

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2015 AND 2014

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED BALANCE SHEETS	3
CONSOLIDATED STATEMENTS OF ACTIVITY	4
CONSOLIDATED STATEMENTS OF CASH FLOWS	5
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES	6
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	8
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION	21
SUPPLEMENTARY INFORMATION	
CONSOLIDATING BALANCE SHEET	22
CONSOLIDATING SCHEDULE OF ACTIVITY	23

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2015 and 2014 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditor's 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.

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, 2015 and 2014, 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.

Boyum & Barescheer PLLP

Boyum & Barescheer PLLP

Minneapolis, Minnesota

November 20, 2015

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2015 AND 2014

ASSETS	2015	2014
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 16,180,268	\$ 16,899,746
Investments - Short-term	6,903,517	5,368,659
Accounts Receivable (Net)	5,158,300	4,315,977
Pledges Receivable (Net)	365,335	271,100
Inventories	1,678,945	1,763,106
Land Held for Resale & Conservation	406,000	30,000
Prepaid Expenses	666,694	536,203
Total Current Assets	31,359,059	29,184,790
PROPERTY AND EQUIPMENT		
Less: Accumulated Depreciation	5,199,846	5,042,575
Total Property and Equipment	3,361,338	2,978,579
Total Property and Equipment	1,838,508	2,063,996
OTHER ASSETS		
Investments - Endowments	1,445,741	1,229,818
Land Held for Resale & Conservation	4,301,813	4,677,813
Pledges Receivable - Long-Term	105,750	106,440
Beneficial Interest in Trusts	1,058,238	870,844
Cash Surrender Value of Life Insurance	309,519	209,911
Total Other Assets	7,221,061	7,094,827
Total Assets	\$ 40,418,628	\$ 38,343,613
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 4,684,516	\$ 4,087,322
Accrued Employee Benefits, Withholdings and Other Liabilities	957,777	854,594
Bank Line of Credit	1,220,295	-
Current Maturities of Long-Term Debt	8,348	10,639
Grant Advances	2,101,797	2,166,267
Deferred Revenues	196,813	298,850
Liability Under Annuity Agreement	16,989	16,335
Total Current Liabilities	9,186,535	7,434,007
LONG-TERM LIABILITIES		
Liability Under Annuity Agreement	186,978	203,966
Long-Term Debt, Net of Current Maturities	-	8,348
Total Long-Term Liabilities	186,978	212,314
Total Liabilities	9,373,513	7,646,321
NET ASSETS		
Unrestricted	21,737,543	22,078,262
Unrestricted - Board Designated Reserve	1,431,065	1,329,957
Unrestricted - Designated Endowment	614,007	399,416
Temporarily Restricted	6,555,425	6,193,269
Permanently Restricted	707,075	696,388
Total Net Assets	31,045,115	30,697,292
Total Liabilities and Net Assets	\$ 40,418,628	\$ 38,343,613

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITY
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
CHANGES IN UNRESTRICTED NET ASSETS:		
SUPPORT AND REVENUE		
Support:		
Contributions (Including In-Kind Contributions - Note 7)	\$ 18,649,337	\$ 21,260,472
Banquet and Event Revenues	20,426,623	19,526,577
Cost of Direct Benefit to Donors	(13,464,681)	(13,032,147)
Net Support from Banquets and Events	6,961,942	6,494,430
Membership Dues	5,165,926	5,279,937
Total Support	30,777,205	33,034,839
Revenue:		
Sales of Merchandise	515,936	503,089
Cost of Merchandise Sold	(255,850)	(267,264)
Gross Profit on Merchandise Sales	260,086	235,825
Program Service Revenue	8,790,608	6,226,069
Government Program Grants	26,787,039	37,495,599
Advertising Revenues	715,629	767,258
Investment Income (Loss)	(67,784)	71,464
Other Income	392,235	533,381
Total Revenue	36,877,813	45,329,596
Net Assets Released from Restrictions	366,883	314,838
Total Support and Revenue	68,021,901	78,679,273
EXPENSES		
Program Services	59,821,675	71,553,590
Supporting Services:		
Administrative Expenses	2,035,790	1,882,250
Fundraising Expenses	6,189,456	5,701,202
Total Supporting Services	8,225,246	7,583,452
Total Expenses	68,046,921	79,137,042
CHANGES IN UNRESTRICTED NET ASSETS	(25,020)	(457,769)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Time and Purpose Restricted Contributions	735,348	3,445,471
Investment Income (Loss)	(6,309)	125,376
Net Assets Released from Restrictions	(366,883)	(314,838)
Changes in Temporarily Restricted Net Assets	362,156	3,256,009
PERMANENTLY RESTRICTED CONTRIBUTIONS	10,687	12,345
CHANGES IN NET ASSETS	347,823	2,810,585
Net Assets - Beginning of the Year	30,697,292	27,886,707
NET ASSETS - END OF YEAR	\$ 31,045,115	\$ 30,697,292

