

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

**PHEASANTS FOREVER, INC. AND SUBSIDIARIES
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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Pheasants Forever, Inc. and Subsidiaries
St. Paul, Minnesota

We have audited the accompanying consolidated balance sheets of Pheasants Forever, Inc. and Subsidiaries as of June 30, 2012 and 2011, and the related consolidated statements of activity, cash flows, and functional expenses for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pheasant Forever, Inc. and Subsidiaries as of June 30, 2012 and 2011, and their changes in net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads 'CliftonLarsonAllen LLP'.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
January 9, 2013

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2012 AND 2011

ASSETS	2012	2011
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 12,035,755	\$ 11,574,409
Investments - Short-term	4,639,211	4,246,663
Accounts Receivable (Net)	4,634,259	2,401,768
Pledges Receivable (Net)	248,975	269,153
Inventories	1,506,109	1,534,881
Land Held for Resale	144,500	965,825
Prepaid Expenses	524,728	374,551
Total Current Assets	23,733,537	21,367,250
PROPERTY AND EQUIPMENT		
Less: Accumulated Depreciation	4,265,237	3,944,403
Total Property and Equipment	2,155,475	1,765,442
Total Property and Equipment	2,109,762	2,178,961
OTHER ASSETS		
Cash and Investments - Endowments	607,904	438,593
Land Held for Resale	3,400,813	2,982,587
Pledges Receivable - Long-Term	127,788	140,223
Beneficial Interest in Trust	556,535	432,253
Cash Surrender Value of Life Insurance	33,680	10,425
Total Other Assets	4,726,720	4,004,081
Total Other Assets	4,726,720	4,004,081
Total Assets	\$ 30,570,019	\$ 27,550,292
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 3,371,520	\$ 3,113,355
Accrued Employee Benefits, Withholdings and Other Liabilities	704,115	666,014
Bank Line of Credit	63,943	-
Current Maturities of Long-Term Debt	9,594	77,983
Grant Advances	1,462,584	1,471,948
Deferred Revenues	183,019	149,073
Liability Under Annuity Agreement	15,707	15,103
Total Current Liabilities	5,810,482	5,493,476
LONG-TERM LIABILITIES		
Liability Under Annuity Agreement	220,301	236,008
Long-Term Debt, Net of Current Maturities	29,090	42,140
Total Long-Term Liabilities	249,391	278,148
Total Long-Term Liabilities	249,391	278,148
Total Liabilities	6,059,873	5,771,624
NET ASSETS		
Unrestricted	21,272,383	19,466,722
Unrestricted - Board Designated Reserve	300,000	100,000
Unrestricted - Designated Endowment	96,900	-
Temporarily Restricted	2,274,626	1,673,692
Permanently Restricted	566,237	538,254
Total Net Assets	24,510,146	21,778,668
Total Net Assets	24,510,146	21,778,668
Total Liabilities and Net Assets	\$ 30,570,019	\$ 27,550,292

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITY
YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
CHANGES IN UNRESTRICTED NET ASSETS:		
SUPPORT AND REVENUE		
Support:		
Contributions (Including In-Kind Contributions - Note 7)	\$ 19,582,532	\$ 18,014,508
Banquet and Event Revenues	17,664,931	18,104,646
Direct Expenses of Banquets and Events	(12,619,375)	(12,262,437)
Net Support from Banquets and Events	5,045,556	5,842,209
Membership Dues	4,820,023	4,906,259
Total Support	29,448,111	28,762,976
Revenue:		
Sales of Merchandise	509,229	488,533
Cost of Merchandise Sold	(262,156)	(242,439)
Gross Profit on Merchandise Sales	247,073	246,094
Program Service Revenue	6,118,639	8,110,503
Government Program Grants	20,411,833	18,099,983
Advertising Revenues	681,771	699,213
Investment Income	256	101,967
Other Income	424,453	470,702
Total Revenue	27,884,025	27,728,462
Net Assets Released from Restrictions	305,341	368,478
Total Support and Revenue	57,637,477	56,859,916
EXPENSES		
Program Services	50,667,894	50,260,897
Supporting Services:		
Administrative Expenses	1,374,896	1,283,064
Fundraising Expenses	3,492,126	3,213,796
Total Supporting Services	4,867,022	4,496,860
Total Expenses	55,534,916	54,757,757
CHANGES IN UNRESTRICTED NET ASSETS	2,102,561	2,102,159
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Time and Purpose Restricted Contributions	872,010	969,449
Investment Income	34,265	339
Net Assets Released from Restrictions	(305,341)	(368,478)
Changes in Temporarily Restricted Net Assets	600,934	601,310
PERMANENTLY RESTRICTED CONTRIBUTIONS	27,983	505,000
CHANGES IN NET ASSETS	2,731,478	3,208,469
Net Assets - Beginning of the Year	21,778,668	18,570,199
NET ASSETS - END OF YEAR	\$ 24,510,146	\$ 21,778,668

