

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Pheasants Forever, Inc. and Subsidiaries (a non-profit organization), which comprise the consolidated balance sheets as of June 30, 2024 and 2023 and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Pheasants Forever, Inc. and Subsidiaries as of June 30, 2024 and 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pheasants Forever, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management's for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pheasant Forever, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Pheasants Forever, Inc. and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pheasants Forever, Inc. and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2024 on our consideration of Pheasants Forever, Inc. and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pheasants Forever, Inc. and Subsidiaries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pheasants Forever, Inc. and Subsidiaries' internal control over financial reporting and compliance.

Other Information Included in the Organization's Annual Report

Management is responsible for the other information included in Pheasants Forever, Inc. and Subsidiaries' annual report. The other information comprises a letter from the President and CEO, and an overview of the organization's activities, accomplishments, program statistics; and financial results, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Boyum & Barescheer PLLP

Boyum & Barescheer PLLP

Minneapolis, Minnesota
December 12, 2024

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2024 AND 2023

ASSETS	<u>2024</u>	<u>2023</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 14,851,907	\$ 15,950,577
Investments - Short-term	8,262,017	7,732,766
Accounts Receivable (Net)	21,137,683	16,112,318
Pledges Receivable (Net)	1,676,958	1,289,366
Inventories	40,032	18,436
Land Held for Resale & Conservation	3,189,750	4,184,382
Prepaid Expenses & Other Assets	<u>1,012,908</u>	<u>893,147</u>
Total Current Assets	50,171,255	46,180,992
NONCURRENT ASSETS		
Property and Equipment (Net)	2,329,068	1,887,724
Right-of-Use Assets - Operating Leases	570,064	854,899
Right-of-Use Assets - Finance Leases	79,598	51,260
Investments - Endowments and Similar Funds	12,422,851	9,613,908
Land Held for Resale & Conservation	11,811,620	9,228,111
Pledges Receivable - Long-Term	1,436,283	1,037,015
Beneficial Interest in Trusts	1,314,728	1,127,769
Cash Surrender Value of Life Insurance	<u>835,847</u>	<u>849,115</u>
Total Noncurrent Assets	<u>30,800,059</u>	<u>24,649,801</u>
Total Assets	<u><u>\$ 80,971,314</u></u>	<u><u>\$ 70,830,793</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 7,489,600	\$ 5,765,895
Accrued Employee Benefits, Withholdings and Other Liabilities	3,985,431	2,928,535
Current Maturities of Long Term Debt	12,320	1,219,004
Lease Liability - Operating Leases	373,076	415,072
Lease Liability - Finance Leases	48,119	22,961
Grant Advances	6,004,639	4,992,684
Deferred Revenues	1,434,417	1,439,014
Liability Under Annuity Agreement	<u>20,996</u>	<u>20,570</u>
Total Current Liabilities	19,368,598	16,803,735
LONG-TERM LIABILITIES		
Liability Under Annuity Agreement	82,784	89,350
Lease Liability - Operating Leases	194,612	440,745
Lease Liability - Finance Leases	33,853	28,608
Long-Term Debt, Net of Current Maturities	<u>37,627</u>	<u>50,910</u>
Total Long-Term Liabilities	<u>348,876</u>	<u>609,613</u>
Total Liabilities	19,717,474	17,413,348
NET ASSETS		
Without Donor Restrictions	38,534,943	34,323,889
With Donor Restrictions	<u>22,718,897</u>	<u>19,093,556</u>
Total Net Assets	<u>61,253,840</u>	<u>53,417,445</u>
Total Liabilities and Net Assets	<u><u>\$ 80,971,314</u></u>	<u><u>\$ 70,830,793</u></u>

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support:			
Contributions - Cash & Other Financial Assets	\$ 9,769,651	\$ 4,913,695	\$ 14,683,346
Contributions - Nonfinancial Assets	9,456,682	-	9,456,682
Government Program Grants	85,034,300	-	85,034,300
Banquet and Event Revenues	28,856,950	-	28,856,950
Costs of Direct Benefit to Donors	(19,184,224)	-	(19,184,224)
Net Support from Banquets and Events	9,672,726	-	9,672,726
Membership Dues	6,273,238	-	6,273,238
Total Support	120,206,597	4,913,695	125,120,292
Revenue:			
Sales of Merchandise	32,920	-	32,920
Cost of Merchandise Sold	(11,839)	-	(11,839)
Gross Profit on Merchandise Sales	21,081	-	21,081
Program Service Revenue	12,220,719	-	12,220,719
Advertising Revenues	1,530,332	-	1,530,332
Investment Income	1,730,847	354,012	2,084,859
Other Income	732,022	-	732,022
Total Revenue	16,235,001	354,012	16,589,013
Net Assets Released from Restrictions			
Satisfaction of Program Restrictions	775,979	(775,979)	-
Collection of Pledges	823,734	(823,734)	-
Release for Endowment Spending Policy	42,653	(42,653)	-
Total Net Assets Released from Restrictions	1,642,366	(1,642,366)	-
Total Support and Revenues	138,083,964	3,625,341	141,709,305
EXPENSES			
Program Services:			
Habitat Projects and Programs	108,940,982	-	108,940,982
Public Awareness and Education	7,650,264	-	7,650,264
Government Relations	939,886	-	939,886
Chapter, Volunteer and Member Services	2,633,901	-	2,633,901
Total Program Services	120,165,033	-	120,165,033
Supporting Services:			
Administrative Expenses	3,874,345	-	3,874,345
Fundraising Expenses	9,833,532	-	9,833,532
Total Supporting Services	13,707,877	-	13,707,877
Total Expenses	133,872,910	-	133,872,910
CHANGES IN TOTAL NET ASSETS	4,211,054	3,625,341	7,836,395
Net Assets - Beginning of the Year	34,323,889	19,093,556	53,417,445
NET ASSETS - END OF YEAR	\$ 38,534,943	\$ 22,718,897	\$ 61,253,840

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support:			
Contributions - Cash & Other Financial Assets	\$ 7,696,979	\$ 2,242,881	\$ 9,939,860
Contributions - Nonfinancial Assets	24,776,063	-	24,776,063
Government Program Grants	53,337,319	-	53,337,319
Banquet and Event Revenues	28,254,774	-	28,254,774
Costs of Direct Benefit to Donors	(18,186,245)	-	(18,186,245)
Net Support from Banquets and Events	10,068,529	-	10,068,529
Membership Dues	6,180,200	-	6,180,200
Total Support	102,059,090	2,242,881	104,301,971
Revenue:			
Sales of Merchandise	19,857	-	19,857
Cost of Merchandise Sold	(6,372)	-	(6,372)
Gross Profit on Merchandise Sales	13,485	-	13,485
Program Service Revenue	6,627,206	-	6,627,206
Advertising Revenues	1,408,300	-	1,408,300
Investment Income	1,259,731	267,217	1,526,948
Other Income	774,008	-	774,008
Total Revenue	10,082,730	267,217	10,349,947
Net Assets Released from Restrictions			
Satisfaction of Program Restrictions	441,172	(441,172)	-
Collection of Pledges	798,588	(798,588)	-
Release for Endowment Spending Policy	43,029	(43,029)	-
Total Net Assets Released from Restrictions	1,282,789	(1,282,789)	-
Total Support and Revenues	113,424,609	1,227,309	114,651,918
EXPENSES			
Program Services:			
Habitat Projects and Programs	86,642,045	-	86,642,045
Public Awareness and Education	7,971,407	-	7,971,407
Government Relations	731,050	-	731,050
Chapter, Volunteer and Member Services	2,303,076	-	2,303,076
Total Program Services	97,647,578	-	97,647,578
Supporting Services:			
Administrative Expenses	3,218,092	-	3,218,092
Fundraising Expenses	8,873,638	-	8,873,638
Total Supporting Services	12,091,730	-	12,091,730
Total Expenses	109,739,308	-	109,739,308
CHANGES IN TOTAL NET ASSETS	3,685,301	1,227,309	4,912,610
Net Assets - Beginning of the Year	30,638,588	17,866,247	48,504,835
NET ASSETS - END OF YEAR	\$ 34,323,889	\$ 19,093,556	\$ 53,417,445

