

**DSC FOUNDATION, INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**

## TABLE OF CONTENTS

Independent Auditors' Report.....	1
Financial Statements:	
Statements of Financial Position.....	2
Statements of Activities and Changes in Net Assets .....	3
Statements of Cash Flows.....	5
Notes to the Financial Statements .....	6

## Independent Auditors' Report

Board of Directors  
DSC Foundation, Inc.

We have audited the accompanying financial statements of DSC Foundation, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, 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 audit. 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 auditor's 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 DSC Foundation, Inc. as of December 31, 2020 and 2019, 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.

*McCaithy, Rose & Mills, L.L.P.*

Frisco, Texas  
June 28, 2021

**DSC FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

	December 31,	
	2020	2019
<b>Assets</b>		
Cash and cash equivalents, unrestricted	\$ 320,604	\$ 964,287
Cash and cash equivalents, restricted	50,000	90,000
Contributions receivable, net	291,435	-
Other receivables	354	7,750
Prepaid expenses	982	345
Property and equipment:		
Software and equipment	47,535	12,229
Less: accumulated depreciation	(8,115)	(2,907)
Property and equipment, net	39,420	9,322
Endowment fund:		
Cash and cash equivalents, restricted	36,778	306,660
Investments	324,834	-
Total endowment fund	361,612	306,660
Total assets	\$ 1,064,407	\$ 1,378,364
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 132,606	\$ 96,741
Grants payable	36,304	500,860
Accrued expenses	991	-
Total current liabilities	169,901	597,601
Net assets:		
Without donor restrictions	526,152	469,103
With donor restrictions	368,354	311,660
Total net assets	894,506	780,763
Total liabilities and net assets	\$ 1,064,407	\$ 1,378,364

*See accompanying notes to financial statements*

**DSC FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support:			
Contributions	\$ 807,298	\$ -	\$ 807,298
Grants received	-	-	-
Fundraising	32,054	-	32,054
Chapter revenue	-	27,111	27,111
Investment return	-	54,952	54,952
Gain on extinguishment of debt	21,025	-	21,025
Other	-	1,741	1,741
Net assets released from restrictions	27,110	(27,110)	-
Total revenues, gains and other support	<u>887,487</u>	<u>56,694</u>	<u>944,181</u>
Expenses:			
Program services:			
Grants awarded	96,407	-	96,407
Contract services	33,517	-	33,517
Other program expenses	32,382	-	32,382
Total program expenses	<u>162,306</u>	<u>-</u>	<u>162,306</u>
Management and general:			
Contract services	380,179	-	380,179
Salaries & wages	182,376	-	182,376
Advertising	34,525	-	34,525
Website	5,258	-	5,258
Travel expenses	2,796	-	2,796
Office supplies	1,802	-	1,802
Software	16,579	-	16,579
Insurance	2,536	-	2,536
Telecommunications	2,917	-	2,917
Credit card fees	9,331	-	9,331
Printing	3,274	-	3,274
Bank charges	1,723	-	1,723
Legal fees	-	-	-
Depreciation expense	5,208	-	5,208
Postage and mailing	233	-	233
Miscellaneous expense	2,336	-	2,336
Total management and general	<u>651,073</u>	<u>-</u>	<u>651,073</u>
Fundraising	17,059	-	17,059
Total expenses	<u>830,438</u>	<u>-</u>	<u>830,438</u>
Change in net assets	57,049	56,694	113,743
Net assets at beginning of year	<u>469,103</u>	<u>311,660</u>	<u>780,763</u>
Net assets at end of year	<u>\$ 526,152</u>	<u>\$ 368,354</u>	<u>\$ 894,506</u>

*See accompanying notes to financial statements*

**DSC FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support:			
Contributions	\$ 42,447	\$ 53,048	\$ 95,495
Grants received	1,950,000	-	1,950,000
Fundraising	51,000	-	51,000
Chapter revenue	-	96,912	96,912
Investment return	-	1,167	1,167
Other	808	-	808
Net assets released from restrictions	-	-	-
Total revenues, gains and other support	<u>2,044,255</u>	<u>151,127</u>	<u>2,195,382</u>
Expenses:			
Program services:			
Grants awarded	1,384,960	-	1,384,960
Contract services	105,000	-	105,000
Other program expenses	-	-	-
Total program expenses	<u>1,489,960</u>	<u>-</u>	<u>1,489,960</u>
Management and general:			
Contract services	333,638	-	333,638
Salaries & wages	122,389	-	122,389
Advertising	4,015	-	4,015
Website	7,737	-	7,737
Travel expenses	33,784	-	33,784
Office supplies	2,277	-	2,277
Software	10,934	-	10,934
Insurance	2,443	-	2,443
Telecommunications	2,900	-	2,900
Credit card fees	2,625	-	2,625
Printing	3,332	-	3,332
Bank charges	1,279	-	1,279
Legal fees	1,600	-	1,600
Depreciation expense	2,320	-	2,320
Postage and mailing	186	-	186
Miscellaneous expense	329	-	329
Total management and general	<u>531,788</u>	<u>-</u>	<u>531,788</u>
Fundraising	717	-	717
Total expenses	<u>2,022,465</u>	<u>-</u>	<u>2,022,465</u>
Change in net assets	21,790	151,127	172,917
Net assets at beginning of year	<u>447,313</u>	<u>160,533</u>	<u>607,846</u>
Net assets at end of year	<u>\$ 469,103</u>	<u>\$ 311,660</u>	<u>\$ 780,763</u>