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 2,731,478	\$ 3,208,469
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Value of Donated Land	(418,226)	(285,000)
Value of Donated Securities	(50,388)	(2,979)
Depreciation	390,033	337,158
Net Gain on Sales and Disposals of Equipment	-	(3,787)
Net Realized and Unrealized Gain on Investments	(22,090)	(79,576)
Change in Valuation of Annuity Obligations	10,044	40,250
Change in Valuation of Beneficial Interest in Trust	(124,282)	(130,573)
Change in Valuation of Land Held for Resale	-	92,100
Change in Valuation of Life Insurance	(23,255)	(10,425)
Contributions Restricted for Long-Term Investment	(27,983)	(505,000)
Gain on Sale of Land	(25,039)	(53,225)
Change in Current Assets and Liabilities:		
Increase in Accounts Receivable	(2,232,491)	(155,275)
Decrease (Increase) in Inventories	28,772	(4,521)
Decrease in Pledges Receivable	32,613	115,217
Increase in Prepaid Expenses	(150,177)	(178,490)
Increase in Accounts Payable	258,165	634,667
Increase in Accrued Employee Benefits, Withholdings and Other Liabilities	38,101	25,891
Decrease in Grant Advances	(9,364)	(57,101)
Increase (Decrease) in Deferred Revenues	33,946	(110,213)
Net Cash Provided by Operating Activities	439,857	2,877,587
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Property and Equipment	(320,834)	(254,833)
Acquisition of Land Held for Resale	(114,500)	(1,679,825)
Proceeds from Sale of Land Held for Resale	960,864	671,975
Proceeds from Sale of Equipment	-	6,000
Purchase of Investments	(1,633,822)	(1,904,257)
Proceeds from Sale of Investments	1,144,441	2,682,533
Net Cash Provided (Used) by Investing Activities	36,149	(478,407)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Notes Payable	(81,439)	(634,858)
Proceeds from Borrowing	-	711
Net Borrowings on Bank Line of Credit	63,943	-
Contributions Restricted for Long-Term Investment	27,983	405,000
Payment on Annuity Obligation	(25,147)	(25,147)
Net Cash Used by Financing Activities	(14,660)	(254,294)
NET INCREASE IN CASH AND CASH EQUIVALENTS	461,346	2,144,886
Cash and Cash Equivalents - Beginning of Year	11,574,409	9,429,523
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 12,035,755	\$ 11,574,409
NON-CASH TRANSACTIONS		
Vehicle Purchased in Exchange for Note Payable	\$ -	\$ 49,289
Cash Paid for Interest	\$ 14,628	\$ 32,777

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012

	Program Services					Supporting Services			
	Habitat Projects	Public Aw areness and Education	Field Operations	Membership Services	Chapter Services	Total Program Services	Administrative Expenses	Fundraising Expenses	
Woody Cover/Shelter Belts	\$ 655,689	\$ -	\$ -	\$ -	\$ -	\$ 655,689	\$ -	\$ -	\$ 655,689
Nesting Cover	5,423,942	-	-	-	-	5,423,942	-	-	5,423,942
Food Plots/Feeding	14,654,991	-	-	-	-	14,654,991	-	-	14,654,991
Land Procurement	12,474,222	-	-	-	-	12,474,222	-	-	12,474,222
Wetland Restoration	245,200	-	-	-	-	245,200	-	-	245,200
Equipment for Habitat	526,828	-	-	-	-	526,828	-	-	526,828
Other Habitat Projects	2,146,843	-	-	-	-	2,146,843	-	-	2,146,843
Youth Programs	-	2,339,954	-	-	-	2,339,954	-	-	2,339,954
Publications	-	674,022	-	-	-	674,022	-	-	674,022
Other Public Aw areness and Education	-	603,076	-	-	-	603,076	-	-	603,076
Chapter Advertising and Promotion	-	-	-	-	-	-	-	833,137	833,137
Salaries and Wages	3,812,883	1,015,874	1,506,522	305,826	29,819	6,670,924	753,984	897,124	8,322,032
Payroll Tax Expense	300,594	70,793	120,758	24,160	1,911	518,216	56,466	69,302	643,984
Employee Benefits	416,611	66,252	97,894	30,635	1,315	612,707	48,279	65,364	726,350
Retirement Plan	128,497	45,074	62,257	13,056	1,333	250,217	47,991	43,083	341,291
Legal Fees	-	-	-	-	-	-	17,348	-	17,348
Consulting Fees	-	4,771	-	30,500	-	35,271	15,761	900	51,932
Accounting and Audit Fees	-	-	-	-	-	-	99,223	-	99,223
State Registration Fees	-	-	-	-	8,340	8,340	2,188	-	10,528
Insurance	93,933	14,506	28,225	4,574	76,675	217,913	15,222	52,273	285,408
Government Relations	-	153,205	-	-	-	153,205	-	-	153,205
Direct Mail Expenses	-	-	-	-	-	-	-	917,987	917,987
Printing and Supplies	78,509	39,005	48,471	58,785	33,769	258,539	40,038	99,809	398,386
Postage	10,585	7,289	11,528	163,101	4,907	197,410	13,012	9,121	219,543
Shipping	-	-	-	-	-	-	-	176,364	176,364
Occupancy	-	6,420	-	2,258	880	9,558	3,251	25,573	38,382
Telephone	126,531	33,018	72,420	3,197	2,718	237,884	15,599	20,565	274,048
Travel Expense	545,893	102,290	435,194	1,531	585	1,085,493	42,107	101,597	1,229,197
Meetings and Conferences	927	7,281	909	1,054	-	10,171	52,700	278	63,149
Depreciation	125,368	25,335	8,838	61,159	37,900	258,600	33,926	97,507	390,033
Equipment Rental and Maintenance	244,339	92	1,203	11,255	19,011	275,900	16,678	6,437	299,015
Bad Debt Expense	-	-	-	-	-	-	61,061	-	61,061
Interest Expense	895	-	-	-	-	895	13,732	-	14,627
Miscellaneous	72,253	30,576	18,251	798	6	121,884	26,330	75,705	223,919
Total Expenses	\$42,085,533	\$ 5,238,833	\$2,412,470	\$ 711,889	\$ 219,169	\$50,667,894	\$ 1,374,896	\$3,492,126	\$55,534,916
	75.78%	9.43%	4.34%	1.28%	0.39%	91.23%	2.48%	6.29%	100.00%