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 7,836,395	\$ 4,912,610
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Interest Expense of Right-of-Use Asset - Financing	(2,209)	329
Amortization of Right-of-Use Asset - Financing	37,330	5,704
Amortization of Right-of-Use Asset - Operating	465,859	424,753
Value of Donated Land & Other Property	(1,578,950)	(677,235)
Value of Donated Securities	(167,539)	(108,716)
Discount on Below Market Loans	41,875	47,587
Gains on Revaluations, Donations and Sales of Land	(1,189,056)	(313,003)
Loss on Disposal of Property & Equipment	-	18,309
Depreciation	510,893	434,836
Net Realized and Unrealized Gains on Investments	(820,204)	(591,093)
Change in Valuation of Annuity Obligations	19,007	19,079
Change in Valuation of Beneficial Interest in Trusts	(186,959)	1,260
Change in Valuation of Life Insurance	13,268	(59,584)
Change in Assets and Liabilities:		
Accounts Receivable	(5,025,365)	(3,688,706)
Inventories	(21,596)	(6,865)
Pledges Receivable	(786,860)	(71,778)
Prepaid Expenses	(119,761)	40,559
Accounts Payable	1,723,705	(505,378)
Accrued Employee Benefits, Withholdings and Other Liabilities	1,056,896	487,721
Operating Lease Obligation	(467,576)	(424,853)
Grant Advances	1,011,955	568,745
Deferred Revenues	(4,597)	(185,209)
Net Cash Provided by Operating Activities	2,346,512	329,072
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Property and Equipment	(952,237)	(465,365)
Acquisition of Land Held for Resale	(3,767,720)	(1,795,875)
Proceeds from Sale of Land Held for Resale	4,946,849	1,378,316
Purchase of Investments	(5,148,998)	(1,122,239)
Proceeds from Sale of Investments	2,798,546	368,513
Net Cash Used by Investing Activities	(2,123,561)	(1,636,650)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Notes Payable	(1,261,843)	(1,937)
Payments on Finance Lease Obligation	(34,632)	(4,706)
Payment on Annuity Obligation	(25,147)	(25,147)
Net Cash Used by Financing Activities	(1,321,622)	(31,790)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,098,670)	(1,339,368)
Cash and Cash Equivalents - Beginning of Year	15,950,577	17,289,945
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 14,851,907	\$ 15,950,577
NON-CASH TRANSACTIONS		
Vehicle Purchased in Exchange for Note Payable	\$ -	\$ 63,726
Right-of-Use Assets obtained in exchange for new lease liabilities	\$ 246,691	\$ 1,304,970
Cash Paid for Interest	\$ 3,491	\$ 4,610

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services				Supporting Services			
	Habitat Projects and Programs	Public Awareness and Education	Government Relations	Chapter, Volunteer and Member Services	Total Program Services	Administrative Expenses	Fundraising Expenses	Total Expenses
Permanent Land Protection	\$ 36,908,084	\$ -	\$ -	\$ -	\$ 36,908,084	\$ -	\$ -	\$ 36,908,084
Nesting Cover	22,794,948	-	-	-	22,794,948	-	-	22,794,948
Food Plots	6,511,805	-	-	-	6,511,805	-	-	6,511,805
Woody Cover	2,425,694	-	-	-	2,425,694	-	-	2,425,694
Wetland Restoration	4,263,308	-	-	-	4,263,308	-	-	4,263,308
Equipment for Habitat	960,245	-	-	-	960,245	-	-	960,245
Other Habitat Projects	4,796,957	-	-	-	4,796,957	-	-	4,796,957
Youth Programs	94,427	3,238,451	-	-	3,332,878	-	-	3,332,878
Publications	-	939,274	-	-	939,274	-	-	939,274
Other Public Awareness and Education	-	738,007	-	-	738,007	-	-	738,007
Chapter Advertising and Promotion	-	-	-	-	-	-	1,340,942	1,340,942
Salaries and Wages	21,357,872	1,890,131	548,552	1,544,379	25,340,934	2,324,818	3,698,346	31,364,098
Payroll Tax Expense	1,543,122	122,548	38,501	105,483	1,809,654	153,892	248,183	2,211,729
Employee Benefits	1,902,156	99,358	10,213	117,976	2,129,703	161,933	252,985	2,544,621
Retirement Plan	916,419	91,179	24,350	70,267	1,102,215	141,529	183,594	1,427,338
Legal Fees	-	-	-	-	-	71,700	1,184	72,884
Consulting and Accounting Fees	78,669	430	83,804	54,276	217,179	306,292	125,840	649,311
State Registration Fees	-	-	-	15,151	15,151	584	-	15,735
Insurance	259,128	85,050	3,265	93,197	440,640	53,396	37,936	531,972
Direct Mail Expenses	-	-	-	-	-	-	1,613,555	1,613,555
Printing and Supplies	397,208	161,182	35,271	196,419	790,080	81,475	667,826	1,539,381
Shipping and Postage	13,134	2,943	371	23,098	39,546	16,622	393,714	449,882
Occupancy	1,770	4,060	416	3,486	9,732	10,452	14,903	35,087
Telephone	5,293	6,946	61	11,465	23,765	31,971	21,398	77,134
Travel Expense	1,818,433	88,428	61,683	148,747	2,117,291	46,395	755,759	2,919,445
Meetings and Conferences	176,741	35,407	63,135	4,064	279,347	134,518	23,504	437,369
Depreciation	74,923	51,726	15,627	215,295	357,571	41,110	112,212	510,893
Equipment Rental and Maintenance	830,663	3,692	47,100	8,253	889,708	201,621	30,447	1,121,776
Interest Expense	14,210	-	-	-	14,210	3,492	-	17,702
Miscellaneous	795,773	91,452	7,537	22,345	917,107	92,545	311,204	1,320,856
Direct Benefit to Donors	-	-	-	-	-	-	19,184,224	19,184,224
Cost of Merchandise Sold	-	-	-	-	-	-	11,839	11,839
Total Expenses	\$ 108,940,982	\$ 7,650,264	\$ 939,886	\$ 2,633,901	\$ 120,165,033	\$ 3,874,345	\$ 29,029,595	\$ 153,068,973
Less Direct Benefit to Donors	-	-	-	-	-	-	(19,184,224)	(19,184,224)
Less Cost of Merchandise Sold	-	-	-	-	-	-	(11,839)	(11,839)
Total Net Expenses	\$ 108,940,982	\$ 7,650,264	\$ 939,886	\$ 2,633,901	\$ 120,165,033	\$ 3,874,345	\$ 9,833,532	\$ 133,872,910
	81.38%	5.71%	0.70%	1.97%	89.76%	2.89%	7.35%	100.00%

