

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

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

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

Report on the 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, 2016 and 2015 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, 2016 and 2015, 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 + Barenscbeer PLLP

Boyum & Barenscbeer PLLP

Minneapolis, Minnesota
November 18, 2016

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2016 AND 2015

ASSETS	2016	2015
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 18,990,738	\$ 16,180,268
Investments - Short-term	4,741,312	6,903,517
Accounts Receivable (Net)	5,578,093	5,158,300
Pledges Receivable (Net)	310,889	365,335
Inventories	1,537,578	1,678,945
Land Held for Resale & Conservation	121,170	406,000
Prepaid Expenses	966,324	666,694
Total Current Assets	32,246,104	31,359,059
PROPERTY AND EQUIPMENT		
Less: Accumulated Depreciation	5,224,777	5,199,846
Total Property and Equipment	3,699,865	3,361,338
OTHER ASSETS		
Investments - Endowments	1,943,850	1,445,741
Land Held for Resale & Conservation	4,309,643	4,301,813
Pledges Receivable - Long-Term	105,654	105,750
Beneficial Interest in Trusts	1,085,852	1,058,238
Cash Surrender Value of Life Insurance	422,005	309,519
Total Other Assets	7,867,004	7,221,061
Total Assets	\$ 41,638,020	\$ 40,418,628
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 5,582,820	\$ 4,684,516
Accrued Employee Benefits, Withholdings and Other Liabilities	1,358,884	957,777
Bank Line of Credit	-	1,220,295
Current Maturities of Long-Term Debt	-	8,348
Grant Advances	1,456,277	2,101,797
Deferred Revenues	225,352	196,813
Liability Under Annuity Agreement	17,667	16,989
Total Current Liabilities	8,641,000	9,186,535
LONG-TERM LIABILITIES		
Liability Under Annuity Agreement	186,298	186,978
Total Long-Term Liabilities	186,298	186,978
Total Liabilities	8,827,298	9,373,513
NET ASSETS		
Unrestricted	22,852,365	21,737,543
Unrestricted - Board Designated Reserve	1,478,879	1,431,065
Unrestricted - Designated Endowment	712,167	614,007
Unrestricted - Stewardship Funds	234,851	-
Temporarily Restricted	6,819,447	6,555,425
Permanently Restricted	713,013	707,075
Total Net Assets	32,810,722	31,045,115
Total Liabilities and Net Assets	\$ 41,638,020	\$ 40,418,628

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITY
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CHANGES IN UNRESTRICTED NET ASSETS:		
SUPPORT AND REVENUE		
Support:		
Contributions (Including In-Kind Contributions - Note 7)	\$ 20,305,685	\$ 18,649,337
Banquet and Event Revenues	20,948,567	20,426,623
Direct Expenses of Banquets and Events	(13,620,882)	(13,464,681)
Net Support from Banquets and Events	7,327,685	6,961,942
Membership Dues	5,319,379	5,165,926
Total Support	32,952,749	30,777,205
Revenue:		
Sales of Merchandise	475,577	515,936
Cost of Merchandise Sold	(241,274)	(255,850)
Gross Profit on Merchandise Sales	234,303	260,086
Program Service Revenue	14,973,630	8,790,608
Government Program Grants	36,446,946	26,787,039
Advertising Revenues	698,202	715,629
Investment Income	(148,101)	(67,784)
Other Income	488,480	392,235
Total Revenue	52,693,458	36,877,813
Net Assets Released from Restrictions	1,392,349	366,883
Total Support and Revenue	87,038,556	68,021,901
EXPENSES		
Program Services	77,059,069	59,821,675
Supporting Services:		
Administrative Expenses	1,891,902	2,035,790
Fundraising Expenses	6,591,937	6,189,456
Total Supporting Services	8,483,839	8,225,246
Total Expenses	85,542,908	68,046,921
CHANGES IN UNRESTRICTED NET ASSETS	1,495,648	(25,020)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Time and Purpose Restricted Contributions	1,691,384	735,348
Investment Income	(35,014)	(6,309)
Net Assets Released from Restrictions	(1,392,349)	(366,883)
Changes in Temporarily Restricted Net Assets	264,021	362,156
PERMANENTLY RESTRICTED CONTRIBUTIONS	5,938	10,687
CHANGES IN NET ASSETS	1,765,607	347,823
Net Assets - Beginning of the Year	31,045,115	30,697,292
NET ASSETS - END OF YEAR	\$ 32,810,722	\$ 31,045,115

