

**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**TABLE OF CONTENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
<b>CONSOLIDATED BALANCE SHEETS</b>	<b>4</b>
<b>CONSOLIDATED STATEMENTS OF ACTIVITIES</b>	<b>5</b>
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>	<b>7</b>
<b>CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES</b>	<b>8</b>
<b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>10</b>
<b>INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION</b>	<b>30</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>CONSOLIDATING BALANCE SHEET</b>	<b>31</b>
<b>CONSOLIDATING SCHEDULE OF ACTIVITIES</b>	<b>32</b>

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Pheasants Forever, Inc. and Subsidiaries (a non-profit organization), which comprise the consolidated balance sheets as of June 30, 2023 and 2022 and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Pheasants Forever, Inc. and Subsidiaries as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management's for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pheasants Forever, Inc. and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pheasants Forever, Inc. and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023 on our consideration of Pheasants Forever, Inc. and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pheasants Forever, Inc. and Subsidiaries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pheasants Forever, Inc. and Subsidiaries' internal control over financial reporting and compliance.

## Other Information Included in the Organization's Annual Report

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

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

Handwritten signature in cursive script that reads "Boyum & Barescheer PLLP".

Boyum & Barescheer PLLP

Minneapolis, Minnesota

December 18, 2023

**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2023 AND 2022**

<b>ASSETS</b>	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 15,950,577	\$ 17,289,945
Investments - Short-term	7,732,766	7,435,334
Accounts Receivable (Net)	16,112,318	12,423,612
Pledges Receivable (Net)	1,289,366	1,241,691
Inventories	18,436	11,571
Land Held for Resale & Conservation	4,184,382	3,299,195
Prepaid Expenses & Other Assets	<u>893,147</u>	<u>933,706</u>
Total Current Assets	46,180,992	42,635,054
<b>NONCURRENT ASSETS</b>		
Property and Equipment (Net)	1,887,724	1,811,778
Right-of-Use Assets - Operating Leases	854,899	-
Right-of-Use Assets - Finance Leases	51,260	-
Investments - Endowments and Similar Funds	9,613,908	8,457,805
Land Held for Resale & Conservation	9,228,111	8,705,501
Pledges Receivable - Long-Term	1,037,015	1,012,912
Beneficial Interest in Trusts	1,127,769	1,129,029
Cash Surrender Value of Life Insurance	<u>849,115</u>	<u>789,531</u>
Total Other Assets	<u>24,649,801</u>	<u>21,906,556</u>
Total Assets	<u><u>\$ 70,830,793</u></u>	<u><u>\$ 64,541,610</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 5,765,895	\$ 6,271,273
Accrued Employee Benefits, Withholdings and Other Liabilities	2,928,535	2,440,814
Current Maturities of Long Term Debt	1,219,004	-
Lease Liability - Operating Leases	415,072	-
Lease Liability - Finance Leases	22,961	-
Grant Advances	4,992,684	4,423,939
Deferred Revenues	1,439,014	1,624,223
Liability Under Annuity Agreement	<u>20,570</u>	<u>20,508</u>
Total Current Liabilities	16,803,735	14,780,757
<b>LONG-TERM LIABILITIES</b>		
Liability Under Annuity Agreement	89,350	95,480
Lease Liability - Operating Leases	440,745	-
Lease Liability - Finance Leases	28,608	-
Long-Term Debt, Net of Current Maturities	<u>50,910</u>	<u>1,160,538</u>
Total Long-Term Liabilities	<u>609,613</u>	<u>1,256,018</u>
Total Liabilities	17,413,348	16,036,775
<b>NET ASSETS</b>		
Without Donor Restrictions	34,323,889	30,638,588
With Donor Restrictions	<u>19,093,556</u>	<u>17,866,247</u>
Total Net Assets	<u>53,417,445</u>	<u>48,504,835</u>
Total Liabilities and Net Assets	<u><u>\$ 70,830,793</u></u>	<u><u>\$ 64,541,610</u></u>

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Support:			
Contributions - Cash & Other Financial Assets	\$ 8,892,374	\$ 2,474,467	\$ 11,366,841
Contributions - Nonfinancial Assets	16,809,965	240,032	17,049,997
Government Program Grants	48,908,001	-	48,908,001
Banquet and Event Revenues	26,223,560	-	26,223,560
Costs of Direct Benefit to Donors	(15,213,563)	-	(15,213,563)
Net Support from Banquets and Events	<u>11,009,997</u>	<u>-</u>	<u>11,009,997</u>
Membership Dues	5,888,006	-	5,888,006
Total Support	<u>91,508,343</u>	<u>2,714,499</u>	<u>94,222,842</u>
Revenue:			
Sales of Merchandise	98,048	-	98,048
Cost of Merchandise Sold	(43,780)	-	(43,780)
Gross Profit on Merchandise Sales	<u>54,268</u>	<u>-</u>	<u>54,268</u>
Program Service Revenue	8,931,077	-	8,931,077
Advertising Revenues	1,293,596	-	1,293,596
Investment Income	(1,149,888)	(239,113)	(1,389,001)
Other Income	<u>735,987</u>	<u>-</u>	<u>735,987</u>
Total Revenue	<u>9,865,040</u>	<u>(239,113)</u>	<u>9,625,927</u>
Net Assets Released from Restrictions			
Satisfaction of Program Restrictions	640,032	(640,032)	-
Collection of Pledges	756,511	(756,511)	-
Release for Endowment Spending Policy	41,250	(41,250)	-
Total Net Assets Released from Restrictions	<u>1,437,793</u>	<u>(1,437,793)</u>	<u>-</u>
Total Support and Revenues	<u>102,811,176</u>	<u>1,037,593</u>	<u>103,848,769</u>
<b>EXPENSES</b>			
Program Services:			
Habitat Projects and Programs	78,657,547	-	78,657,547
Public Awareness and Education	6,719,777	-	6,719,777
Government Relations	685,602	-	685,602
Chapter, Volunteer and Member Services	<u>2,229,354</u>	<u>-</u>	<u>2,229,354</u>
Total Program Services	<u>88,292,280</u>	<u>-</u>	<u>88,292,280</u>
Supporting Services:			
Administrative Expenses	2,853,754	-	2,853,754
Fundraising Expenses	<u>7,621,601</u>	<u>-</u>	<u>7,621,601</u>
Total Supporting Services	<u>10,475,355</u>	<u>-</u>	<u>10,475,355</u>
Total Expenses	<u>98,767,635</u>	<u>-</u>	<u>98,767,635</u>
<b>CHANGES IN TOTAL NET ASSETS</b>	<u>4,043,541</u>	<u>1,037,593</u>	<u>5,081,134</u>
Net Assets - Beginning of the Year	<u>26,595,047</u>	<u>16,828,654</u>	<u>43,423,701</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 30,638,588</u>	<u>\$ 17,866,247</u>	<u>\$ 48,504,835</u>