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services				Supporting Services			
	Habitat Projects and Programs	Public Awareness and Education	Government Relations	Chapter, Volunteer and Member Services	Total Program Services	Administrative Expenses	Fundraising Expenses	
Permanent Land Protection	\$ 15,658,439	\$ -	\$ -	\$ -	\$ 15,658,439	\$ -	\$ -	\$ 15,658,439
Nesting Cover	15,549,474	-	-	-	15,549,474	-	-	15,549,474
Food Plots	23,600,353	-	-	-	23,600,353	-	-	23,600,353
Woody Cover	717,634	-	-	-	717,634	-	-	717,634
Wetland Restoration	2,917,570	-	-	-	2,917,570	-	-	2,917,570
Equipment for Habitat	966,490	-	-	-	966,490	-	-	966,490
Other Habitat Projects	2,652,499	-	-	-	2,652,499	-	-	2,652,499
Youth Programs	89,676	3,584,765	-	-	3,674,441	-	-	3,674,441
Publications	-	1,016,826	-	-	1,016,826	-	-	1,016,826
Other Public Awareness and Education	-	830,654	-	-	830,654	-	-	830,654
Chapter Advertising and Promotion	-	-	-	-	-	-	679,600	679,600
Salaries and Wages	17,621,044	1,757,778	459,675	1,310,052	21,148,549	1,961,455	3,161,994	26,271,998
Payroll Tax Expense	1,292,260	120,209	32,516	96,566	1,541,551	133,733	224,887	1,900,171
Employee Benefits	1,256,624	98,526	13,426	79,204	1,447,780	96,487	184,640	1,728,907
Retirement Plan	777,072	98,230	39,016	67,322	981,640	147,737	185,321	1,314,698
Legal Fees	-	-	-	-	-	17,249	1,595	18,844
Consulting and Accounting Fees	78,001	3,496	30,720	77,695	189,912	313,895	114,576	618,383
State Registration Fees	-	-	-	12,195	12,195	385	-	12,580
Insurance	278,917	78,039	3,087	81,565	441,608	47,139	36,771	525,518
Direct Mail Expenses	-	-	-	-	-	-	2,096,360	2,096,360
Printing and Supplies	319,424	99,310	34,520	194,113	647,367	158,215	695,931	1,501,513
Shipping and Postage	15,364	3,703	290	12,236	31,593	17,079	306,753	355,425
Occupancy	1,844	4,480	433	3,857	10,614	10,879	17,394	38,887
Telephone	18,300	10,677	56	11,974	41,007	39,682	24,370	105,059
Travel Expense	1,633,670	118,709	71,772	128,393	1,952,544	54,967	767,246	2,774,757
Meetings and Conferences	58,360	5,667	24,829	11,084	99,940	58,773	52,327	211,040
Depreciation	55,113	52,133	14,636	166,946	288,828	41,664	104,344	434,836
Equipment Rental and Maintenance	750,351	1,580	-	13,599	765,530	46,911	18,061	830,502
Interest Expense	47,587	-	-	-	47,587	4,610	-	52,197
Miscellaneous	285,979	86,625	6,074	36,275	414,953	67,232	201,468	683,653
Direct Benefit to Donors	-	-	-	-	-	-	18,186,245	18,186,245
Cost of Merchandise Sold	-	-	-	-	-	-	6,372	6,372
Total Expenses	\$ 86,642,045	\$ 7,971,407	\$ 731,050	\$ 2,303,076	\$ 97,647,578	\$ 3,218,092	\$ 27,066,255	\$ 127,931,925
Less Direct Benefit to Donors	-	-	-	-	-	-	(18,186,245)	(18,186,245)
Less Cost of Merchandise Sold	-	-	-	-	-	-	(6,372)	(6,372)
Total Net Expenses	\$ 86,642,045	\$ 7,971,407	\$ 731,050	\$ 2,303,076	\$ 97,647,578	\$ 3,218,092	\$ 8,873,638	\$ 109,739,308
	<u>78.95%</u>	<u>7.26%</u>	<u>0.67%</u>	<u>2.10%</u>	<u>88.98%</u>	<u>2.93%</u>	<u>8.09%</u>	<u>100.00%</u>

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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 pheasants, quail, and other wildlife through habitat improvements, public access, education, and conservation advocacy.

The Organization's principal programs and supporting services consist of the following:

Habitat Projects and Programs - The Organization conducts various habitat management and protection projects designed to benefit pheasants, quail and other wildlife. These projects consist of permanent land protection through fee-title and easement projects, establishment of nesting cover, food plots and woody cover, restoration of wetlands, and various maintenance and management practices aimed at maximizing the benefits to wildlife species. The Organization also employs a team of over 400 wildlife biologists, range conservationists, precision agriculture specialists, and habitat specialists that provide technical assistance to private landowners interested in improving the wildlife benefits on their land as well as habitat management assistance to state and federal land management agencies.

Public Awareness and Education - The Organization provides education and informational resources to its members, volunteers, partners, and the public on the importance of wildlife habitat conservation to game and non-game wildlife species as well as the benefits to air and water quality, soil health, and agricultural sustainability. Through various education programs, the Organization conducts thousands of hands-on educational events for tens of thousands of adults and youth interested in habitat conservation, hunting, and shooting sports. The Organization also produces three publications for its members - *Pheasants Forever Journal*, *Quail Forever Journal*, and *Forever Outdoors* - as well provides various informational content to the public through its websites, podcast, social media channels, and newsletters.

Government Relations - The Organization engages in various federal and state legislative and administrative/regulatory matters impacting its mission.

Chapter, Volunteer and Member Services - The Organization provides training, support and services to its more than 740 chapters and thousands of volunteers that are critical to its conservation and education programs as well as support for its 150,000 members.

Administrative - Administrative activities and expenses consists of various core functions necessary to support the general organizational infrastructure, including finance, information technology, human resources, board governance, and general leadership.

Fundraising - Fundraising consists of activities and expenses necessary to secure financial resources for the Organization, including private philanthropic support, foundation support, and government funding. This category also includes activities related to membership development as well as support for chapter-based fundraising activities.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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

Consolidation

The Organization has two single member limited liability companies in which certain business activities are conducted. The activities of these single-member limited liability 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. Contributions with donor restrictions received during the year, whose restrictions are released during the same year, are recorded as a change in net assets without donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – 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, 2024 and 2023 the board designated net assets designated as operating reserves totaled \$3,405,625 and \$3,377,356, respectively. The Organization also had net assets without donor restrictions designated as endowments in the amounts of \$844,215 and \$791,877 for the Forever Shooting Sports Program and \$3,980,188 and \$1,574,281 for the Forever Stewardship Fund at June 30, 2024 and 2023, respectively.

Net Assets With Donor Restrictions – Consists of endowment gifts where donors have specified investment in perpetuity to generate income for a specified restricted or general purpose, and contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization, such as usage for specific programs. The donors of the net assets with donor restrictions to be held in perpetuity have permitted the Organization to use all or part of the income earned, including capital appreciation. At June 30, 2024 and 2023, net assets with donor restrictions consisted of time-restricted pledges receivable, purpose-restricted contributions and permanently endowed assets.

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. The Organization does not believe it is exposed to any significant credit risk related to these accounts.

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.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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

Investments

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

Accounts Receivable

Accounts receivable are stated at net realizable value. All accounts receivable are due on demand. Accounts receivable consist of receivables related to program service revenue, government grants and advertising revenue. The accounts receivable balance related to ASC Topic 606 revenue streams totaled \$1,193,493 at June 30, 2024, \$881,152 at June 30, 2023, and \$1,060,705 at July 1, 2022, respectively.

Receivables from agencies of the United States government accounted for 60% and 52% of the total accounts receivable balances as of June 30, 2024 and 2023, respectively.

Allowance for Credit Losses – Accounts Receivable

The Organization has adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)* on a modified retrospective basis effective July 1, 2023. The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. The CECL methodology utilizes a lifetime “expected credit loss” measurement objective for the recognition of credit losses for loans, held-to-maturity securities, and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized. No cumulative-effect adjustment to retained earnings as of July 1, 2023 was necessary as a result of adopting the new standard.

