

SAFARI CLUB INTERNATIONAL FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016

**SAFARI CLUB INTERNATIONAL FOUNDATION
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YEARS ENDED JUNE 30, 2017 AND 2016**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Safari Club International Foundation
Tucson, Arizona

We have audited the accompanying financial statements of Safari Club International Foundation, which comprise the statements of financial position as of June 30, 2017 and 2016, 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 Foundation

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, 2017 and 2016, 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, 2017

SAFARI CLUB INTERNATIONAL FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,703,726	\$ 3,892,102
Accounts Receivable	207,534	197,286
Inventories	72,250	89,909
Prepaid Expenses	77,196	90,307
Total Current Assets	4,060,706	4,269,604
PLEDGES RECEIVABLE, NET	1,177,603	851,254
LONG-TERM INVESTMENTS	14,849,521	13,051,841
PROPERTY HELD FOR LONG-TERM PURPOSES	41,650	41,650
PROPERTY AND EQUIPMENT, NET	4,426,715	4,633,634
CASH SURRENDER VALUE OF LIFE INSURANCE	24,399	59,585
Total Assets	\$ 24,580,594	\$ 22,907,568
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 313,234	\$ 752,639
Unearned Revenue: Other Programs	572,035	554,783
Total Current Liabilities	885,269	1,307,422
LONG-TERM DEPOSIT PAYABLE-RELATED PARTY	71,634	79,191
Total Liabilities	956,903	1,386,613
NET ASSETS		
Unrestricted	7,795,387	7,430,264
Temporarily Restricted	2,727,637	1,730,509
Permanently Restricted	13,100,667	12,360,182
Total Net Assets	23,623,691	21,520,955
Total Liabilities and Net Assets	\$ 24,580,594	\$ 22,907,568

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Convention	\$ 832,135	\$ -	\$ -	\$ 832,135
Dues and Subscriptions	27,322	-	-	27,322
Membership Services and Product Sales	140,802	-	-	140,802
SCI Licensing	100,000	-	-	100,000
Contributions	612,808	661,098	669,497	1,943,403
Tuitions and Admissions	325,669	-	-	325,669
SCI Operating Grants and Rent	3,247,645	-	111,988	3,359,633
Investment Income	231,672	1,220,591	-	1,452,263
Other	98,501	-	-	98,501
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	884,561	(884,561)	-	-
Total Revenues and Other Support	<u>6,501,115</u>	<u>997,128</u>	<u>781,485</u>	<u>8,279,728</u>
EXPENSES				
Program Services:				
Education	2,445,985	-	-	2,445,985
Conservation	1,432,494	-	-	1,432,494
Total Program Services	<u>3,878,479</u>	<u>-</u>	<u>-</u>	<u>3,878,479</u>
Supporting Services:				
Fundraising	1,440,444	-	-	1,440,444
General and Administrative	817,069	-	-	817,069
Total Supporting Services	<u>2,257,513</u>	<u>-</u>	<u>-</u>	<u>2,257,513</u>
Total Expenses	6,135,992	-	-	6,135,992
Loss (Recovery) on Uncollectible Pledges Receivable	<u>-</u>	<u>-</u>	<u>41,000</u>	<u>41,000</u>
Total Expenses and Losses	<u>6,135,992</u>	<u>-</u>	<u>41,000</u>	<u>6,176,992</u>
CHANGES IN NET ASSETS	365,123	997,128	740,485	2,102,736
Net Assets - Beginning of Year	<u>7,430,264</u>	<u>1,730,509</u>	<u>12,360,182</u>	<u>21,520,955</u>
NET ASSETS - END OF YEAR	<u><u>\$ 7,795,387</u></u>	<u><u>\$ 2,727,637</u></u>	<u><u>\$ 13,100,667</u></u>	<u><u>\$ 23,623,691</u></u>

See accompanying Notes to Financial Statements.