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 1,765,607	\$ 347,823
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Value of Donated Land	(99,000)	-
Loss on Disposal of Property & Equipment	25,769	-
Depreciation	340,383	382,759
Net Realized and Unrealized Loss (Gain) on Investments	130,990	31,051
Change in Valuation of Annuity Obligations	25,146	8,813
Change in Valuation of Beneficial Interest in Trusts	(27,614)	(187,394)
Change in Valuation of Life Insurance	(112,486)	(99,608)
Contributions Restricted for Long-Term Investment	(5,938)	(10,687)
Change in Current Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(419,793)	(842,323)
Decrease (Increase) in Inventories	141,367	84,161
(Increase) Decrease in Pledges Receivable	54,542	(93,545)
Increase in Prepaid Expenses	(299,630)	(130,491)
Increase (Decrease) in Accounts Payable	898,304	597,194
Increase in Accrued Employee Benefits, Withholdings and Other Liabilities	401,107	103,183
(Decrease) Increase in Grant Advances	(645,520)	(64,470)
(Decrease) Increase in Deferred Revenues	28,539	(102,037)
Net Cash Provided by Operating Activities	2,201,773	24,429
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Property and Equipment	(53,257)	(157,271)
Proceeds from Sale of Property & Equipment	700	-
Proceeds from Sale of Land Held for Resale	376,000	-
Purchase of Investments	(4,709,263)	(5,348,762)
Proceeds from Sale of Investments	6,242,369	3,566,930
Net Cash (Used) Provided by Investing Activities	1,856,549	(1,939,103)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Notes Payable	(8,348)	(10,639)
Net (Payments) Borrowings on Bank Line of Credit	(1,220,295)	1,220,295
Contributions Restricted for Long-Term Investment	5,938	10,687
Payment on Annuity Obligation	(25,147)	(25,147)
Net Cash (Used) Provided by Financing Activities	(1,247,852)	1,195,196
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,810,470	(719,478)
Cash and Cash Equivalents - Beginning of Year	16,180,268	16,899,746
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 18,990,738	\$ 16,180,268
NON-CASH TRANSACTIONS		
Cash Paid for Interest	\$ 32,774	\$ 18,811