The allowance for credit losses is based on an income statement approach which adjusts the ending balance sheet to take into consideration expected losses over the contractual lives of the receivables, considering factors such as historical bad debts, current customer receivable balances, age of customer receivable balances, the customer’s financial condition, and current economic trends as a basis for future expected losses. If business or economic conditions change, our estimates and assumptions may be adjusted as deemed appropriate. The allowances for credit losses was \$147,317 at June 30, 2024.

Prior to July 1, 2023, an estimate of uncollectible amounts was made by management based upon historical bad debts, current customer receivable balances, age of customer receivable balances, the customer’s financial condition, and current economic trends, all of which are subject to change. Accounts receivable were written off when deemed uncollectible. Recoveries of accounts previously written off were recorded when received. The allowance for doubtful accounts was \$153,675 at June 30, 2023.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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

Pledges Receivable

Pledges 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 \$192,352 and \$370,663 at June 30, 2024 and 2023, respectively. Conditional pledges are not included as support until such times as the conditions are substantially met.

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, 2024 and 2023, the cash surrender value of those policies was \$373,712 and \$387,191, respectively. The Organization has purchased life insurance policies on key members of management as part of a split-dollar life insurance program. At June 30, 2024 and 2023, the cash surrender value of those policies was \$462,135 and \$461,924, respectively.

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.

Land Held for Resale and Conservation

The Organization routinely acquires land either by purchase or donation. The land is recorded at fair market value and land expected to be sold within one year is recorded as a current asset. At June 30, 2024 and 2023, the Organization held title to land with a value of \$15,001,370 and \$13,412,493, respectively. Of those amounts, \$3,189,750 and \$4,184,382 were recorded as short term as of June 30, 2024 and 2023, respectively.

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, 2024 AND 2023

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.

Revenue Recognition

The Organization follows Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and the related amendments. The core principle of ASC 606 is that an entity recognizes revenue related to the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Contribution and non-government grant revenue - Contributions and non-government grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions and grants that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization's promises to give outstanding as of June 30, 2024 and 2023 are presented as Pledges Receivable, both current and long-term, in the consolidated balance sheet. The Organization has also received conditional contributions related to non-government grants and pledges of \$258,332 and \$327,119, including grant advances, that have not been recognized at June 30, 2024 and 2023, respectively because qualifying expenditures have not yet been incurred.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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

Revenue Recognition (Continued)

Contributed Goods and Services - Donated goods and services are valued at their fair market value and are presented as revenue and offsetting program costs or land held for resale and conservation. 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 consolidated financial statements.

Government Grants - Government grant revenue is derived from cost-reimbursable contracts and grants, primarily from the United States Departments of Interior and Agriculture as well as various States. These grants are conditional upon performance requirements and/or the incurrence of allowable qualifying expenses. The Organization has made the determination, based on the review of the Organization's grant portfolio, that nearly all of the government grants are nonreciprocal transactions in which the two parties do not receive commensurate value. As such, these grants are treated as conditional contributions in accordance with Topic 958, *Not-for-Profit Entities*. Revenue is recognized as donor restricted revenue once the conditions are met, subject to the scope of work within the grant. These restrictions are simultaneously released from restriction as the revenue is recognized and is reported as an increase in net assets without donor restrictions. 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.

Amounts received prior to incurring qualifying expenditures are reported as grant advances in the consolidated balance sheet. As eligible expenditures are incurred, revenue is recognized.

The Organization has been awarded conditional contributions related to government grants of \$199,191,739 and \$157,131,077, including grant advances, that have not been recognized at June 30, 2024 and 2023, respectively because qualifying expenditures have not yet been incurred.

Banquet and Event Revenue - One of the Organization's principal revenue sources are banquets and events sponsored by the local chapters. The majority of revenue associated with these events is recognized at the time it is received for both the exchange transaction portion and contributions.

The Organization hosts an annual convention and trade show. Revenue associated with exhibitor booths, sponsorships and admission fees are treated as exchange transactions and are recognized at the time the event is held. Total revenue recognized from these revenue sources was \$1,435,746 and \$1,131,020 for the years ended June 30, 2024 and 2023, respectively.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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

Revenue Recognition (Continued)

Membership Dues - Membership dues include a contribution component, and an exchange component associated with specific benefits that the member is entitled to receive over time. The membership contribution component is recognized in full at the time of receipt. The exchange portion of the membership is recognized over time as the specific benefits of membership are provided. The Organization recognized membership dues revenue associated with the exchange portion of the membership transaction of \$1,272,531 and \$1,348,040 for the years ended June 30, 2024 and 2023, respectively. Deferred revenue associated with the exchange portion of membership transaction was \$1,381,984 at June 30, 2024, \$1,306,604 at June 30, 2023, and \$1,246,823 at July 1, 2022, respectively, and consisted of revenue received for services to be performed in the upcoming year.

Program Service Revenue – Most of the Organization’s programs and services are offered at no charge to participants. For certain programs, the Organization requires payment for goods and services provided which consist primarily of payments for habitat improvement supplies and services completed by the Organization, and registration fees for certain events. Revenues generated from these programs are considered exchange transactions and the majority of the revenue is recognized at the time the sale is completed.

Advertising Revenue – The Organization sells advertising in its various print and digital publications. Advertising is considered an exchange transaction with revenue recognized upon distribution of the publications. Unrecognized advertising revenue is recorded as deferred revenues.

Deferred Revenues - The Organization records deferred revenues related to future events and unearned contract revenue.

Leases

The Organization has adopted FASB ASC 842, *Leases*, with a date of initial application of July 1, 2022. For leases with a term greater than one year, the Organization recognizes a lease asset for its right to use the underlying asset and a lease liability for the corresponding lease obligation. The Organization determines whether an arrangement is or contains a lease at contract inception. Leases are classified as either operating or finance leases. Lease right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. In determining the present value of lease payments, the Organization uses a risk-free rate of return for of a period comparable with that of the lease term. The Organization considers the lease term to be the noncancelable period that it has the right to use the underlying asset, including all periods covered by an option to (1) extend the lease if the Organization is reasonably certain to exercise the option, (2) terminate the lease if the Organization is reasonably certain not to exercise that option, and (3) extend, or not to terminate, the lease in which exercise of the option is controlled by the lessor. The lease right-of-use assets also include any lease payments made and exclude lease incentives received or receivable. Lease expense is recognized on a straight-line basis over the expected lease term. Variable lease expenses are recorded when incurred.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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

Leases (Continued)

The Organization adopted ASC 842 on July 1, 2022 using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this provision, the Organization has applied ASC 842 to accounting periods beginning on July 1, 2022.

Adoption of ASC 842 resulted in the Organization recording ROU assets of \$748,854 and lease liabilities of \$735,689 as of July 1, 2022. The adoption of this new standard did not materially impact the Organization's change in net assets or cash flows and did not result in a cumulative effect adjustment to net assets.

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, 2024 and 2023, the Organization held 72 and 71 conservation easements covering a total of 15,047 acres and 12,965 acres, respectively.

Advertising Costs

Advertising costs are charged to expense when the advertising first occurs. Advertising expense totaled \$1,340,942 and \$679,600 for the years ended June 30, 2024 and 2023, respectively.

Functional Allocation of Expense

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the consolidated statements of activities and statements of functional expenses. Salaries and related expenses are allocated to program and supporting services 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 consolidated 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, and those differences could be material.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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

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 consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 12, 2024, the date the consolidated 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.

The Organization projects no income tax liability for the year ended June 30, 2024. The two single member limited liability companies owned by the Organization are disregarded entities for income tax purposes and follow the same tax treatment as the Organization.