SAFARI CLUB INTERNATIONAL FOUNDATION
STATEMENT OF ACTIVITES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Convention	\$ 891,305	\$ -	\$ -	\$ 891,305
Dues and Subscriptions	28,915	-	-	28,915
Membership Services and Product Sales	147,258	-	-	147,258
SCI Licensing	100,000	-	-	100,000
Contributions	507,920	437,732	485,801	1,431,453
Tuitions and Admissions	308,785	-	-	308,785
SCI Operating Grants and Rent	3,233,310	-	111,493	3,344,803
Investment Loss	(7,083)	(67,731)	-	(74,814)
Other	100,362	-	-	100,362
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	252,012	(252,012)	-	-
Total Revenues and Other Support	<u>5,562,784</u>	<u>117,989</u>	<u>597,294</u>	<u>6,278,067</u>
EXPENSES				
Program Services:				
Education	2,439,652	-	-	2,439,652
Conservation	1,613,474	-	-	1,613,474
Total Program Services	<u>4,053,126</u>	<u>-</u>	<u>-</u>	<u>4,053,126</u>
Supporting Services:				
Fundraising	1,031,675	-	-	1,031,675
General and Administrative	819,554	-	-	819,554
Total Supporting Services	<u>1,851,229</u>	<u>-</u>	<u>-</u>	<u>1,851,229</u>
Total Expenses	5,904,355	-	-	5,904,355
Loss (Recovery) on Uncollectible Pledges Receivable	-	-	(40,000)	(40,000)
Total Expenses and Losses	<u>5,904,355</u>	<u>-</u>	<u>(40,000)</u>	<u>5,864,355</u>
CHANGES IN NET ASSETS	(341,571)	117,989	637,294	413,712
Net Assets - Beginning of Year	<u>7,771,835</u>	<u>1,612,520</u>	<u>11,722,888</u>	<u>21,107,243</u>
NET ASSETS - END OF YEAR	<u>\$ 7,430,264</u>	<u>\$ 1,730,509</u>	<u>\$ 12,360,182</u>	<u>\$ 21,520,955</u>

See accompanying Notes to Financial Statements.

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

	Education	Conservation	Fundraising	General and Administrative	Total
REVENUES AND SUPPORT					
Convention	\$ 324,240	\$ 60,000	\$ 447,895	\$ -	\$ 832,135
Dues and Subscriptions	27,357	-	(35)	-	27,322
Membership Services and Product Sales	134,204	-	6,598	-	140,802
SCI Licensing	-	-	-	100,000	100,000
Contributions	333,584	95,010	1,514,659	150	1,943,403
Tuition and Admissions	325,669	-	-	-	325,669
SCI Operating Grants and Rent	864,232	1,008,567	172,847	1,313,987	3,359,633
Investment Income	13,529	-	1,252,009	186,725	1,452,263
Other	70,606	875	26,700	320	98,501
	<u>\$ 2,093,421</u>	<u>\$ 1,164,452</u>	<u>\$ 3,420,673</u>	<u>\$ 1,601,182</u>	<u>\$ 8,279,728</u>
EXPENSES					
Convention Events	\$ 183,113	\$ 987	\$ 287,054	\$ 21,349	\$ 492,503
Salaries, Wages, and Benefits	874,724	297,610	469,989	386,057	2,028,380
Occupancy and Supplies	178,322	95,005	132,325	121,551	527,203
Conferences and Meetings	10,670	9,324	1,137	12,076	33,207
Liability and Other Insurance	48,684	-	38,626	2,501	89,811
Programs and Projects	132,824	64,155	880	350	198,209
Grants and Scholarships	361,475	718,937	125,000	-	1,205,412
Legal and Accounting Services	2,225	-	7,275	89,402	98,902
Consulting	4,250	19,223	63,270	34,508	121,251
Depreciation	163,606	121,739	605	96,200	382,150
Cost of Sales - Membership Services and Products	80,102	-	4,214	-	84,316
Printing	14,358	5,103	58,705	3,515	81,681
Promotion and Development	144,297	9,162	184,886	3,944	342,289
Postage and Freight	15,966	1,536	17,772	5,873	41,147
Maintenance and Security	120,279	21,833	-	6,386	148,498
Travel	111,090	67,880	48,706	33,307	260,983
Other	-	-	-	50	50
	<u>\$ 2,445,985</u>	<u>\$ 1,432,494</u>	<u>\$ 1,440,444</u>	<u>\$ 817,069</u>	<u>\$ 6,135,992</u>

See accompanying Notes to Financial Statements.

