

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Pheasants Forever, Inc. and Subsidiaries as of June 30, 2011 and 2010, and the related consolidated statements of activity, cash flows, and functional expenses for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pheasant Forever, Inc. and Subsidiaries as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

LarsonAllen LLP
LarsonAllen LLP

Minneapolis, Minnesota
December 22, 2011



(1)

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PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2011 AND 2010

ASSETS	2011	2010
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 12,013,002	\$ 9,429,523
Investments	4,246,663	5,380,977
Accounts Receivable (Net)	2,401,768	2,246,493
Pledges Receivable (Net)	269,153	320,982
Inventories	1,534,881	1,530,360
Land Held for Resale	965,825	1,628,750
Prepaid Expenses	374,551	196,061
Total Current Assets	21,805,843	20,733,146
PROPERTY AND EQUIPMENT		
Less: Accumulated Depreciation	3,944,403	3,658,744
Total Property and Equipment	1,765,442	1,444,534
Total Property and Equipment	2,178,961	2,214,210
OTHER ASSETS		
Land Held for Resale	2,982,587	1,065,687
Pledges Receivable - Long-Term	140,223	103,611
Beneficial Interest in Trust	432,253	301,680
Cash Surrender Value of Life Insurance	10,425	-
Total Other Assets	3,565,488	1,470,978
Total Assets	\$ 27,550,292	\$ 24,418,334
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 3,113,355	\$ 2,478,688
Accrued Employee Benefits, Withholdings and Other Liabilities	666,014	640,123
Bank Line of Credit	-	-
Current Maturities of Long-Term Debt	77,983	142,624
Grant Advances	1,471,948	1,529,049
Deferred Revenues	149,073	259,286
Liability Under Annuity Agreement	15,103	15,707
Total Current Liabilities	5,493,476	5,065,477
LONG-TERM LIABILITIES		
Liability Under Annuity Agreement	236,008	220,301
Long-Term Debt, Net of Current Maturities	42,140	562,357
Total Long-Term Liabilities	278,148	782,658
Total Liabilities	5,771,624	5,848,135
NET ASSETS		
Unrestricted	19,466,722	17,464,563
Unrestricted - Board Designated Reserve	100,000	-
Temporarily Restricted	1,673,692	1,072,382
Permanently Restricted	538,254	33,254
Total Net Assets	21,778,668	18,570,199
Total Liabilities and Net Assets	\$ 27,550,292	\$ 24,418,334

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITY
YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
CHANGES IN UNRESTRICTED NET ASSETS:		
SUPPORT AND REVENUE		
Support:		
Contributions (Including In-Kind Contributions - Note 7)	\$ 18,014,508	\$ 16,493,926
Banquet and Event Revenues	18,104,646	15,672,381
Direct Expenses of Banquets and Events	<u>(12,262,437)</u>	<u>(11,730,314)</u>
Net Support from Banquets and Events	5,842,209	3,942,067
Membership Dues	<u>4,906,259</u>	<u>4,152,122</u>
Total Support	28,762,976	24,588,115
Revenue:		
Sales of Merchandise	488,533	560,308
Cost of Merchandise Sold	<u>(242,439)</u>	<u>(307,650)</u>
Gross Profit on Merchandise Sales	246,094	252,658
Program Service Revenue	8,110,503	5,714,934
Government Program Grants	18,099,983	13,511,076
Advertising Revenues	699,213	653,745
Investment Income	101,967	77,238
Other Income	<u>470,702</u>	<u>333,293</u>
Total Revenue	27,728,462	20,542,944
Net Assets Released from Restrictions	<u>368,478</u>	<u>359,722</u>
Total Support and Revenue	56,859,916	45,490,781
EXPENSES		
Program Services	50,260,897	41,332,249
Supporting Services:		
Administrative Expenses	1,283,064	1,048,324
Fundraising Expenses	<u>3,213,796</u>	<u>3,058,206</u>
Total Supporting Services	<u>4,496,860</u>	<u>4,106,530</u>
Total Expenses	<u>54,757,757</u>	<u>45,438,779</u>
CHANGES IN UNRESTRICTED NET ASSETS	2,102,159	52,002
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Time and Purpose Restricted Contributions	969,449	447,033
Investment Income	339	-
Net Assets Released from Restrictions	<u>(368,478)</u>	<u>(359,722)</u>
Changes in Temporarily Restricted Net Assets	<u>601,310</u>	<u>87,311</u>
PERMANENTLY RESTRICTED CONTRIBUTIONS	505,000	6,000
CHANGES IN NET ASSETS	3,208,469	145,313
Net Assets - Beginning of the Year	<u>18,570,199</u>	<u>18,424,886</u>
NET ASSETS - END OF YEAR	<u>\$ 21,778,668</u>	<u>\$ 18,570,199</u>

