

Dallas Safari Club

***Financial Statements
Year Ended March 31, 2019 and
Independent Auditors' Report***



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Dallas Safari Club
Dallas, Texas

We have audited the accompanying financial statements of Dallas Safari Club (the "Club"), which comprise the statement of financial position as of March 31, 2019, the statements of activities and cash flows for the year 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 audit. We conducted our audit 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 of 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 estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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 the Club as of March 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Saville, Dodgen & Co.

Saville, Dodgen & Company, P.L.L.C.
Dallas, Texas

March 10, 2020

DALLAS SAFARI CLUB
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2019

ASSETS

Cash and cash equivalents	\$	5,089,132
Investments, at fair value		2,832,461
Receivables, net		260,274
Prepaid expenses		242,715
Inventory		273,043
Property and equipment, net		<u>967,584</u>

TOTAL ASSETS **\$** 9,665,209

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable	\$	524,396
Accrued expenses		219,333
Deferred revenue		1,595,186
Other liabilities		<u>23,238</u>

TOTAL LIABILITIES 2,362,153

NET ASSETS:

Without donor restrictions		<u>7,303,056</u>
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TOTAL LIABILITIES AND NET ASSETS **\$** 9,665,209

DALLAS SAFARI CLUB
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2019

REVENUES AND OTHER SUPPORT

Membership fees	\$ 502,748
Editorial advertising and sponsorship	237,739
Inventory sales	163,487
Interest income	21,964
Other income	217,543
Dallas Safari Club Convention:	
Exhibitor booths	4,231,719
Auctions	2,074,222
Registration and banquets	415,739
Sponsorship	630,638
Ancillary convention revenue	<u>622,483</u>
Total Dallas Safari Club Convention:	<u>7,974,801</u>
Total revenue and other support	<u>9,118,282</u>

EXPENSES:

Advertising and editorial	1,601,284
Salaries and benefits	1,401,553
Member activities	109,457
Costs of inventory	121,543
Convention and support costs	2,885,755
Administrative	831,433
Depreciation	48,488
Grants and contributions to others	<u>2,093,269</u>
Total expenses	<u>9,092,782</u>

CHANGE IN NET ASSETS

25,500

NET ASSETS, BEGINNING OF YEAR

7,277,556

NET ASSETS, END OF YEAR

\$ 7,303,056

DALLAS SAFARI CLUB
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2019

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising and editorial	\$ 1,512,995	\$ 88,289	\$ -	\$ 1,601,284
Salaries and benefits	1,324,277	77,276	-	1,401,553
Member activities	103,422	6,035	-	109,457
Costs of inventory	114,842	6,701	-	121,543
Convention and support costs	2,726,645	159,110	-	2,885,755
Administrative	-	831,433	-	831,433
Depreciation	45,815	2,673	-	48,488
Grants and contributions to others	<u>2,093,269</u>	<u>-</u>	<u>-</u>	<u>2,093,269</u>
 Total expenses	 <u>\$ 7,921,265</u>	 <u>\$ 1,171,517</u>	 <u>\$ -</u>	 <u>\$ 9,092,782</u>

See accompanying independent auditors' report and notes.

DALLAS SAFARI CLUB
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2019

OPERATING ACTIVITIES:

Change in net assets	\$ 25,500
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	48,488
Realized and unrealized (gain) loss on investments	448
Changes in operating assets and liabilities:	
(Increase)/Decrease in receivables	(102,507)
(Increase)/Decrease in prepaid expenses	38,515
(Increase)/Decrease in other assets	86,396
Increase/(Decrease) in accounts payable	(131,341)
Increase/(Decrease) in accrued expenses and other liabilities	117,190
Increase/(Decrease) in deferred revenues	(211,260)
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Net cash provided by (used in) operating activities	(128,571)
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INVESTING ACTIVITIES:

Purchases of investments	(255,360)
Purchases of property and equipment	(17,363)
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Net cash provided by (used in) investing activities	(272,723)
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NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (401,294)

CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR 5,490,426

CASH AND CASH EQUIVALENTS, AT END OF YEAR \$ 5,089,132

DALLAS SAFARI CLUB
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - The accompanying financial statements include the accounts of Dallas Safari Club (the "Club"). The Club is a 501(c)(4) not-for-profit organization. The main program service is hosting the convention for hunters that raises funds for grants in conservation, outdoor education, and hunter advocacy.