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 347,823	\$ 2,810,585
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Value of Donated Land	-	(1,967,000)
Value of Donated Securities	-	(10,010)
Depreciation	382,759	403,746
Net Realized and Unrealized Loss (Gain) on Investments	31,051	(232,871)
Change in Valuation of Annuity Obligations	8,813	9,440
Change in Valuation of Beneficial Interest in Trusts	(187,394)	(364,650)
Change in Valuation of Life Insurance	(99,608)	(120,240)
Contributions Restricted for Long-Term Investment	(10,687)	(12,345)
Gain on Sale of Land	-	(74,761)
Change in Current Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(842,323)	1,772,357
Decrease (Increase) in Inventories	84,161	(24,229)
(Increase) Decrease in Pledges Receivable	(93,545)	65,559
Increase in Prepaid Expenses	(130,491)	(64,860)
Increase (Decrease) in Accounts Payable	597,194	(725,801)
Increase in Accrued Employee Benefits, Withholdings and Other Liabilities	103,183	69,574
(Decrease) Increase in Grant Advances	(64,470)	698,312
(Decrease) Increase in Deferred Revenues	(102,037)	80,972
Net Cash Provided by Operating Activities	24,429	2,313,778
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Property and Equipment	(157,271)	(560,482)
Proceeds from Sale of Land Held for Resale	-	200,000
Purchase of Investments	(5,348,762)	(1,590,655)
Proceeds from Sale of Investments	3,566,930	1,057,017
Net Cash Used by Investing Activities	(1,939,103)	(894,120)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Notes Payable	(10,639)	(10,103)
Net (Payments) Borrowings on Bank Line of Credit	1,220,295	-
Contributions Restricted for Long-Term Investment	10,687	12,345
Payment on Annuity Obligation	(25,147)	(25,147)
Net Cash Provided (Used) by Financing Activities	1,195,196	(22,905)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(719,478)	1,396,753
Cash and Cash Equivalents - Beginning of Year	16,899,746	15,502,993
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 16,180,268	\$ 16,899,746
NON-CASH TRANSACTIONS		
Cash Paid for Interest	\$ 18,811	\$ 7,708

