



Consolidated Financial Statements
September 30, 2019

The Peregrine Fund, Inc.

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Independent Auditor's Report

The Board of Directors
The Peregrine Fund, Inc.
Boise, Idaho

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Peregrine Fund, Inc. (the Organization), which comprise the consolidated statement of financial position as of September 30, 2019, and the related consolidated statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 consolidated financial position of The Peregrine Fund, Inc. as of September 30, 2019, and the consolidated changes in their net assets and their consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 and Note 15 to the financial statements, The Peregrine Fund has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. Accordingly, the beginning of year net assets have been adjusted to adopt this standard. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2020 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Organization's 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 the Organization's internal control over financial reporting and compliance.



Boise, Idaho
February 17, 2020

The Peregrine Fund, Inc.
Consolidated Statement of Financial Position
September 30, 2019

Assets	
Cash and cash equivalents	\$ 970,065
Grants and other receivables	435,810
Promises to give, net	2,323,207
Investments	16,823,454
Merchandise inventory	28,385
Prepaid expenses and other assets	144,190
Property, equipment and archive	
Land	1,513,000
Land improvements	840,518
Buildings	4,677,147
Vehicles and trailers	992,370
Equipment	220,164
Fixtures and displays	1,526,180
Construction in progress	66,726
Collections - Archives	2,734,664
Accumulated depreciation	<u>(6,151,784)</u>
Property, equipment and archive, net	<u>6,418,985</u>
Total Assets	<u><u>\$ 27,144,096</u></u>
Liabilities and Net assets	
Liabilities	
Accounts payable	\$ 193,612
Accrued expenses	246,283
Deferred revenue	<u>31,320</u>
Total liabilities	<u>471,215</u>
Net Assets	
Without Donor Restrictions	
Undesignated	147,585
Undesignated - Archives	4,517,106
Board designated	15,153,096
Invested in property and equipment	<u>3,000,129</u>
Total without donor restrictions	<u>22,817,916</u>
With Donor Restrictions	
Perpetual in nature	100,000
Purpose restrictions - operations	503,245
Invested in property and equipment	684,191
Time-restricted for future periods	<u>2,567,529</u>
Total with donor restrictions	<u>3,854,965</u>
Total net assets	<u>26,672,881</u>
Total Liabilities and Net Assets	<u><u>\$ 27,144,096</u></u>

The Peregrine Fund, Inc.
Consolidated Statement of Activities
Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support and Gains			
Contributions			
Individuals	\$ 1,113,491	\$ 865,861	\$ 1,979,352
Foundations	1,863,200	1,839,612	3,702,812
Corporations	440,775	81,464	522,239
	<u>3,417,466</u>	<u>2,786,937</u>	<u>6,204,403</u>
Indirect support	21,569	-	21,569
Government grants - federal	888,462	6,541	895,003
Government grants - state/local	57,927	-	57,927
	<u>4,385,424</u>	<u>2,793,478</u>	<u>7,178,902</u>
Donated professional services			
In-kind contributions	219,738	-	219,738
Sales of merchandise	188,247	-	188,247
Less: cost of goods sold	(91,426)	-	(91,426)
Net sales of merchandise	96,821	-	96,821
Fees for program services	91,258	-	91,258
Other revenue	233,904	-	233,904
Information Center admissions	277,517	-	277,517
Net investment return	510,070	-	510,070
Total revenues, support, and gains	<u>5,814,732</u>	<u>2,793,478</u>	<u>8,608,210</u>
Net assets released from restrictions - other	1,367,684	(1,367,684)	-
Expenses			
Program services			
Conservation, research, and education	5,886,896	33,299	5,920,195
Supporting services			
General and administrative	362,158	-	362,158
Fundraising	619,391	-	619,391
Membership	162,609	-	162,609
Total supporting services	<u>1,144,158</u>	<u>-</u>	<u>1,144,158</u>
Total expenses	<u>7,031,054</u>	<u>33,299</u>	<u>7,064,353</u>
Change in Net Assets	151,362	1,392,495	1,543,857
Net Assets, Beginning of Year, as Restated	22,666,554	2,462,470	25,129,024
Net Assets, End of Year	<u>\$ 22,817,916</u>	<u>\$ 3,854,965</u>	<u>\$ 26,672,881</u>