See accompanying Notes to Consolidated Financial Statements.



**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ 4,912,610	\$ 5,081,134
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Interest Expense of Right-of-Use Asset - Financing	329	-
Amortization of Right-of-Use Asset - Financing	5,704	-
Amortization of Right-of-Use Asset - Operating	424,753	-
Value of Donated Land & Other Property	(677,235)	(375,570)
Value of Donated Securities	(108,716)	(114,734)
Value of Donated Life Insurance Policy	-	(112,123)
Discount on Below Market Loans	47,587	(89,462)
(Gain) Loss on Revaluations, Donations and Sales of Land	(313,003)	1,443,730
Loss on Disposal of Property & Equipment	18,309	-
Depreciation	434,836	358,629
Net Realized and Unrealized (Gain) Loss on Investments	(591,093)	1,789,113
Change in Valuation of Annuity Obligations	19,079	(17,236)
Change in Valuation of Beneficial Interest in Trusts	1,260	(12,232)
Change in Valuation of Life Insurance	(59,584)	(49,566)
Change in Assets and Liabilities:		
Accounts Receivable	(3,688,706)	(1,236,491)
Inventories	(6,865)	58,134
Pledges Receivable	(71,778)	(166,076)
Prepaid Expenses	40,559	(61,642)
Accounts Payable	(505,378)	1,085,499
Accrued Employee Benefits, Withholdings and Other Liabilities	487,721	718,539
Operating Lease Obligation	(424,853)	-
Grant Advances	568,745	(1,182,016)
Deferred Revenues	(185,209)	(512,872)
Net Cash Provided by Operating Activities	329,072	6,604,758
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of Property and Equipment	(465,365)	(247,508)
Acquisition of Land Held for Resale	(1,795,875)	(3,338,100)
Proceeds from Sale of Land Held for Resale	1,378,316	500,000
Purchase of Investments	(1,122,239)	(4,557,982)
Proceeds from Sale of Investments	368,513	4,155,324
Net Cash Used by Investing Activities	(1,636,650)	(3,488,266)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Notes Payable	(1,937)	(1,396)
Payments on Finance Lease Obligation	(4,706)	-
Proceeds from Borrowing	-	1,250,000
Payment on Annuity Obligation	(25,147)	(25,147)
Net Cash (Used) Provided by Financing Activities	(31,790)	1,223,457
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(1,339,368)	4,339,949
Cash and Cash Equivalents - Beginning of Year	17,289,945	12,949,996
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 15,950,577	\$ 17,289,945
<b>NON-CASH TRANSACTIONS</b>		
Vehicle Purchased in Exchange for Note Payable	\$ 63,726	\$ -
Right-of-Use Assets obtained in exchange for new lease liabilities	\$ 1,304,970	\$ -
Cash Paid for Interest	\$ 4,610	\$ 397

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2022**

	Program Services				Supporting Services			
	Habitat Projects and Programs	Public Awareness and Education	Government Relations	Chapter, Volunteer and Member Services	Total Program Services	Administrative Expenses	Fundraising Expenses	Total Expenses
Permanent Land Protection	\$ 17,683,141	\$ -	\$ -	\$ -	\$ 17,683,141	\$ -	\$ -	\$ 17,683,141
Nesting Cover	17,410,798	-	-	-	17,410,798	-	-	17,410,798
Food Plots	16,190,627	-	-	-	16,190,627	-	-	16,190,627
Woody Cover	692,000	-	-	-	692,000	-	-	692,000
Wetland Restoration	2,148,488	-	-	-	2,148,488	-	-	2,148,488
Equipment for Habitat	760,055	-	-	-	760,055	-	-	760,055
Other Habitat Projects	2,696,023	-	-	-	2,696,023	-	-	2,696,023
Youth Programs	46,521	2,864,904	-	-	2,911,425	-	-	2,911,425
Publications	-	718,368	-	-	718,368	-	-	718,368
Other Public Awareness and Education	-	825,711	50,136	-	875,847	-	-	875,847
Chapter Advertising and Promotion	-	-	-	-	-	-	942,414	942,414
Salaries and Wages	14,816,588	1,521,763	384,799	1,252,863	17,976,013	1,732,689	2,792,921	22,501,623
Payroll Tax Expense	1,069,085	103,505	26,396	89,354	1,288,340	117,979	200,913	1,607,232
Employee Benefits	1,420,414	105,175	16,346	101,337	1,643,272	106,627	212,552	1,962,451
Retirement Plan	663,887	71,137	22,302	56,076	813,402	122,879	143,511	1,079,792
Legal Fees	-	-	-	-	-	6,720	1,193	7,913
Consulting and Accounting Fees	74,502	30,755	37,408	65,111	207,776	231,084	115,366	554,226
State Registration Fees	-	-	-	11,986	11,986	-	-	11,986
Insurance	262,495	78,093	4,279	68,621	413,488	31,521	45,224	490,233
Direct Mail Expenses	-	-	-	-	-	-	1,308,707	1,308,707
Printing and Supplies	314,422	104,552	49,264	214,646	682,884	109,574	468,891	1,261,349
Shipping and Postage	10,999	16,133	20	16,977	44,129	22,274	350,106	416,509
Occupancy	1,771	3,146	323	2,706	7,946	7,798	11,546	27,290
Telephone	24,114	12,388	557	21,045	58,104	36,320	31,815	126,239
Travel Expense	1,365,075	91,925	50,647	125,875	1,633,522	38,428	637,024	2,308,974
Meetings and Conferences	149,619	17,506	22,418	12,411	201,954	118,432	45,368	365,754
Depreciation	46,586	56,855	14,305	99,983	217,729	44,843	96,057	358,629
Equipment Rental and Maintenance	541,922	23	-	8,314	550,259	49,557	24,660	624,476
Interest Expense	-	-	-	-	-	7,589	-	7,589
Miscellaneous	268,415	97,838	6,402	82,049	454,704	69,440	193,333	717,477
Direct Benefit to Donors	-	-	-	-	-	-	15,213,563	15,213,563
Cost of Merchandise Sold	-	-	-	-	-	-	43,780	43,780
<b>Total Expenses</b>	<b>\$ 78,657,547</b>	<b>\$ 6,719,777</b>	<b>\$ 685,602</b>	<b>\$ 2,229,354</b>	<b>\$ 88,292,280</b>	<b>\$ 2,853,754</b>	<b>\$ 22,878,944</b>	<b>\$ 114,024,978</b>
Less Direct Benefit to Donors	-	-	-	-	-	-	(15,213,563)	(15,213,563)
Less Cost of Merchandise Sold	-	-	-	-	-	-	(43,780)	(43,780)
<b>Total Net Expenses</b>	<b>\$ 78,657,547</b>	<b>\$ 6,719,777</b>	<b>\$ 685,602</b>	<b>\$ 2,229,354</b>	<b>\$ 88,292,280</b>	<b>\$ 2,853,754</b>	<b>\$ 7,621,601</b>	<b>\$ 98,767,635</b>
	<u>79.64%</u>	<u>6.80%</u>	<u>0.69%</u>	<u>2.26%</u>	<u>89.39%</u>	<u>2.89%</u>	<u>7.72%</u>	<u>100.00%</u>