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015

	Program Services					Supporting Services			
	Public Habitat Projects	Awareness and Education	Field Operations	Membership Services	Chapter Services	Total Program Services	Administrative Expenses	Fundraising Expenses	Total Expenses
Woody Cover/Shelter Belts	\$ 787,853	\$ -	\$ -	\$ -	\$ -	\$ 787,853	\$ -	\$ -	\$ 787,853
Nesting Cover	11,790,011	-	-	-	-	11,790,011	-	-	11,790,011
Food Plots/Feeding	13,383,124	-	-	-	-	13,383,124	-	-	13,383,124
Land Procurement	13,456,236	-	-	-	-	13,456,236	-	-	13,456,236
Wetland Restoration	70,189	-	-	-	-	70,189	-	-	70,189
Equipment for Habitat	779,589	-	-	-	-	779,589	-	-	779,589
Other Habitat Projects	1,704,681	-	-	-	-	1,704,681	-	-	1,704,681
Youth Programs	37,587	2,757,205	-	-	-	2,794,792	-	-	2,794,792
Publications	-	726,972	-	-	-	726,972	-	-	726,972
Other Public Awareness and Education	-	814,150	-	-	-	814,150	-	-	814,150
Chapter Advertising and Promotion	-	-	-	-	-	-	-	990,655	990,655
Salaries and Wages	5,603,130	1,438,518	1,025,636	320,636	56,584	8,444,504	1,086,547	2,145,774	11,676,825
Payroll Tax Expense	422,925	97,298	73,768	23,489	3,102	620,582	74,303	151,813	846,698
Employee Benefits	587,978	80,730	75,308	30,528	2,221	776,765	84,702	159,970	1,021,437
Retirement Plan	142,585	43,641	29,902	10,108	3,010	229,246	73,326	72,835	375,407
Legal Fees	1,260	-	-	-	-	1,260	14,809	-	16,069
Consulting Fees	-	2,748	-	32,243	4,500	39,491	85,611	84,186	209,288
Accounting and Audit Fees	-	-	-	-	-	-	130,633	-	130,633
State Registration Fees	-	-	-	-	8,550	8,550	1,635	-	10,185
Insurance	100,631	18,254	13,193	6,185	121,867	260,130	27,421	85,808	373,359
Government Relations	-	341,691	-	-	-	341,691	-	-	341,691
Direct Mail Expenses	-	-	-	-	-	-	-	1,162,572	1,162,572
Printing and Supplies	103,250	42,389	29,546	175,672	63,853	414,710	62,349	239,114	716,173
Postage	5,384	4,946	5,692	226,856	4,709	247,587	21,426	13,920	282,933
Shipping	-	-	-	-	-	-	-	239,211	239,211
Occupancy	-	7,570	-	3,035	1,148	11,753	4,553	34,105	50,411
Telephone	122,249	33,538	31,679	9,651	-	197,117	36,012	53,119	286,248
Travel Expense	663,298	93,868	239,209	544	-	996,919	50,361	422,857	1,470,137
Meetings and Conferences	41,057	5,740	15,841	823	-	63,461	94,785	19,516	177,762
Depreciation	159,470	57,949	3,131	26,620	17,240	264,410	33,663	84,686	382,759
Equipment Rental and Maintenance	316,829	466	410	2,407	5,254	325,366	27,149	10,086	362,601
Bad Debt Expense	-	-	-	-	-	-	58,358	-	58,358
Interest Expense	-	-	-	-	-	-	19,521	-	19,521
Miscellaneous	142,011	34,012	9,122	950	84,441	270,536	48,626	219,229	538,390
Total Expenses	\$ 50,421,327	\$ 6,601,685	\$ 1,552,437	\$ 869,747	\$ 376,479	\$ 59,821,675	\$ 2,035,790	\$ 6,189,456	\$ 68,046,921
	74.10%	9.70%	2.28%	1.28%	0.55%	87.91%	2.99%	9.10%	100.00%

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014

	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	\$ 683,234	\$ -	\$ -	\$ -	\$ -	\$ 683,234	\$ -	\$ -	\$ 683,234
Nesting Cover	9,443,092	-	-	-	-	9,443,092	-	-	9,443,092
Food Plots/Feeding	14,697,252	-	-	-	-	14,697,252	-	-	14,697,252
Land Procurement	26,130,801	-	-	-	-	26,130,801	-	-	26,130,801
Wetland Restoration	39,008	-	-	-	-	39,008	-	-	39,008
Equipment for Habitat	624,081	-	-	-	-	624,081	-	-	624,081
Other Habitat Projects	2,530,907	-	-	-	-	2,530,907	-	-	2,530,907
Youth Programs	8,579	3,415,883	-	-	-	3,424,462	-	-	3,424,462
Publications	-	812,659	-	-	-	812,659	-	-	812,659
Other Public Awareness and Education	-	730,316	-	-	-	730,316	-	-	730,316
Chapter Advertising and Promotion	-	-	-	-	-	-	-	976,029	976,029
Salaries and Wages	5,121,950	1,309,235	852,350	310,778	53,399	7,647,712	954,209	1,967,664	10,569,585
Payroll Tax Expense	385,288	91,064	65,607	22,527	2,987	567,473	66,738	144,788	778,999
Employee Benefits	617,119	95,320	78,867	33,687	2,115	827,108	80,631	155,920	1,063,659
Retirement Plan	187,352	61,562	39,268	15,696	3,868	307,746	73,069	97,579	478,394
Legal Fees	-	-	-	-	-	-	28,107	-	28,107
Consulting Fees	-	46	-	18,026	-	18,072	47,880	43,983	109,935
Accounting and Audit Fees	-	-	-	-	-	-	118,763	-	118,763
State Registration Fees	-	-	-	-	8,946	8,946	970	-	9,916
Insurance	108,154	12,318	12,060	4,177	78,829	215,538	19,414	59,193	294,145
Government Relations	-	278,768	-	-	-	278,768	-	-	278,768
Direct Mail Expenses	-	-	-	-	-	-	-	1,161,044	1,161,044
Printing and Supplies	91,933	46,342	28,204	118,437	34,578	319,494	48,666	191,860	560,020
Postage	7,869	8,990	4,843	232,994	4,483	259,179	18,038	17,433	294,650
Shipping	-	-	-	-	-	-	-	220,188	220,188
Occupancy	-	7,195	-	2,722	1,031	10,948	4,074	30,595	45,617
Telephone	120,400	27,508	33,827	9,333	-	191,068	30,820	57,593	279,481
Travel Expense	660,945	106,490	224,039	1,095	50	992,619	43,128	371,531	1,407,278
Meetings and Conferences	79,709	3,888	349	472	96	84,514	121,516	4,927	210,957
Depreciation	152,585	27,315	4,069	49,841	29,672	263,482	39,572	100,692	403,746
Equipment Rental and Maintenance	308,139	249	203	1,114	6,020	315,725	46,056	13,010	374,791
Bad Debt Expense	-	-	-	-	-	-	109,294	-	109,294
Interest Expense	-	-	-	-	-	-	7,708	-	7,708
Miscellaneous	98,155	23,713	6,124	1,394	-	129,386	23,597	87,173	240,156
Total Expenses	\$ 62,096,552	\$ 7,058,861	\$ 1,349,810	\$ 822,293	\$ 226,074	\$ 71,553,590	\$ 1,882,250	\$ 5,701,202	\$ 79,137,042
	78.47%	8.92%	1.70%	1.04%	0.29%	90.42%	2.38%	7.20%	100.00%