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016

	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	\$ 661,516	\$ -	\$ -	\$ -	\$ -	\$ 661,516	\$ -	\$ -	\$ 661,516
Nesting Cover	18,318,107	-	-	-	-	18,318,107	-	-	18,318,107
Food Plots/Feeding	14,435,003	-	-	-	-	14,435,003	-	-	14,435,003
Land Procurement	21,599,174	-	-	-	-	21,599,174	-	-	21,599,174
Wetland Restoration	27,545	-	-	-	-	27,545	-	-	27,545
Equipment for Habitat	955,301	-	-	-	-	955,301	-	-	955,301
Other Habitat Projects	1,939,027	-	-	-	-	1,939,027	-	-	1,939,027
Youth Programs	31,201	2,851,773	-	-	-	2,882,974	-	-	2,882,974
Publications	-	728,108	-	-	-	728,108	-	-	728,108
Other Public Awareness and Education	-	894,042	-	-	-	894,042	-	-	894,042
Chapter Advertising and Promotion	-	-	-	-	-	-	-	1,344,664	1,344,664
Salaries and Wages	6,087,443	1,504,395	1,234,144	315,767	57,384	9,199,132	1,080,185	2,180,883	12,460,200
Payroll Tax Expense	442,205	101,328	110,719	24,186	3,292	681,730	73,021	160,759	915,510
Employee Benefits	585,827	77,036	83,602	31,347	2,126	779,938	73,008	150,008	1,002,955
Retirement Plan	274,775	80,234	61,563	17,306	5,379	439,257	99,191	111,896	650,344
Legal Fees	-	-	-	-	-	-	17,909	3,724	21,632
Consulting Fees	-	2,438	-	4,515	-	6,952	38,362	70,200	115,515
Accounting and Audit Fees	-	-	-	-	-	-	134,251	-	134,251
State Registration Fees	-	-	-	-	8,961	8,961	500	-	9,461
Insurance	107,318	17,914	17,149	6,065	124,248	272,694	27,550	86,404	386,647
Government Relations	-	334,045	-	-	-	334,045	-	-	334,045
Direct Mail Expenses	-	-	-	-	-	-	-	1,181,696	1,181,696
Printing and Supplies	106,399	62,268	41,217	185,843	44,503	440,231	48,574	252,173	740,978
Postage	4,083	4,999	6,536	242,536	4,088	262,241	19,908	14,325	296,475
Shipping	-	-	-	-	-	-	-	261,248	261,248
Occupancy	-	16,996	-	2,509	949	20,454	3,763	28,186	52,403
Telephone	47,494	33,198	26,015	8,355	-	115,062	29,806	36,536	181,404
Travel Expense	626,184	112,676	270,499	207	37	1,009,603	33,102	391,606	1,434,310
Meetings and Conferences	56,911	3,932	12,021	179	-	73,042	76,731	11,098	160,872
Depreciation	112,574	98,213	2,317	13,937	13,821	240,861	28,265	71,257	340,383
Equipment Rental and Maintenance	401,054	1,125	276	7,101	11,968	421,525	38,978	21,139	481,642
Bad Debt Expense	-	-	-	-	-	-	19,447	-	19,447
Interest Expense	-	-	-	-	-	-	32,774	-	32,774
Miscellaneous	171,782	42,275	14,808	700	82,980	312,545	16,579	214,135	543,257
Total Expenses	\$66,990,921	\$ 6,966,992	\$ 1,880,867	\$ 860,554	\$ 359,735	\$77,059,069	\$ 1,891,902	\$ 6,591,937	\$ 85,542,908
	<u>78.31%</u>	<u>8.14%</u>	<u>2.20%</u>	<u>1.01%</u>	<u>0.42%</u>	<u>90.08%</u>	<u>2.21%</u>	<u>7.71%</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, 2015

	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	\$ 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
	<u>74.10%</u>	<u>9.70%</u>	<u>2.28%</u>	<u>1.28%</u>	<u>0.55%</u>	<u>87.91%</u>	<u>2.99%</u>	<u>9.10%</u>	<u>100.00%</u>

See accompanying Notes to Consolidated Financial Statements.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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, 2016 and 2015 the board designated net assets as operating reserves in the amounts of \$1,478,879 and \$1,431,605, respectively. The Organization also had unrestricted net assets designated as endowments in the amounts of \$712,167 and \$614,007 at June 30, 2016 and 2015, respectively. At June 30, 2016 and 2015 the Organization also had unrestricted net assets designated for the Forever Stewardship Fund in the amount of \$234,851 and \$0, 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, 2016 and 2015, 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, 2016 AND 2015

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 \$35,691 and \$53,085 at June 30, 2016 and 2015, respectively.

Receivables from agencies of the United States government accounted for 35% and 24% of the total accounts receivable balances as of June 30, 2016 and 2015, respectively. Receivables from the State of Nebraska and Minnesota accounted for 11% and 13% of the total, respectively, as of June 30, 2016 and 16% and 14% of the total receivables as of June 30, 2015.