See accompanying Notes to Consolidated Financial Statements.

**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Pheasants Forever, Inc. (the Organization) is a nonprofit organization which incorporated under the laws of the State of Minnesota in August 1982. The mission of the Organization is to conserve pheasants, quail, and other wildlife through habitat improvements, public access, education, and conservation advocacy.

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

*Habitat Projects and Programs* - The Organization conducts various habitat management and protection projects designed to benefit pheasants, quail and other wildlife. These projects consist of permanent land protection through fee-title and easement projects, establishment of nesting cover, food plots and woody cover, restoration of wetlands, and various maintenance and management practices aimed at maximizing the benefits to wildlife species. The Organization also employs a team of over 300 wildlife biologists, range conservationists, precision agriculture specialists, and habitat specialists that provide technical assistance to private landowners interested in improving the wildlife benefits on their land as well as habitat management assistance to state and federal land management agencies.

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

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

*Chapter, Volunteer and Member Services* - The Organization provides training, support and services to its more than 760 chapters and thousands of volunteers that are critical to its conservation and education programs as well as support for its 142,000 members.

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

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

**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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

**Consolidation**

The Organization has two single member limited liability companies in which certain business activities are conducted. The activities of these single member limited liability companies, Habitat Forever, LLC and The Forever Land Trust, LLC, have been consolidated into these statements, and all material financial transactions among the entities have been eliminated.

**Financial Statement Presentation**

The Organization follows the guidance provided in the Financial Accounting Standards Board (FASB) Accounting Standards Codification for Not-for-Profit Entities. In accordance with those standards, net assets and revenues, gains, and losses are classified based on donor-imposed restrictions. Contributions with donor restrictions received during the year, whose restrictions are released during the same year, are recorded as a change in net assets without donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Those resources over which the board of directors has discretionary control. Board designated amounts represent those revenues which the board has set aside for a particular purpose. At June 30, 2023 and 2022 the board designated net assets designated as operating reserves totaled \$3,377,356 and \$3,359,663, respectively. The Organization also had net assets without donor restrictions designated as endowments in the amounts of \$791,877 and \$744,218 for the Forever Shooting Sports Program and \$1,574,281 and \$659,330 for the Forever Stewardship Fund at June 30, 2023 and 2022, respectively.

*Net Assets With Donor Restrictions* – Consists of endowment gifts where donors have specified investment in perpetuity to generate income for a specified restricted or general purpose, and contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization, such as usage for specific programs. The donors of the net assets with donor restrictions to be held in perpetuity have permitted the Organization to use all or part of the income earned, including capital appreciation. At June 30, 2023 and 2022, net assets with donor restrictions consisted of time-restricted pledges receivable, purpose-restricted contributions and permanently endowed assets.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposit accounts, savings accounts and certificates of deposit with an original maturity of three months or less. Each chapter maintains these accounts at financial institutions in their local area unless they have combined the amounts in a cash management pool with other chapters. The national office maintains its demand deposit accounts, savings accounts and certificates of deposit at primarily one financial institution. At times, such investments may be in excess of FDIC insurance limits. The Organization does not believe it is exposed to any significant credit risk related to these accounts.

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash and cash equivalents.

**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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

**Investments**

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

**Accounts Receivable**

Accounts receivable are stated at net realizable value. All accounts receivable are due on demand. Accounts receivable consists of receivables related to program service revenue, government grants and advertising revenue. The accounts receivable balance related to ASC Topic 606 revenue streams totaled \$881,152, \$1,060,705, and \$1,075,713 at June 30, 2023, 2022, and 2021, respectively. 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 through a change in both the allowance and applicable receivable. The allowance for uncollectible accounts was \$153,675 and \$137,280 at June 30, 2023 and 2022, respectively.

Receivables from agencies of the United States government accounted for 52% and 39% of the total accounts receivable balances as of June 30, 2023 and 2022, respectively. Receivables from the State of Minnesota accounted for 9% and 20% of the total receivables as of June 30, 2023 and 2022, respectively, while receivables from the State of Nebraska also accounted for 8% of the total receivables as of June 30, 2022.