The Organization's filings with the Internal Revenue Service are subject to audit. The information returns for the past three and one-half years are open to examination. Management has evaluated its tax positions and has concluded that they do not result in anything that would require either recording or disclosure in the consolidated financial statements based on the criteria set forth in Accounting Standards Codification (ASC) 740, *Income Taxes*.

NOTE 3 INVESTMENTS

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

	2024	2023
Short-Term Investments:		
Cash & Cash Equivalents - Pending Investment	\$ 15,420	\$ 4,053
Certificates of Deposit	625,749	618,117
Corporate Bonds, Fixed Income & Preferreds	1,008,659	997,586
Bond Mutual Funds	6,523,762	6,043,643
Corporate Stock	88,427	69,367
Total Short-Term Investments	\$ 8,262,017	\$ 7,732,766
Endowment and Similar Fund Investments:		
Cash & Cash Equivalents - Pending Investment	\$ 2,141,300	\$ 565,883
Bond Mutual Funds	901,894	819,242
Alternative Investments	974,292	475,713
Corporate Bonds, Fixed Income & Preferreds	173,615	111,928
Corporate Stock	8,231,750	7,641,142
Total Endowment Investments	\$ 12,422,851	\$ 9,613,908

Endowment and Similar Fund Investments include The Forever Stewardship Fund investments.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 3 INVESTMENTS (CONTINUED)

Investment gains (losses), including realized and unrealized gains (losses) from changes in fair value, are reported as revenue. The total recorded gains (losses) on investments consist of the following:

	<u>2024</u>	<u>2023</u>
Interest and Dividends	\$ 1,323,487	\$ 968,049
Net Realized and Unrealized Gain (Loss) on Investments	969,982	743,368
Fees	(208,610)	(184,469)
Investment Gain (Loss)	<u>\$ 2,084,859</u>	<u>\$ 1,526,948</u>

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2024</u>	<u>2023</u>	Estimated Useful Lives
Land	\$ 410,000	\$ 410,000	
Building and Improvements	1,126,442	1,126,442	30 Years
Habitat Equipment	317,324	302,875	5 Years
Office Equipment	2,978,872	2,883,614	3 - 5 Years
Vehicle	63,726	63,726	3 Years
Software Under Development	854,619	44,760	Not in Service
Property and Equipment	<u>\$ 5,750,983</u>	<u>\$ 4,831,417</u>	
Less: Accumulated Depreciation	<u>(3,421,915)</u>	<u>(2,943,693)</u>	
Property and Equipment (Net)	<u>\$ 2,329,068</u>	<u>\$ 1,887,724</u>	

NOTE 5 PLEDGES RECEIVABLE

Pledges receivable consists of the following:

	<u>2024</u>	<u>2023</u>
Amounts Due in:		
Less Than One Year	\$ 1,676,958	\$ 1,289,366
One to Five Years	1,771,353	1,520,567
Total	3,448,311	2,809,933
Unamortized Discount (4.33% in 2024; 4.13% in 2023)	(142,718)	(112,889)
Allowance for Uncollectible Accounts	(192,352)	(370,663)
Net Pledge Receivable	3,113,241	2,326,381
Less: Current Portion	1,676,958	1,289,366
Pledges Receivable - Long-Term	<u>\$ 1,436,283</u>	<u>\$ 1,037,015</u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 6 BENEFICIAL INTEREST IN TRUSTS

The Organization 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, 2024 and 2023, the estimated value of the real estate was \$1,372,293 and \$1,213,593, respectively. The associated mortgage balance was estimated to be \$175,308 and \$200,741, respectively.

The Organization is the sole beneficiary of a charitable remainder unitrust. The trust specifies that at the end of the unitrust period of 12 years the Organization will receive the net assets of the trust. During the unitrust period the grantors shall receive an annual payment equal to 17.4% of the fair market value of the unitrust assets determined at the beginning of the year. The assets of the trust consist primarily of investment assets managed by the trustee, Ameriprise National Trust Bank of Minneapolis. The value of the unitrust assets upon creation of the trust on March 31, 2014 was \$629,748. The value of the trust assets as of December 31, 2023, the latest valuation available to the Organization, was \$128,051. The Organization projects that the value of the remaining assets after the unitrust period to be \$89,967. This discounted value as of June 30, 2024 and 2023 was \$82,943 and \$78,217, respectively.

The Organization is also a 10% beneficiary of a charitable remainder trust. The trust assets approximated \$1,160,000 in October 2018 as per the notice the Organization received from the Trust attorney. During their lifetimes the grantors shall receive a distribution annually equal to 5% of the beginning of the calendar year market value of the trust assets. The Organization projects that the value of the remaining assets upon the death of the last surviving grantor to be \$642,337. The Organization's share is projected to be \$64,234 which has a discounted value of \$34,800 as of June 30, 2024. The discounted value was \$36,700 as of June 30, 2023.

NOTE 7 CONTRIBUTIONS OF NONFINANCIAL ASSETS

The Organization routinely receives contributions in forms other than cash or other financial assets. These contributions are recorded in the consolidated statement of activities under Contributions – Nonfinancial Assets with an off-setting expense or asset of the contributed items. Contributions of nonfinancial assets for the years ended June 30, 2024 and 2023 consist of the following:

	2024	2023
Food Plots for Wildlife	\$ 6,066,524	\$ 22,916,157
Bargain Sales of Land	301,000	1,272,624
Land Donations	1,992,470	385,320
Conservation Easements	930,000	-
Vehicle and Vehicle Usage	52,000	52,000
All-Terain Vehicles	72,094	48,300
Habitat Equipment	30,891	69,907
Other	11,703	31,755
Total	<u>\$ 9,456,682</u>	<u>\$ 24,776,063</u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 7 CONTRIBUTIONS OF NONFINANCIAL ASSETS (CONTINUED)

Donated food plots consist primarily of donated seed and the donated use of land for conservation program purposes. The fair market value of these donations, which has been determined using data published by the United States Department of Agriculture's Economic Research Service, has been recorded in the consolidated financial statements as contribution income and food plot expense.

The Organization periodically receives fee title donations of land as well as partial donations in the form of purchases by the Organization at less than the fair market value of the property. The Organization generally uses independent appraisals to estimate the value of these contributions. If an appraisal is not feasible or warranted based on the value of the land, other methods of estimating the value such as property tax valuations may be used.

The value of conservation easements is established using independent appraisals. As described in Note 1, donated conservation easements are monitored and enforced in perpetuity to benefit conservation consistent with the Organization's mission. Full or partial fee title land donations received are generally maintained by the Organization to provide long-term wildlife habitat benefits. In situations where the Organization receives fee title land donations that do not provide adequate wildlife habitat benefits, the Organization may monetize those donations and use the proceeds for more suitable purposes.

All other donated items are recognized at their fair market value based on the current sales price of those items. Habitat equipment donations received are used by the Organization to benefit its habitat programs. Other donations of nonfinancial assets received by the Organization are generally monetized and proceeds are used for more suitable purposes.