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2011

	Program Services					Supporting Services			
	Habitat Projects	Public Awareness and Education	Field Operations	Membership Services	Chapter Services	Total Program Services	Administrative Expenses	Fundraising Expenses	Total Expenses
Woody Cover/Shelter Belts	\$ 315,943	\$ -	\$ -	\$ -	\$ -	\$ 315,943	\$ -	\$ -	\$ 315,943
Nesting Cover	7,271,987	-	-	-	-	7,271,987	-	-	7,271,987
Food Plots/Feeding	11,940,315	-	-	-	-	11,940,315	-	-	11,940,315
Land Procurement	16,016,658	-	-	-	-	16,016,658	-	-	16,016,658
Wetland Restoration	223,768	-	-	-	-	223,768	-	-	223,768
Equipment for Habitat	632,309	-	-	-	-	632,309	-	-	632,309
Other Habitat Projects	1,773,115	-	-	-	-	1,773,115	-	-	1,773,115
Youth Programs	-	1,560,530	-	-	-	1,560,530	-	-	1,560,530
Publications	-	765,936	-	-	-	765,936	-	-	765,936
Other Public Awareness and Education	-	540,056	-	-	-	540,056	-	-	540,056
Chapter Advertising and Promotion	-	-	-	-	-	-	-	779,523	779,523
Salaries and Wages	2,877,821	966,895	1,456,122	301,922	50,500	5,653,260	640,481	838,928	7,132,669
Payroll Tax Expense	228,571	65,661	114,722	22,975	3,399	435,328	48,172	63,531	547,031
Employee Benefits	278,817	50,506	83,671	23,487	2,229	438,710	33,699	47,849	520,258
Retirement Plan	91,811	43,043	60,981	13,214	1,391	210,440	45,181	38,729	294,350
Legal Fees	-	-	-	-	-	-	11,748	-	11,748
Consulting Fees	-	131	-	18,625	11,679	30,435	16,411	14,222	61,068
Accounting and Audit Fees	-	-	-	-	-	-	103,970	-	103,970
State Registration Fees	-	-	-	-	7,494	7,494	2,904	-	10,398
Insurance	101,739	14,760	25,796	4,680	74,556	221,531	13,950	53,160	288,641
Government Relations	-	240,885	-	-	-	240,885	-	-	240,885
Direct Mail Expenses	-	-	-	-	-	-	-	725,566	725,566
Printing and Supplies	49,058	39,631	47,470	69,760	55,360	261,279	35,427	109,042	405,748
Postage	4,066	6,733	15,722	119,206	3,423	149,150	11,592	9,968	170,710
Shipping	-	-	-	-	-	-	-	182,623	182,623
Occupancy	-	7,346	-	2,570	1,002	10,918	3,702	29,114	43,734
Telephone	61,625	23,655	80,377	2,980	4,374	173,011	14,369	16,488	203,868
Travel Expense	394,716	57,251	361,991	3,063	1,738	818,759	37,782	82,514	939,055
Meetings and Conferences	3,600	9,282	5,750	2,157	921	21,710	90,419	1,895	114,024
Depreciation	104,068	21,119	9,735	50,792	26,969	212,683	29,625	94,850	337,158
Equipment Rental and Maintenance	212,863	180	330	11,394	19,145	243,912	18,564	241	262,717
Bad Debt Expense	-	-	-	-	-	-	80,344	-	80,344
Interest Expense	18,564	-	-	-	-	18,564	14,213	-	32,777
Miscellaneous	27,652	24,610	18,835	1,014	100	72,211	30,511	125,553	228,275
Total Expenses	\$42,629,066	\$ 4,438,210	\$ 2,281,502	\$ 647,839	\$ 264,280	\$50,260,897	\$ 1,283,064	\$3,213,796	\$54,757,757
	<u>77.85%</u>	<u>8.11%</u>	<u>4.17%</u>	<u>1.18%</u>	<u>0.48%</u>	<u>91.79%</u>	<u>2.34%</u>	<u>5.87%</u>	<u>100.00%</u>

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Pheasants Forever, Inc. (the Organization) is a nonprofit organization which incorporated under the laws of the State of Minnesota in August 1982. The mission of the Organization is to conserve and enhance habitat for pheasants, quail, and other wildlife through habitat initiatives, land management policies and programs, and conservation education.

Consolidation

In 2007, the Organization formed two single member limited liabilities companies into which certain activities of the Organization were transferred. The activities of these single member limited liabilities companies, Habitat Forever, LLC and The Forever Land Trust, LLC, have been consolidated into these statements, and all material financial transactions among the entities have been eliminated.