*See accompanying notes to financial statements*

**DSC FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**

	<b>Year Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Operating Activities</b>		
Change in net assets	\$ 113,743	\$ 172,917
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation	5,208	2,320
Net unrealized gains on investments	(54,952)	-
Gain on debt extinguishment	(20,833)	-
Changes in operating assets and liabilities:		
Contributions receivable, net	(291,435)	50,000
Other receivables	7,396	(7,750)
Prepaid expenses	(637)	372
Accounts payable	35,865	92,198
Grants payable	(464,556)	405,860
Accrued expenses	991	-
Net cash (used in) provided by operating activities	(669,210)	715,917
<b>Investing Activities</b>		
Purchases of property and equipment	(35,306)	(7,829)
Purchases of investments	(269,882)	-
Net cash used in investing activities	(305,188)	(7,829)
<b>Financing Activities</b>		
Proceeds from Paycheck Protection Program	20,833	-
Net (decrease) increase in cash and cash equivalents	(953,565)	708,088
Cash and cash equivalents at beginning of the year	1,360,947	652,859
Cash and cash equivalents at end of the year	<u>\$ 407,382</u>	<u>\$ 1,360,947</u>
<b>Reconciliation of cash and cash equivalents, end of year</b>		
Cash and cash equivalents, unrestricted	\$ 320,604	\$ 964,287
Cash and cash equivalents, restricted	86,778	396,660
<b>Cash and cash equivalents, end of year</b>	<u>\$ 407,382</u>	<u>\$ 1,360,947</u>

*See accompanying notes to financial statements*

**DSC FOUNDATION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

**Note 1 – Nature of Operations**

On June 16, 2015, the Board of Dallas Safari Club approved the formation of the DSC Foundation, Inc. (the “Foundation”) as a supporting organization. The sole mission of the Foundation is to serve the mission and vision of Dallas Safari Club, which is to insure the conservation of wildlife through public engagement, education and advocacy for well regulated hunting and sustainable use.

**Note 2 - Summary of Significant Accounting Policies**

*Basis of presentation*

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restriction:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation’s management and the board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

*Functional expenses*

The costs of providing programs, management and general, and fundraising expenses have been summarized on a functional basis. Expenses that are readily identifiable to a single program service, general and administrative, or fundraising are charged directly to that function. However, when an expense is related to more than one function, it is allocated using the most reasonable methodology.

*Use of estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management estimates. Accordingly, actual results could differ from those estimates.

*Cash and cash equivalents*

The Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Foundation maintains deposits primarily in one financial institution, which may at times exceed amounts covered by the U.S. Federal Deposit Insurance Corporation (“FDIC”). The Foundation’s cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Club has not experienced, nor does it anticipate, any losses with respect to such accounts.



**DSC FOUNDATION, INC.**  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019

**Note 2 - Summary of Significant Accounting Policies (Continued)**

*Contributions receivable*

Unconditional promises to give that are expected 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 present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue.

The Foundation's contributions receivable consist of unconditional promises to give, all of which are expected to be collected within one year. The Foundation determines the allowance for uncollectable contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectable. At December 31, 2020 and 2019, the Foundation recorded bad debt expense of \$32,382 and \$0, respectively, and the allowance was \$32,382 and \$0, respectively.

*Other receivables*

Other receivables are comprised of reimbursable travel-related expenses due from the Dallas Safari Club and are considered fully collectible at December 31, 2020 and 2019.

*Property and equipment*

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from three to five years. The Foundation's policy is to capitalize renewals and betterments acquired for greater than \$2,500 and expense normal repairs and maintenance as incurred. The Foundation's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

*Investments*

Investments are reported at fair market value determined by quoted market prices. Investment return/(loss) is reported net in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

**DSC FOUNDATION, INC.**  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019

**Note 2 - Summary of Significant Accounting Policies (Continued)**

*Fair value measurements*

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Foundation groups assets at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value. These levels are:

*Level 1:* Unadjusted quoted market prices for identical assets in active markets as of the measurement date.

*Level 2:* Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset; and
- Inputs that are derived principally from or corroborated by other observable market data.

*Level 3:* Unobservable inputs that cannot be corroborated by observable market data.