NOTE 8 LINE OF CREDIT

The Organization maintains a \$2,000,000 revolving line of credit agreement with Wells Fargo Bank, which expires on February 5, 2025. The current agreement specifies an interest rate on outstanding balances equal to the greater of the indexed rate, defined as the lender's Prime Rate, minus 0.25%, or 5.00%. The rate on outstanding borrowings at June 30, 2024 and 2023 was 8.25% and 8%, respectively. There were no outstanding balances at June 30, 2024 and 2023.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 9 LONG-TERM DEBT

Long-term debt consists of the following:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Note Payable - Wildlife Habitat Conservation Society of McLeod County. Original loan of \$750,000 is dated May 5, 2022 and matures the sooner of May 1, 2027 or the date proceeds are received from the sale of the property purchased with the loan proceeds, which is estimated to be May 2024. The note has no stated interest, but interest has been imputed at 3.75% using an estimated term of 2 years. The note is unsecured. Loan fully paid October 16, 2023.	\$ -	\$ 724,875
Note Payable - Iowa Natural Heritage Foundation. Original loan of \$500,000 is dated May 5, 2022 and matures the sooner of April 1, 2027 or the date proceeds are received from the sale of the property purchased with the loan proceeds, which is estimated to be May 2024. The note has no stated interest, but interest has been imputed at 3.75% using an estimated term of 2 years. The note is unsecured. Loan fully paid October 11, 2023.	-	483,250
Note Payable - Ford Credit; 60 equal monthly payments of principal and interest beginning May 2023 and continuing through April 2028. 3.9% Interest. Secured by vehicle.	49,947	61,789
	<u>49,947</u>	<u>1,269,914</u>
Less: Current Maturities of Long-Term Debt	12,320	1,219,004
Long-Term Debt, Net of Current Maturities	<u>\$ 37,627</u>	<u>\$ 50,910</u>

Scheduled maturities on Long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 12,320
2026	12,809
2027	13,317
2028	11,501
	<u>\$ 49,947</u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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 for assets and liabilities measured at fair value on a recurring basis at June 30, 2024 and 2023 consist of the following:

	2024			Total
	Level 1	Level 2	Level 3	
Corporate Bonds & Fixed Income	\$ 1,182,274	\$ -	\$ -	\$ 1,182,274
Bond Mutual Funds	7,425,656	-	-	7,425,656
Alternative Investments	974,292	-	-	974,292
Corporate Stock	8,320,177	-	-	8,320,177
Beneficial Interest in Trusts	-	-	1,314,728	1,314,728
Total	<u>\$ 17,902,399</u>	<u>\$ -</u>	<u>\$ 1,314,728</u>	<u>\$ 19,217,127</u>

	2023			Total
	Level 1	Level 2	Level 3	
Corporate Bonds & Fixed Income	\$ 1,109,514	\$ -	\$ -	\$ 1,109,514
Bond Mutual Funds	6,862,885	-	-	6,862,885
Alternative Investments	475,713	-	-	475,713
Corporate Stock	7,710,509	-	-	7,710,509
Beneficial Interest in Trusts	-	-	1,127,769	1,127,769
Total	<u>\$ 16,158,621</u>	<u>\$ -</u>	<u>\$ 1,127,769</u>	<u>\$ 17,286,390</u>

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:

	2024	2023
Beginning Balance	\$ 1,127,769	\$ 1,129,029
Change in Fair Value	186,959	(1,260)
Ending Balance	<u>\$ 1,314,728</u>	<u>\$ 1,127,769</u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2024 and 2023, net assets with donor restrictions are available for the following purposes:

	<u>2024</u>	<u>2023</u>
In Perpetuity:		
Habitat Education Program	\$ 68,503	\$ 68,503
Forever Shooting Sports Program	252,260	252,260
Wildlife Conservation Experience	400,000	400,000
Total in Perpetuity	<u>\$ 720,763</u>	<u>\$ 720,763</u>
Restriction for Time:		
Time Restricted Pledges	3,113,241	2,326,381
Below Market Loans	-	41,875
Restricted Land Donations	5,189,436	3,821,419
Beneficial Interest in Trusts	1,314,728	1,127,769
Restriction for Purpose:		
Youth and Conservation Education Programs	924,783	911,454
Landowner Technical Assistance Program	185,046	204,248
Land Acquisition and Other Habitat Projects	4,575,364	3,538,833
The Forever Stewardship Fund	6,695,536	6,400,814
Total Restricted by Time or Purpose	<u>21,998,134</u>	<u>18,372,793</u>
Total Net Assets with Donor Restrictions	<u><u>\$ 22,718,897</u></u>	<u><u>\$ 19,093,556</u></u>

Net assets released from restrictions consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Collection of Pledges	\$ 823,734	\$ 798,588
Satisfaction of Program Restrictions	818,632	484,201
Total Net Assets Released from Restrictions	<u><u>\$ 1,642,366</u></u>	<u><u>\$ 1,282,789</u></u>

The Forever Stewardship Fund consists of contributions restricted by the donor for use in covering expected and unexpected costs associated with the Organization's permanent land and conservation easement holdings. This includes expenses such as property taxes, insurance, and maintenance associated with conservation land owned by the Organization in fee title as well as costs associated with monitoring and enforcing conservation easements. In addition, the Organization periodically designates unrestricted funds to The Forever Stewardship Fund, which are subject to the same provisions as the restricted funds. The Forever Stewardship Funds are managed with the Organization's Endowment and Similar Funds and all investment earnings on The Forever Stewardship Fund are allocated between restricted and designated funds based on the donors' intentions and are available to cover eligible expenses. The Forever Stewardship Fund balances as of June 30, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
The Forever Stewardship Fund - With Donor Restrictions	\$ 6,695,536	\$ 6,400,814
The Forever Stewardship Fund - Designated	3,980,188	1,574,281
Total Forever Stewardship Funds	<u><u>\$ 10,675,724</u></u>	<u><u>\$ 7,975,095</u></u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 ENDOWMENT AND SIMILAR FUNDS

The Organization's endowments and similar funds consist of three funds established for a variety of purposes. The Endowments and Similar Funds 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 and nature of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization follows, 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 Funds. 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 net assets with donor restrictions to be held in perpetuity (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 net assets with donor restrictions to be held in perpetuity is classified as net assets with donor restrictions (that are not to be held in perpetuity) 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 endowment fund 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 net assets with donor restrictions until appropriated for program expenditures.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 ENDOWMENT AND SIMILAR FUNDS (CONTINUED)

Endowment and similar fund's net asset composition by fund type at June 30, 2024 and 2023 are as follows:

	2024			
	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions - Held in Perpetuity	Total
<u>Donor Restricted Endowments and Similar Funds:</u>				
Habitat Education Program	\$ -	\$ 14,360	\$ 68,503	\$ 82,863
Forever Shooting Sports Program	-	63,661	252,260	315,921
Wildlife Conservation Experience	-	104,129	400,000	504,129
Total Donor Restricted	<u>\$ -</u>	<u>\$ 182,150</u>	<u>\$ 720,763</u>	<u>\$ 902,913</u>
<u>Designated Endowment and Similar Funds:</u>				
Forever Shooting Sports Program	<u>\$ 844,215</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 844,215</u>
	2023			
	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions - Held in Perpetuity	Total
<u>Donor Restricted Endowments and Similar Funds:</u>				
Habitat Education Program	\$ -	\$ 9,195	\$ 68,503	\$ 77,698
Forever Shooting Sports Program	-	44,075	252,260	296,335
Wildlife Conservation Experience	-	72,903	400,000	472,903
Total Donor Restricted	<u>\$ -</u>	<u>\$ 126,173</u>	<u>\$ 720,763</u>	<u>\$ 846,936</u>
<u>Designated Endowment and Similar Funds:</u>				
Forever Shooting Sports Program	<u>\$ 791,877</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 791,877</u>

Changes in endowment and similar funds net assets for the years ended June 30, 2024 and 2023 are as follows:

	2024			
	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions - Held in Perpetuity	Total
Endowment and Similar Funds Net Assets - July 1, 2023	\$ 791,877	\$ 126,173	\$ 720,763	\$ 1,638,813
Investment Return	92,218	98,630	-	190,848
Contributions & Designations	-	-	-	-
Appropriation of Endowment	-	-	-	-
Assets for Expenditure	(39,880)	(42,653)	-	(82,533)
Endowment and Similar Funds Net Assets - June 30, 2024	<u>\$ 844,215</u>	<u>\$ 182,150</u>	<u>\$ 720,763</u>	<u>\$ 1,747,128</u>
	2023			
	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions - Held in Perpetuity	Total
Endowment and Similar Funds Net Assets - July 1, 2022	\$ 744,218	\$ 75,201	\$ 720,763	\$ 1,540,182
Investment Return	87,890	94,001	-	181,891
Contributions & Designations	-	-	-	-
Appropriation of Endowment	-	-	-	-
Assets for Expenditure	(40,231)	(43,029)	-	(83,260)
Endowment and Similar Funds Net Assets - June 30, 2023	<u>\$ 791,877</u>	<u>\$ 126,173</u>	<u>\$ 720,763</u>	<u>\$ 1,638,813</u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 13 LEASES COMMITMENTS

Commencing with the adoption of ASC 842 on July 1, 2022, the Organization has obtained the right-to-use various equipment, vehicles and office space under lease arrangements that expire between 2024 and 2028. Termination of these leases prior to expiration is generally prohibited.