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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, 2015 and 2014 the board designated net assets as operating reserves in the amounts of \$1,431,065 and \$1,329,957, respectively. The organization also had unrestricted net assets designated as endowments in the amounts of \$614,007 and \$399,416 at June 30, 2015 and 2014, 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, 2015 and 2014, 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, 2015 AND 2014

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 \$53,085 and \$238,800 at June 30, 2015 and 2014, respectively.

Receivables from agencies of the United States government accounted for 24% and 27% of the total accounts receivable balances as of June 30, 2015 and 2014, respectively. Receivables from the State of Nebraska and Minnesota accounted for 16% and 14% of the total, respectively, as of June 30, 2015 and 15% and 12% of the total receivables as of June 30, 2014.

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 \$39,915 and \$41,700 at June 30, 2015 and 2014, respectively.

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

Inventories

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

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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

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, 2015 and 2014, the cash surrender value of those policies was \$103,545 and \$86,941, 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, 2015 and 2014, the cash surrender value of those policies was \$205,973 and \$122,970, 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

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, 2015 and 2014, the Organization held title to land with a value at the date of donation or cost of \$4,707,813. Land expected to be sold within one year is classified as a current asset. Land expected to be held longer than one year is classified as non-current.

Fair Value Measurement

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

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

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

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

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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

Fair Value Measurement (Continued)

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

One of the Organization's principal revenue sources are banquets and events sponsored by the local chapters. Revenues associated with such events are recognized when the event occurs. Membership dues are treated as contributions, as tangible benefits to members are nominal.

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 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 financial statements.

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.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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, 2015 and June 30, 2014, the Organization held three conservation easements covering a total of 432 acres.

Advertising Costs

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

Functional Allocation of Expense

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

Estimates and Assumptions

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

Canadian Affiliate

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

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 20, 2015, the date the financial statements were available to be issued.

NOTE 2 TAX EXEMPT STATUS

The Organization has been granted exempt status relative to federal and state corporate income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state codes. It has been classified as an organization that is not a private foundation. Therefore, charitable contributions are tax deductible. The Organization follows the guidance outlined in the Income Tax Topic of FASB Accounting Standards Codification. The Organization is subject to unrelated business income tax on advertising revenues and merchandise sales.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 TAX EXEMPT STATUS (CONTINUED)

An IRS audit of the Organization's tax returns for the years 2011 through 2013 was completed in the current year resulting in a tax liability for the year ended June 30, 2013 in the amount of \$3,243. Adjustments were made to reduce the amount of overhead expense allocable to unrelated business activities. The audit also resulted in the elimination of the \$482,000 net operating loss carryforward the Organization had accrued. The tax benefit of the net loss carryforwards were offset by a 100% valuation allowance so the net operating loss adjustment had no financial statement impact. The 2014 tax return, filed after the close of the 2014 financial statement audit, resulted in a \$1,079 federal tax payment. The Organization has accrued \$3,000 as an estimated liability for the year ended June 30, 2015. 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:

	<u>2015</u>	<u>2014</u>
Short-Term Investments:		
Certificates of Deposit	\$ 5,301,377	\$ 4,131,280
Corporate Bonds	120,098	130,058
Bond Mutual Funds	491,236	381,946
Equity Mutual Funds	979,608	715,365
Stocks	11,197	10,010
Total Short-Term Investments	<u>\$ 6,903,517</u>	<u>\$ 5,368,659</u>
Endowment Investments:		
Cash & Cash Equivalents - Pending Investment	\$ 226,221	\$ 2,688
Bond Mutual Funds	85,122	122,478
Equity Mutual Funds	1,134,398	1,104,652
Total Endowment Investments	<u>\$ 1,445,741</u>	<u>\$ 1,229,818</u>

Investment income for 2015 and 2014 consists of the following:

	<u>2015</u>	<u>2014</u>
Interest and Dividends	\$ 65,976	\$ 57,337
Net Realized and Unrealized Gain on Investments	(31,051)	232,871
Fees	(109,018)	(93,368)
Total	<u>\$ (74,093)</u>	<u>\$ 196,840</u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2015	2014	Estimated Useful Lives
Land	\$ 410,000	\$ 410,000	
Building and Improvements	1,004,125	998,805	30 Years
Habitat Equipment	1,528,564	1,505,557	5 Years
Office Equipment	2,140,713	1,781,622	3 - 5 Years
Vehicle	49,289	49,289	3 Years
Software Under Development	67,155	297,302	
	<u>\$ 5,199,846</u>	<u>\$ 5,042,575</u>	

NOTE 5 PLEDGES RECEIVABLE

Pledges receivable consists of the following:

	2015	2014
Amounts Due in:		
Less Than One Year	\$ 405,250	\$ 312,800
One to Five Years	108,382	109,072
Total	<u>513,632</u>	<u>421,872</u>
Unamortized Discount - 1.62%	(2,632)	(2,632)
Allowance for Uncollectible Accounts	<u>(39,915)</u>	<u>(41,700)</u>
Net Pledge Receivable	471,085	377,540
Less: Current Portion	365,335	271,100
Pledges Receivable - Long-Term	<u>\$ 105,750</u>	<u>\$ 106,440</u>

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, 2015 and 2014, the estimated real estate value was \$1,156,460 and \$1,017,280, respectively. At June 30, 2015 and 2014, the associated mortgage balance was \$168,690 and \$146,436, respectively.

In 2015 the Organization was notified that it 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, 2014, the latest valuation available to the Organization, was \$554,902. The Organization projects that the value of the remaining assets after the unitrust period to be \$96,825. This discounted value as of June 30, 2015 is \$70,467.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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 \$12,611,080 and \$14,187,431 for the years ended June 30, 2015 and 2014, respectively.

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. Fee title donations of land have been recorded in the financial statements as contribution income and an increase in land held for resale and conservation in the amount of \$0 and \$1,967,000 for the years ended June 30, 2015 and 2014, respectively. The value of partial donations associated with land purchased at below market value have been recorded as contribution income and land procurement expense in the amount of \$390,500 and \$436,589 for the years ended June 30, 2015 and 2014, respectively.

NOTE 8 LINE OF CREDIT

The Organization maintains a \$2,500,000 revolving line of credit agreement with Wells Fargo Bank, which expires on March 5, 2016. The current 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 2.5%. The rates on outstanding borrowings at June 30, 2015 and 2014 was 2.5%. Outstanding borrowings on the line are secured by bank certificates of deposit. The outstanding balance at June 30, 2015 was \$1,220,295. There was no outstanding borrowing on the line of credit at June 30, 2014.

NOTE 9 LONG-TERM DEBT

Long-term debt consists of the following:

<u>Description</u>	<u>2015</u>	<u>2014</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.	\$ 8,348	\$ 18,987
Less: Current Maturities of Long-Term Debt	<u>8,348</u>	<u>10,639</u>
Long-Term Debt, Net of Current Maturities	<u>\$ -</u>	<u>\$ 8,348</u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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, 2015 and 2014 consist of the following:

	2015			
	Level 1	Level 2	Level 3	Total
Corporate Bonds	\$ -	\$ 120,098	\$ -	\$ 120,098
Brokered CDs	-	2,852,109	-	2,852,109
Bond Mutual Funds	576,358	-	-	576,358
Equity Mutual Funds	2,114,006	-	-	2,114,006
Stocks	11,197	-	-	11,197
Beneficial Interest in Trusts	-	-	1,058,238	1,058,238
Total	<u>\$ 2,701,561</u>	<u>\$ 2,972,207</u>	<u>\$ 1,058,238</u>	<u>\$ 6,732,006</u>