The Foundation's investments consist of money market funds and mutual funds held on nationally recognized securities exchanges and are considered Level I investments.

*Contributions and grants support*

Contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions and grants that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the donation or grant is recognized. All other donor restricted contributions and grants are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed or granted property and equipment are recorded at fair value at the date of donation. Contributions and grants with donor-imposed stipulations regarding how long the assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions and grants are recorded as net assets without donor restrictions.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Conditional gifts received prior to the satisfaction of conditions are recorded as refundable advances.

**DSC FOUNDATION, INC.**  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019

**Note 2 - Summary of Significant Accounting Policies (Continued)**

Chapters of the Dallas Safari Club contribute 20% of the net of their largest fundraiser to the Foundation, which are restricted for projects selected by each chapter. As such, the contributions are recorded as net assets with donor restrictions until the purpose restriction is accomplished.

Revenues related to fundraising events and chapter fees are recognized evenly over the period of time during which services are rendered. All revenues are recognized in an amount that reflects the consideration the Foundation has received or expects to receive in exchange for those services.

*Grants awarded*

Grants are recognized as an expense when the unconditional promise to give is approved. Conditional promises to give are recognized as grant expense in the period in which the recipient meets the terms of the condition. Failure to fulfill the conditions could result in the return of the funds to grantors.

*Income taxes*

The Foundation is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As a 501(c)(3) organization, the Foundation is taxed only on unrelated business income. Investment earnings are the primary source of the Foundation's unrelated business income. Tax positions are recognized or derecognized based on a more-likely-than-not threshold. This applies to positions taken or expected to be taken in a tax return. The Foundation is not aware of any uncertain tax positions. Its tax returns for the last four years remain subject to examination.

*Reclassifications*

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**Note 3 – Availability and Liquidity**

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of its liquidity plan, excess cash is invested in money market accounts. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

The following represents the Foundation's financial assets available within one year of the balance sheet date for general expenditures at December 31:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents, unrestricted	\$ 320,604	\$ 964,287
Contributions receivable, net	291,435	-
Other receivables	354	7,750
	<u>\$ 612,393</u>	<u>\$ 972,037</u>

**DSC FOUNDATION, INC.**  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019

**Note 4 – Net Assets**

Net assets with donor restrictions were as follows for the years ended December 31:

	2020	2019
Subject to the passage of time:		
Endowment fund earnings restricted for periods after December 31, 2021	\$ 56,995	\$ 2,397
Other net assets with donor restrictions	6,741	5,000
Perpetual in nature, not subject to spending policy or appropriation:		
Endowment fund to be held indefinitely	304,618	304,263
	\$ 368,354	\$ 311,660

Net assets with donor restrictions primarily consist of endowment fund investments to be held indefinitely, the income from which may be used at the discretion of the Foundation’s board of directors, to fund the Foundation or in support of activities consistent with the Foundation’s mission. No withdrawals from the endowment fund are permitted by the board adopted policy prior to December 31, 2021.

Net assets without donor restrictions were undesignated for the years ended December 31, 2020 and 2019.

**Note 5 - Endowment**

The Foundation’s endowment consists of funds established to provide the Foundation a steady, reliable flow of income in the perpetuity to fund the Foundation and its mission. Beginning in periods after December 31, 2021, the endowment will permit annual distributions to net assets without restrictions in an amount not to exceed 7% of the fair market value of the endowment fund, excluding original principal, based on criteria set for in the Endowment Funds Investment Policy.

*Interpretation of relevant law*

The Foundation’s Board of Directors has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (“TUPMIFA”) 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. Accordingly, the Foundation classifies the original value of all endowment gifts and accumulated net earnings on endowment funds as net assets with donor restrictions.

**DSC FOUNDATION, INC.**  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2020 AND 2019

**Note 5 - Endowment (Continued)**

In accordance with TUPMIFA, the Foundation 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 the Foundation 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 the Foundation; and
- 7) The investment policies of the Foundation's.

*Return objectives and risk parameters*

The Foundation has adopted investment and spending policies that attempt to provide a secure stream of funding to programs supported by the endowment. The Foundation's investment objective is to generate total return from capital appreciation and interest and dividends with an average annual minimum of 4% by investing in a mix of equity and fixed income mutual funds.

Endowment net assets, all of which were with donor restrictions, consisted of board-designated endowment funds totaling \$361,612 and \$306,660 as of December 31, 2020 and 2019.

Endowment activities are as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Endowment net assets, beginning of year	\$ 306,660	\$ 155,533
Contributions	-	53,048
Chapter revenue	-	96,912
Investment returns	54,952	1,167
Endowment net assets, end of year	<u>\$ 361,612</u>	<u>\$ 306,660</u>

**Note 6 – Subsequent Events**

The Foundation evaluated subsequent events through June 28, 2021, the date these financial statements were issued. Management has determined that there were no other subsequent events that require recognition or disclosure in the financial statements.