Operating Leases

The Organization predominately enters into operating lease arrangements for the right to use various equipment, vehicles and office space. During the years ended June 30, 2024 and 2023, the Organization incurred operating lease expenses of \$497,489 and \$442,659, respectively. For operating leases in effect as of June 30, 2024 and 2023, the weighted-average remaining lease terms were 1.77 years and 2.37 years, and the weighted-average discount rates used to calculate the present value of the future lease payments were 4.12% and 3.75%, respectively.

Finance Leases

The Organization leases some equipment and vehicles under arrangements classified under ASC 842 as finance leases. During the year ended June 30, 2024, the Organization incurred finance leases expenses of \$39,770, consisting of \$37,329 in amortization of right-of-use assets and \$2,441 in interest. During the year ended June 30, 2023, the Organization incurred finance leases expenses of \$5,704, consisting of \$5,294 in amortization of right-of-use assets and \$410 in interest. For finance leases in effect as of June 30, 2024 and 2023, the weighted-average remaining lease terms were 1.91 years and 3.14 years, and the weighted-average discount rates used to calculate the present value of the future lease payments were 4.43% and 3.75%, respectively.

Future lease payments under all leases as of June 30, 2024 are as follows:

<u>Year Ending June 30,</u>	<u>Operating Leases</u>	<u>Finance Leases</u>	<u>Total</u>
2025	\$ 388,376	\$ 50,465	\$ 438,841
2026	145,963	24,083	170,046
2027	44,182	5,776	49,958
2028	10,438	5,059	15,497
Total	<u>\$ 588,959</u>	<u>\$ 85,383</u>	<u>\$ 674,342</u>
Less: Present Value Discount	(21,271)	(3,411)	(24,682)
Lease Liability - June 30, 2024	<u>\$ 567,688</u>	<u>\$ 81,972</u>	<u>\$ 649,660</u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 13 LEASE COMMITMENTS (CONTINUED)

Supplemental cash flow information related to leases is as follows for the year ended June 30, 2024:

	<u>Operating Leases</u>	<u>Finance Leases</u>	<u>Total</u>
Cash paid for amounts included in measurement of lease liabilities	<u>\$ 501,061</u>	<u>\$ 36,841</u>	<u>\$ 537,902</u>
Right-of-Use Assets obtained in exchange for lease obligations	<u>\$ 186,541</u>	<u>\$ 60,150</u>	<u>\$ 246,691</u>

Supplemental cash flow information related to leases is as follows for the year ended June 30, 2023:

	<u>Operating Leases</u>	<u>Finance Leases</u>	<u>Total</u>
Cash paid for amounts included in measurement of lease liabilities	<u>\$ 424,853</u>	<u>\$ 5,035</u>	<u>\$ 429,888</u>
Right-of-Use Assets obtained in exchange for lease obligations	<u>\$ 1,248,776</u>	<u>\$ 56,194</u>	<u>\$ 1,304,970</u>

NOTE 14 LEASE INCOME

In a prior year, the Organization acquired the land and building which serves as its national headquarters at a cost of \$1,377,625. At June 30, 2024 and 2023, the building had accumulated depreciation of \$564,448 and \$532,194, respectively. The Organization leases a portion of the building to two unrelated tenants.

One tenant leases approximately 29% of the building under a lease that is scheduled to expire on December 31, 2024, and contains an option to extend the lease for an additional 5-year period. The second tenant occupies approximately 40% of the building under a lease that is scheduled to expire on August 31, 2025. That tenant may extend their lease for up to 6 additional 2-year periods, and also has a first right of offer to purchase the building should the Organization choose to market the building for sale at any time during their lease. 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, excluding option periods:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	<u>\$ 125,348</u>
2026	<u>15,968</u>
Total	<u>\$ 141,316</u>

For the years ended June 30, 2024 and 2023, the Organization recorded rental income associated with these leases of \$205,404 and \$202,123, respectively. For the years ended June 30, 2024 and 2023, the Organization had associated expenses related to an allocable portion of real estate taxes and maintenance of \$36,831 and \$38,688, respectively.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 15 EMPLOYEE BENEFIT PLANS

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 Organization matches each dollar that an employee contributes to the plan up to a maximum of 5% of the employee's base compensation. These matching contributions are subject to a vesting schedule. Total employer contributions were \$1,325,697 and \$1,135,532 for the years ended June 30, 2024 and 2023, respectively.

Self-Insured Medical Plan

The Organization maintains a partially self-insured medical plan for the benefit of its employees. A stop-loss policy is in effect, which limits the Organization's cost of claims per covered individual to \$200,000 per year, and an aggregate limit for all covered individuals of \$3,240,000. The Plan is administered through a contractual relationship with an unrelated company. The Organization is solely responsible for all claims incurred up to the amount of the stop-loss provisions. The Organization's expense under the Plan, which includes the cost of claims, stop-loss insurance premiums, and administration expenses, less amounts employees contribute to coverage was \$2,301,912 and \$1,658,735 for the years ended June 30, 2024 and 2023, respectively. The Organization included a provision for estimated claims incurred, but not yet reported, in accrued expenses in the accompanying consolidated balance sheets in the amounts of \$889,009 and \$600,247 as of June 30, 2024 and 2023, respectively.

NOTE 16 ANNUITY AGREEMENT

The Organization has a charitable gift annuity agreement, which provides for an annual payment to the annuitant for the duration of their life. 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. A 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 net assets without donor restrictions.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 17 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure without donor or other restrictions limiting their use, within one year of the consolidated balance sheet date, comprise of the following at June 30:

	2024	2023
Cash	\$ 14,851,907	\$ 15,950,577
Investments - Short Term	8,262,017	7,732,766
Accounts Receivable	21,137,683	16,112,318
Pledges Receivable	1,676,958	1,289,366
Total financial assets available	<u>\$ 45,928,565</u>	<u>\$ 41,085,027</u>
Less amounts restricted by donor with purpose restrictions	(5,685,193)	(4,654,535)
Less board designated operating reserve	<u>(3,405,625)</u>	<u>(3,377,356)</u>
Financial assets available to meet cash flow needs for general expenditures within one year	<u><u>\$ 36,837,747</u></u>	<u><u>\$ 33,053,136</u></u>

The Organization's endowment and similar funds consist of donor restricted endowments and funds designated by the board as restricted. Income from donor restricted endowments is restricted for specific purposes. Donor restricted endowment funds are not available for general expenditures.