The Peregrine Fund, Inc.
Consolidated Statement of Cash Flows
Year Ended September 30, 2019

Operating Activities	
Change in net assets	\$ 1,543,857
Adjustments to reconcile change in net assets to net cash used for operating activities	
In-kind donations of property, equipment, and archives	(58,991)
In-kind donations - equity securities	(163,640)
Depreciation	227,929
Gain on retirement of assets	(26,455)
Realized and unrealized gain on operating investments	(301,871)
Change in assets and liabilities	
Grants receivable	(349,752)
Promises to give and other receivables	(1,296,423)
Merchandise inventory	(2,184)
Prepays and other assets	(19,834)
Accounts payable	(1,052)
Deferred revenue	21,972
Accrued expenses	44,420
	<u> </u>
Net Cash used for Operating Activities	<u>(382,024)</u>
Investing Activities	
Purchase of property, equipment and archives	(55,919)
Proceeds from sale of property, equipment, and archives	38,400
Purchase of operating investments	(2,986,993)
Operating investment income	208,199
Proceeds from sale of operating investments	3,442,413
	<u> </u>
Net Cash from Investing Activities	<u>646,100</u>
Net Change in Cash and Cash Equivalents	264,076
Cash and Cash Equivalents, Beginning of Year	<u>705,989</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 970,065</u></u>

The Peregrine Fund, Inc.
Consolidated Statement of Functional Expenses
Year Ended September 30, 2019

	Program Services			Supporting Services			Total Supporting Services	Total Expenses
	Conservation, Research and Education	Archives of Falconry	Total Program Services	General Administration	Fundraising	Membership		
Salaries and employee benefits	\$ 2,961,924	\$ 11,187	\$ 2,973,111	\$ 254,909	\$ 462,508	\$ 86,741	\$ 804,158	\$ 3,777,269
Grants and subcontracts	495,695	-	495,695	-	-	-	-	495,695
Professional services	314,133	-	314,133	-	-	-	-	314,133
Accounting fees	-	4,800	4,800	19,800	-	-	19,800	24,600
Legal fees	-	-	-	4,412	-	-	4,412	4,412
Office supplies and expense	14,742	1,374	16,116	3,398	1,350	2,538	7,286	23,402
Postage and freight	16,829	714	17,543	402	315	22,348	23,065	40,608
Small tools and supplies	350,448	25,010	375,458	2,576	3,253	2,309	8,138	383,596
Feed	133,262	-	133,262	-	-	-	-	133,262
Telephone	35,070	1,001	36,071	2,030	3,541	700	6,271	42,342
Information technology	78,591	11,377	89,968	33,584	37,989	14,119	85,692	175,660
Occupancy	154,838	7,621	162,459	6,433	4,845	1,478	12,756	175,215
Property maintenance and repairs	26,302	15,581	41,883	15,385	17,045	3,460	35,890	77,773
Printing and publications	28,804	184	28,988	766	418	23,038	24,222	53,210
Travel and field subsistence	586,966	10,105	597,071	738	64,744	-	65,482	662,553
Vehicle expense	102,272	-	102,272	78	-	-	78	102,350
Conferences, conventions, and meetings	68,502	2,088	70,590	897	18,891	250	20,038	90,628
Insurance	101,825	9,689	111,514	3,902	-	400	4,302	115,816
Dues, fees, and books	106,831	2,631	109,462	7,182	3,140	4,869	15,191	124,653
Visitor Center cost of goods sold	91,426	-	91,426	-	-	-	-	91,426
Depreciation	225,469	-	225,469	820	1,281	359	2,460	227,929
Miscellaneous	14,298	32	14,330	4,846	71	-	4,917	19,247
	5,908,227	103,394	6,011,621	362,158	619,391	162,609	1,144,158	7,155,779
Less Expenses included with revenues								
Visitor Center cost of goods sold	(91,426)	-	(91,426)	-	-	-	-	(91,426)
	<u>\$ 5,816,801</u>	<u>\$ 103,394</u>	<u>\$ 5,920,195</u>	<u>\$ 362,158</u>	<u>\$ 619,391</u>	<u>\$ 162,609</u>	<u>\$ 1,144,158</u>	<u>\$ 7,064,353</u>

