SCI based upon the estimated usage of the space by SCIF and SCI. 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 received by SCIF from SCI, as stated within the agreement, is approximately \$476,000 for fiscal 2013 and 2014. For the year ended June 30, 2013, SCIF charged SCI \$462,095 for the use of facilities which is included within SCI operating grants in the accompanying statement of functional revenues and expenses.

The agreement also requires SCIF to pay, on a monthly basis, an allocated share of property taxes, utilities, janitorial services and property insurance. The expenses recognized by SCIF related to these facilities expenses totaled \$207,241 for the year ended June 30, 2013.

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 year ended June 30, 2013, SCIF received from, SCIF goods and services totaling \$1,821,878, which is included within SCIF operating grants in the accompanying statement of functional revenues and expenses.

The following table summarizes the donated goods and services provided by SCI for the year ended June 30, 2013:

Salaries and benefits	\$	744,737
General and administrative		426,580
Travel		208,324
Events		133,662
Legal		96,852
Programs and projects		74,458
Printing		46,193
Maintenance and security		41,833
Advertising and promotion		28,615
Postage and Freight		20,551
Cost of sales		73
Total	\$	<u>1,821,878</u>

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 year ended June 30, 2013, the annual grant totaled \$1,246,605 which is included within SCI operating grants in the accompanying statement 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, 2013, amounts receivable from SCI totaled \$453,762.

# SAFARI CLUB INTERNATIONAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2013 and 2012

### (7) Related party transactions (continued)

In connection with the annual grant, SCI requires that SCIF restrict to SCIF's endowment fund the amount of 0.5% of gross unrestricted operating revenue from the grant. The portion of the 2013 annual grant restricted for endowment totaled \$110,331.

### (8) Rental income

Cell phone services providers pay SCIF a monthly fee to have cell phone towers on the headquarter building in Tucson, Arizona. Income from these agreements totaled \$28,380 and \$15,204 for the years ended June 30, 2013 and 2012, respectively and is recognized as earned in accordance with the lease agreements. Rental income is included in other revenue and support in the accompanying statements of activities and changes in net assets.

The future minimum lease payments expected to be received from these agreements are as follows:

<u>Years Ending June 30,</u>	
2014	\$ 21,116
2015	15,953
2016	16,432
2017	15,476
	<u>\$ 68,977</u>

Subsequent to June 30, 2013, SCIF entered into a grant of easement and assignment of lease rights agreement with a third party. Under the terms of the agreement, SCIF granted an easement on the roof of its facility to a third party for a period of fifty-years for the purpose of the third party to operate communications equipment. In addition to the easement, SCIF assigned the cell phone tower leases to the third party. As consideration for the easement and assignment of lease rights, SCIF received \$439,768 of consideration. In addition, SCIF will receive a contingent percentage interest in the future cell tower lease revenues secured by the third party over the term of the easement.

### (9) Retirement plans

SCIF has a 401(k) plan available to all eligible employees with more than 1,000 hours of service. SCIF 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 2013 and 2012, employer matching contributions totaled approximately \$23,400 and \$16,300, respectively.

SCIF has a 403(b) defined contribution retirement plan, which is funded on a nondiscriminatory basis. The plan is managed by an investment broker under the guidance of employee elections. There were no employer contributions in 2013 and 2012.

### (10) Net assets

Temporarily restricted net assets were available for the following purposes at June 30:

	<u>2013</u>	<u>2012</u>
Education	\$ 63,240	\$ 41,092
Capital projects	-	131,028
National fundraising	210,933	25,000
Conservation	726,708	-
Accumulated unappropriated endowment earnings	764,626	515,147
Total	<u>\$ 1,765,507</u>	<u>\$ 712,267</u>

# SAFARI CLUB INTERNATIONAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2013 and 2012

**(10) Net assets (continued)**

A summary of net assets released from restriction during 2013 and 2012 follows:

	2013	2012
Education	\$ 11,145	\$ 16,654
Capital projects	137,676	15,572
National fundraising	14,426	-
Conservation	155,221	-
Endowment expenditures	636,025	236,078
Total	\$ 954,493	\$ 268,304

**(11) EPIC Outdoor Game Fair**

SCIF participated in a collaborative arrangement with an unrelated organization to put on an event labeled the EPIC Outdoor Game Fair in the fall of 2011. In accordance with the agreement, SCIF and the unrelated organization agreed to share in the gross profits or losses of the event. SCIF has determined that they are the principal in the agreement. Therefore, all revenues and expenses from the EPIC Outdoor Game Fair are recorded gross.

The EPIC Outdoor Game Fair incurred a net loss of approximately \$794,000 in fiscal 2012. Accordingly, SCIF has recorded a receivable of approximately \$153,000 from the unrelated organization for its share of the net loss. However, the receivable is currently being disputed by the unrelated organization and SCIF has fully reserved this receivable at June 30, 2013 and 2012. SCIF continues to vigorously pursue collection, in accordance with the agreement, from the unrelated party.

The revenues and expenses directly related to the EPIC Outdoor Game Fair for the year ended June 30, 2012 are summarized as follows:

<b>REVENUE AND SUPPORT</b>	
Admissions and fees	\$ 33,619
Donations	54,260
Sponsorships	219,412
Advertising sales and other	6,275
Exhibits	141,700
Auctions and raffles	49,250
TOTAL REVENUE AND SUPPORT	\$ 504,516
 <b>EXPENSES</b>	
Admissions	\$ 63,583
Exhibits	184,748
Auction	8,643
Marketing	288,320
Sponsorships and VIPs	125,792
General Event	242,289
Activities	181,827
Loss on disposal of software	47,872
Bad debt expense	155,156
TOTAL EXPENSES	1,298,230
NET LOSS	\$ (793,714)

# SAFARI CLUB INTERNATIONAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2013 and 2012

**(11) EPIC Outdoor Game Fair (continued)**

As with Convention, the EPIC Outdoor Game Fair activity has been included in the Statement of Functional Revenues and Expenses based on the category to which each item relates (i. e. EPIC Outdoor Game Fair travel expense is included in the Travel expense line). All related revenues and expenses that do not fit into an existing line item are included in the EPIC Outdoor Game Fair amounts. SCIF did not continue its participation in the EPIC Outdoor Game Fair in fiscal 2013.

**(12) Commitments and contingencies**

SCIF and SCI are involved in various disputes and matters of litigation generally incidental to their business. SCIF and SCI engage 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 SCIF's financial position or results of operations.