

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 AND 2012

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
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YEARS ENDED JUNE 30, 2013 AND 2012

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Pheasants Forever, Inc. and Subsidiaries (a nonprofit organization), which comprise the consolidated balance sheets as of June 30, 2013 and 2012, and the related consolidated statements of activity, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Pheasants Forever, Inc. and Subsidiaries

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pheasants Forever, Inc. and subsidiaries as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
January 16, 2014

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2013 AND 2012

ASSETS	2013	2012
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 15,502,993	\$ 12,035,755
Investments - Short Term	4,917,811	4,639,211
Accounts Receivable (Net)	6,088,334	4,634,259
Pledges Receivable (Net)	289,599	248,975
Inventories	1,738,877	1,506,109
Land Held for Resale and Conservation	155,239	144,500
Prepaid Expenses	471,343	524,728
Total Current Assets	29,164,196	23,733,537
PROPERTY AND EQUIPMENT		
Property and Equipment	4,482,092	4,265,237
Less: Accumulated Depreciation	2,574,832	2,155,475
Total Property and Equipment	1,907,260	2,109,762
OTHER ASSETS		
Investments - Endowments	904,147	607,904
Land Held for Resale and Conservation	2,710,813	3,400,813
Pledges Receivable - Long Term	153,500	127,788
Beneficial Interest in Trust	506,194	556,535
Cash Surrender Value of Life Insurance	89,671	33,680
Total Other Assets	4,364,325	4,726,720
Total Assets	\$ 35,435,781	\$ 30,570,019
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 4,813,123	\$ 3,371,520
Accrued Employee Benefits, Withholdings and Other Liabilities	785,020	704,115
Bank Line of Credit	-	63,943
Current Maturities of Long-Term Debt	10,103	9,594
Grant Advances	1,467,955	1,462,584
Deferred Revenues	217,878	183,019
Liability Under Annuity Agreement	15,707	15,707
Total Current Liabilities	7,309,786	5,810,482
LONG-TERM LIABILITIES		
Liability Under Annuity Agreement	220,301	220,301
Long-Term Debt, Net of Current Maturities	18,987	29,090
Total Long-Term Liabilities	239,288	249,391
Total Liabilities	7,549,074	6,059,873
NET ASSETS		
Unrestricted	23,221,155	21,272,383
Unrestricted - Board Designated Reserve	839,042	300,000
Unrestricted - Designated Endowment	205,207	96,900
Temporarily Restricted	2,937,260	2,274,626
Permanently Restricted	684,043	566,237
Total Net Assets	27,886,707	24,510,146
Total Liabilities and Net Assets	\$ 35,435,781	\$ 30,570,019

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITY
YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CHANGES IN UNRESTRICTED NET ASSETS:		
SUPPORT AND REVENUE		
Support:		
Contributions (Including In-Kind Contributions - Note 7)	\$ 21,190,040	\$ 19,582,532
Banquet and Event Revenues	19,349,645	17,664,931
Direct Expenses of Banquets and Events	(13,280,914)	(12,619,375)
Net Support from Banquets and Events	6,068,731	5,045,556
Membership Dues	4,978,002	4,820,023
Total Support	32,236,773	29,448,111
Revenue:		
Sales of Merchandise	524,208	509,229
Cost of Merchandise Sold	(285,745)	(262,156)
Gross Profit on Merchandise Sales	238,463	247,073
Program Service Revenue	6,222,961	6,118,639
Government Program Grants	25,325,171	20,411,833
Advertising Revenues	802,068	681,771
Investment Income	(14,610)	256
Other Income	388,792	424,453
Total Revenue	32,962,845	27,884,025
Net Assets Released from Restrictions	211,824	305,341
Total Support and Revenue	65,411,442	57,637,477
EXPENSES		
Program Services	57,517,496	50,667,894
Supporting Services:		
Administrative Expenses	1,653,795	1,374,896
Fundraising Expenses	3,644,030	3,492,126
Total Supporting Services	5,297,825	4,867,022
Total Expenses	62,815,321	55,534,916
CHANGES IN UNRESTRICTED NET ASSETS	2,596,121	2,102,561
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Time and Purpose Restricted Contributions	803,524	872,010
Investment Income	70,934	34,265
Net Assets Released from Restrictions	(211,824)	(305,341)
Changes in Temporarily Restricted Net Assets	662,634	600,934
PERMANENTLY RESTRICTED CONTRIBUTIONS	117,806	27,983
CHANGES IN NET ASSETS	3,376,561	2,731,478
Net Assets - Beginning of the Year	24,510,146	21,778,668
NET ASSETS - END OF YEAR	\$ 27,886,707	\$ 24,510,146