See Notes to Consolidated Financial Statements

Note 1 - Summary of Significant Accounting Policies

Organization

The Peregrine Fund, Inc. (the Fund) changes the future for nature and humanity by conserving birds of prey worldwide. Whether the threat is poisoning, habitat loss, human persecution, or any other cause, the Fund uses sound science to tackle the most pressing conservation issues head-on. The Fund accomplishes high impact results by preventing raptor extinctions, protecting areas of high raptor conservation value, and addressing landscape-level threats impacting multiple species. As a catalyst for change, the Fund inspires people to value raptors and take action, and the Fund invests in tomorrow's conservation leaders. By working with communities around the world to protect the wildlife and habitats on which they depend, the Fund is able to create lasting conservation results while improving people's ways of life. Support for our work comes from donors, corporations, foundations, and government grants.

The Archives of Falconry (Archives) is a Type I Supporting Organization of the Fund as determined by the IRS. The worldwide cultural heritage of falconry extends back over 4,000 years. It was that sport's history and interaction with raptors that led modern practitioners to found and establish The Peregrine Fund to restore endangered populations of birds of prey, starting with the Peregrine Falcon. Their successes in rescuing that and subsequent species have been due in large part to the intimate insight and personal understanding derived from their relationships with these birds through the practice of falconry. While such falconers' interactions and relationships have been documented for hundreds of years, this valuable history was being lost due to the absence of any focused effort to preserve records of falconers and their key roles in raptor conservation. The Archives of Falconry is devoted to the preservation of that historical record.

Principles of Consolidation

The consolidated financial statements include the accounts of the Fund and the Archives because the Fund has both common management and an economic interest in the Archives. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as "The Peregrine Fund" (the Organization).

Change in Accounting Policy

As of October 1, 2018, the Fund adopted the provisions of Accounting Standards Updated (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit-Entities*. The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions) and enhance the disclosure requirements for the Fund's donor restricted endowment funds and underwater endowments. The ASU introduces new disclosure requirements to provide information about what is included or excluded from the Fund's intermediate measure of operations as well as disclosures to improve a financial statement user's ability to assess the Fund's liquidity and exposure to risk. The ASU also introduces new reporting requirements to present expenses by both function and natural classification in a single location. The ASU also introduces presentation of investment returns on the statement of activities net of external and direct internal investment expenses. The Fund has adopted this standard as management believes the standard improves the usefulness and understandability of the Fund's financial reporting.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to permanent endowment or other long-term purposes of the Organization are excluded from this definition.

Promises to Give Receivable

The Organization records unconditional promises to give to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statement of activities. The Organization determines the allowance for uncollectable promises to give is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At September 30, 2019, no allowance for uncollectable promises to give was deemed necessary.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statement of financial position. Net investment return/(loss) is reported in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Merchandise Inventory

The Organization's inventory is comprised of program-related merchandise held for sale in the gift shop, and is stated at the lower of cost or net realizable value determined by the weighted average cost method.