Basis of Presentation - The financial statements of the Club are presented in conformity with accounting principles generally accepted in the United States of America (GAAP).

Net Asset Accounting - The accounts of the Club are maintained on a net asset basis, whereby net assets represent the excess of assets over liabilities and are without donor restriction or with donor restriction. This procedure classifies resources into net assets in accordance with the activities or objectives, as follows:

- *Net assets without donor restrictions* include those economic resources of the Club that are expendable for any purpose in performing the primary objectives of the Club.
- *Board-Designated Net Assets without donor restrictions* include those funds set aside by the Board of Directors of the Club that are not restricted by a donor and are therefore classified as net assets without donor restrictions.
- *Net assets with donor restrictions* include those assets whose use by the Club is limited by donor-imposed stipulations that expire through either passage of time or actions of the Club. Net assets with donor restriction may also include donor restricted funds maintained in perpetuity.

Pervasiveness of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates.

New Accounting Pronouncements - On February 25, 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-02, *Leases* (Topic 842). The new guidance establishes the principles to report transparent and economically neutral information about the assets and liabilities that arise from leases. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP - which requires only capital leases to be recognized on the balance sheet - the guidance in this amendment will require both types of leases to be recognized on the balance sheet. The amendments in this update are effective for the Club for fiscal years beginning after December 15, 2020. The Club is evaluating the impact of the amendments on its financial statements.

Cash Equivalents - Investments that are short-term (generally purchased with maturities of three months or less) and highly liquid are considered to be cash equivalents for the purposes of the statements of cash flows. The Club has a concentration of credit risk for cash deposits maintained at certain financial institutions which, at times, are in excess of insured limits set by the Federal Deposit Insurance Corporation. The Club has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk related to cash.

DALLAS SAFARI CLUB
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Investments - Investments consist of certificates of deposit with maturity dates that range from six months to two years. These certificates of deposit are recorded at fair value.

Receivables - For the year ended March 31, 2019, receivables consisted of membership dues, advertising and sponsorships, and other receivables. Receivables are stated at net realizable value. Management estimates net realizable value using an allowance for doubtful accounts, which is based on collection experience and other known factors anticipated to affect collections. Receivables are due from customers when billed. Accounts that are outstanding longer than the contractual payment terms are considered past due. The Club writes off receivables when they become uncollectible, and payments subsequently received on such receivables are credited back to income. There is no related allowance for doubtful accounts, as the Club has not experienced difficulty with collections.

Inventory - Inventory consists of branded clothing and other branded merchandise which are sold at the convention or the Dallas, Texas store location. Inventory is valued at the lower of cost (average costing method) and net realizable value.

Property and Equipment - Property and equipment is stated at historical cost or, in the case of donated assets, at fair value at the date of contribution. Major renewals and improvements are capitalized while maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed.

Depreciation of assets is provided using the straight-line method over the estimated useful lives of the assets. Building assets are depreciated over 40 years, vehicles are depreciated over five years, and equipment, furniture, and fixtures are depreciated over periods ranging from three to seven years.

Revenue and Support - Advertising, sponsorship, and current period membership income is recognized upon receipt of payment or at the time of invoicing. Inventory income is recognized upon the completion of the sale of goods. Convention income is recognized upon completion of the yearly convention. The Club begins collecting convention related payments for the following fiscal year in January of each year. Convention and membership payments received in advance are reflected as deferred revenue.

Federal Income Tax - The Club is organized as a not-for-profit organization under Section 501(c)(4) of the Internal Revenue Code and, as such, is exempt from federal income tax on income related to its tax-exempt purpose. Accordingly, no provision has been made for federal income taxes in the accompanying financial statements.

DALLAS SAFARI CLUB
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. FAIR VALUE MEASUREMENTS

In accordance with GAAP, fair value standards (“FV Standards”) define fair value, establish a framework for measuring fair value, and require certain enhanced disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date.