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 3,208,469	\$ 145,313
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Value of Donated Land	(285,000)	(160,000)
Value of Donated Securities	(2,979)	(5,032)
Depreciation	337,158	277,861
Net Gain on Sales and Disposals of Equipment	(3,787)	(21,813)
Net Realized and Unrealized Gain on Investments	(79,576)	(33,753)
Change in Valuation of Annuity Obligations	40,250	10,044
Change in Valuation of Beneficial Interest in Trust	(130,573)	(82,054)
Change in Valuation of Land Held for Resale	92,100	-
Change in Valuation of Life Insurance	(10,425)	-
Contributions Restricted for Long-Term Investment	(505,000)	(6,000)
Gain on Sale of Land	(53,225)	(87,120)
Change in Current Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(155,275)	631,771
(Increase) Decrease in Inventories	(4,521)	304,249
(Increase) Decrease in Pledges Receivable	115,217	(33,824)
Increase in Prepaid Expenses	(178,490)	(4,186)
Decrease in Accrued Bond Interest	-	7,373
Increase in Accounts Payable	634,667	96,235
Increase in Accrued Employee Benefits, Withholdings and Other Liabilities	25,891	153,889
Increase (Decrease) in Grant Advances	(57,101)	376,185
Decrease in Deferred Revenues	(110,213)	(78,239)
Net Cash Provided by Operating Activities	2,877,587	1,490,899
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Property and Equipment	(254,833)	(433,775)
Acquisition of Land Held for Resale	(1,679,825)	(450,000)
Proceeds from Sale of Land Held for Resale	671,975	950,320
Proceeds from Sale of Equipment	6,000	23,500
Purchase of Investments	(1,465,664)	(2,467,508)
Proceeds from Sale of Investments	2,682,533	839,872
Net Cash Used by Investing Activities	(39,814)	(1,537,591)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Notes Payable	(634,858)	(303,684)
Proceeds from Borrowing	711	18,827
Net Payments on Bank Line of Credit	-	(452,677)
Contributions Restricted for Long-Term Investment	405,000	6,000
Payment on Annuity Obligation	(25,147)	(25,147)
Net Cash Used by Financing Activities	(254,294)	(756,681)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,583,479	(803,373)
Cash and Cash Equivalents - Beginning of Year	9,429,523	10,232,896
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 12,013,002	\$ 9,429,523
NON-CASH TRANSACTIONS		
Vehicle Purchased in Exchange for Note Payable	\$ 49,289	\$ -
Cash Paid for Interest	\$ 32,777	\$ 77,882