Property, Equipment and Archives

The Organization records property and equipment additions over \$5,000 with useful lives of two or more years at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated lives of the assets ranging from 10 to 39 years. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any resulting gain or loss is included in the consolidated statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Fund acquired land subject to a land patent restricting its use by the Fund to research, propagation, and management of raptors and wildlife. This land is included in donor restricted net assets for the property fund. Property and equipment assets acquired with governmental grant funds are included in donor restricted net assets.

The Archive has a collection that contains numerous books on falconry as well as records and correspondence, various artifacts, and artwork. This collection is an accumulation of archive donations and purchases collected throughout the life of the Organization. Items with a fair market value of over \$1,000 are capitalized as part of the collection and are recorded at fair market value at the accession date or at cost when purchased. No depreciation is recorded on the archives collection.

The Organization reviews the carrying values of property, equipment and archives for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. The Organization has not recognized any impairment of long-lived assets during the year ended September 30, 2019.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net asset for a board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor restricted funds are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting

principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received (Note 10).

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries and benefits are allocated on time and effort.

Program Services - Expenditures related to the Organization's mission to conserve wild populations of birds of prey in nature, including activities relating to species restoration, scientific study and education.

General Administration - Expenditures related to maintaining an efficient business infrastructure, including those related to corporate governance, to support and advance the mission of the Organization.

Fundraising - Expenditures related to fundraising strategies that provide the revenue stream for both operations and capital needs to further the accomplishment of the Fund's mission.

Membership - Expenditures related to the acquisition and retention of the Organization's members.

Income Taxes

The Fund is organized as a Pennsylvania nonprofit corporation and the Archives is organized as an Idaho nonprofit corporation. Both have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualify for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and (viii), and have been determined not to be private foundations under Section 509(a)(1) and (3). Each entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, each entity is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Each entity is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T).

Each entity believes it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The entities would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Sales Taxes

The Organization collects sales tax on retail sales within the State of Idaho. Retail sales are recorded net of the associated sales taxes. Sales tax is recorded as a liability when assessed.

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with promises to give is considered to be limited due to high historical collection rates. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Subsequent Events

The Organization has evaluated subsequent events through February 17, 2020, the date the consolidated financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 222,498
Grants and other receivables	435,810
Operating investments	12,968,489
Endowment spending-rate distributions and appropriations	<u>686,900</u>
	<u><u>\$ 14,313,697</u></u>

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

A board-designated endowment of \$15,153,096 is subject to an annual spending rate of 5% or \$500,000 (whichever is greater) as described in Note 10. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

Note 3 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that the Organization can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, the Organization develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk or liquidity profile of the asset.

A significant portion of the Organization's investment assets are classified within Level 1 because they are comprised of equities, individual securities, and money market funds with readily determinable fair values based on daily redemption values. The Organization also invests in corporate bonds traded in the financial markets. Those bonds are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2.

The following table presents assets measured at fair value on a recurring basis at September 30, 2019:

	Total	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 12,801,292	\$ 12,801,292	\$ -	\$ -
Corporate bonds	2,990,359	-	2,990,359	-
Money market funds	1,031,803	1,031,803	-	-
Total investments	<u>\$ 16,823,454</u>	<u>\$ 13,833,095</u>	<u>\$ 2,990,359</u>	<u>\$ -</u>

Note 4 - Net Investment Return

The following schedule summarizes the net investment return and its classification in the consolidated statement of activities for the year ended September 30, 2019:

	Without Donor Restrictions			Total
	Operations	Archives	Designated	
Net unrealized loss	\$ -	\$ (29,760)	\$ (257,560)	\$ (287,320)
Net realized gain	(2,349)	61,957	529,583	589,191
Investment fees	-	(10,157)	(87,950)	(98,107)
Interest and dividends	6,645	31,214	268,447	306,306
Net investment return	<u>\$ 4,296</u>	<u>\$ 53,254</u>	<u>\$ 452,520</u>	<u>\$ 510,070</u>

Note 5 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at September 30, 2019:

Within one year	\$ 975,000
In one to five years	1,375,000
Subtotal	2,350,000
Less discount to present value at rate 1.64%	(26,793)
Total promises to give	<u>\$ 2,323,207</u>

At September 30, 2019, three donors accounted for 86% of total unconditional promises to give.