Financial Statement Presentation

The Organization follows the guidance provided in the Financial Accounting Standards Board (FASB) Accounting Standards Codification for Not-for-Profit Entities. In accordance with those standards, net assets and revenues, gains, and losses are classified based on donor imposed restrictions. Temporarily restricted contributions received during the year, whose restrictions are released during the same year, are recorded as a change in unrestricted net assets. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted – Those resources over which the board of directors has discretionary control. Board designated amounts represent those revenues which the board has set aside for a particular purpose. At June 30, 2012 and 2011 the board designated net assets as operating reserves in the amounts of \$300,000 and \$100,000, respectively. The organization also had unrestricted net assets designated as endowments in the amount of \$96,900 at June 30, 2012.

Temporarily Restricted – Those resources subject to donor imposed restrictions which will be satisfied by actions of the Organization or passage of time. At June 30, 2012 and 2011, temporarily restricted net assets consisted of time-restricted pledges receivable and purpose-restricted contributions.

Permanently Restricted – Those resources subject to a donor imposed restriction that they be maintained permanently by the Organization. The donors of these resources permitted the Organization to use all or part of the income earned, including capital appreciation, or related investments for unrestricted or temporarily restricted purposes.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposit accounts, savings accounts and certificates of deposit with an original maturity of three months or less. Each chapter maintains these accounts at financial institutions in their local area unless they have combined the amounts in a cash management pool with other chapters. The national office maintains its demand deposit accounts, savings accounts and certificates of deposit at primarily one financial institution. At times, such investments may be in excess of FDIC insurance limits.

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash and cash equivalents.

Investments

Investments are recorded at fair market value. Interest, dividends, and realized and unrealized gains and losses are included in investment income.

Accounts Receivable

Accounts receivable are stated at net realizable value. All accounts receivable are due on demand. The Organization accounts for uncollectible accounts by use of the reserve method. Receivables are assessed individually for collectability based on the surrounding facts and circumstances and management's past history. When all collection efforts have been exhausted, accounts are written off. The allowance for uncollectible accounts was \$173,700 and \$111,000 at June 30, 2012 and 2011, respectively.

Receivables from agencies of the United States government accounted for 31% and 14% of the total accounts receivable balances as of June 30, 2012 and 2011, respectively.

Pledges Receivable

Pledges to give that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received. The allowance for uncollectible pledges was \$42,300 and \$45,000 at June 30, 2012 and 2011, respectively.

Conditional pledges are not included as support until such times as the conditions are substantially met.

Inventories

Inventories are valued at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method. Inventory consists of apparel, prints, other items used for chapter fundraising and educational materials.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are generally carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method. Habitat equipment purchased by local chapters is charged to expense at the time of purchase, as this equipment is either donated to local government agencies or made widely available for use by individuals at minimal or no charge.

Revenue Recognition

The Organization's principal revenue sources are banquets and events sponsored by the local chapters. Membership dues are treated as contributions, as tangible benefits to members are nominal.

Land Held for Resale and Conservation

Periodically the Organization acquires land either by purchase or donation. Typically the land is subsequently transferred at no cost to a local government agency to manage for wildlife purposes. At June 30, 2012 and 2011, the Organization held title to land with a value at the date of donation or cost of \$3,545,313 and \$3,948,412, respectively. Land expected to be sold within one year is classified as a current asset. Land expected to be held longer than one year is classified as non-current.

Fair Value Measurement

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to the quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the assets and liabilities, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are observable inputs for the asset or liability, which are typically based on the Organization's own assumptions, as there is little, if any, related market activity.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (Continued)

Subsequent to initial recognition, the Organization may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying value to their fair value.

Contributions

The Organization considers all support available for unrestricted use unless specifically restricted by the donor.

Grants and Contracts

The Organization's funding includes several cost-reimbursable grants, primarily from the United States Departments of Interior and Agriculture as well as various States. Government grants and contracts are treated as an exchange transaction, where revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as grant advances. Expenditures under government grants are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowed under these grants, the Organization will record such disallowances at the time the final assessment is made.

Contributed Goods and Services

Donated goods and services are valued at their fair market value and are presented as revenue and offsetting program costs. Contributions of services are recognized for services that create or enhance nonfinancial assets, require specialized skills and are provided by individuals possessing those skills, and would have to be purchased if not provided by donation. Contributed services and promises to give services that do not meet these criteria are not recognized. The Organization receives a substantial amount of services donated by volunteers which do not meet the above criteria for recognition in the financial statements.

Conservation Easements

A conservation easement is a voluntary, legally enforceable agreement between a landowner and another entity in which the landowner gives up certain rights to use or modify their land subject to the terms of the easement. The entity agrees to monitor and enforce conditions within the agreement throughout the life of the easement (usually in perpetuity). In certain cases, the Organization acquires, or accepts as a donation, easements that provide conservation benefits consistent with the Organization's mission. Conservation easements that are purchased are recorded as program expense in the year acquired. Contributed easements are recorded as contribution income and program expense based on appraisal or other estimates of value. At June 30, 2012 and 2011, the Organization held two conservation easements covering a total of 178 acres.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising costs are charged to expense when the advertising first occurs.

Functional Allocation of Expense

Salaries and related expenses are allocated based on actual time spent by employees. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated based on the best estimates of management.

Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Canadian Affiliate

The Organization is associated with a separate tax-exempt corporation, Pheasants Forever Canada, Inc. Activities between the two organizations relate primarily to the Canadian members receiving the Organization's magazine.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 9, 2013, the date the financial statements were available to be issued.