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2010

	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	\$ 401,796	\$ -	\$ -	\$ -	\$ -	\$ 401,796	\$ -	\$ -	\$ 401,796
Nesting Cover	3,225,142	-	-	-	-	3,225,142	-	-	3,225,142
Food Plots/Feeding	11,365,255	-	-	-	-	11,365,255	-	-	11,365,255
Land Procurement	10,638,578	-	-	-	-	10,638,578	-	-	10,638,578
Wetland Restoration	1,356,212	-	-	-	-	1,356,212	-	-	1,356,212
Equipment for Habitat	532,472	-	-	-	-	532,472	-	-	532,472
Other Habitat Projects	2,815,876	-	-	-	-	2,815,876	-	-	2,815,876
Youth Programs	-	1,497,414	-	-	-	1,497,414	-	-	1,497,414
Publications	-	694,480	-	-	-	694,480	-	-	694,480
Other Public Awareness and Education	-	875,854	-	-	-	875,854	-	-	875,854
Chapter Advertising and Promotion	-	-	-	-	-	-	-	992,035	992,035
Salaries and Wages	2,116,314	955,055	1,426,951	317,500	60,234	4,876,054	542,509	823,607	6,242,170
Payroll Tax Expense	168,034	62,004	111,217	22,185	3,829	367,269	39,340	61,362	467,971
Employee Benefits	241,877	55,289	93,457	25,546	5,221	421,390	29,925	48,245	499,560
Retirement Plan	57,873	33,338	44,966	8,625	2,300	147,102	31,748	32,180	211,030
Legal Fees	-	-	-	-	-	-	3,300	-	3,300
Consulting Fees	-	-	-	47,220	37,697	84,917	14,117	3,500	102,534
Accounting and Audit Fees	-	-	-	-	-	-	86,934	-	86,934
State Registration Fees	-	-	-	-	7,188	7,188	2,940	-	10,128
Insurance	73,529	11,712	20,765	3,775	56,526	166,307	10,357	42,491	219,155
Government Relations	-	145,890	-	-	-	145,890	-	-	145,890
Direct Mail Expenses	-	-	-	-	-	-	-	459,240	459,240
Printing and Supplies	41,766	33,845	35,752	66,223	47,373	224,959	32,648	80,238	337,845
Postage	3,101	8,497	12,387	110,037	9,816	143,838	13,868	8,444	166,150
Shipping	-	-	-	-	-	-	-	185,612	185,612
Occupancy	-	6,545	-	2,308	902	9,755	3,398	26,151	39,304
Telephone	46,383	22,087	87,812	2,911	6,084	165,277	11,173	17,222	193,672
Travel Expense	268,538	72,622	370,223	1,990	1,086	714,459	34,597	101,354	850,410
Meetings and Conferences	2,301	4,767	3,769	605	2,212	13,654	94,032	820	108,506
Depreciation	103,303	21,925	11,933	28,937	15,271	181,369	30,276	66,216	277,861
Equipment Rental and Maintenance	170,938	503	1,425	-	-	172,866	7,983	1,321	182,170
Bad Debt Expense	-	-	-	-	-	-	22,000	-	22,000
Interest Expense	33,694	-	-	-	-	33,694	7,898	-	41,592
Miscellaneous	15,799	25,376	10,700	757	550	53,182	29,281	108,168	190,631
Total Expenses	\$33,678,781	\$ 4,527,203	\$ 2,231,357	\$ 638,619	\$ 256,289	\$41,332,249	\$ 1,048,324	\$ 3,058,206	\$ 45,438,779
	<u>74.12%</u>	<u>9.96%</u>	<u>4.91%</u>	<u>1.41%</u>	<u>0.56%</u>	<u>90.96%</u>	<u>2.31%</u>	<u>6.73%</u>	<u>100.00%</u>

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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

Consolidation

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

Financial Statement Presentation

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

Unrestricted – Those resources over which the board of directors has discretionary control. Board designated amounts represent those revenues which the board has set aside for a particular purpose. At June 30, 2011 the board designated \$100,000 in net assets as an operating reserve.

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, 2011 and 2010, 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, 2011 AND 2010

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 \$111,000 and \$78,800 at June 30, 2011 and 2010, respectively.

There were no accounts receivable balances greater than 10% of the balance at June 30, 2011 and 2010.

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 \$45,000 and \$33,000 at June 30, 2011 and 2010, 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, 2011 AND 2010

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

Property and Equipment

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

Revenue Recognition

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

Land Held for Resale and Conservation

Periodically the Organization acquires land either by purchase or donation. Typically the land is subsequently transferred at no cost to a local government agency to manage for wildlife purposes. At June 30, 2011 and 2010, the Organization held title to land with a value at the date of donation or cost of \$3,948,412 and \$2,694,437, respectively. Land expected to be sold within one year is classified as a current asset. Land expected to be held longer than one year is classified as non-current.