	2014			
	Level 1	Level 2	Level 3	Total
Corporate Bonds	\$ -	\$ 130,057	\$ -	\$ 130,057
Brokered CDs	-	1,692,373	-	1,692,373
Bond Mutual Funds	504,424	-	-	504,424
Equity Mutual Funds	1,820,017	-	-	1,820,017
Stocks	10,010	-	-	10,010
Beneficial Interest in Trust	-	-	870,844	870,844
Total	<u>\$ 2,334,451</u>	<u>\$ 1,822,430</u>	<u>\$ 870,844</u>	<u>\$ 5,027,725</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:

	2015	2014
Beginning Balance	\$ 870,844	\$ 506,194
Additional Contributions	70,467	-
Change in Fair Value	116,927	364,650
Ending Balance	<u>\$ 1,058,238</u>	<u>\$ 870,844</u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 11 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following donor restrictions:

	2015	2014
Time Restricted Pledges	\$ 451,085	\$ 331,591
Beneficial Interest in Trust	1,058,238	870,844
Youth and Conservation Education Programs	1,165,694	1,133,624
Farm Bill Biologist Program	136,348	207,036
Land Acquisition and Other Habitat Projects	732,835	638,947
Restricted Land Donations	3,011,226	3,011,226
Total Temporarily Restricted Net Assets	<u>\$ 6,555,425</u>	<u>\$ 6,193,269</u>

Net assets released from restrictions consist of the following:

	2015	2014
Collection of Pledges	\$ 226,008	\$ 282,675
Satisfaction of Program Restrictions	140,875	32,163
Total Net Assets Released from Restrictions	<u>\$ 366,883</u>	<u>\$ 314,838</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.

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.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 12 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

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

Spending Policy, Objectives and Strategies

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

Endowment net asset composition by fund type at June 30, 2015 and 2014 are as follows:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>Donor Restricted Endowments:</u>				
Leopold Education Project	\$ -	\$ 10,039	\$ 58,253	\$ 68,292
Forever Shooting Sports Program	-	32,047	248,822	280,869
Wildlife Conservation Experience	-	102,573	400,000	502,573
Total Donor Restricted	<u>\$ -</u>	<u>\$ 144,659</u>	<u>\$ 707,075</u>	<u>\$ 851,734</u>
<u>Designated Endowment:</u>				
Forever Shooting Sports Program	<u>\$ 614,007</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 614,007</u>
	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>Donor Restricted Endowments:</u>				
Leopold Education Project	\$ -	\$ 12,773	\$ 53,253	\$ 66,026
Forever Shooting Sports Program	-	39,397	243,135	282,532
Wildlife Conservation Experience	-	127,794	400,000	527,794
Total Donor Restricted	<u>\$ -</u>	<u>\$ 179,964</u>	<u>\$ 696,388</u>	<u>\$ 876,352</u>
<u>Designated Endowment:</u>				
Forever Shooting Sports Program	<u>\$ 399,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 399,416</u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 12 ENDOWMENT (CONTINUED)

Spending Policy, Objectives and Strategies (Continued)

Changes in endowment net asset for the years ended June 30, 2015 and 2014 are as follows:

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets - July 1, 2014	\$ 399,416	\$ 179,964	\$ 696,388	\$ 1,275,768
Investment Return	(3,989)	(6,309)	-	(10,298)
Contributions & Designations	224,534	-	10,687	235,221
Appropriation of Endowment				
Assets for Expenditure	(5,954)	(28,996)	-	(34,950)
Endowment Net Assets - June 30, 2015	<u>\$ 614,007</u>	<u>\$ 144,659</u>	<u>\$ 707,075</u>	<u>\$ 1,465,741</u>
	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - July 1, 2013	\$ 205,207	\$ 81,017	\$ 684,043	\$ 970,267
Investment Return	24,003	125,376	-	149,379
Contributions & Designations	172,839	-	12,345	185,184
Appropriation of Endowment				
Assets for Expenditure	(2,633)	(26,429)	-	(29,062)
Endowment Net Assets - June 30, 2014	<u>\$ 399,416</u>	<u>\$ 179,964</u>	<u>\$ 696,388</u>	<u>\$ 1,275,768</u>