Pledges Receivable

Pledges to give that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received. The allowance for uncollectible pledges was \$42,309 and \$39,915 at June 30, 2016 and 2015, 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, 2016 AND 2015

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, 2016 and 2015, the cash surrender value of those policies was \$145,545 and \$103,545, 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, 2016 and 2015, the cash surrender value of those policies was \$276,460 and \$205,973, 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, 2016 and 2015, the Organization held title to land with a value at the date of donation or cost of \$4,430,813 and \$4,707,813, 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.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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, 2016 AND 2015

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, 2016 the Organization held four conservation easements covering a total of 672 acres and at June 30, 2015, 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 18, 2016, 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, 2016 AND 2015

NOTE 2 TAX EXEMPT STATUS (CONTINUED)

An IRS audit of the Organization's tax returns for the years 2011 through 2013 was completed in fiscal year 2015 resulting in a tax liability for the year ended June 30, 2013 in the amount of \$3,243. The Organization projects no income tax liability for the year ended June 30, 2016. 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>2016</u>	<u>2015</u>
Short-Term Investments:		
Certificates of Deposit	\$ 4,613,914	\$ 5,301,378
Corporate Bonds	114,974	120,098
Bond Mutual Funds	8,853	491,236
Equity Mutual Funds	3,571	979,608
Stocks	-	11,197
Total Short-Term Investments	<u>\$ 4,741,312</u>	<u>\$ 6,903,517</u>
Endowment Investments:		
Cash & Cash Equivalents - Pending Investment	\$ 8,221	\$ 226,221
Bond Mutual Funds	134,428	85,122
Equity Mutual Funds	1,801,201	1,134,398
Total Endowment Investments	<u>\$ 1,943,850</u>	<u>\$ 1,445,741</u>

Investment income for 2016 and 2015 consists of the following:

	<u>2016</u>	<u>2015</u>
Interest and Dividends	\$ 68,553	\$ 65,976
Net Realized and Unrealized Gain on Investments	(130,991)	(31,051)
Fees	(120,677)	(109,018)
Total	<u>\$ (183,115)</u>	<u>\$ (74,093)</u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2016	2015	Estimated Useful Lives
Land	\$ 410,000	\$ 410,000	
Building and Improvements	1,013,230	1,004,125	30 Years
Habitat Equipment	1,433,904	1,528,564	5 Years
Office Equipment	2,318,354	2,140,713	3 - 5 Years
Vehicle	49,289	49,289	3 Years
Software Under Development	-	67,155	
	<u>\$ 5,224,777</u>	<u>\$ 5,199,846</u>	

NOTE 5 PLEDGES RECEIVABLE

Pledges receivable consists of the following:

	2016	2015
Amounts Due in:		
Less Than One Year	\$ 353,198	\$ 405,250
One to Five Years	108,076	108,382
Total	461,274	513,632
Unamortized Discount - 1.62%	(2,422)	(2,632)
Allowance for Uncollectible Accounts	(42,309)	(39,915)
Net Pledge Receivable	416,543	471,085
Less: Current Portion	310,889	365,335
Pledges Receivable - Long-Term	<u>\$ 105,654</u>	<u>\$ 105,750</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, 2016 and 2015, the estimated real estate value was \$1,188,770 and \$1,156,460, respectively. At June 30, 2016 and 2015, the associated mortgage balance was \$168,000 and \$168,690, 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, 2015, the latest valuation available to the Organization, was \$425,918. The Organization projects that the value of the remaining assets after the unitrust period to be \$86,821. This discounted value as of June 30, 2016 and 2015 was \$65,082 and \$70,467, respectively.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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 \$13,434,301 and \$12,611,080 for the years ended June 30, 2016 and 2015, 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 \$99,000 and \$0 for the years ended June 30, 2016 and 2015, 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 \$326,580 and \$390,500 for the years ended June 30, 2016 and 2015, 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 April 5, 2017. The current agreement specifies an interest rate on outstanding balances equal to 0.75% below the index rate, defined as the lender's Prime Rate, but not less than 2.75%. The rate on outstanding borrowings at June 30, 2016 and 2015 was 2.75% and 2.5%, respectively. 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, 2016.