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 3,376,561	\$ 2,731,478
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Value of Donated Land	(120,000)	(418,226)
Value of Donated Securities	(10,667)	(50,388)
Depreciation	419,357	390,033
Net Realized and Unrealized Gain on Investments	(69,928)	(22,090)
Change in Valuation of Annuity Obligations	25,147	10,044
Change in Valuation of Beneficial Interest in Trust	50,341	(124,282)
Change in Valuation of Life Insurance	(55,991)	(23,255)
Contributions Restricted for Long-Term Investment	(117,806)	(27,983)
Gain on Sale of Land	(413,162)	(25,039)
Change in Current Assets and Liabilities:		
Increase in Accounts Receivable	(858,409)	(2,232,491)
(Increase) Decrease in Inventories	(232,768)	28,772
(Increase) Decrease in Pledges Receivable	(66,336)	32,613
(Increase) Decrease in Prepaid Expenses	53,385	(150,177)
Increase in Accounts Payable	1,441,603	258,165
Increase in Accrued Employee Benefits, Withholdings and Other Liabilities	80,905	38,101
Decrease in Grant Advances	(590,295)	(9,364)
Increase in Deferred Revenues	34,859	33,946
Net Cash Provided by Operating Activities	2,946,796	439,857
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Property and Equipment	(216,855)	(320,834)
Acquisition of Land Held for Resale	-	(114,500)
Proceeds from Sale of Land Held for Resale	1,212,423	960,864
Purchase of Investments	(1,226,819)	(1,633,822)
Proceeds from Sale of Investments	732,571	1,144,441
Net Cash Provided by Investing Activities	501,320	36,149
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Notes Payable	(9,594)	(81,439)
Net (Payments) Borrowings on Bank Line of Credit	(63,943)	63,943
Contributions Restricted for Long-Term Investment	117,806	27,983
Payment on Annuity Obligation	(25,147)	(25,147)
Net Cash Provided (Used) by Financing Activities	19,122	(14,660)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,467,238	461,346
Cash and Cash Equivalents - Beginning of Year	12,035,755	11,574,409
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 15,502,993	\$ 12,035,755
NON-CASH TRANSACTIONS		
Cash Paid for Interest	\$ 13,864	\$ 14,628