Fair Value Measurement

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

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

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

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

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

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

Fair Value Measurement (Continued)

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

Contributions

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

Grants and Contracts

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

Contributed Goods and Services

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

Conservation Easements

A conservation easement is a voluntary, legally enforceable agreement between a landowner and another entity in which the landowner gives up certain rights to use or modify their land subject to the terms of the easement. The entity agrees to monitor and enforce conditions within the agreement throughout the life of the easement (usually in perpetuity). In certain cases, the Organization acquires, or accepts as a donation, easements that provide conservation benefits consistent with the Organization's mission. Conservation easements that are purchased are recorded as program expense in the year acquired. Contributed easements are recorded as contribution income and program expense based on appraisal or other estimates of value. At June 30, 2011, the Organization held two conservation easements covering a total of 178 acres. The Organization held no conservation easements at June 30, 2010.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

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

Advertising Costs

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

Functional Allocation of Expense

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

Estimates and Assumptions

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

Canadian Affiliate

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

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 22, 2011, the date the financial statements were available to be issued.

NOTE 2 TAX EXEMPT STATUS

The Organization has been granted exempt status relative to federal and state corporate income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state codes. It has been classified as an organization that is not a private foundation. Therefore, charitable contributions are tax deductible. The Organization follows the guidance outlined in the Income Tax Topic of FASB Accounting Standards Codification. The Organization is subject to unrelated business income tax on advertising revenues and merchandise sales. As of June 30, 2011 and 2010, there was no liability recorded for unrelated business income taxes as the income from those activities was not significant. The Organization has generated net operating losses totaling approximately \$321,000 over the past several years, the tax benefit of which has been offset 100% by a valuation allowance. The Organization's tax returns are subject to review and examination by federal authorities. The tax returns for the years 2008 through 2011 are open to examination by federal authorities. The two single member limited liability companies owned by Organization are disregarded entities for income tax purposes and follow the same tax treatment as the Organization.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 3 INVESTMENTS

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

	<u>2011</u>	<u>2010</u>
Certificates of Deposit	\$ 4,107,575	\$ 4,236,423
US Treasuries	-	498,712
Corporate Bonds	-	259,573
Bond Mutual Funds	105,582	124,087
Equity Mutual Funds	33,506	257,150
Stocks	-	5,032
Total	<u>\$ 4,246,663</u>	<u>\$ 5,380,977</u>

Investment income for 2011 and 2010 consists of the following:

	<u>2011</u>	<u>2010</u>
Interest and Dividends	\$ 60,116	\$ 70,566
Net Realized and Unrealized Gain on Investments	79,576	33,753
Fees	(37,386)	(27,081)
Total	<u>\$ 102,306</u>	<u>\$ 77,238</u>

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2011</u>	<u>2010</u>	<u>Estimated Useful Lives</u>
Land	\$ 410,000	\$ 410,000	
Building and Improvements	967,625	967,625	30 Years
Habitat Equipment	1,041,948	863,324	5 Years
Office Equipment	1,475,541	1,304,555	3 - 5 Years
Vehicle	49,289	-	3 Years
Software Under Development	-	113,240	
	<u>\$ 3,944,403</u>	<u>\$ 3,658,744</u>	

Software under development included implementing a new database and financial accounting systems which were placed in service principally during the year ended June 30, 2010.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 5 PLEDGES RECEIVABLE

Pledges receivable consists of the following:

	2011	2010
Amounts Due in:		
Less Than One Year	\$ 314,153	\$ 353,982
One to Five Years	148,250	109,158
Total	462,403	463,140
Unamortized Discount - 2.5% to 7.00%	(8,027)	(5,547)
Allowance for Uncollectible Accounts	(45,000)	(33,000)
Net Pledge Receivable	409,376	424,593
Less: Current Portion	269,153	320,982
Pledges Receivable - Long-Term	\$ 140,223	\$ 103,611

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, 2011 and 2010, the estimated real estate value was \$520,494 and \$394,781, respectively. At June 30, 2011 and 2010, the associated mortgage balance was \$88,241 and \$93,101, respectively.