NOTE 9 LONG-TERM DEBT

Long-term debt consists of the following:

<u>Description</u>	<u>2016</u>	<u>2015</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
Less: Current Maturities of Long-Term Debt	-	8,348
Long-Term Debt, Net of Current Maturities	<u>\$ -</u>	<u>\$ -</u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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, 2016 and 2015 consist of the following:

	2016			
	Level 1	Level 2	Level 3	Total
Corporate Bonds	\$ -	\$ 114,974	\$ -	\$ 114,974
Brokered CDs	-	2,154,534	-	2,154,534
Bond Mutual Funds	143,281	-	-	143,281
Equity Mutual Funds	1,804,772	-	-	1,804,772
Stocks	-	-	-	-
Beneficial Interest in Trusts	-	-	1,085,852	1,085,852
Total	<u>\$ 1,948,053</u>	<u>\$ 2,269,507</u>	<u>\$ 1,085,852</u>	<u>\$ 5,303,413</u>

	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 Trust	-	-	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>

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:

	2016	2015
Beginning Balance	\$ 1,058,238	\$ 870,844
Additional Contributions	-	70,467
Change in Fair Value	27,614	116,927
Ending Balance	<u>\$ 1,085,852</u>	<u>\$ 1,058,238</u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 11 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following donor restrictions:

	2016	2015
Time Restricted Pledges	\$ 416,543	\$ 451,085
Beneficial Interest in Trust	1,085,852	1,058,238
Youth and Conservation Education Programs	650,940	1,165,694
Farm Bill Biologist Program	315,697	136,348
Land Acquisition and Other Habitat Projects	1,296,300	732,835
Technology Initiative	343,889	-
Restricted Land Donations	2,710,226	3,011,226
Total Temporarily Restricted Net Assets	<u>\$ 6,819,447</u>	<u>\$ 6,555,425</u>

Net assets released from restrictions consist of the following:

	2016	2015
Collection of Pledges	\$ 363,920	\$ 226,008
Satisfaction of Program Restrictions	1,028,429	140,875
Total Net Assets Released from Restrictions	<u>\$ 1,392,349</u>	<u>\$ 366,883</u>

NOTE 12 ENDOWMENT AND SIMILAR FUNDS

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

Interpretation of Relevant Law

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, 2016 AND 2015

NOTE 12 ENDOWMENT AND SIMILAR FUNDS (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, 2016 and 2015 are as follows:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>Donor Restricted Endowments:</u>				
Leopold Education Project	\$ -	\$ 4,434	\$ 60,753	\$ 65,187
Forever Shooting Sports Program	-	14,968	252,260	267,228
Wildlife Conservation Experience	-	56,963	400,000	456,963
Forever Stewardship Fund	234,851	207,455		442,306
Total Donor Restricted	<u>\$ 234,851</u>	<u>\$ 283,820</u>	<u>\$ 713,013</u>	<u>\$ 1,231,683</u>
<u>Designated Endowment:</u>				
Forever Shooting Sports Program	<u>\$ 712,167</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 712,167</u>
	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>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 12 ENDOWMENT AND SIMILAR FUNDS (CONTINUED)

Spending Policy, Objectives and Strategies (Continued)

Changes in endowment net asset for the years ended June 30, 2016 and 2015 are as follows:

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets - July 1, 2015	\$ 614,007	\$ 144,659	\$ 707,075	\$ 1,465,741
Investment Return	(25,098)	(35,014)	-	(60,112)
Contributions & Designations	370,345	207,000	5,938	583,283
Appropriation of Endowment				
Assets for Expenditure	(12,237)	(32,825)	-	(45,062)
Endowment Net Assets - June 30, 2016	<u>\$ 947,017</u>	<u>\$ 283,821</u>	<u>\$ 713,013</u>	<u>\$ 1,943,850</u>
	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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>

NOTE 13 LEASES

The Organization leases various equipment and vehicles under operating leases that expire between 2017 and 2021. 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
2017	5,586	234,273	239,859
2018	5,586	102,771	108,357
2019	931	69,781	70,712
2020	-	41,788	41,788
2021	-	2,009	2,009
Total	<u>\$ 12,103</u>	<u>\$ 450,622</u>	<u>\$ 462,725</u>

Office equipment lease expense was \$5,586 and \$5,050 for the years ended June 30, 2016 and 2015, respectively. Equipment and vehicle lease expense was \$273,100 and \$234,711 in the years ended June 30, 2016 and 2015, 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, 2016 and 2015, the building had accumulated depreciation of \$306,415 and \$274,160, respectively. The Organization leases a portion of the building to two unrelated tenants.