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2013

	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	\$ 597,818	\$ -	\$ -	\$ -	\$ -	\$ 597,818	\$ -	\$ -	\$ 597,818
Nesting Cover	7,144,260	-	-	-	-	7,144,260	-	-	7,144,260
Food Plots/Feeding	14,910,772	-	-	-	-	14,910,772	-	-	14,910,772
Land Procurement	14,846,027	-	-	-	-	14,846,027	-	-	14,846,027
Wetland Restoration	163,029	-	-	-	-	163,029	-	-	163,029
Equipment for Habitat	592,022	-	-	-	-	592,022	-	-	592,022
Other Habitat Projects	1,953,246	-	-	-	-	1,953,246	-	-	1,953,246
Youth Programs	-	3,086,687	-	-	-	3,086,687	-	-	3,086,687
Publications	-	806,881	-	-	-	806,881	-	-	806,881
Other Public Awareness and Education	-	611,949	-	-	-	611,949	-	-	611,949
Chapter Advertising and Promotion	-	-	-	-	-	-	-	786,925	786,925
Salaries and Wages	4,558,747	1,137,323	1,582,727	321,087	50,646	7,650,530	853,879	957,128	9,461,537
Payroll Tax Expense	353,882	79,882	124,012	24,154	2,929	584,859	62,019	72,005	718,883
Employee Benefits	590,632	78,505	122,052	33,731	2,258	827,178	71,798	77,194	976,170
Retirement Plan	165,012	52,619	67,720	13,923	3,033	302,307	60,216	47,717	410,240
Legal Fees	-	-	-	-	-	-	19,479	-	19,479
Consulting Fees	-	16,216	108,836	6,378	-	131,430	33,902	4,308	169,640
Accounting and Audit Fees	-	-	-	-	-	-	120,114	-	120,114
State Registration Fees	-	-	-	-	8,770	8,770	2,135	-	10,905
Insurance	84,732	11,927	24,009	4,086	73,219	197,973	15,327	46,383	259,683
Government Relations	-	207,093	-	-	-	207,093	-	-	207,093
Direct Mail Expenses	-	-	-	-	-	-	-	894,874	894,874
Printing and Supplies	144,170	29,478	51,893	132,746	39,271	397,558	36,515	146,382	580,455
Postage	7,714	6,350	10,271	207,109	3,243	234,687	16,554	8,551	259,792
Shipping	-	-	-	-	-	-	-	255,545	255,545
Occupancy	-	7,308	-	2,682	1,045	11,035	4,046	30,974	46,055
Telephone	161,456	33,186	75,693	6,702	2,025	279,062	26,444	27,480	332,986
Travel Expense	596,398	98,812	442,671	576	55	1,138,512	40,662	89,338	1,268,512
Meetings and Conferences	77,098	1,598	1,351	1,188	200	81,435	92,829	347	174,611
Depreciation	142,228	29,935	9,363	61,002	39,189	281,717	39,999	97,641	419,357
Equipment Rental and Maintenance	250,161	110	749	17,993	17,672	286,685	29,205	12,431	328,321
Bad Debt Expense	-	-	-	-	-	-	93,583	-	93,583
Interest Expense	-	-	-	-	-	-	14,028	-	14,028
Miscellaneous	95,506	70,134	17,612	722	-	183,974	21,061	88,807	293,842
Total Expenses	\$47,434,910	\$ 6,365,993	\$ 2,638,959	\$ 834,079	\$ 243,555	\$57,517,496	\$ 1,653,795	\$ 3,644,030	\$ 62,815,321
	75.52%	10.13%	4.20%	1.33%	0.39%	91.57%	2.63%	5.80%	100.00%

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 Awareness and Education	Field Operations	Membership Services	Chapter Services	Total Program Services	Administrative Expenses	Fundraising Expenses	Total 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 Awareness 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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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

The Organization has two single member limited liabilities companies in which certain business activities are conducted. 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, 2013 and 2012 the board designated net assets as operating reserves in the amounts of \$839,042 and \$300,000, respectively. The Organization also had unrestricted net assets designated as endowments in the amounts of \$205,207 and \$96,900 at June 30, 2013 and 2012, respectively.

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, 2013 and 2012, 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, 2013 AND 2012

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 \$194,400 and \$173,700 at June 30, 2013 and 2012, respectively.

Receivables from agencies of the United States government accounted for 38% and 31% of the total accounts receivable balances as of June 30, 2013 and 2012, respectively. Receivables from the State of Nebraska accounted for 11% and 8.5% as of June 30, 2013 and 2012, 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 \$39,600 and \$42,300 at June 30, 2013 and 2012, respectively.

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

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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

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.