**Pledges Receivable**

Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received.

The allowance for uncollectible pledges was \$370,663 and \$419,030 at June 30, 2023 and 2022, respectively. Conditional pledges are not included as support until such times as the conditions are substantially met.

**Cash Surrender Value of Life Insurance**

The Organization is the owner and beneficiary of several life insurance policies that have been received as gifts from donors. At June 30, 2023 and 2022, the cash surrender value of those policies was \$387,191 and \$380,931, 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, 2023 and 2022, the cash surrender value of those policies was \$461,924 and \$408,600, 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.

**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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

**Land Held for Resale and Conservation**

The Organization routinely acquires land either by purchase or donation. The land is recorded at fair market value and land expected to be sold within one year is recorded as a current asset. At June 30, 2023 and 2022, the Organization held title to land with a value of \$13,412,493 and \$12,004,696, respectively. Of those amounts, \$4,184,382 and \$3,299,195 were recorded as short term as of June 30, 2023 and 2022, respectively.

**Fair Value Measurement**

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

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

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

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

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

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

**Revenue Recognition**

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

**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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

**Revenue Recognition (Continued)**

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

The Organization's promises to give outstanding as of June 30, 2023 and 2022 are presented as Pledges Receivable, both current and long-term, in the consolidated balance sheet. The Organization has also received conditional contributions related to non-government grants and pledges of \$327,119 and \$490,947, including grant advances, that have not been recognized at June 30, 2023 and 2022, respectively because qualifying expenditures have not yet been incurred.

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

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

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



**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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

**Revenue Recognition (Continued)**

The Organization has been awarded conditional contributions related to government grants of \$157,131,077 and \$110,224,168, including grant advances, that have not been recognized at June 30, 2023 and 2022, respectively because qualifying expenditures have not yet been incurred.

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

The Organization hosts an annual convention and trade show. Revenue associated with exhibitor booths, sponsorships and admission fees are treated as exchange transactions and are recognized at the time the event is held. Total revenue recognized from these revenue sources was \$1,131,020 and \$1,016,048 for the years ended June 30, 2023 and 2022, respectively.

Membership Dues - Membership dues include a contribution component and an exchange component associated with specific benefits that the member is entitled to receive over time. The membership contribution component is recognized in full at the time of receipt. The exchange portion of the membership is recognized over time as the specific benefits of membership are provided. The Organization recognized membership dues revenue associated with the exchange portion of the membership transaction of \$1,348,040 and \$1,135,243 for the years ended June 30, 2023 and 2022, respectively. Deferred revenue associated with the exchange portion of membership transaction was \$1,306,604, \$1,246,823, and \$1,055,453 at June 30, 2023, 2022, and 2021, respectively.

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

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

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

**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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

**Leases**

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

The Organization adopted ASC 842 on July 1, 2022 using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this provision, the Organization has applied ASC 842 to accounting periods beginning on July 1, 2022, while prior periods continue to be reported in accordance with the prior accounting standard for leases under ASC 840.

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

**Conservation Easements**

A conservation easement is a voluntary, legally enforceable agreement between a landowner and another entity in which the landowner gives up certain rights to use or modify their land subject to the terms of the easement. The entity agrees to monitor and enforce conditions within the agreement throughout the life of the easement (usually in perpetuity). In certain cases, the Organization acquires, or accepts as a donation, easements that provide conservation benefits consistent with the Organization's mission. Conservation easements that are purchased are recorded as program expense in the year acquired. Contributed easements are recorded as contribution income and program expense based on appraisal or other estimates of value. At June 30, 2023 and 2022, the Organization held 71 conservation easements covering a total of 12,965 acres.

**Advertising Costs**

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

**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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

**Functional Allocation of Expense**

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the consolidated statement of activities and statement of functional expenses. Salaries and related expenses are allocated to program and supporting services based on actual time spent by employees. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated based on the best estimates of management.

**Estimates and Assumptions**

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

**Canadian Affiliate**

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

**Subsequent Events**

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 18, 2023, the date the consolidated financial statements were available to be issued.

**NOTE 2 TAX EXEMPT STATUS**

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

The Organization projects no income tax liability for the year ended June 30, 2023. The two single member limited liability companies owned by the Organization are disregarded entities for income tax purposes and follow the same tax treatment as the Organization.

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

**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 3 INVESTMENTS**

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

	<u>2023</u>	<u>2022</u>
Short-Term Investments:		
Cash & Cash Equivalents - Pending Investment	\$ 4,053	\$ 36,706
Certificates of Deposit	618,117	614,874
Corporate Bonds, Fixed Income & Preferreds	997,586	1,014,058
Bond Mutual Funds	6,043,643	5,725,585
Corporate Stock	69,367	44,111
Total Short-Term Investments	<u>\$ 7,732,766</u>	<u>\$ 7,435,334</u>
Endowment and Similar Fund Investments:		
Cash & Cash Equivalents - Pending Investment	\$ 565,883	\$ 520,453
Bond Mutual Funds	819,242	811,118
Alternative Investments	475,713	474,206
Corporate Bonds, Fixed Income & Preferreds	111,928	73,466
Corporate Stock	7,641,142	6,578,562
Total Endowment Investments	<u>\$ 9,613,908</u>	<u>\$ 8,457,805</u>

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

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

	<u>2023</u>	<u>2022</u>
Interest and Dividends	\$ 968,049	\$ 428,030
Net Realized and Unrealized Gain (Loss) on Investments	743,368	(1,656,520)
Fees	(184,469)	(160,511)
Investment Gain (Loss)	<u>\$ 1,526,948</u>	<u>\$ (1,389,001)</u>

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<u>2023</u>	<u>2022</u>	<u>Useful Lives</u>
Land	\$ 410,000	\$ 410,000	
Building and Improvements	1,126,442	1,126,442	30 Years
Habitat Equipment	302,875	307,510	5 Years
Office Equipment	2,883,614	2,512,599	3 - 5 Years
Vehicle	63,726	41,888	3 Years
Software Under Development	44,760	-	Not in Service
Property and Equipment	\$ 4,831,417	\$ 4,398,439	
Less: Accumulated Depreciation	(2,943,693)	(2,586,661)	
Property and Equipment (Net)	<u>\$ 1,887,724</u>	<u>\$ 1,811,778</u>	