NOTE 2 TAX EXEMPT STATUS

The Organization has been granted exempt status relative to federal and state corporate income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state codes. It has been classified as an organization that is not a private foundation. Therefore, charitable contributions are tax deductible. The Organization follows the guidance outlined in the Income Tax Topic of FASB Accounting Standards Codification. The Organization is subject to unrelated business income tax on advertising revenues and merchandise sales. As of June 30, 2012 and 2011, there was no liability recorded for unrelated business income taxes as the income from those activities was not significant. The Organization has generated net operating losses totaling approximately \$381,000 over the past several years, the tax benefit of which has been offset 100% by a valuation allowance. The Organization's tax returns are subject to review and examination by federal authorities. The tax returns for the years 2009 through 2011 are open to examination by federal authorities. The two single member limited liability companies owned by Organization are disregarded entities for income tax purposes and follow the same tax treatment as the Organization.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 3 INVESTMENTS

Investments are recorded at fair market value. Investments consist of the following:

	2012	2011
Short-Term Investments:		
Certificates of Deposit	\$ 4,384,290	\$ 4,107,575
Corporate Bonds	145,032	-
Bond Mutual Funds	72,502	105,582
Equity Mutual Funds	37,387	33,506
Total Short-Term Investments	\$ 4,639,211	\$ 4,246,663
Endowment Investments:		
Cash & Cash Equivalents - Pending Investment	\$ 66,672	\$ -
Bond Mutual Funds	85,117	-
Equity Mutual Funds	456,115	-
Total Endowment Investments	\$ 607,904	\$ -

Investment income for 2012 and 2011 consists of the following:

	2012	2011
Interest and Dividends	\$ 55,784	\$ 60,116
Net Realized and Unrealized Gain on Investments	22,090	79,576
Fees	(43,353)	(37,386)
Total	\$ 34,521	\$ 102,306

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2012	2011	Estimated Useful Lives
Land	\$ 410,000	\$ 410,000	
Building and Improvements	986,095	967,625	30 Years
Habitat Equipment	1,249,846	1,041,948	5 Years
Office Equipment	1,570,007	1,475,541	3 - 5 Years
Vehicle	49,289	49,289	3 Years
	\$ 4,265,237	\$ 3,944,403	

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 5 PLEDGES RECEIVABLE

Pledges receivable consists of the following:

	2012	2011
Amounts Due in:		
Less Than One Year	\$ 291,275	\$ 314,153
One to Five Years	134,423	148,250
Total	425,698	462,403
Unamortized Discount - 2.5% to 7.00%	(6,635)	(8,027)
Allowance for Uncollectible Accounts	(42,300)	(45,000)
Net Pledge Receivable	376,763	409,376
Less: Current Portion	248,975	269,153
Pledges Receivable - Long-Term	\$ 127,788	\$ 140,223

NOTE 6 BENEFICIAL INTEREST IN TRUST

During 2008, the Organization was notified that it is the sole beneficiary of an irrevocable trust. The assets held in the trust consist principally of real estate, which is subject to a mortgage. The trust specifies that upon the death of the grantor's son, who serves as the trustee, the trust will terminate and all of the assets will be transferred to the Organization. The Organization's interest in the trust has been valued at the current value of the real estate, less the outstanding mortgage balance. At June 30, 2012 and 2011, the estimated real estate value was \$639,563 and \$520,494, respectively. At June 30, 2012 and 2011, the associated mortgage balance was \$83,028 and \$88,241, respectively.

NOTE 7 CONTRIBUTED GOODS AND SERVICES

The Organization received in-kind contributions relating to food plots consisting of primarily donated seed and the donated use of land. The fair market value of these items has been recorded in the financial statements as contribution income and food plot expense in the amount of \$14,009,280 and \$11,150,377 for the years ended June 30, 2012 and 2011, respectively.

NOTE 8 LINE OF CREDIT

The Organization maintains a \$1,500,000 revolving line of credit agreement with Wells Fargo Bank. The agreement specifies an interest rate on outstanding balances equal to 2.00% over the index rate, defined as the London Inter-bank Offered Rate, but not less than 3.75%. The rate on outstanding borrowings at June 30, 2012 and 2011 was 3.75% and 4.25%, respectively. Outstanding borrowings on the line are secured by bank certificates of deposit. The agreement expires on March 5, 2014. Outstanding borrowings on the line of credit at June 30, 2012 and 2011 were \$63,943 and \$-0-, respectively.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 9 LONG-TERM DEBT

Long-term debt consists of the following:

<u>Description</u>	<u>2012</u>	<u>2011</u>
Note Payable - Private Party; Annual interest only payments in May 2009 and 2010 at 5.5%. Equal annual principal and interest payments beginning May 2011 and continuing through May 2018. Interest rate equal to Wall Street Prime plus .25%, but not less than 5.5%. Secured by land. Paid in Full September 2011.	\$ -	\$ 62,340
Note Payable - GMAC Financing; 36 equal monthly payments of principal and interest beginning January 2010 and continuing through December 2012. Interest rate of 7.78%. Secured by vehicle. Paid in Full September 2011.	-	9,988
Note Payable - Wells Fargo Equipment Finance, Inc; 60 equal monthly payments of principal and interest beginning April 2011 and continuing through March 2016. Interest rate of 5.18%. Secured by vehicle.	38,684	47,795
Total	38,684	120,123
Less: Current Maturities of Long-Term Debt	9,594	77,983
Long-Term Debt, Net of Current Maturities	<u>\$ 29,090</u>	<u>\$ 42,140</u>

Scheduled maturities on long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 9,594
2014	10,103
2015	10,639
2016	8,348
Total	<u>\$ 38,684</u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 10 FAIR VALUE MEASUREMENT

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value refer to Note 1 – Nature of Activities and Significant Accounting Policies.