SAFARI CLUB INTERNATIONAL FOUNDATION
STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2016

	Education	Conservation	Fundraising	General and Administrative	Total
REVENUES AND SUPPORT					
Convention	\$ 399,520	\$ 92,000	\$ 399,785	\$ -	\$ 891,305
Dues and Subscriptions	28,915	-	-	-	28,915
Membership Services and Product Sales	138,982	-	8,276	-	147,258
SCI Licensing	-	-	-	100,000	100,000
Contributions	347,020	46,935	1,016,498	21,000	1,431,453
Tuition and Admissions	308,785	-	-	-	308,785
SCI Operating Grants and Rent	857,762	1,005,526	171,553	1,309,962	3,344,803
Investment Loss	(951)	-	(66,135)	(7,728)	(74,814)
Other	72,102	-	27,000	1,260	100,362
Total Revenues and Support	\$ 2,152,135	\$ 1,144,461	\$ 1,556,977	\$ 1,424,494	\$ 6,278,067
EXPENSES					
Convention Events	\$ 155,307	\$ 3,422	\$ 223,064	\$ 13,467	\$ 395,260
Salaries, Wages, and Benefits	904,259	377,379	333,848	376,543	1,992,029
Occupancy and Supplies	188,237	132,906	121,184	133,159	575,486
Conferences and Meetings	10,671	3,640	1,917	49,709	65,937
Liability and Other Insurance	50,339	-	39,944	1,847	92,130
Programs and Projects	122,418	71,209	9,802	618	204,047
Grants and Scholarships	291,780	760,417	-	-	1,052,197
Legal and Accounting Services	1,138	-	7,390	91,642	100,170
Consulting	22,174	17,035	63,600	11,676	114,485
Depreciation	174,122	114,030	707	81,157	370,016
Cost of Sales - Membership Services and Products	76,432	-	5,118	-	81,550
Printing	16,183	1,005	66,076	5,053	88,317
Promotion and Development	156,238	8,341	81,757	340	246,676
Postage and Freight	14,416	2,118	19,148	5,635	41,317
Maintenance and Security	159,188	10,128	-	4,872	174,188
Travel	96,450	111,844	57,108	43,786	309,188
Other Expenses	-	-	1,012	50	1,062
Bad Debt	300	-	-	-	300
Total Expenses	\$ 2,439,652	\$ 1,613,474	\$ 1,031,675	\$ 819,554	\$ 5,904,355

See accompanying Notes to Financial Statements.

SAFARI CLUB INTERNATIONAL FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 2,102,736	\$ 413,712
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	382,150	370,016
Gain on Disposal of Assets	(150)	(2,900)
Realized and Unrealized (Gains) Losses on Investments, Net	(1,123,889)	369,168
Permanently Restricted Contributions	(1,018,490)	(329,005)
Loss (Recovery) on Uncollectible Pledges Receivable	41,000	(40,000)
Change in Discount on Pledges Receivable	22,294	(3,378)
Increase (Decrease) in Cash Resulting from Changes in:		
Accounts Receivable	(10,248)	82,412
Inventories	17,659	(22,889)
Prepaid Expenses	13,111	(20,468)
Accounts Payable and Accrued Liabilities	(439,405)	151,995
Deposit Payable, Related Party	(7,557)	2,175
Unearned Revenue: Other Programs	17,252	(16,690)
Net Cash Provided (Used) by Operating Activities	(3,537)	954,148
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(1,338,391)	(3,546,018)
Proceeds from Sale of Investments	664,600	1,892,440
Purchases of Property and Equipment	(175,081)	(220,128)
Change in Value of Cash Surrender Value of Life Insurance	35,186	(1,213)
Net Cash Used by Investing Activities	(813,686)	(1,874,919)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Proceeds from Receipt of Permanently Restricted Contributions	628,847	307,167
NET DECREASE IN CASH AND CASH EQUIVALENTS	(188,376)	(613,604)
Cash and Cash Equivalents - Beginning of Year	3,892,102	4,505,706
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,703,726	\$ 3,892,102