**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 5 PLEDGES RECEIVABLE**

Pledges receivable consists of the following:

	2023	2022
Amounts Due in:		
Less Than One Year	\$ 1,289,366	\$ 1,241,691
One to Five Years	1,520,567	1,511,000
Total	2,809,933	2,752,691
Unamortized Discount (4.13% in 2023; 3.01% in 2022)	(112,889)	(79,058)
Allowance for Uncollectible Accounts	(370,663)	(419,030)
Net Pledge Receivable	2,326,381	2,254,603
Less: Current Portion	1,289,366	1,241,691
Pledges Receivable - Long-Term	\$ 1,037,015	\$ 1,012,912

**NOTE 6 BENEFICIAL INTEREST IN TRUSTS**

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, 2023 and 2022, the estimated value of the real estate was \$1,213,593 and \$1,191,086, respectively. The associated mortgage balance was estimated to be \$200,741 and \$190,255, 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, 2022, the latest valuation available to the Organization, was \$141,500. The Organization projects that the value of the remaining assets after the unitrust period to be \$84,841. This discounted value as of June 30, 2023 and 2022 was \$78,217 and \$93,598, respectively.

During 2019, the Organization became aware that it is a 10% beneficiary of a charitable remainder trust. The trust assets approximated \$1,160,000 in October 2018 as per the notice the Organization received from the Trust attorney. During their lifetimes the grantors shall receive a distribution annually equal to 5% of the beginning of the calendar year market value of the trust assets. The Organization projects that the value of the remaining assets upon the death of the last surviving grantor to be \$662,530. The Organization's share is projected to be \$66,253 which has a discounted value of \$36,700 as of June 30, 2023. The discounted value was \$34,600 as of June 30, 2022.

**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 7 CONTRIBUTIONS OF NONFINANCIAL ASSETS**

The Organization routinely receives contributions in forms other than cash or other financial assets. These contributions are recorded in the consolidated statement of activities under Contributions – Nonfinancial Assets with an off-setting expense or asset of the contributed items. Contributions of nonfinancial assets for the years ended June 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Food Plots for Wildlife	\$ 22,916,157	\$ 15,783,545
Bargain Sales of Land	1,272,624	554,213
Land Donations	385,320	350,570
Conservation Easements	-	62,000
Below Market Loans	-	89,462
Vehicle and Vehicle Usage	52,000	51,000
All-Terain Vehicles	48,300	48,300
Habitat Equipment	69,907	94,907
Other	31,755	16,000
Total	<u>\$ 24,776,063</u>	<u>\$ 17,049,997</u>

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

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

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

Contributions are recognized for the value of loans bearing interest at below market rates based on the difference between the Organization’s incremental borrowing rate and the stated rates of the loans.

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

**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 8 LINE OF CREDIT**

The Organization maintains a \$2,500,000 revolving line of credit agreement with Wells Fargo Bank, which expires on February 5, 2024. The current agreement specifies an interest rate on outstanding balances equal to the greater of the indexed rate, defined as the lender's Prime Rate, minus 0.25%, or 5.00%. The rate on outstanding borrowings at June 30, 2023 and 2022 was 8% and 4.5%, respectively. There were no outstanding balances at June 30, 2023 and 2022.

**NOTE 9 LONG-TERM DEBT**

Long-term debt consists of the following:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Note Payable - Wildlife Habitat Conservation Society of McLeod County. Original loan of \$750,000 is dated May 5, 2022 and matures the sooner of May 1, 2027 or the date proceeds are received from the sale of the property purchased with the loan proceeds, which is estimated to be May 2024. The note has no stated interest, but interest has been imputed at 3.75% using an estimated term of 2 years. The note is unsecured.	\$ 724,875	\$ 696,323
Note Payable - Iowa Natural Heritage Foundation. Original loan of \$500,000 is dated May 5, 2022 and matures the sooner of April 1, 2027 or the date proceeds are received from the sale of the property purchased with the loan proceeds, which is estimated to be May 2024. The note has no stated interest, but interest has been imputed at 3.75% using an estimated term of 2 years. The note is unsecured.	483,250	464,215
Note Payable - Ford Credit; 60 equal monthly payments of principal and interest beginning May 2023 and continuing through April 2028. 3.9% Interest. Secured by vehicle.	61,789	-
	1,269,914	1,160,538
Less: Current Maturities of Long-Term Debt	1,219,004	-
Long-Term Debt, Net of Current Maturities	<u>\$ 50,910</u>	<u>\$ 1,160,538</u>

Scheduled maturities on Long-term debt are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2024	\$ 1,219,004
2025	12,320
2026	12,809
2027	13,317
2028	12,464
	<u>\$ 1,269,914</u>

**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**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, 2023 and 2022 consist of the following:

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

  

	2022			Total
	Level 1	Level 2	Level 3	
Corporate Bonds & Fixed Income	\$ 1,087,524	\$ -	\$ -	\$ 1,087,524
Bond Mutual Funds	6,536,703	-	-	6,536,703
Alternative Investments	474,206	-	-	474,206
Corporate Stock	6,622,673	-	-	6,622,673
Beneficial Interest in Trusts	-	-	1,129,029	1,129,029
Total	<u>\$ 14,721,106</u>	<u>\$ -</u>	<u>\$ 1,129,029</u>	<u>\$ 15,850,135</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:

	2023	2022
Beginning Balance	\$ 1,129,029	\$ 1,116,797
Change in Fair Value	(1,260)	12,232
Ending Balance	<u>\$ 1,127,769</u>	<u>\$ 1,129,029</u>



**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS**

At June 30, 2023 and 2022, net assets with donor restrictions are available for the following purposes:

	<u>2023</u>	<u>2022</u>
In Perpetuity:		
Habitat Education Program	\$ 68,503	\$ 68,503
Forever Shooting Sports Program	252,260	252,260
Wildlife Conservation Experience	400,000	400,000
Total in Perpetuity	<u>\$ 720,763</u>	<u>\$ 720,763</u>
Restriction for Time:		
Time Restricted Pledges	2,326,381	2,254,603
Below Market Loans	41,875	89,462
Restricted Land Donations	3,821,419	3,821,419
Beneficial Interest in Trusts	1,127,769	1,129,029
Restriction for Purpose:		
Youth and Conservation Education Programs	911,454	709,728
Landowner Technical Assistance Program	204,248	303,184
Land Acquisition and Other Habitat Projects	3,538,833	2,579,765
The Forever Stewardship Fund	6,400,814	6,258,294
Total Restricted by Time or Purpose	<u>18,372,793</u>	<u>17,145,484</u>
Total Net Assets with Donor Restrictions	<u>\$ 19,093,556</u>	<u>\$ 17,866,247</u>

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

	<u>2023</u>	<u>2022</u>
Collection of Pledges	\$ 798,588	\$ 756,511
Satisfaction of Program Restrictions	484,201	681,282
Total Net Assets Released from Restrictions	<u>\$ 1,282,789</u>	<u>\$ 1,437,793</u>

The Forever Stewardship Fund consists of contributions restricted by the donor for use in covering expected and unexpected costs associated with the Organization's permanent land and conservation easement holdings. This includes expenses such as property taxes, insurance, and maintenance associated with conservation land owned by the Organization in fee title as well as costs associated with monitoring and enforcing conservation easements. In addition, the Organization periodically designates unrestricted funds to The Forever Stewardship Fund, which are subject to the same provisions as the restricted funds. The Forever Stewardship Funds are managed with the Organization's Endowment and Similar Funds and all investment earnings on The Forever Stewardship Fund are allocated between restricted and designated funds based on the donors' intentions and are available to cover eligible expenses. The Forever Stewardship Fund balances as of June 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
The Forever Stewardship Fund - With Donor Restrictions	\$ 6,400,814	\$ 6,258,294
The Forever Stewardship Fund - Designated	1,574,281	659,330
Total Forever Stewardship Funds	<u>\$ 7,975,095</u>	<u>\$ 6,917,624</u>

**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 12 ENDOWMENT AND SIMILAR FUNDS**

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

**Interpretation of Relevant Law**

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 net assets with donor restrictions to be held in perpetuity (a) the original value of cash gifts donated to the permanent endowment and (b) the discounted value of future gifts promised to the permanent endowment, net of allowances for uncollectible pledges. The remaining portion of donor-restricted endowment funds not classified in net assets with donor restrictions to be held in perpetuity is classified as net assets with donor restrictions (that are not to be held in perpetuity) until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence by UPMIFA.

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

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

**Spending Policy, Objectives and Strategies**

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

**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 12 ENDOWMENT AND SIMILAR FUNDS (CONTINUED)**

Endowment and similar fund's net asset composition by fund type at June 30, 2023 and 2022 are as follows:

	2023			
	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions - Held in Perpetuity	Total
<u>Donor Restricted Endowments and Similar Funds:</u>				
Habitat Education Program	\$ -	\$ 9,195	\$ 68,503	\$ 77,698
Forever Shooting Sports Program	-	44,075	252,260	296,335
Wildlife Conservation Experience	-	72,903	400,000	472,903
Total Donor Restricted	<u>\$ -</u>	<u>\$ 126,173</u>	<u>\$ 720,763</u>	<u>\$ 846,936</u>
<u>Designated Endowment and Similar Funds:</u>				
Forever Shooting Sports Program	<u>\$ 791,877</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 791,877</u>
2022				
	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions - Held in Perpetuity	Total
<u>Donor Restricted Endowments and Similar Funds:</u>				
Habitat Education Program	\$ -	\$ 4,450	\$ 68,503	\$ 72,953
Forever Shooting Sports Program	-	26,240	252,260	278,500
Wildlife Conservation Experience	-	44,511	400,000	444,511
Total Donor Restricted	<u>\$ -</u>	<u>\$ 75,201</u>	<u>\$ 720,763</u>	<u>\$ 795,964</u>
<u>Designated Endowment and Similar Funds:</u>				
Forever Shooting Sports Program	<u>\$ 744,218</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 744,218</u>

Changes in endowment and similar funds net assets for the years ended June 30, 2023 and 2022 are as follows:

	2023			
	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions - Held in Perpetuity	Total
Endowment and Similar Funds Net Assets - July 1, 2022	\$ 744,218	\$ 75,201	\$ 720,763	\$ 1,540,182
Investment Return	87,890	94,001	-	181,891
Contributions & Designations	-	-	-	-
Appropriation of Endowment				
Assets for Expenditure	(40,231)	(43,029)	-	(83,260)
Endowment and Similar Funds Net Assets - June 30, 2023	<u>\$ 791,877</u>	<u>\$ 126,173</u>	<u>\$ 720,763</u>	<u>\$ 1,638,813</u>
2022				
	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions - Held in Perpetuity	Total
Endowment and Similar Funds Net Assets - July 1, 2021	\$ 866,182	\$ 205,762	\$ 720,763	\$ 1,792,707
Investment Return	(83,509)	(89,311)	-	(172,820)
Contributions & Designations	-	-	-	-
Appropriation of Endowment				
Assets for Expenditure	(38,455)	(41,250)	-	(79,705)
Endowment and Similar Funds Net Assets - June 30, 2022	<u>\$ 744,218</u>	<u>\$ 75,201</u>	<u>\$ 720,763</u>	<u>\$ 1,540,182</u>

**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 13 LEASES COMMITMENTS**

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

**Operating Leases**

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

**Finance Leases**

The Organization leases some equipment and vehicles under arrangements classified under ASC 842 as finance leases. During the year ended June 30, 2023, the Organization incurred finance leases expenses of \$5,704, consisting of \$5,294 in amortization of right-of-use assets and \$410 in interest. For finance leases in effect as of June 30, 2023, the weighted-average remaining lease term was 3.14 years and the weighted-average discount rate used to calculate the present value of the future lease payments was 3.75%.