NOTE 7 CONTRIBUTED GOODS AND SERVICES

The Organization received in-kind contributions relating to food plots consisting of primarily donated seed and the donated use of land. The fair market value of these items has been recorded in the financial statements as contribution income and food plot expense in the amount of \$11,150,377 and \$10,605,120 for the years ended June 30, 2011 and 2010, respectively.

NOTE 8 LINE OF CREDIT

The Organization maintains a \$1,500,000 revolving line of credit agreement with Wells Fargo Bank. The agreement specifies an interest rate on outstanding balances equal to 2.00% over the index rate, defined as the London Inter-bank Offered Rate, but not less than 4.25%. The rate on outstanding borrowings at June 30, 2011 and 2010 was 4.25% and 4.50%, respectively. Outstanding borrowings on the line are secured by bank certificates of deposit. The agreement expires on March 5, 2012. There were no outstanding borrowings on the line of credit at June 30, 2011 and 2010.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 9 LONG-TERM DEBT

Long-term debt consists of the following:

<u>Description</u>	<u>2011</u>	<u>2010</u>
Note Payable - Private Party; Annual interest only payments in May 2009 and 2010 at 5.5%. Equal annual principal and interest payments beginning May 2011 and continuing through May 2018. Interest rate equal to Wall Street Prime plus .25%, but not less than 5.5%. Secured by land.	\$ 62,340	\$ 562,282
Note Payable - GMAC Financing; 36 equal monthly payments of principal and interest beginning January 2010 and continuing through December 2012. Interest rate of 7.78%. Secured by vehicle.	9,988	15,546
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.	47,795	-
Note Payable - Microsoft Financing; 48 equal monthly payments of principal and interest through June 2012. Interest rate of 8.2%. Secured by software and hardware. Paid in Full March 2011.	-	93,213
Note Payable - Wells Fargo Bank; 36 equal monthly payments of principal and interest through April 2012. Interest rate of 5.5%. Secured by investments. Paid in Full December 2010.	-	33,940
Total	<u>120,123</u>	<u>704,981</u>
Less: Current Maturities of Long-Term Debt	<u>77,983</u>	<u>142,624</u>
Long-Term Debt, Net of Current Maturities	<u>\$ 42,140</u>	<u>\$ 562,357</u>

Scheduled maturities on long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 77,983
2013	13,050
2014	10,103
2015	10,639
2016	8,348
Total	<u>\$ 120,123</u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 10 FAIR VALUE MEASUREMENT

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

The fair value hierarchy of for assets and liabilities measured at fair value on a recurring basis at June 30, 2011 and 2010 consist of the following:

	2011			Total
	Level 1	Level 2	Level 3	
Corporate Bonds	\$ -	\$ -	\$ -	\$ -
Brokered CDs	-	1,913,817	-	1,913,817
US Treasuries	-	-	-	-
Stocks	-	-	-	-
Bond Mutual Funds	105,582	-	-	105,582
Equity Mutual Funds	33,506	-	-	33,506
Beneficial Interest in Trust	-	-	432,253	432,253
Total	<u>\$ 139,088</u>	<u>\$ 1,913,817</u>	<u>\$ 432,253</u>	<u>\$ 2,485,158</u>

	2010			Total
	Level 1	Level 2	Level 3	
Corporate Bonds	\$ -	\$ 259,573	\$ -	\$ 259,573
Brokered CDs	-	2,073,364	-	2,073,364
US Treasuries	-	498,712	-	498,712
Stocks	5,032	-	-	5,032
Bond Mutual Funds	124,087	-	-	124,087
Equity Mutual Funds	257,150	-	-	257,150
Beneficial Interest in Trust	-	-	301,680	301,680
Total	<u>\$ 386,269</u>	<u>\$ 2,831,649</u>	<u>\$ 301,680</u>	<u>\$ 3,519,598</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:

	2011	2010
Beginning Balance	\$ 301,680	\$ 219,625
Change in Fair Value	130,573	82,055
Ending Balance	<u>\$ 432,253</u>	<u>\$ 301,680</u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 11 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following donor restrictions:

	2011	2010
Time Restricted Pledge Payments	\$ 309,375	\$ 424,593
Beneficial Interest in Trust	432,253	301,680
Youth and Conservation Education Programs	253,038	48,236
Farm Bill Biologist Program	11,906	-
Land Acquisition and Other Habitat Projects	161,120	41,873
Restricted Land Donations	506,000	256,000
Total Temporarily Restricted Net Assets	<u>\$ 1,673,692</u>	<u>\$ 1,072,382</u>

Net assets released from restrictions consist of the following:

	2011	2010
Collection of Pledges	\$ 333,520	\$ 264,130
Satisfaction of Program Restrictions	34,958	95,592
Total Net Assets Released from Restrictions	<u>\$ 368,478</u>	<u>\$ 359,722</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.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 12 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

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

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

Spending Policy, Objectives and Strategies

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

Endowment net asset composition by fund type at June 30, 2011 and 2010 are as follows:

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowments:				
Leopold Education Project	\$ -	\$ -	\$ 38,254	\$ 38,254
Wildlife Conservation Experience Fund	-	339	400,000	400,339
Total Investments	-	339	438,254	438,593
Forever Shooting Sports Program Pledge	-	-	100,000	100,000
Total Permanently Restricted	<u>\$ -</u>	<u>\$ 339</u>	<u>\$ 538,254</u>	<u>\$ 538,593</u>
	2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowments:				
Leopold Education Project	\$ -	\$ -	\$ 33,254	\$ 33,254
Total Permanently Restricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,254</u>	<u>\$ 33,254</u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 12 ENDOWMENT (CONTINUED)

Spending Policy, Objectives and Strategies (Continued)

Changes in endowment net asset for the years ended June 30, 2011 and 2010 are as follows:

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - July 1, 2010	\$ -	\$ -	\$ 33,254	\$ 33,254
Investment Return	-	440	-	440
Contributions	-	-	405,000	405,000
Appropriation of Endowment				
Assets for Expenditure	-	(101)	-	(101)
Endowment Net Assets - June 30, 2011	<u>\$ -</u>	<u>\$ 339</u>	<u>\$ 438,254</u>	<u>\$ 438,593</u>
	2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - July 1, 2009	\$ -	\$ -	\$ 27,254	\$ 27,254
Investment Return	-	71	-	71
Contributions	-	-	6,000	6,000
Appropriation of Endowment				
Assets for Expenditure	-	(71)	-	(71)
Endowment Net Assets - June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,254</u>	<u>\$ 33,254</u>

NOTE 13 LEASES

The Organization leases various equipment and vehicles under operating leases that expire between 2012 and 2015. The following is a schedule of future minimum lease payments due through the terms of these leases:

<u>Year Ending June 30,</u>	Office Equipment	Equipment and Vehicles	Total
2012	\$ 4,740	\$ 118,889	\$ 123,629
2013	4,740	90,695	95,435
2014	4,740	33,348	38,088
2015	4,345	-	4,345
Total	<u>\$ 18,565</u>	<u>\$ 242,932</u>	<u>\$ 261,497</u>

Office equipment lease expense was \$4,278 and \$4,236 for the years ended June 30, 2011 and 2010, respectively. Equipment and vehicle lease expense was \$161,525 and \$117,086 in the years ended June 30, 2011 and 2010, respectively.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 13 LEASES (CONTINUED)

In September 2006 the Organization acquired the land and building which serves as its national headquarters at a cost of \$1,377,625. At June 30, 2011 and 2010, the building had accumulated depreciation of \$145,144 and \$112,890, respectively. The Organization had previously leased a portion of the building along with two unrelated tenants.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 88,405
2013	90,262
2014	64,294
Total	<u>\$ 242,961</u>

For the years ended June 30, 2011 and 2010, the Organization recorded rental income associated with these leases of \$123,948 and \$ 122,034, respectively. For the years ended June 30, 2011 and 2010, the Organization had associated expenses related to an allocable portion of real estate taxes and maintenance of \$26,907 and \$25,111, respectively.