The board designated endowment in the amount of \$844,215 is subject to an annual spending rate of 5%. The board designated Forever Stewardship Fund in the amount of \$3,980,188 is not subject to an annual spending plan. Although the Organization does not intend to spend from these board designated funds, other than amounts approved and appropriated per the spending policy and the Forever Stewardship Fund guidelines, these amounts could be made available if necessary.

As part of the Organization's liquidity management plan, cash in excess of monthly requirements is invested in short-term investments, including mutual funds, and money market accounts. The Organization also maintains a \$2,000,000 line of credit with a bank that can be drawn upon as needed to manage cash flow needs.



**INDEPENDENT AUDITOR'S 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 years ended June 30, 2024 and 2023 and our report thereon dated December 12, 2024, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 through 3. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and consolidating schedule of activities, 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.

Boyum & Barenscheer PLLP

Boyum & Barenscheer PLLP

Minneapolis, Minnesota
December 12, 2024

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET - UNAUDITED
JUNE 30, 2024

	2024				Total
	Pheasants Forever, Inc.	Habitat Forever, LLC	The Forever Land Trust, LLC	Eliminations	
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalent	\$ 14,812,778	\$ -	\$ 39,129	\$ -	\$ 14,851,907
Investments	8,264,017	-	-	(2,000)	8,262,017
Accounts Receivable (Net)	21,137,683	-	-	-	21,137,683
Pledges Receivable (Net)	1,676,958	-	-	-	1,676,958
Inventories	40,032	-	-	-	40,032
Land Held for Resale & Conservation	3,189,750	-	-	-	3,189,750
Prepaid Expenses & Other Assets	1,012,908	-	-	-	1,012,908
Total Current Assets	<u>50,134,126</u>	<u>-</u>	<u>39,129</u>	<u>(2,000)</u>	<u>50,171,255</u>
OTHER ASSETS					
Property and Equipment (Net)	2,329,068	-	-	-	2,329,068
Right-of-Use Assets - Operating Leases	570,064	-	-	-	570,064
Right-of-Use Assets - Finance Leases	79,598	-	-	-	79,598
Investments - Endowment and Similar Funds	12,422,851	-	-	-	12,422,851
Land Held for Resale & Conservation	11,590,933	-	220,687	-	11,811,620
Pledges Receivable - Long Term	1,436,283	-	-	-	1,436,283
Beneficial Interest in Trust	1,314,728	-	-	-	1,314,728
Cash Surrender Value of Life Insurance	835,847	-	-	-	835,847
Total Other Assets	<u>30,579,372</u>	<u>-</u>	<u>220,687</u>	<u>-</u>	<u>30,800,059</u>
Total Assets	<u>\$ 80,713,498</u>	<u>\$ -</u>	<u>\$ 259,816</u>	<u>\$ (2,000)</u>	<u>\$ 80,971,314</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable	\$ 7,489,600	\$ -	\$ -	\$ -	\$ 7,489,600
Accrued Employee Benefits, Withholdings and Other Liabilities	3,985,431	-	-	-	3,985,431
Current Maturities of Long-Term Debt	12,320	-	-	-	12,320
Lease Liability - Operating Leases	373,076	-	-	-	373,076
Lease Liability - Finance Leases	48,119	-	-	-	48,119
Grant Advances	5,746,307	-	-	-	5,746,307
Deferred Revenues	1,692,749	-	-	-	1,692,749
Liability Under Annuity Agreement	20,996	-	-	-	20,996
Total Current Liabilities	<u>19,368,598</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,368,598</u>
LONG-TERM LIABILITIES					
Liability Under Annuity Agreement	82,784	-	-	-	82,784
Lease Liability - Operating Leases	194,612	-	-	-	194,612
Lease Liability - Finance Leases	33,853	-	-	-	33,853
Long-Term Debt, Net of Current Maturities	37,627	-	-	-	37,627
Total Long-Term Liabilities	<u>348,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>348,876</u>
Total Liabilities	<u>19,717,474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,717,474</u>
NET ASSETS					
Without Donor Restrictions	38,277,128	-	259,815	(2,000)	38,534,943
With Donor Restrictions	22,718,897	-	-	-	22,718,897
Total Net Assets	<u>60,996,025</u>	<u>-</u>	<u>259,815</u>	<u>(2,000)</u>	<u>61,253,840</u>
Total Liabilities and Net Assets	<u>\$ 80,713,499</u>	<u>\$ -</u>	<u>\$ 259,815</u>	<u>\$ (2,000)</u>	<u>\$ 80,971,314</u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF ACTIVITIES - UNAUDITED
YEAR ENDED JUNE 30, 2024

	Pheasants Forever, Inc.	Habitat Forever, LLC	The Forever Land Trust, LLC	Eliminations	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS					
SUPPORT AND REVENUE					
Support:					
Contributions - Cash & Other Financial Assets	\$ 9,763,639	\$ -	\$ 6,012	\$ -	\$ 9,769,651
Contributions - Nonfinancial Assets	9,456,682	-	-	-	9,456,682
Government Program Grants	85,034,300	-	-	-	85,034,300
Banquet and Event Revenues	28,856,950	-	-	-	28,856,950
Costs of Direct Benefit to Donors	(19,184,224)	-	-	-	(19,184,224)
Net Support from Banquets and Events	<u>9,672,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,672,726</u>
Membership Dues	6,273,238	-	-	-	6,273,238
Total Support	<u>120,200,585</u>	<u>-</u>	<u>6,012</u>	<u>-</u>	<u>120,206,597</u>
Revenue:					
Sales of Merchandise	32,920	-	-	-	32,920
Cost of Merchandise Sold	(11,839)	-	-	-	(11,839)
Gross Profit on Merchandise Sales	<u>21,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,081</u>
Program Service Revenue	12,220,719	-	-	-	12,220,719
Advertising Revenues	1,530,332	-	-	-	1,530,332
Investment Income	1,730,750	-	97	-	1,730,847
Other Income	732,022	307,790	-	(307,790)	732,022
Total Revenue	<u>16,234,904</u>	<u>307,790</u>	<u>97</u>	<u>(307,790)</u>	<u>16,235,001</u>
Net Assets Released from Restrictions	<u>1,642,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,642,366</u>
Total Support and Revenue	<u>138,077,855</u>	<u>307,790</u>	<u>6,109</u>	<u>(307,790)</u>	<u>138,083,964</u>
EXPENSES					
Program Services	121,061,769	-	-	(896,736)	120,165,033
Supporting Services:					
Administrative Expenses	3,873,761	-	584	-	3,874,345
Fundraising Expenses	9,833,532	-	-	-	9,833,532
Total Supporting Services	<u>13,707,293</u>	<u>-</u>	<u>584</u>	<u>-</u>	<u>13,707,877</u>
Total Expenses	<u>134,769,062</u>	<u>-</u>	<u>584</u>	<u>(896,736)</u>	<u>133,872,910</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS					
	3,308,793	307,790	5,525	588,946	4,211,054
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS					
Time and Purpose Restricted Contributions	4,913,695	-	-	-	4,913,695
Investment Income	354,012	-	-	-	354,012
Net Assets Released from Restrictions	(1,642,366)	-	-	-	(1,642,366)
Changes in Net Assets with Donor Restrictions	<u>3,625,341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,625,341</u>
CHANGES IN NET ASSETS					
	6,934,134	307,790	5,525	588,946	7,836,395
Net Assets-Beginning of the Year	<u>54,061,891</u>	<u>(307,790)</u>	<u>254,290</u>	<u>(590,946)</u>	<u>53,417,445</u>
NET ASSETS - END OF YEAR	<u>\$ 60,996,025</u>	<u>\$ -</u>	<u>\$ 259,815</u>	<u>\$ (2,000)</u>	<u>\$ 61,253,840</u>