Cash Surrender Value of Life Insurance

The Organization is the owner and beneficiary of several life insurance policies that have been received as gifts from donors. At June 30, 2013 and 2012, the cash surrender value of those policies was \$48,889 and \$33,680, respectively. In 2013, the Organization purchased life insurance policies on key members of management as part of a split-dollar life insurance program. At June 30, 2013, the cash surrender value of those policies was \$40,782.

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, 2013 and 2012, the Organization held title to land with a value at the date of donation or cost of \$2,866,052 and \$3,545,313, 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.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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

Fair Value Measurement (Continued)

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.

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.

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.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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

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, 2013, the Organization held three conservation easements covering a total of 432 acres. At June 30, 2012, the Organization held two conservation easements covering a total of 178 acres.

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.

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.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 16, 2014, 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 (IRC) 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, 2013 and 2012, 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 \$460,000 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 2010 through 2012 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.

NOTE 3 INVESTMENTS

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

	2013	2012
Short-Term Investments:		
Certificates of Deposit	\$ 4,197,674	\$ 4,384,290
Corporate Bonds	135,032	145,032
Bond Mutual Funds	247,017	72,502
Equity Mutual Funds	335,080	37,387
Stocks	3,008	-
Total Short-Term Investments	\$ 4,917,811	\$ 4,639,211
Endowment Investments:		
Cash and Cash Equivalents - Pending Investment	\$ 111,665	\$ 66,672
Bond Mutual Funds	109,957	85,117
Equity Mutual Funds	682,525	456,115
Total Endowment Investments	\$ 904,147	\$ 607,904

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 3 INVESTMENTS (CONTINUED)

Investment income for 2013 and 2012 consists of the following:

	2013	2012
Interest and Dividends	\$ 57,890	\$ 55,784
Net Realized and Unrealized Gain on Investments	69,928	22,090
Fees	(71,494)	(43,353)
Total	\$ 56,324	\$ 34,521

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2013	2012	Estimated Useful Lives
Land	\$ 410,000	\$ 410,000	
Building and Improvements	992,305	986,095	30 Years
Habitat Equipment	1,368,047	1,249,846	5 Years
Office Equipment	1,616,059	1,570,007	3 - 5 Years
Vehicle	49,289	49,289	3 Years
Software Under Development	46,392	-	
	\$ 4,482,092	\$ 4,265,237	

NOTE 5 PLEDGES RECEIVABLE

Pledges receivable consists of the following:

	2013	2012
Amounts Due in:		
Less Than One Year	\$ 329,199	\$ 291,275
One to Five Years	160,730	134,423
Total	489,929	425,698
Unamortized Discount - 2.5% to 7.00%	(7,230)	(6,635)
Allowance for Uncollectible Accounts	(39,600)	(42,300)
Net Pledge Receivable	443,099	376,763
Less: Current Portion	289,599	248,975
Pledges Receivable - Long-Term	\$ 153,500	\$ 127,788

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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, 2013 and 2012, the estimated real estate value was \$639,563. At June 30, 2013 and 2012, the associated mortgage balance was \$133,369 and \$83,028, 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 \$14,011,660 and \$14,009,280 for the years ended June 30, 2013 and 2012, 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, 2013 and 2012 was 3.75%. 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, 2013 and 2012 were \$-0- and \$63,943, respectively.

NOTE 9 LONG-TERM DEBT

Long-term debt consists of the following:

<u>Description</u>	<u>2013</u>	<u>2012</u>
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.	\$ 29,090	\$ 38,684
Less: Current Maturities of Long-Term Debt	10,103	9,594
Long-Term Debt, Net of Current Maturities	<u>\$ 18,987</u>	<u>\$ 29,090</u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 9 LONG-TERM DEBT (CONTINUED)

Scheduled maturities on long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 10,103
2015	10,639
2016	8,348
Total	<u>\$ 29,090</u>

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, 2013 and 2012 consist of the following:

	2013			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate Bonds	\$ -	\$ 135,032	\$ -	\$ 135,032
Brokered CDs	-	1,768,733	-	1,768,733
Bond Mutual Funds	356,974	-	-	356,974
Equity Mutual Funds	1,017,605	-	-	1,017,605
Stocks	3,008	-	-	3,008
Beneficial Interest in Trust	-	-	506,194	506,194
Total	<u>\$ 1,377,587</u>	<u>\$ 1,903,765</u>	<u>\$ 506,194</u>	<u>\$ 3,787,546</u>
	2012			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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
Stocks	-	-	-	-
Beneficial Interest in Trust	-	-	556,535	556,535
Total	<u>\$ 651,121</u>	<u>\$ 2,314,047</u>	<u>\$ 556,535</u>	<u>\$ 3,521,703</u>

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

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 10 FAIR VALUE MEASUREMENT (CONTINUED)

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

	2013	2012
Beginning Balance	\$ 556,535	\$ 432,253
Change in Fair Value	(50,341)	124,282
Ending Balance	<u>\$ 506,194</u>	<u>\$ 556,535</u>

NOTE 11 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following donor restrictions:

	2013	2012
Time Restricted Pledges	\$ 376,980	\$ 288,603
Beneficial Interest in Trust	506,194	556,535
Youth and Conservation Education Programs	457,849	304,746
Farm Bill Biologist Program	13,109	14,931
Land Acquisition and Other Habitat Projects	538,902	185,585
Restricted Land Donations	1,044,226	924,226
Total Temporarily Restricted Net Assets	<u>\$ 2,937,260</u>	<u>\$ 2,274,626</u>

Net assets released from restrictions consist of the following:

	2013	2012
Collection of Pledges	\$ 165,057	\$ 255,733
Satisfaction of Program Restrictions	46,767	49,608
Total Net Assets Released from Restrictions	<u>\$ 211,824</u>	<u>\$ 305,341</u>

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.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 12 ENDOWMENT (CONTINUED)

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. 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.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 12 ENDOWMENT (CONTINUED)

Spending Policy, Objectives and Strategies (Continued)

Endowment net asset composition by fund type at June 30, 2013 and 2012 are as follows:

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<u>Donor Restricted Endowments:</u>				
Leopold Education Project	\$ -	\$ 5,441	\$ 48,253	\$ 53,694
Forever Shooting Sports Program	-	13,443	235,790	249,233
Wildlife Conservation Experience	-	62,133	400,000	462,133
Total Donor Restricted	<u>\$ -</u>	<u>\$ 81,017</u>	<u>\$ 684,043</u>	<u>\$ 765,060</u>
<u>Designated Endowment:</u>				
Forever Shooting Sports Program	<u>\$ 205,207</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,207</u>
	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<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>

Changes in endowment net asset for the years ended June 30, 2013 and 2012 are as follows:

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets - July 1, 2012	\$ 96,900	\$ 32,927	\$ 566,237	\$ 696,064
Investment Return	11,644	70,934	-	82,578
Contributions and Designations	96,663	-	117,806	214,469
Appropriation of Endowment				
Assets for Expenditure	-	(22,844)	-	(22,844)
Endowment Net Assets - June 30, 2013	<u>\$ 205,207</u>	<u>\$ 81,017</u>	<u>\$ 684,043</u>	<u>\$ 970,267</u>
	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - July 1, 2011	\$ -	\$ 339	\$ 538,254	\$ 538,593
Investment Return	450	34,265	-	34,715
Contributions and 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>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 13 LEASES

The Organization leases various equipment and vehicles under operating leases that expire between 2014 and 2016. 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>
2014	\$ 4,740	\$ 124,185	\$ 128,925
2015	4,345	59,407	63,752
2016	-	31,733	31,733
Total	<u>\$ 9,085</u>	<u>\$ 215,325</u>	<u>\$ 224,410</u>

Office equipment lease expense was \$4,740 for the years ended June 30, 2013 and 2012. Equipment and vehicle lease expense was \$172,558 and \$163,696 in the years ended June 30, 2013 and 2012, respectively.