NOTE 14 PENSION PLAN

The Organization maintains a qualified retirement plan under IRC Section 401(k). The plan covers all employees that meet the minimum age, job classification, and length of service requirements. Employees can make voluntary contributions to the plan. Vesting is immediate for these employee contributions. The plan also provides for matching contributions and discretionary employer contributions, which are determined annually by the Organization's Board of Directors. These contributions are subject to a vesting schedule. Total employer contributions were \$279,023 and \$198,993 for the years ended June 30, 2011 and 2010, respectively.

NOTE 15 ANNUITY AGREEMENT

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



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**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY INFORMATION**

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

Our report on the audits of the basic consolidated financial statements of Pheasants Forever, Inc. and Subsidiaries for the years ended June 30, 2011 and 2010 appears on page 1. Those audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information shown on page 21 and 22 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, accordingly, we express no opinion on it.

LarsonAllen LLP
LarsonAllen LLP

Minneapolis, Minnesota
December 22, 2011



PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
JUNE 30, 2011

	Pheasants Forever, Inc.	Habitat Forever, LLC	The Forever Land Trust, LLC	Eliminations	Total
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalent	\$ 11,452,504	\$ 538,373	\$ 22,125	\$ -	\$ 12,013,002
Investments	4,837,609	-	-	(590,946)	4,246,663
Accounts Receivable (Net)	2,808,604	542,334	-	(949,170)	2,401,768
Pledges Receivable	269,153	-	-	-	269,153
Loan Due from Subsidiary	128,774	-	-	(128,774)	-
Inventories	1,476,137	58,744	-	-	1,534,881
Land Held for Resale	965,825	-	-	-	965,825
Prepaid Expenses	374,551	-	-	-	374,551
Total Current Assets	<u>22,313,157</u>	<u>1,139,451</u>	<u>22,125</u>	<u>(1,668,890)</u>	<u>21,805,843</u>
PROPERTY AND EQUIPMENT	2,980,050	964,353	-	-	3,944,403
Less: Accumulated Depreciation	1,114,608	650,834	-	-	1,765,442
Total Property and Equipment	<u>1,865,442</u>	<u>313,519</u>	<u>-</u>	<u>-</u>	<u>2,178,961</u>
OTHER ASSETS					
Land Held for Resale	2,761,900	-	220,687	-	2,982,587
Pledges Receivable - Long Term	140,223	-	-	-	140,223
Beneficial Interest in Trust	432,253	-	-	-	432,253
Cash Surrender Value of Life Insurance	10,425	-	-	-	10,425
Total Other Assets	<u>3,344,801</u>	<u>-</u>	<u>220,687</u>	<u>-</u>	<u>3,565,488</u>
Total Assets	<u>\$ 27,523,400</u>	<u>\$ 1,452,970</u>	<u>\$ 242,812</u>	<u>\$ (1,668,890)</u>	<u>\$ 27,550,292</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable	\$ 2,680,216	\$ 1,382,309	\$ -	\$ (949,170)	\$ 3,113,355
Accrued Employee Benefits, Withholdings and Other Liabilities	619,830	46,184	-	-	666,014
Bank Line of Credit	-	-	-	-	-
Current Maturities of Long-Term Debt	71,451	6,532	-	-	77,983
Loan Due to Parent	-	128,774	-	(128,774)	-
Grant Advances	1,358,565	113,383	-	-	1,471,948
Deferred Revenues	141,785	7,288	-	-	149,073
Liability Under Annuity Agreement	15,103	-	-	-	15,103
Total Current Liabilities	<u>4,886,950</u>	<u>1,684,470</u>	<u>-</u>	<u>(1,077,944)</u>	<u>5,493,476</u>
LONG-TERM LIABILITIES					
Liability Under Annuity Agreement	236,008	-	-	-	236,008
Long-Term Debt, Net of Current Maturities	38,684	3,456	-	-	42,140
Total Long-Term Liabilities	<u>274,692</u>	<u>3,456</u>	<u>-</u>	<u>-</u>	<u>278,148</u>
Total Liabilities	<u>5,161,642</u>	<u>1,687,926</u>	<u>-</u>	<u>(1,077,944)</u>	<u>5,771,624</u>
NET ASSETS					
Unrestricted	20,049,812	(234,956)	242,812	(590,946)	19,466,722
Unrestricted - Board Designated Reserve	100,000	-	-	-	100,000
Temporarily Restricted	1,673,692	-	-	-	1,673,692
Permanently Restricted	538,254	-	-	-	538,254
Total Net Assets	<u>22,361,758</u>	<u>(234,956)</u>	<u>242,812</u>	<u>(590,946)</u>	<u>21,778,668</u>
Total Liabilities and Net Assets	<u>\$ 27,523,400</u>	<u>\$ 1,452,970</u>	<u>\$ 242,812</u>	<u>\$ (1,668,890)</u>	<u>\$ 27,550,292</u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF ACTIVITY
YEAR ENDED JUNE 30, 2011