See accompanying Notes to Financial Statements.

**SAFARI CLUB INTERNATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

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). SCIF and SCI have some common members of management and common members on the boards of directors.

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

SCI provided certain support to SCIF in the form of operating grants and rent totaling \$3,359,633 and \$3,344,803 for the years ended June 30, 2017 and 2016, respectively.

Basis of Presentation

SCIF'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, SCIF 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 SCIF 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 SCIF.

SAFARI CLUB INTERNATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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 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.

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

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. 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. As of June 30, 2017 and 2016, a portion of the cash balances at financial institutions exceeded the balance insured by the FDIC.

SAFARI CLUB INTERNATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable, Net

Net accounts receivable consist primarily of amounts due under a collaborative arrangement, 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 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 collectability. Amortization of the discounts is included in support from contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Management provides for 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.

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.

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.

SAFARI CLUB INTERNATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 prepaid insurance. The AWLS Camp revenue and prepaid expenses are deferred and recognized upon completion of each summer's camp.

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. 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.

Investments

SCIF 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 Held for Long-Term Purposes

Property held for long-term purposes consists of donated items or 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 recorded 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

SAFARI CLUB INTERNATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

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 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 2017 and 2016.

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 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 SCIF 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 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
JUNE 30, 2017 AND 2016

NOTE 1 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 entities, 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 mission of promoting wildlife conservation, outdoor education, and humanitarian services. Advertising costs totaled \$342,289 and \$246,676 for the years ended June 30, 2017 and 2016, respectively.

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.

Income Taxes

SCIF is a nonprofit organization under Internal Revenue Code (the Code) Section 501(c)(3). Accordingly, no provision for federal or state income taxes has been reflected in the accompanying financial statements. In addition, SCIF qualified 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, 2017 and 2016, 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 December 15, 2017. SCIF is analyzing the impact of the standard on its financial statements.

Subsequent Events

SCIF evaluated subsequent events through December 20, 2017, which is the date the financial statements were available to be issued.

SAFARI CLUB INTERNATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 2 PLEDGES RECEIVABLE

Pledges receivable consist of Hunter Legacy Fund, First For Wildlife, and American Wilderness Leadership School endowments, as well as Lion and Shield pledges from individuals at June 30 as follows:

	2017	2016
Restricted - Endowment	\$ 749,468	\$ 763,035
Restricted - Other	226,930	38,600
Unrestricted	315,167	100,287
Gross Pledges Receivable	1,291,565	901,922
Less: Unamortized Discount	(37,962)	(15,668)
Less: Allowance for Doubtful Accounts	(76,000)	(35,000)
Net Pledges Receivable	\$ 1,177,603	\$ 851,254
Amounts Due in:		
Less than One Year	\$ 315,363	\$ 284,596
One to Five Years	976,202	617,326
Total	\$ 1,291,565	\$ 901,922

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, 2017 and 2016, this rate was approximately 1.53% and 1.02%, respectively.

At June 30, 2017 and 2016, gross pledges receivable include \$590,215 and \$336,755, respectively, due from members of the board of directors and directors at large of SCI and SCIF.

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS

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

Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

SAFARI CLUB INTERNATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 3 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, 2017 and 2016.

Bond/Fixed Income: 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 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, 2017.