Future lease payments under all leases as of June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Operating Leases</u>	<u>Finance Leases</u>	<u>Total</u>
2024	\$ 439,484	\$ 24,481	\$ 463,965
2025	311,224	13,570	324,794
2026	97,147	5,776	102,923
2027	36,602	5,776	42,378
2028	10,437	5,057	15,494
Total	<u>\$ 894,894</u>	<u>\$ 54,660</u>	<u>\$ 891,682</u>
Less: Present Value Discount	<u>(39,077)</u>	<u>(3,091)</u>	<u>(42,168)</u>
Lease Liability - June 30, 2023	<u>\$ 855,817</u>	<u>\$ 51,569</u>	<u>\$ 849,514</u>

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

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

**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 13 LEASE COMMITMENTS (CONTINUED)**

Prior to the adoption of ASC 842, July 1, 2022, lease commitments were as follows under ASC 840:

<u>Year Ending June 30,</u>	Office Equipment	Equipment and Vehicles	Total
2023	\$ 6,828	\$ 370,422	\$ 377,250
2024	3,231	258,384	261,615
2025	-	120,920	120,920
Total	<u>\$ 10,059</u>	<u>\$ 749,726</u>	<u>\$ 759,785</u>

Office equipment lease expense totaled \$7,905 and equipment and vehicle lease expense totaled \$324,484 during the year ended June 30, 2022.

**NOTE 14 LEASE INCOME**

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, 2023 and 2022, the building had accumulated depreciation of \$532,194 and \$499,940, respectively. The Organization leases a portion of the building to two unrelated tenants.

One tenant leases approximately 29% of the building under a lease that is scheduled to expire on December 31, 2024, and contains an option to extend the lease for an additional 5-year period. The second tenant occupies approximately 40% of the building under a lease that is scheduled to expire on August 31, 2025. That tenant may extend their lease for up to 6 additional 2-year periods, and also has a first right of offer to purchase the building should the Organization choose to market the building for sale at any time during their lease. The lease agreements provide that the lessees are responsible for the base rent, plus their share of real estate taxes, maintenance and insurance.

The following is a schedule of the future minimum lease payments (base rent) due to be received through the terms of these leases, excluding option periods:

<u>Year Ending June 30,</u>	Amount
2024	\$ 152,128
2025	125,348
2026	15,968
Total	<u>\$ 293,444</u>

For the years ended June 30, 2023 and 2022, the Organization recorded rental income associated with these leases of \$202,123 and \$198,886, respectively. For the years ended June 30, 2023 and 2022, the Organization had associated expenses related to an allocable portion of real estate taxes and maintenance of \$38,688 and \$34,256, respectively.

**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 15 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 \$1,135,532 and \$993,104 for the years ended June 30, 2023 and 2022, respectively.

**NOTE 16 ANNUITY AGREEMENT**

The Organization has a charitable gift annuity agreement, which provides for an annual payment to the annuitant for the duration of their life. An annuity liability has been recorded based on the present value of the future expected payments calculated using a discount rate of 4% and applicable life expectancy tables. A contribution has been recognized for the difference between the fair market value of the assets received and the annuity liability. Annual revaluations of the annuity liability are recorded as changes in net assets without donor restrictions.

**NOTE 17 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

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

	<u>2023</u>	<u>2022</u>
Cash	\$ 15,950,577	\$ 17,289,945
Investments - Short Term	7,732,766	7,435,334
Accounts Receivable	16,112,318	12,423,612
Pledges Receivable	<u>1,289,366</u>	<u>1,241,691</u>
Total financial assets available	\$ 41,085,027	\$ 38,390,582
Less amounts restricted by donor with purpose restrictions	(4,654,535)	(3,592,677)
Less board designated operating reserve	<u>(3,377,356)</u>	<u>(3,359,663)</u>
Financial assets available to meet cash flow needs for general expenditures within one year	<u>\$ 33,053,136</u>	<u>\$ 31,438,242</u>

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

**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 17 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)**

The board designated endowment in the amount of \$791,877 is subject to an annual spending rate of 5%. The board designated Forever Stewardship Fund in the amount of \$1,574,281 is not subject to an annual spending plan. Although the Organization does not intend to spend from these board designated funds, other than amounts approved and appropriated per the spending policy and the Forever Stewardship Fund guidelines, these amounts could be made available if necessary.

As part of the Organization's liquidity management plan, cash in excess of monthly requirements is invested in short-term investments, including mutual funds, and money market accounts. The Organization also maintains a \$2,500,000 line of credit with a bank that can be drawn upon as needed to manage cash flow needs.

**NOTE 18 CONTINGENCY**

During the ordinary course of business, the Organization can encounter various claims and lawsuits. The Organization currently has one outstanding lawsuit against it that was filed during the year ended June 30, 2022. While the final outcome of this claim cannot be determined at this time, management believes that any liability resulting from the claim will not have a material effect on the Organization's consolidated financial statements.

**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, 2023 and 2022 and our report thereon dated December 18, 2023, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 through 3. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and consolidating schedule of activities, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Boyum & Barescheer PLLP*