	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)	\$ 18,011,111	\$ 4,075	\$ 3,322	\$ (4,000)	\$ 18,014,508
Banquet and Event Revenues	18,107,246	-	-	(2,600)	18,104,646
Direct Expenses of Banquets and Events	(12,262,437)	-	-	-	(12,262,437)
Net Support from Banquets and Events	5,844,809	-	-	(2,600)	5,842,209
Membership Dues	4,906,259	-	-	-	4,906,259
Total Support	28,762,179	4,075	3,322	(6,600)	28,762,976
Revenue:					
Sales of Merchandise	488,533	-	-	-	488,533
Cost of Merchandise Sold	(242,439)	-	-	-	(242,439)
Gross Profit on Merchandise Sales	246,094	-	-	-	246,094
Program Service Revenue	7,422,390	868,982	-	(180,869)	8,110,503
Government Program Grants	16,722,644	1,377,339	-	-	18,099,983
Advertising Revenues	699,213	-	-	-	699,213
Investment Income	112,419	-	-	(10,452)	101,967
Other Income	501,813	4,889	-	(36,000)	470,702
Total Revenue	25,704,573	2,251,210	-	(227,321)	27,728,462
Net Assets Released from Restrictions	368,478	-	-	-	368,478
Total Support and Revenue	54,835,230	2,255,285	3,322	(233,921)	56,859,916
EXPENSES					
Program Services	48,253,582	2,193,997	787	(187,469)	50,260,897
Supporting Services:					
Administrative Expenses	1,258,661	69,965	890	(46,452)	1,283,064
Fundraising Expenses	3,213,796	-	-	-	3,213,796
Total Supporting Services	4,472,457	69,965	890	(46,452)	4,496,860
Total Expenses	52,726,039	2,263,962	1,677	(233,921)	54,757,757
CHANGES IN UNRESTRICTED NET ASSETS	2,109,191	(8,677)	1,645	-	2,102,159
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS					
Time and Purpose Restricted Contributions	969,449	-	-	-	969,449
Investment Income	339	-	-	-	339
Net Assets Released from Restrictions	(368,478)	-	-	-	(368,478)
Changes in Temporarily Restricted Net Assets	601,310	-	-	-	601,310
PERMANENTLY RESTRICTED CONTRIBUTIONS	505,000	-	-	-	505,000
CHANGES IN NET ASSETS	3,215,501	(8,677)	1,645	-	3,208,469
Net Assets - Beginning of the Year	19,146,257	(226,279)	241,167	(590,946)	18,570,199
NET ASSETS - END OF YEAR	\$ 22,361,758	\$ (234,956)	\$ 242,812	\$ (590,946)	\$ 21,778,668