In 2006 the Organization acquired the land and building which serves as its national headquarters at a cost of \$1,377,625. At June 30, 2013 and 2012, the building had accumulated depreciation of \$209,652 and \$177,398, 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 2016 and May 2014. The lease expiring in May 2014 permits the lessee to terminate the lease any time after May 2012 by providing at least a six-month 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>
2014	\$ 87,678
2015	35,540
2016	36,252
2017	12,164
Total	<u>\$ 171,634</u>

For the years ended June 30, 2013 and 2012, the Organization recorded rental income associated with these leases of \$125,580 and \$121,584, respectively. For the years ended June 30, 2013 and 2012, the Organization had associated expenses related to an allocable portion of real estate taxes and maintenance of \$34,627 and \$27,238, respectively.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 14 RETIREMENT 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 \$378,661 and \$324,285 for the years ended June 30, 2013 and 2012, 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 and for the year ended June 30, 2013 and 2012, and our report thereon dated January 16, 2014, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and consolidating schedule of activity, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
January 16, 2014

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET (UNAUDITED)
JUNE 30, 2013

	Pheasants Forever, Inc.	Habitat Forever, LLC	The Forever Land Trust, LLC	Eliminations	Total
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalent	\$ 15,020,240	\$ 456,008	\$ 26,745	\$ -	\$ 15,502,993
Investments - Short Term	5,508,757	-	-	(590,946)	4,917,811
Accounts Receivable (Net)	6,191,878	1,214,913	-	(1,318,457)	6,088,334
Pledges Receivable (Net)	289,599	-	-	-	289,599
Loan Due from Subsidiary	-	-	-	-	-
Inventories	1,730,186	8,691	-	-	1,738,877
Land Held for Resale and Conservation	155,239	-	-	-	155,239
Prepaid Expenses	471,343	-	-	-	471,343
Total Current Assets	<u>29,367,242</u>	<u>1,679,612</u>	<u>26,745</u>	<u>(1,909,403)</u>	<u>29,164,196</u>
PROPERTY AND EQUIPMENT	3,277,888	1,204,204	-	-	4,482,092
Less: Accumulated Depreciation	1,699,873	874,959	-	-	2,574,832
Total Property and Equipment	<u>1,578,015</u>	<u>329,245</u>	<u>-</u>	<u>-</u>	<u>1,907,260</u>
OTHER ASSETS					
Investments - Endowments	904,147	-	-	-	904,147
Land Held for Resale and Conservation	2,490,126	-	220,687	-	2,710,813
Pledges Receivable - Long Term	153,500	-	-	-	153,500
Beneficial Interest in Trust	506,194	-	-	-	506,194
Cash Surrender Value of Life Insurance	89,671	-	-	-	89,671
Total Other Assets	<u>4,143,638</u>	<u>-</u>	<u>220,687</u>	<u>-</u>	<u>4,364,325</u>
Total Assets	<u>\$ 35,088,895</u>	<u>\$ 2,008,857</u>	<u>\$ 247,432</u>	<u>\$ (1,909,403)</u>	<u>\$ 35,435,781</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable	\$ 4,217,788	\$ 1,913,792	\$ -	\$ (1,318,457)	\$ 4,813,123
Accrued Employee Benefits, Withholdings and Other Liabilities	729,663	55,357	-	-	785,020
Bank Line of Credit	-	-	-	-	-
Current Maturities of Long-Term Debt	10,103	-	-	-	10,103
Loan Due to Parent	-	-	-	-	-
Grant Advances	1,308,834	159,121	-	-	1,467,955
Deferred Revenues	215,308	2,570	-	-	217,878
Liability Under Annuity Agreement	15,707	-	-	-	15,707
Total Current Liabilities	<u>6,497,403</u>	<u>2,130,840</u>	<u>-</u>	<u>(1,318,457)</u>	<u>7,309,786</u>
LONG-TERM LIABILITIES					
Liability Under Annuity Agreement	220,301	-	-	-	220,301
Long-Term Debt, Net of Current Maturities	18,987	-	-	-	18,987
Total Long-Term Liabilities	<u>239,288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,288</u>
Total Liabilities	6,736,691	2,130,840	-	(1,318,457)	7,549,074
NET ASSETS					
Unrestricted	23,686,652	(121,983)	247,432	(590,946)	23,221,155
Unrestricted - Board Designated Reserve	839,042	-	-	-	839,042
Unrestricted - Designated Endowment	205,207	-	-	-	205,207
Temporarily Restricted	2,937,260	-	-	-	2,937,260
Permanently Restricted	684,043	-	-	-	684,043
Total Net Assets	<u>28,352,204</u>	<u>(121,983)</u>	<u>247,432</u>	<u>(590,946)</u>	<u>27,886,707</u>
Total Liabilities and Net Assets	<u>\$ 35,088,895</u>	<u>\$ 2,008,857</u>	<u>\$ 247,432</u>	<u>\$ (1,909,403)</u>	<u>\$ 35,435,781</u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF ACTIVITY (UNAUDITED)
YEAR ENDED JUNE 30, 2013