	Level 1	Level 2	Level 3	Total
Bond/Fixed Income:				
Ultra Short	\$ -	\$ 115,261	\$ -	\$ 115,261
Short-Term	-	1,425,492	-	1,425,492
Intermediate Term	-	851,264	-	851,264
Long-Term	-	355,742	-	355,742
Securitized Gold	-	363,994	-	363,994
Inflation Linked Securities	-	25,870	-	25,870
Total Bond/Fixed Income	-	3,137,623	-	3,137,623
Mutual Funds:				
Alternatives	401,933	-	-	401,933
Intermediate Term	1,078,586	-	-	1,078,586
Taxable Core	962,719	-	-	962,719
High Yield Bond	774,052	-	-	774,052
Total Mutual Funds	3,217,290	-	-	3,217,290
Common Stocks:				
Energy	437,271	-	-	437,271
Materials	391,219	-	-	391,219
Industrials	1,027,712	-	-	1,027,712
Consumer Discretionary	1,086,971	-	-	1,086,971
Consumer Staples	550,492	-	-	550,492
Healthcare	1,272,566	-	-	1,272,566
Financials	1,699,132	-	-	1,699,132
Information Technology	1,801,973	-	-	1,801,973
Telecommunications Services	135,618	-	-	135,618
Utilities	91,654	-	-	91,654
Total Common Stocks	8,494,608	-	-	8,494,608
Total Investments at Fair Value	<u>\$ 11,711,898</u>	<u>\$ 3,137,623</u>	<u>\$ -</u>	<u>\$ 14,849,521</u>

SAFARI CLUB INTERNATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2016.

	Level 1	Level 2	Level 3	Total
Bond/Fixed Income:				
Ultra Short	\$ -	\$ 609,197	\$ -	\$ 609,197
Short-Term	-	1,023,657	-	1,023,657
Intermediate Term	-	928,163	-	928,163
Long-Term	-	423,827	-	423,827
Securitized Gold	-	364,664	-	364,664
Inflation Linked Securities	-	26,240	-	26,240
Total Bond/Fixed Income	-	3,375,748	-	3,375,748
Mutual Funds:				
Intermediate Term	1,290,334	-	-	1,290,334
Taxable Core	943,642	-	-	943,642
High Yield Bond	686,400	-	-	686,400
Total Mutual Funds	2,920,376	-	-	2,920,376
Common Stocks:				
Energy	503,366	-	-	503,366
Materials	210,643	-	-	210,643
Industrials	823,799	-	-	823,799
Consumer Discretionary	966,208	-	-	966,208
Consumer Staples	669,770	-	-	669,770
Healthcare	812,675	-	-	812,675
Financials	1,037,485	-	-	1,037,485
Information Technology	1,319,732	-	-	1,319,732
Telecommunications Services	110,403	-	-	110,403
Utilities	98,453	-	-	98,453
Others	116,516	-	-	116,516
Alternatives	86,667	-	-	86,667
Total Common Stocks	6,755,717	-	-	6,755,717
Total Investments at Fair Value	\$ 9,676,093	\$ 3,375,748	\$ -	\$ 13,051,841

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

	2017	2016
Interest and Dividends	\$ 328,374	\$ 294,354
Net Realized Gains (Losses) on Investments	211,890	(321,901)
Net Unrealized Gains (Losses) on Investments	911,999	(47,267)
Total Investment Income (Loss)	\$ 1,452,263	\$ (74,814)

**SAFARI CLUB INTERNATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Expenses relating to investment income, including custodian fees and investment advisory fees of approximately \$118,000 and \$107,000 for the years ended June 30, 2017 and 2016, respectively, are included in expenses in the accompanying statements of activities and changes in net assets.