NOTE 13 LEASES

The Organization leases various equipment and vehicles under operating leases that expire between 2016 and 2018. The following is a schedule of future minimum lease payments due through the terms of these leases:

<u>Year Ending June 30.</u>	Office Equipment	Equipment and Vehicles	Total
2016	\$ 5,586	\$ 211,430	\$ 217,016
2017	5,586	146,639	152,225
2018	5,586	22,105	27,691
Total	<u>\$ 16,758</u>	<u>\$ 380,174</u>	<u>\$ 396,932</u>

Office equipment lease expense was \$5,050 and \$4,740 for the years ended June 30, 2015 and 2014, respectively. Equipment and vehicle lease expense was \$234,711 and \$209,904 in the years ended June 30, 2015 and 2014, 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, 2015 and 2014, the building had accumulated depreciation of \$274,160 and \$241,906, respectively. The Organization had previously leased a portion of the building along with two unrelated tenants.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 13 LEASES (CONTINUED)

Upon taking ownership, the Organization assumed two leases, which account for 45% of the building space, and expire in October 2016 and May 2019. The lease expiring in May 2019 permits the lessee to terminate the lease any time after May 2016 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>
2016	94,534
2017	71,345
2018	60,390
2019	56,623
Total	<u>\$ 282,892</u>

For the years ended June 30, 2015 and 2014, the Organization recorded rental income associated with these leases of \$129,714 and \$130,616, respectively. For the years ended June 30, 2015 and 2014, the Organization had associated expenses related to an allocable portion of real estate taxes and maintenance of \$28,783 and \$30,795, respectively.

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 \$310,467 and \$427,311 for the years ended June 30, 2015 and 2014, 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.



**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 years ended June 30, 2015 and 2014 and our report dated November 20, 2015, 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 financial statements taken as a whole.

The consolidating balance sheet and consolidating schedule of activity is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

A handwritten signature in black ink that reads "Boyum & Barenscheer PLLP".

Boyum & Barenscheer PLLP

Minneapolis, Minnesota
November 20, 2015

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
JUNE 30, 2015

	Pheasants Forever, Inc.	Habitat Forever, LLC	The Forever Land Trust, LLC	Eliminations	Total
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalent	\$ 15,895,971	\$ 254,897	\$ 29,400	\$ -	\$ 16,180,268
Investments	7,494,463	-	-	(590,946)	6,903,517
Accounts Receivable (Net)	5,837,507	786,688	-	(1,465,895)	5,158,300
Pledges Receivable	365,335	-	-	-	365,335
Loan Due from Subsidiary	-	-	-	-	-
Inventories	1,640,199	38,746	-	-	1,678,945
Land Held for Resale & Conservation	406,000	-	-	-	406,000
Prepaid Expenses	664,539	2,155	-	-	666,694
Total Current Assets	<u>32,304,014</u>	<u>1,082,486</u>	<u>29,400</u>	<u>(2,056,841)</u>	<u>31,359,059</u>
PROPERTY AND EQUIPMENT	3,884,508	1,315,338	-	-	5,199,846
Less: Accumulated Depreciation	2,237,561	1,123,777	-	-	3,361,338
Total Property and Equipment	<u>1,646,947</u>	<u>191,561</u>	<u>-</u>	<u>-</u>	<u>1,838,508</u>
OTHER ASSETS					
Investments - Endowments	1,445,741	-	-	-	1,445,741
Land Held for Resale & Conservation	4,081,126	-	220,687	-	4,301,813
Pledges Receivable - Long Term	105,750	-	-	-	105,750
Beneficial Interest in Trust	1,058,238	-	-	-	1,058,238
Cash Surrender Value of Life Insurance	309,519	-	-	-	309,519
Total Other Assets	<u>7,000,374</u>	<u>-</u>	<u>220,687</u>	<u>-</u>	<u>7,221,061</u>
Total Assets	<u><u>\$ 40,951,335</u></u>	<u><u>\$ 1,274,047</u></u>	<u><u>\$ 250,087</u></u>	<u><u>\$ (2,056,841)</u></u>	<u><u>\$ 40,418,628</u></u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable	\$ 4,473,120	\$ 1,677,291	\$ -	\$ (1,465,895)	\$ 4,684,516
Accrued Employee Benefits, Withholdings and Other Liabilities	907,176	50,601	-	-	957,777
Bank Line of Credit	1,220,295	-	-	-	1,220,295
Current Maturities of Long-Term Debt	8,348	-	-	-	8,348
Loan Due to Parent	-	-	-	-	-
Grant Advances	2,087,175	14,622	-	-	2,101,797
Deferred Revenues	195,188	1,625	-	-	196,813
Liability Under Annuity Agreement	16,989	-	-	-	16,989
Total Current Liabilities	<u>8,908,291</u>	<u>1,744,139</u>	<u>-</u>	<u>(1,465,895)</u>	<u>9,186,535</u>
LONG-TERM LIABILITIES					
Liability Under Annuity Agreement	186,978	-	-	-	186,978
Long-Term Debt, Net of Current Maturities	-	-	-	-	-
Total Long-Term Liabilities	<u>186,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,978</u>
Total Liabilities	9,095,269	1,744,139	-	(1,465,895)	9,373,513
NET ASSETS					
Unrestricted	22,548,494	(470,092)	250,087	(590,946)	21,737,543
Unrestricted - Board Designated Reserve	1,431,065	-	-	-	1,431,065
Unrestricted - Designated Endowment	614,007	-	-	-	614,007
Temporarily Restricted	6,555,425	-	-	-	6,555,425
Permanently Restricted	707,075	-	-	-	707,075
Total Net Assets	<u>31,856,066</u>	<u>(470,092)</u>	<u>250,087</u>	<u>(590,946)</u>	<u>31,045,115</u>
Total Liabilities and Net Assets	<u><u>\$ 40,951,335</u></u>	<u><u>\$ 1,274,047</u></u>	<u><u>\$ 250,087</u></u>	<u><u>\$ (2,056,841)</u></u>	<u><u>\$ 40,418,628</u></u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF ACTIVITY
YEAR ENDED JUNE 30, 2015