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 13 LEASES (CONTINUED)

Upon taking ownership, the Organization assumed two leases, which account for 45% of the building space, and expire in October 2019 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>
2017	\$ 96,401
2018	98,726
2019	96,111
2020	13,292
Total	<u>\$ 304,530</u>

For the years ended June 30, 2016 and 2015, the Organization recorded rental income associated with these leases of \$130,862 and \$129,714, respectively. For the years ended June 30, 2016 and 2015, the Organization had associated expenses related to an allocable portion of real estate taxes and maintenance of \$26,735 and \$28,783, 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 \$583,696 and \$310,467 for the years ended June 30, 2016 and 2015, 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 AUDITOR'S REPORT ON
SUPPLEMENTARY INFORMATION**

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

We have audited the consolidated financial statements of Pheasants Forever, Inc. and Subsidiaries as of and for the years ended June 30, 2016 and 2015 and our report dated November 18, 2016, 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, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Boyum + Barescheer PLLP

Boyum & Barescheer PLLP

Minneapolis, Minnesota
November 18, 2016

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
JUNE 30, 2016

	2016				Total
	Pheasants Forever, Inc.	Habitat Forever, LLC	The Forever Land Trust, LLC	Eliminations	
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalent	\$ 18,860,099	\$ 97,551	\$ 33,088	\$ -	\$ 18,990,738
Investments	5,332,258	-	-	(590,946)	4,741,312
Accounts Receivable (Net)	5,821,865	859,424	-	(1,103,196)	5,578,093
Pledges Receivable	310,889	-	-	-	310,889
Inventories	1,537,578	-	-	-	1,537,578
Land Held for Resale & Conservation	121,170	-	-	-	121,170
Prepaid Expenses	935,422	30,902	-	-	966,324
Total Current Assets	<u>32,919,281</u>	<u>987,877</u>	<u>33,088</u>	<u>(1,694,142)</u>	<u>32,246,104</u>
PROPERTY AND EQUIPMENT	3,897,738	1,327,039	-	-	5,224,777
Less: Accumulated Depreciation	2,487,254	1,212,611	-	-	3,699,865
Total Property and Equipment	<u>1,410,484</u>	<u>114,428</u>	<u>-</u>	<u>-</u>	<u>1,524,912</u>
OTHER ASSETS					
Investments - Endowments	1,943,850	-	-	-	1,943,850
Land Held for Resale & Conservation	4,088,956	-	220,687	-	4,309,643
Pledges Receivable - Long Term	105,654	-	-	-	105,654
Beneficial Interest in Trust	1,085,852	-	-	-	1,085,852
Cash Surrender Value of Life Insurance	422,005	-	-	-	422,005
Total Other Assets	<u>7,646,317</u>	<u>-</u>	<u>220,687</u>	<u>-</u>	<u>7,867,004</u>
Total Assets	<u>\$ 41,976,082</u>	<u>\$ 1,102,305</u>	<u>\$ 253,775</u>	<u>\$ (1,694,142)</u>	<u>\$ 41,638,020</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable	\$ 5,331,116	\$ 1,354,900	\$ -	\$ (1,103,196)	\$ 5,582,820
Accrued Employee Benefits, Withholdings and Other Liabilities	1,279,233	79,651	-	-	1,358,884
Bank Line of Credit	-	-	-	-	-
Current Maturities of Long-Term Debt	-	-	-	-	-
Grant Advances	1,360,735	95,542	-	-	1,456,277
Deferred Revenues	224,007	1,345	-	-	225,352
Liability Under Annuity Agreement	17,667	-	-	-	17,667
Total Current Liabilities	<u>8,212,758</u>	<u>1,531,438</u>	<u>-</u>	<u>(1,103,196)</u>	<u>8,641,000</u>
LONG-TERM LIABILITIES					
Liability Under Annuity Agreement	186,298	-	-	-	186,298
Total Long-Term Liabilities	<u>186,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,298</u>
Total Liabilities	8,399,056	1,531,438	-	(1,103,196)	8,827,298
NET ASSETS					
Unrestricted	23,618,669	(429,133)	253,775	(590,946)	22,852,365
Unrestricted - Board Designated Reserve	1,478,879	-	-	-	1,478,879
Unrestricted - Designated Endowment	712,167	-	-	-	712,167
Unrestricted - Stewardship Funds	234,851	-	-	-	234,851
Temporarily Restricted	6,819,447	-	-	-	6,819,447
Permanently Restricted	713,013	-	-	-	713,013
Total Net Assets	<u>33,577,026</u>	<u>(429,133)</u>	<u>253,775</u>	<u>(590,946)</u>	<u>32,810,722</u>
Total Liabilities and Net Assets	<u>\$ 41,976,082</u>	<u>\$ 1,102,305</u>	<u>\$ 253,775</u>	<u>\$ (1,694,142)</u>	<u>\$ 41,638,020</u>