The FV Standards established a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Club. Unobservable inputs reflect the Club’s assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs used in measuring fair value, as follows:

- *Level 1* - Inputs based on unadjusted quoted prices in active markets for identical assets or liabilities the Club has the ability to access. Since inputs are based on quoted prices that are readily and regularly available in an active market, Level 1 inputs require the least judgment.
- *Level 2* - Inputs based on quoted prices for similar instruments in active markets, or are observable either directly or indirectly. Inputs are obtained from various sources including financial institutions and brokers.
- *Level 3* - Inputs that are unobservable and significant to the overall fair value measurement. The degree of judgment exercised by the Club in determining fair value is greatest for fair value measurements categorized in Level 3.

The following is a summary of the categorization within the fair value hierarchy of the Club’s financial assets and liabilities measured at fair value:

Description	Fair Value Measurements at March 31, 2019 Using:			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments:				
Certificates of Deposit	\$ -	\$ 2,832,461	\$ -	\$ 2,832,461
Total	\$ -	\$ 2,832,461	\$ -	\$ 2,832,461

The methods described above used to estimate fair value may not be realized or incurred in the future due to changes in events and circumstances that are not known as of the measurement date, or estimates included in calculating the fair values may not be achieved. While the Club believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

DALLAS SAFARI CLUB
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. PROPERTY AND EQUIPMENT

A summary of property and equipment as of March 31, 2019 is as follows:

Building and grounds	\$ 1,110,324
Equipment	255,483
Vehicles	<u>27,804</u>
Total	1,393,611
Accumulated depreciation	<u>(426,027)</u>
Property and equipment, net	<u>\$ 967,584</u>

Depreciation of property and equipment for the year ended March 31, 2019 amounted to \$48,488.

4. NET ASSETS

Restrictions of net assets at March 31, 2019 are as follows:

Unrestricted:	
Unrestricted – operating	\$ 2,573,229
Unrestricted – Board-designated (Operating reserve)	<u>4,729,827</u>
Total net assets	<u>\$ 7,303,056</u>

5. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Club's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions.

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,181,867</u>
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The Club's financial assets may all be utilized for general use as of the statement of financial position date. The Club is substantially supported by highly liquid payments that are without restriction. As such, the Club has historically been able to cover any general expenditures with the financial assets on hand.

6. COMMITMENTS AND CONTINGENCIES

Commitments - The Club has entered into agreements with the Kay Bailey Hutchison Convention Center in Dallas, Texas to utilize the convention center space for the Club's annual convention for periods until 2027.

Litigation, Claims, and Assessments - The Club is subject to legal proceedings, claims, and litigation arising in the ordinary course of operations. In management's opinion, the outcome of any such existing matters will not have any material impact on the Club's financial position or activities as of March 31, 2019.

DALLAS SAFARI CLUB
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. RELATED PARTY TRANSACTIONS

The Dallas Safari Club Foundation (the Foundation) is a 501(c)(3) not-for-profit organization with the mission to support the mission of the Dallas Safari Club of conservation, education and advocacy. Advocacy support is limited to those activities that a 501(c)(3) can do under the law. The Club has the right to approve the slate of Directors of the Foundation as presented by them to the Club Board of Directors, but does not have an economic interest in the Foundation. As such, the Foundation is not consolidated with these financial statements. The Club may make grants to the Foundation, which the Foundation may utilize to meet its mission. In 2019, the Club made grant contributions to the Foundation totaling \$1,750,000.

8. RETIREMENT PLANS

The Club operates a SIMPLE IRA for the benefit of its employees, which is participant-directed and covers all employees meeting certain eligibility requirements. For the year ending March 31, 2019, the Club elected to match 3% of the employee's elective deferrals. The expense for contributions to the plan for the year ended March 31, 2019 totaled \$30,777.

9. SUBSEQUENT EVENTS

The Club evaluated events that occurred from April 1, 2019 to March 10 2020, which is the date these financial statements were issued. There was no significant subsequent event that required recognition or additional disclosure in these financial statements.