	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)	\$ 18,643,325	\$ -	\$ 6,012	\$ -	\$ 18,649,337
Banquet and Event Revenues	20,426,623	-	-	-	20,426,623
Direct Expenses of Banquets and Events	(13,464,681)	-	-	-	(13,464,681)
Net Support from Banquets and Events	6,961,942	-	-	-	6,961,942
Membership Dues	5,165,926	-	-	-	5,165,926
Total Support	30,771,193	-	6,012	-	30,777,205
Revenue:					
Sales of Merchandise	515,936	-	-	-	515,936
Cost of Merchandise Sold	(255,850)	-	-	-	(255,850)
Gross Profit on Merchandise Sales	260,086	-	-	-	260,086
Program Service Revenue	8,028,221	987,045	-	(224,658)	8,790,608
Government Program Grants	24,885,232	1,901,807	-	-	26,787,039
Advertising Revenues	715,629	-	-	-	715,629
Investment Income	(67,784)	-	-	-	(67,784)
Other Income	427,869	49,326	-	(84,960)	392,235
Total Revenue	34,249,253	2,938,178	-	(309,618)	36,877,813
Net Assets Released from Restrictions	366,883	-	-	-	366,883
Total Support and Revenue	65,387,329	2,938,178	6,012	(309,618)	68,021,901
EXPENSES					
Program Services	57,054,013	3,038,964	2,316	(273,618)	59,821,675
Supporting Services:					
Administrative Expenses	2,012,737	58,523	530	(36,000)	2,035,790
Fundraising Expenses	6,189,456	-	-	-	6,189,456
Total Supporting Services	8,202,193	58,523	530	(36,000)	8,225,246
Total Expenses	65,256,206	3,097,487	2,846	(309,618)	68,046,921
CHANGES IN UNRESTRICTED NET ASSETS	131,123	(159,309)	3,166	-	(25,020)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS					
Time and Purpose Restricted Contributions	735,348	-	-	-	735,348
Investment Income	(6,309)	-	-	-	(6,309)
Net Assets Released from Restrictions	(366,883)	-	-	-	(366,883)
Changes in Temporarily Restricted Net Assets	362,156	-	-	-	362,156
PERMANENTLY RESTRICTED CONTRIBUTIONS	10,687	-	-	-	10,687
CHANGES IN NET ASSETS	503,966	(159,309)	3,166	-	347,823
Net Assets - Beginning of the Year	31,352,100	(310,783)	246,921	(590,946)	30,697,292
NET ASSETS - END OF YEAR	\$ 31,856,066	\$ (470,092)	\$ 250,087	\$ (590,946)	\$ 31,045,115