Note 6 - Leases

The Organization leases 4 copiers and a postage machine under agreements accounted for as operating leases. Rental expense on these leases was \$13,358 for the year ended September 30, 2019. Future minimum lease payments under the operating lease agreements are as follows:

<u>Years Ended September 30,</u>			
2020		\$	11,256
2021			11,256
2022			11,256
2023			<u>10,318</u>
Total		<u>\$</u>	<u>44,086</u>

Note 7 - Line of Credit

The Organization has a \$1,500,000 revolving line of credit with a bank, secured by the Organization's investments held at U.S. Bank and renews each May 31. Borrowings under the line bear interest at Prime + 0%. The agreement requires that the Organization complies with certain financial and non-financial covenants. During the year ended September 30, 2019, the Organization did not borrow from the line and there is no outstanding balance as of September 30, 2019.

Note 8 - Endowment Net Assets

The Organization's endowment (the Endowment) consists of one individual fund established by a donor to provide annual funding for a specific activity. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Endowment also included certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

The Organization has interpreted the Idaho Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At September 30, 2019, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

As of September 30, 2019, the Organization had the following endowment net asset composition by type of fund:

	Without Donor Restriction	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 100,000	\$ 100,000

Changes in Endowment net assets for the year ended September 30, 2019 are as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets, Beginning of Year	\$ 16,359	\$ 100,000	\$ 116,359
Investment return			
Investment income, net of fees	-	-	-
Net realized and unrealized gain	-	-	-
Designated for expenditure	(16,359)	-	(16,359)
Endowment net assets, End of Year	\$ -	\$ 100,000	\$ 100,000

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. As of September 30, 2019, the fair market value of the donor restricted endowment funds exceeded corpus.

Investment and Spending Policies

The Organization has adopted investment and spending policies for Endowment that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. To satisfy its long-term

rate-of-return objectives, the investment portfolio is structured on a total return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. Any return earned on the corpus of the endowment with donor restrictions shall be utilized exclusively for the maintenance and operation of the Interpretive Center.

Note 9 - Net Assets with Donor Restrictions

Net assets with Donor Restrictions at September 30, 2019 consist of:

Contributions for fixed assets and federally funded fixed	\$ 431,191
Land subject to restrictions imposed by a land patent	253,000
Donor Restricted Contributions for specific purpose	503,245
Contributions for future operations- time restricted	<u>2,567,529</u>
	3,754,965
 Velma Morrison Interpretive Center	 <u>100,000</u>
 Net assets with donor restrictions	 <u><u>\$ 3,854,965</u></u>

Net assets of \$1,367,684 were released from restrictions for the year ended September 30, 2019. The net assets were released after the expiration of time restrictions and/or the satisfaction of purpose restrictions.

Note 10 - Designated Funds

The Board of Directors established a fund during fiscal year 1983 to help ensure the financial future of the Organization. A policy, established by the Board of Directors, allows the Organization’s President the discretion to use \$500,000 or 5% of the Board-designated fund’s average market value the prior year (whichever is greater) towards operating expenses each year. The amount withdrawn for fiscal year 2019 was \$686,900.

The Archives of Falconry established a fund to pay for the ongoing financial obligation of maintaining the Archives collection. The funds are invested in the same account as The Peregrine Fund Designated Funds and the withdrawal policy is 5% of the fund’s average market value the prior year. The amount withdrawn for fiscal year 2019 was \$81,265.

In 2008 the Board of Directors set up the William A. Burnham Memorial Fund as a part of the designated fund, which provides for grants to be paid based upon the recommendation of the memorial fund’s committee members. During fiscal year 2019, no grants were awarded from this fund.