	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)	\$ 21,183,123	\$ 13,095	\$ 3,322	\$ (9,500)	\$ 21,190,040
Banquet and Event Revenues	19,349,645	-	-	-	19,349,645
Direct Expenses of Banquets and Events	(13,280,914)	-	-	-	(13,280,914)
Net Support from Banquets and Events	6,068,731	-	-	-	6,068,731
Membership Dues	4,978,002	-	-	-	4,978,002
Total Support	32,229,856	13,095	3,322	(9,500)	32,236,773
Revenue:					
Sales of Merchandise	524,208	-	-	-	524,208
Cost of Merchandise Sold	(285,745)	-	-	-	(285,745)
Gross Profit on Merchandise Sales	238,463	-	-	-	238,463
Program Service Revenue	5,121,534	1,337,469	-	(236,042)	6,222,961
Government Program Grants	23,666,020	1,675,082	-	(15,931)	25,325,171
Advertising Revenues	802,068	-	-	-	802,068
Investment Income	(14,610)	-	-	-	(14,610)
Other Income	422,928	1,864	-	(36,000)	388,792
Total Revenue	30,236,403	3,014,415	-	(287,973)	32,962,845
Net Assets Released from Restrictions	211,824	-	-	-	211,824
Total Support and Revenue	62,678,083	3,027,510	3,322	(297,473)	65,411,442
EXPENSES					
Program Services	54,854,496	2,923,709	764	(261,473)	57,517,496
Supporting Services:					
Administrative Expenses	1,626,208	62,856	731	(36,000)	1,653,795
Fundraising Expenses	3,644,030	-	-	-	3,644,030
Total Supporting Services	5,270,238	62,856	731	(36,000)	5,297,825
Total Expenses	60,124,734	2,986,565	1,495	(297,473)	62,815,321
CHANGES IN UNRESTRICTED NET ASSETS	2,553,349	40,945	1,827	-	2,596,121
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS					
Time and Purpose Restricted Contributions	803,524	-	-	-	803,524
Investment Income	70,934	-	-	-	70,934
Net Assets Released from Restrictions	(211,824)	-	-	-	(211,824)
Changes in Temporarily Restricted Net Assets	662,634	-	-	-	662,634
PERMANENTLY RESTRICTED CONTRIBUTIONS	117,806	-	-	-	117,806
CHANGES IN NET ASSETS	3,333,789	40,945	1,827	-	3,376,561
Net Assets - Beginning of the Year	25,018,415	(162,928)	245,605	(590,946)	24,510,146
NET ASSETS - END OF YEAR	\$ 28,352,204	\$ (121,983)	\$ 247,432	\$ (590,946)	\$ 27,886,707