The fair value hierarchy of for assets and liabilities measured at fair value on a recurring basis at June 30, 2012 and 2011 consist of the following:

	2012			
	Level 1	Level 2	Level 3	Total
Corporate Bonds	\$ -	\$ 145,032	\$ -	\$ 145,032
Brokered CDs	-	2,169,015	-	2,169,015
Bond Mutual Funds	157,619	-	-	157,619
Equity Mutual Funds	493,502	-	-	493,502
Beneficial Interest in Trust	-	-	556,535	556,535
Total	\$ 651,121	\$ 2,314,047	\$ 556,535	\$ 3,521,703

	2011			
	Level 1	Level 2	Level 3	Total
Brokered CDs	\$ -	\$ 1,913,817	\$ -	\$ 1,913,817
Bond Mutual Funds	105,582	-	-	105,582
Equity Mutual Funds	33,506	-	-	33,506
Beneficial Interest in Trust	-	-	432,253	432,253
Total	\$ 139,088	\$ 1,913,817	\$ 432,253	\$ 2,485,158

Directly invested bank CDs are not subject to fair value measurement disclosures.

Changes in valuation of Level 3 financial instruments are as follows for the years ended June 30:

	2012	2011
Beginning Balance	\$ 432,253	\$ 301,680
Change in Fair Value	124,282	130,573
Ending Balance	\$ 556,535	\$ 432,253

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 11 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following donor restrictions:

	2012	2011
Time Restricted Pledges	\$ 288,603	\$ 309,375
Beneficial Interest in Trust	556,535	432,253
Youth and Conservation Education Programs	304,746	253,038
Farm Bill Biologist Program	14,931	11,906
Land Acquisition and Other Habitat Projects	185,585	161,120
Restricted Land Donations	924,226	506,000
Total Temporarily Restricted Net Assets	\$ 2,274,626	\$ 1,673,692

Net assets released from restrictions consist of the following:

	2012	2011
Collection of Pledges	\$ 255,733	\$ 333,520
Satisfaction of Program Restrictions	49,608	34,958
Total Net Assets Released from Restrictions	\$ 305,341	\$ 368,478

NOTE 12 ENDOWMENT

The Organization's endowments consist of three funds established for a variety of purposes. The endowments may include both donor-restricted endowment funds as well as funds designated by the board of directors to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

In August 2008, the Codification on Endowments of Not-For-Profit Organizations: Net Asset Classification of Funds Subject to the Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Fund was issued. The Codification addresses accounting issues related to guidelines in the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), which was adopted by the National Conferences of Commissioners on Uniform State Laws in July 2006. The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original donor-restricted endowment gifts as of the date of the gift absent explicit donor stipulations to the contrary. As a result of this stipulation, the Organization classifies as permanently restricted net assets (a) the original value of cash gifts donated to the permanent endowment and (b) the discounted value of future gifts promised to the permanent endowment, net of allowances for uncollectible pledges.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 12 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

The remaining portion of donor-restricted endowment funds not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- The purposes of the Organization and donor-restricted endowment fund
- The duration and preservation of the fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Investment policies
- Other available financial resources

Spending Policy, Objectives and Strategies

The Organization has adopted investment and spending policies for permanently restricted cash contributions that attempt to provide a predictable stream of funding to programs, while maintaining purchasing power. The annual distribution is determined annually by the Board of Directors and is expressed as an amount not to exceed 5% of the previous 12 quarterly average investment market values each December 31. All earnings from these funds are reflected as temporarily restricted net assets until appropriated for program expenditures.

Endowment net asset composition by fund type at June 30, 2012 and 2011 are as follows:

	2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<u>Donor Restricted Endowments:</u>				
Leopold Education Project	\$ -	\$ -	\$ 43,253	\$ 43,253
Forever Shooting Sports Program	-	-	122,984	122,984
Wildlife Conservation Experience	-	32,927	400,000	432,927
Total Donor Restricted	<u>\$ -</u>	<u>\$ 32,927</u>	<u>\$ 566,237</u>	<u>\$ 599,164</u>
<u>Designated Endowment:</u>				
Forever Shooting Sports Program	<u>\$ 96,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,900</u>
	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<u>Donor Restricted Endowments:</u>				
Leopold Education Project	\$ -	\$ 339	\$ 38,254	\$ 38,593
Forever Shooting Sports Program	-	-	100,000	100,000
Wildlife Conservation Experience	-	-	400,000	400,000
Total Donor Restricted	<u>\$ -</u>	<u>\$ 339</u>	<u>\$ 538,254</u>	<u>\$ 538,593</u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 12 ENDOWMENT (CONTINUED)

Spending Policy, Objectives and Strategies (Continued)

Changes in endowment net asset for the years ended June 30, 2012 and 2011 are as follows:

	2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets - July 1, 2011	\$ -	\$ 339	\$ 538,254	\$ 538,593
Investment Return	450	34,265	-	34,715
Contributions & Designations	96,450	-	27,983	124,433
Appropriation of Endowment				
Assets for Expenditure	-	(1,677)	-	(1,677)
Endowment Net Assets - June 30, 2012	<u>\$ 96,900</u>	<u>\$ 32,927</u>	<u>\$ 566,237</u>	<u>\$ 696,064</u>
	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - July 1, 2010	\$ -	\$ -	\$ 33,254	\$ 33,254
Investment Return	-	440	-	440
Contributions & Designations	-	-	505,000	505,000
Appropriation of Endowment				
Assets for Expenditure	-	(101)	-	(101)
Endowment Net Assets - June 30, 2011	<u>\$ -</u>	<u>\$ 339</u>	<u>\$ 538,254</u>	<u>\$ 538,593</u>

NOTE 13 LEASES

The Organization leases various equipment and vehicles under operating leases that expire between 2013 and 2015. The following is a schedule of future minimum lease payments due through the terms of these leases:

<u>Year Ending June 30,</u>	<u>Office Equipment</u>	<u>Equipment and Vehicles</u>	<u>Total</u>
2013	\$ 4,740	\$ 118,722	\$ 123,462
2014	4,740	61,375	66,115
2015	4,345	7,820	12,165
Total	<u>\$ 13,825</u>	<u>\$ 187,917</u>	<u>\$ 201,742</u>

Office equipment lease expense was \$4,740 and \$4,278 for the years ended June 30, 2012 and 2011, respectively. Equipment and vehicle lease expense was \$163,696 and \$161,525 for the years ended June 30, 2012 and 2011, respectively.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 13 LEASES (CONTINUED)

In September 2006 the Organization acquired the land and building which serves as its national headquarters at a cost of \$1,377,625. At June 30, 2012 and 2011, the building had accumulated depreciation of \$177,398 and \$145,144, respectively. The Organization had previously leased a portion of the building along with two unrelated tenants.

Upon taking ownership, the Organization assumed two leases, which account for 45% of the building space, and expire in October 2013 and May 2014. The lease expiring in May 2014 permits the lessee to terminate the lease anytime after May 2012 by providing at least six months notice. The lease agreements provide that the lessees are responsible for the base rent, plus their share of real estate taxes, maintenance and insurance. The following is a schedule of the future minimum lease payments (base rent) due to be received through the terms of these leases:

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 90,262
2014	64,294
Total	<u>\$ 154,556</u>

For the years ended June 30, 2012 and 2011, the Organization recorded rental income associated with these leases of \$121,584 and \$123,948, respectively. For the years ended June 30, 2012 and 2011, the Organization had associated expenses related to an allocable portion of real estate taxes and maintenance of \$27,238 and \$26,907, respectively.

NOTE 14 PENSION PLAN

The Organization maintains a qualified retirement plan under IRC Section 401(k). The plan covers all employees that meet the minimum age, job classification, and length of service requirements. Employees can make voluntary contributions to the plan. Vesting is immediate for these employee contributions. The plan also provides for matching contributions and discretionary employer contributions, which are determined annually by the Organization's Board of Directors. These contributions are subject to a vesting schedule. Total employer contributions were \$324,285 and \$279,023 for the years ended June 30, 2012 and 2011, respectively.

NOTE 15 ANNUITY AGREEMENT

The Organization has a charitable gift annuity agreement, which provides for an annual payment to the annuitants for the duration of their lives. An annuity liability has been recorded based on the present value of the future expected payments calculated using a discount rate of 4% and applicable life expectancy tables. An unrestricted contribution has been recognized for the difference between the fair market value of the assets received and the annuity liability. Annual revaluations of the annuity liability are recorded as changes in unrestricted net assets.



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**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY INFORMATION**

Board of Directors
Pheasants Forever, Inc. and Subsidiaries
St. Paul, Minnesota

We have audited the consolidated financial statements of Pheasants Forever, Inc. and Subsidiaries as of June 30, 2012 and 2011, and our report thereon dated January 9, 2013 which expressed an unqualified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
January 9, 2013