NOTE 4 PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30 follows:

	2017	2016
Land and Improvements	\$ 370,965	\$ 370,965
Building - Headquarters and Museum	5,022,118	4,952,366
Building - Granite Ranch	1,811,445	1,804,566
Building - Washington, D.C.	3,258,410	3,253,414
Exhibits	1,377,755	1,377,756
Office Furniture and Equipment	1,619,456	1,588,762
Work-in-Progress	71,100	40,588
Total Property and Equipment	13,531,249	13,388,417
Less: Accumulated Depreciation	(9,104,534)	(8,754,783)
Property and Equipment, Net	\$ 4,426,715	\$ 4,633,634

Depreciation expense charged to operations was \$382,150 and \$370,016 for 2017 and 2016, respectively.

NOTE 5 ENDOWMENTS

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

**SAFARI CLUB INTERNATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 5 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

In September 2008, the State of Arizona enacted ARS§ 10-11801 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 classified 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

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 35% Standard & Poor's 500 Stock Index, 45% Barclays Aggregate Bond Index, 15% MSCI EAFE Index, and 5% 90-day Treasury Bills while assuming a conservative to moderate level of investment risk.

Spending Policy

SCIF has a policy to hold all contributed funds plus 5% of these funds as the funds protected value. At fiscal year end, 5% of the portfolio balance is calculated and is available for appropriation as long as the net figure exceeds the protected value. A distribution from the fund exceeding 5% of the overall market value of the fund must be in writing and fully detailed. 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.

SAFARI CLUB INTERNATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 5 ENDOWMENTS (CONTINUED)

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, 2017 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, July 1, 2016	\$ -	\$ 893,380	\$ 11,643,759	\$ 12,537,139
Contributions and Pledge Payments	-	-	803,296	803,296
Investment Return:				
Net Realized and Unrealized Gains	-	946,267	-	946,267
Dividends and Interest	-	274,324	-	274,324
Appropriation of Endowment Assets for Expenditure	-	(743,689)	-	(743,689)
Endowment Net Assets, June 30, 2017	<u>\$ -</u>	<u>\$ 1,370,282</u>	12,447,055	<u>\$ 13,817,337</u>
Pledges Receivable, Net (Restricted)			673,468	
Present Value Discount on Restricted Pledges			(19,856)	
Permanently Restricted Net Assets			<u>\$ 13,100,667</u>	

The change in endowment net assets for the year ended June 30, 2016 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, July 1, 2015	\$ -	\$ 980,081	\$ 10,936,850	\$ 11,916,931
Contributions and Pledge Payments	-	-	706,909	706,909
Investment Return:				
Net Realized and Unrealized Losses	-	(319,241)	-	(319,241)
Dividends and Interest	-	251,510	-	251,510
Appropriation of Endowment Assets for Expenditure	-	(18,970)	-	(18,970)
Endowment Net Assets, June 30, 2016	<u>\$ -</u>	<u>\$ 893,380</u>	11,643,759	<u>\$ 12,537,139</u>
Pledges Receivable, Net (Restricted)			728,035	
Present Value Discount on Restricted Pledges			(11,612)	
Permanently Restricted Net Assets			<u>\$ 12,360,182</u>	

SAFARI CLUB INTERNATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 5 ENDOWMENTS (CONTINUED)

Permanently restricted endowment net assets as reported above do not include outstanding endowment pledges receivable, net as of June 30, 2017 and 2016.

NOTE 6 RELATED PARTY TRANSACTIONS

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

Effective fiscal 2013, SCI and SCIF entered into a memorandum of understanding, 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. 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 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 was approximately \$462,000 for fiscal 2017 and 2016. For the years ended June 30, 2017 and 2016, SCIF charged SCI \$478,859 and \$485,595, respectively, for the use of facilities, which is included within SCI operating grants and rent in the accompanying statements 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 \$242,165 and \$235,234 for the years ended June 30, 2017 and 2016, respectively. Additionally, SCIF paid SCI allocated expenses of \$241,956 and \$250,423 for the years ended June 30, 2017 and 2016, respectively.

In addition, the agreement provides that as part of SCI's ongoing support of SCIF, SCI agrees to donate as part of its annual grant each year to SCIF, the total employee payroll costs and amounts expended in goods and services on behalf of SCIF. For the years ended June 30, 2017 and 2016, SCIF received from SCI goods and services totaling \$2,176,481 and \$2,206,592, respectively, which is included within SCIF operating grants and rent in the accompanying statements of functional revenues and expenses.