PHEASANTS FOREVER, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF ACTIVITY
YEAR ENDED JUNE 30, 2016

	2016				Total
	Pheasants Forever, Inc.	Habitat Forever, LLC	The Forever Land Trust, LLC	Eliminations	
CHANGES IN UNRESTRICTED NET ASSETS:					
SUPPORT AND REVENUE					
Support:					
Contributions (Including In-Kind Contributions)	\$ 20,286,537	\$ 30,336	\$ 6,012	\$ (17,200)	\$ 20,305,685
Banquet and Event Revenues	20,948,567	-	-	-	20,948,567
Direct Expenses of Banquets and Events	(13,620,882)	-	-	-	(13,620,882)
Net Support from Banquets and Events	7,327,685	-	-	-	7,327,685
Membership Dues	5,319,379	-	-	-	5,319,379
Total Support	32,933,601	30,336	6,012	(17,200)	32,952,749
Revenue:					
Sales of Merchandise	475,577	-	-	-	475,577
Cost of Merchandise Sold	(241,274)	-	-	-	(241,274)
Gross Profit on Merchandise Sales	234,303	-	-	-	234,303
Program Service Revenue	13,958,051	1,089,139	-	(73,560)	14,973,630
Government Program Grants	34,519,348	1,927,598	-	-	36,446,946
Advertising Revenues	698,202	-	-	-	698,202
Investment Income	(148,101)	-	-	-	(148,101)
Other Income	498,470	103,170	-	(113,160)	488,480
Total Revenue	49,760,271	3,119,907	-	(186,720)	52,693,458
Net Assets Released from Restrictions	1,392,349	-	-	-	1,392,349
Total Support and Revenue	84,086,221	3,150,243	6,012	(203,920)	87,038,556
EXPENSES					
Program Services	74,159,176	3,065,799	2,014	(167,920)	77,059,069
Supporting Services:					
Administrative Expenses	1,884,109	43,484	309	(36,000)	1,891,902
Fundraising Expenses	6,591,937	-	-	-	6,591,937
Total Supporting Services	8,476,046	43,484	309	(36,000)	8,483,839
Total Expenses	82,635,222	3,109,283	2,323	(203,920)	85,542,908
CHANGES IN UNRESTRICTED NET ASSETS	1,450,999	40,960	3,689	-	1,495,648
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS					
Time and Purpose Restricted Contributions	1,691,384	-	-	-	1,691,384
Investment Income	(35,014)	-	-	-	(35,014)
Net Assets Released from Restrictions	(1,392,349)	-	-	-	(1,392,349)
Changes in Temporarily Restricted Net Assets	264,021	-	-	-	264,021
PERMANENTLY RESTRICTED CONTRIBUTIONS	5,938	-	-	-	5,938
CHANGES IN NET ASSETS	1,720,958	40,960	3,689	-	1,765,607
Net Assets - Beginning of the Year	31,856,066	(470,092)	250,087	(590,946)	31,045,115
NET ASSETS - END OF YEAR	\$ 33,577,024	\$ (429,132)	\$ 253,776	\$ (590,946)	\$ 32,810,722