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
JUNE 30, 2012

	Pheasants Forever, Inc.	Habitat Forever, LLC	The Forever Land Trust, LLC	Eliminations	Total
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalent	\$ 11,665,121	\$ 345,716	\$ 24,918	\$ -	\$ 12,035,755
Investments	5,230,157	-	-	(590,946)	4,639,211
Accounts Receivable (Net)	5,023,888	516,452	-	(906,081)	4,634,259
Pledges Receivable	248,975	-	-	-	248,975
Loan Due from Subsidiary	-	-	-	-	-
Inventories	1,503,076	3,033	-	-	1,506,109
Land Held for Resale	144,500	-	-	-	144,500
Prepaid Expenses	524,728	-	-	-	524,728
Total Current Assets	<u>24,340,445</u>	<u>865,201</u>	<u>24,918</u>	<u>(1,497,027)</u>	<u>23,733,537</u>
PROPERTY AND EQUIPMENT	3,161,672	1,103,565	-	-	4,265,237
Less: Accumulated Depreciation	1,396,123	759,352	-	-	2,155,475
Total Property and Equipment	<u>1,765,549</u>	<u>344,213</u>	<u>-</u>	<u>-</u>	<u>2,109,762</u>
OTHER ASSETS					
Investments - Endowments	607,904	-	-	-	607,904
Land Held for Resale	3,180,126	-	220,687	-	3,400,813
Pledges Receivable - Long Term	127,788	-	-	-	127,788
Beneficial Interest in Trust	556,535	-	-	-	556,535
Cash Surrender Value of Life Insurance	33,680	-	-	-	33,680
Total Other Assets	<u>4,506,033</u>	<u>-</u>	<u>220,687</u>	<u>-</u>	<u>4,726,720</u>
Total Assets	<u>\$ 30,612,027</u>	<u>\$ 1,209,414</u>	<u>\$ 245,605</u>	<u>\$ (1,497,027)</u>	<u>\$ 30,570,019</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable	\$ 3,187,181	\$ 1,090,420	\$ -	\$ (906,081)	\$ 3,371,520
Accrued Employee Benefits, Withholdings and Other Liabilities	660,359	43,756	-	-	704,115
Bank Line of Credit	63,943	-	-	-	63,943
Current Maturities of Long-Term Debt	9,594	-	-	-	9,594
Loan Due to Parent	-	-	-	-	-
Grant Advances	1,227,640	234,944	-	-	1,462,584
Deferred Revenues	179,797	3,222	-	-	183,019
Liability Under Annuity Agreement	15,707	-	-	-	15,707
Total Current Liabilities	<u>5,344,221</u>	<u>1,372,342</u>	<u>-</u>	<u>(906,081)</u>	<u>5,810,482</u>
LONG-TERM LIABILITIES					
Liability Under Annuity Agreement	220,301	-	-	-	220,301
Long-Term Debt, Net of Current Maturities	29,090	-	-	-	29,090
Total Long-Term Liabilities	<u>249,391</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>249,391</u>
Total Liabilities	<u>5,593,612</u>	<u>1,372,342</u>	<u>-</u>	<u>(906,081)</u>	<u>6,059,873</u>
NET ASSETS					
Unrestricted	21,780,652	(162,928)	245,605	(590,946)	21,272,383
Unrestricted - Board Designated Reserve	300,000	-	-	-	300,000
Unrestricted - Designated Endowment	96,900	-	-	-	96,900
Temporarily Restricted	2,274,626	-	-	-	2,274,626
Permanently Restricted	566,237	-	-	-	566,237
Total Net Assets	<u>25,018,415</u>	<u>(162,928)</u>	<u>245,605</u>	<u>(590,946)</u>	<u>24,510,146</u>
Total Liabilities and Net Assets	<u>\$ 30,612,027</u>	<u>\$ 1,209,414</u>	<u>\$ 245,605</u>	<u>\$ (1,497,027)</u>	<u>\$ 30,570,019</u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF ACTIVITY
YEAR ENDED JUNE 30, 2012

	Pheasants Forever, Inc.	Habitat Forever, LLC	The Forever Land Trust, LLC	Eliminations	Total
CHANGES IN UNRESTRICTED NET ASSETS:					
SUPPORT AND REVENUE					
Support:					
Contributions (Including In-Kind Contributions)	\$ 19,579,071	\$ 139	\$ 3,322	\$ -	\$ 19,582,532
Banquet and Event Revenues	17,664,931	-	-	-	17,664,931
Direct Expenses of Banquets and Events	(12,619,375)	-	-	-	(12,619,375)
Net Support from Banquets and Events	5,045,556	-	-	-	5,045,556
Membership Dues	4,820,023	-	-	-	4,820,023
Total Support	29,444,650	139	3,322	-	29,448,111
Revenue:					
Sales of Merchandise	509,229	-	-	-	509,229
Cost of Merchandise Sold	(262,156)	-	-	-	(262,156)
Gross Profit on Merchandise Sales	247,073	-	-	-	247,073
Program Service Revenue	5,389,788	830,531	-	(101,680)	6,118,639
Government Program Grants	18,854,343	1,557,490	-	-	20,411,833
Advertising Revenues	681,771	-	-	-	681,771
Investment Income	1,103	-	-	(847)	256
Other Income	460,124	329	-	(36,000)	424,453
Total Revenue	25,634,202	2,388,350	-	(138,527)	27,884,025
Net Assets Released from Restrictions	305,341	-	-	-	305,341
Total Support and Revenue	55,384,193	2,388,489	3,322	(138,527)	57,637,477
EXPENSES					
Program Services	48,499,557	2,270,017	-	(101,680)	50,667,894
Supporting Services:					
Administrative Expenses	1,364,770	46,444	529	(36,847)	1,374,896
Fundraising Expenses	3,492,126	-	-	-	3,492,126
Total Supporting Services	4,856,896	46,444	529	(36,847)	4,867,022
Total Expenses	53,356,453	2,316,461	529	(138,527)	55,534,916
CHANGES IN UNRESTRICTED NET ASSETS	2,027,740	72,028	2,793	-	2,102,561
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS					
Time and Purpose Restricted Contributions	872,010	-	-	-	872,010
Investment Income	34,265	-	-	-	34,265
Net Assets Released from Restrictions	(305,341)	-	-	-	(305,341)
Changes in Temporarily Restricted Net Assets	600,934	-	-	-	600,934
PERMANENTLY RESTRICTED CONTRIBUTIONS	27,983	-	-	-	27,983
CHANGES IN NET ASSETS	2,656,657	72,028	2,793	-	2,731,478
Net Assets - Beginning of the Year	22,361,758	(234,956)	242,812	(590,946)	21,778,668
NET ASSETS - END OF YEAR	\$ 25,018,415	\$ (162,928)	\$ 245,605	\$ (590,946)	\$ 24,510,146