**SAFARI CLUB INTERNATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 6 RELATED PARTY TRANSACTIONS (CONTINUED)

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

	2017	2016
Salaries and Benefits	\$ 587,983	\$ 688,835
Occupancy and Supplies	453,519	458,307
Travel	187,706	207,188
Events	477,185	396,015
Legal	123,363	105,148
Programs and Projects	107,968	138,208
Printing	65,765	72,430
Maintenance and Security	37,745	34,885
Advertising and Promotion	107,859	78,798
Postage and Freight	27,273	26,778
Cost of Sales	115	-
Total	\$ 2,176,481	\$ 2,206,592

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, 2017 and 2016, the annual grant totaled \$704,293 and \$652,616, respectively, which is included within SCI operating grants and rent 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, 2017, amounts receivable due from SCI totaled \$8,716. As of June 30, 2016, amounts owed SCI totaled \$231,509. Amounts are included in accounts receivable and accounts payable, respectively, in the accompanying statements of financial position.

In connection with the annual grant, SCI requires that SCIF restrict to SCIF's endowment fund the amount of .5% of gross unrestricted operating revenue from the grant. The portion of the 2017 and 2016 annual grant restricted for endowment totaled \$111,988 and \$111,493, respectively.

Effective January 1, 2000, SCI and SCIF entered into a license agreement whereby SCIF licensed to SCI certain trademarks, names, logos, and emblems (the Marks) owned by SCIF. This agreement granted SCI the right to use the Marks in connection with its nonprofit activities that include protecting hunter's rights and promoting conservation of wildlife worldwide, and written materials. The license fee to be received by SCIF from SCI as stated within the agreement is \$100,000 for the years ended June 30, 2017 and 2016. The license fee is included in SCI licensing in the accompanying statements of activities and changes in net assets.

SAFARI CLUB INTERNATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 7 RENTAL INCOME

On December 18, 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 50 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. 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. Income recognized from these agreements totaled \$8,795 for the years ended June 30, 2017 and 2016, respectively.

NOTE 8 RETIREMENT PLAN

SCIF has a 401(k) plan available to all eligible employees with more than 1,000 hours of service. SCIF matches 30% of each participant's deferral contributions up to 30% of compensation or up to the maximum contribution allowed by the Code. These matching contributions vest over a five-year period. In 2017 and 2016, employer matching contributions totaled \$34,671 and \$20,755, net of forfeitures, respectively.

NOTE 9 NET ASSETS

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

	<u>2017</u>	<u>2016</u>
Education	\$ 728,298	\$ 358,249
National Fundraising	378,410	248,078
Museum	4,681	24,663
Humanitarian	22,974	29,447
Conservation	222,992	176,692
Accumulated Unappropriated Endowment Earnings	1,370,282	893,380
Total	<u>\$ 2,727,637</u>	<u>\$ 1,730,509</u>

A summary of net assets released from restriction during 2017 and 2016 follows:

	<u>2017</u>	<u>2016</u>
Education	\$ 47,036	\$ 91,626
National Fundraising	(24,572)	16,142
Museum	600	2,500
Humanitarian	68,173	58,022
Conservation	49,635	64,752
Endowment Expenditures	743,689	18,970
Total	<u>\$ 884,561</u>	<u>\$ 252,012</u>

Permanently restricted net assets, including net pledges receivable, totaling \$13,100,667 and \$12,360,182 as of June 30, 2017 and 2016, respectively, represent endowment contributions restricted for investment in perpetuity, the income of which is available for spending at the discretion of SCIF.

SAFARI CLUB INTERNATIONAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 10 COMMITMENTS AND CONTINGENCIES

In June 2017, SCIF signed a contract with a developer to renovate the AWLS cabins. Approximately \$850,000 is remaining on the contract.

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