Boyum & Barescheer PLLP  
Minneapolis, Minnesota  
December 18, 2023



**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**CONSOLIDATING BALANCE SHEET - UNAUDITED**  
**JUNE 30, 2023**

	Pheasants Forever, Inc.	Habitat Forever, LLC	The Forever Land Trust, LLC	Eliminations	Total
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalent	\$ 15,907,910	\$ 9,064	\$ 33,603	\$ -	\$ 15,950,577
Investments	8,323,712	-	-	(590,946)	7,732,766
Accounts Receivable (Net)	16,429,172	-	-	(316,854)	16,112,318
Pledges Receivable (Net)	1,289,366	-	-	-	1,289,366
Inventories	18,436	-	-	-	18,436
Land Held for Resale & Conservation	4,184,382	-	-	-	4,184,382
Prepaid Expenses & Other Assets	893,147	-	-	-	893,147
Total Current Assets	<u>47,046,125</u>	<u>9,064</u>	<u>33,603</u>	<u>(907,800)</u>	<u>46,180,992</u>
<b>OTHER ASSETS</b>					
Property and Equipment (Net)	1,887,724	-	-	-	1,887,724
Right-of-Use Assets - Operating Leases	854,899	-	-	-	854,899
Right-of-Use Assets - Finance Leases	51,260	-	-	-	51,260
Investments - Endowment and Similar Funds	9,613,908	-	-	-	9,613,908
Land Held for Resale & Conservation	9,007,424	-	220,687	-	9,228,111
Pledges Receivable - Long Term	1,037,015	-	-	-	1,037,015
Beneficial Interest in Trust	1,127,769	-	-	-	1,127,769
Cash Surrender Value of Life Insurance	849,115	-	-	-	849,115
Total Other Assets	<u>24,429,114</u>	<u>-</u>	<u>220,687</u>	<u>-</u>	<u>24,649,801</u>
Total Assets	<u>\$ 71,475,239</u>	<u>\$ 9,064</u>	<u>\$ 254,290</u>	<u>\$ (907,800)</u>	<u>\$ 70,830,793</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable	\$ 5,765,895	\$ 316,854	\$ -	\$ (316,854)	\$ 5,765,895
Accrued Employee Benefits, Withholdings and Other Liabilities	2,928,535	-	-	-	2,928,535
Current Maturities of Long-Term Debt	1,219,004	-	-	-	1,219,004
Lease Liability - Operating Leases	415,072	-	-	-	415,072
Lease Liability - Finance Leases	22,961	-	-	-	22,961
Grant Advances	4,992,684	-	-	-	4,992,684
Deferred Revenues	1,439,014	-	-	-	1,439,014
Liability Under Annuity Agreement	20,570	-	-	-	20,570
Total Current Liabilities	<u>16,803,735</u>	<u>316,854</u>	<u>-</u>	<u>(316,854)</u>	<u>16,803,735</u>
<b>LONG-TERM LIABILITIES</b>					
Liability Under Annuity Agreement	89,350	-	-	-	89,350
Lease Liability - Operating Leases	440,745	-	-	-	440,745
Lease Liability - Finance Leases	28,608	-	-	-	28,608
Long-Term Debt, Net of Current Maturities	50,910	-	-	-	50,910
Total Long-Term Liabilities	<u>609,613</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>609,613</u>
Total Liabilities	17,413,348	316,854	-	(316,854)	17,413,348
<b>NET ASSETS</b>					
Without Donor Restrictions	34,968,335	(307,790)	254,290	(590,946)	34,323,889
With Donor Restrictions	19,093,556	-	-	-	19,093,556
Total Net Assets	<u>54,061,891</u>	<u>(307,790)</u>	<u>254,290</u>	<u>(590,946)</u>	<u>53,417,445</u>
Total Liabilities and Net Assets	<u>\$ 71,475,239</u>	<u>\$ 9,064</u>	<u>\$ 254,290</u>	<u>\$ (907,800)</u>	<u>\$ 70,830,793</u>

**PHEASANTS FOREVER, INC. AND SUBSIDIARIES**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES - UNAUDITED**  
**YEAR ENDED JUNE 30, 2023**

	Pheasants Forever, Inc.	Habitat Forever, LLC	The Forever Land Trust, LLC	Eliminations	Total
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>					
<b>SUPPORT AND REVENUE</b>					
Support:					
Contributions - Cash & Other Financial Assets	\$ 7,690,967	\$ -	\$ 6,012	\$ -	\$ 7,696,979
Contributions - Nonfinancial Assets	24,776,063	-	-	-	24,776,063
Government Program Grants	53,337,319	-	-	-	53,337,319
Banquet and Event Revenues	28,254,774	-	-	-	28,254,774
Costs of Direct Benefit to Donors	(18,186,245)	-	-	-	(18,186,245)
Net Support from Banquets and Events	10,068,529	-	-	-	10,068,529
Membership Dues	6,180,200	-	-	-	6,180,200
Total Support	102,053,078	-	6,012	-	102,059,090
Revenue:					
Sales of Merchandise	19,857	-	-	-	19,857
Cost of Merchandise Sold	(6,372)	-	-	-	(6,372)
Gross Profit on Merchandise Sales	13,485	-	-	-	13,485
Program Service Revenue	6,627,206	-	-	-	6,627,206
Advertising Revenues	1,408,300	-	-	-	1,408,300
Investment Income	1,259,711	-	20	-	1,259,731
Other Income	774,008	-	-	-	774,008
Total Revenue	10,082,710	-	20	-	10,082,730
Net Assets Released from Restrictions	1,282,789	-	-	-	1,282,789
Total Support and Revenue	113,418,577	-	6,032	-	113,424,609
<b>EXPENSES</b>					
Program Services	97,647,578	-	-	-	97,647,578
Supporting Services:					
Administrative Expenses	3,217,707	-	385	-	3,218,092
Fundraising Expenses	8,873,638	-	-	-	8,873,638
Total Supporting Services	12,091,345	-	385	-	12,091,730
Total Expenses	109,738,923	-	385	-	109,739,308
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	3,679,654	-	5,647	-	3,685,301
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>					
Time and Purpose Restricted Contributions	2,242,881	-	-	-	2,242,881
Investment Income	267,217	-	-	-	267,217
Net Assets Released from Restrictions	(1,282,789)	-	-	-	(1,282,789)
Changes in Net Assets with Donor Restrictions	1,227,309	-	-	-	1,227,309
<b>CHANGES IN NET ASSETS</b>	4,906,963	-	5,647	-	4,912,610
Net Assets-Beginning of the Year	49,154,928	(307,790)	248,643	(590,946)	48,504,835
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 54,061,891</u>	<u>\$ (307,790)</u>	<u>\$ 254,290</u>	<u>\$ (590,946)</u>	<u>\$ 53,417,445</u>