Note 11 - In-Kind Contributions and Contributed Services

In-kind contributions received are measured at fair value and recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. The Organization recognized in-kind contributions/services for the year ended September 30, 2019, as follows:

Travel and field subsistence	\$ 53,801
Vehicle expense	5,118
Small tools and supplies	10,253
Release supplies	1,000
Furnishing/fixtures	500
Displays/collections	23,846
Archives- small items	42,245
Maintenance and repairs	4,255
Rent	1,872
Dues, fees and books	200
Conferences, training	17,545
Professional services	2,635
Feed	28,742
Architect - VMIC expansion	<u>27,726</u>
 Total in-kind contributions and contributed services	 <u><u>\$ 219,738</u></u>

Note 12 - Allocation of Joint Costs

The Organization incurred joint costs of \$24,524 for informational materials and activities that included fundraising appeals. For the year ended September 30, 2019 these costs were allocated as follows:

Program services	\$ 12,262
Membership	<u>12,262</u>
 Total joint costs	 <u><u>\$ 24,524</u></u>

Note 13 - Benefit Plans

The Organization has a defined contribution retirement plan for employees within the United States. Employees working a minimum of 1,000 hours per year are eligible to participate. Substantially all employees participate in the plan. Annual contributions are determined at the discretion of the Board of Directors. Total employer contributions were \$233,553 for the year ended September 30, 2019.

Note 14 - Related Party Transactions

During the year ended September 30, 2019, donations were received in the form of cash and stock in the amounts of \$1,773,319 and \$59,770, respectively, from members of the Board of Directors.

Note 15 - Restatement Resulting from Change in Accounting Policy

As disclosed in Note 1, The Peregrine Fund adopted the provisions of ASU 2016 – 14, *Presentation of Financial Statements for Not-For-Profit Entities* as of October 1, 2018. The following financial statement line item for the year ended September 30, 2018 were restated as a result of the adoption.

	<u>As Previously Reported</u>	<u>Adoption of ASU 2016-14</u>	<u>As Restated</u>
Unrestricted	\$ 22,666,554	\$ (22,666,554)	\$ -
Temporarily restricted net assets	2,362,470	(2,362,470)	-
Permanently restricted net assets	100,000	(100,000)	-
Net assets without donor restrictions	-	22,666,554	22,666,554
Net assets with donor restrictions	-	2,462,470	2,462,470



Federal Awards Reports in Accordance with the Uniform
Guidance

September 30, 2019

The Peregrine Fund, Inc.



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
The Peregrine Fund, Inc.
Boise, Idaho

We have audited, in accordance with the 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, the financial statements of The Peregrine Fund, Inc., (the Organization) which comprise the consolidated statement of financial position as of September 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 31, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered The Peregrine Fund, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Peregrine Fund, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Peregrine Fund, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Peregrine Fund, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
February 17, 2020



Independent Auditor's Report on Compliance for Each Major Federal Programs; Report on Internal Control Over Compliance

To the Board of Directors
The Peregrine Fund, Inc.
Boise, Idaho

Report on Compliance for the Major Federal Programs

We have audited The Peregrine Fund, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on The Peregrine Fund, Inc.'s (the Organization) major federal programs for the year ended September 30, 2019. The Peregrine Fund, Inc.'s major federal programs is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for The Peregrine Fund, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about The Peregrine Fund, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of The Peregrine Fund, Inc.'s compliance.

Opinion on the Major Federal Programs

In our opinion, The Peregrine Fund, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended September 30, 2019.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of federal programs on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of federal programs will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of federal programs that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as 2019-001 and 2019-002 that we consider to be significant deficiencies.

The Organization's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Organization's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
February 17, 2020

The Peregrine Fund, Inc.
Schedule of Consolidated Expenditures of Federal Awards
Year Ended September 30, 2019

Federal Grantor/Pass Through Grantor	Federal CFDA Number	Project Title	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Interior Passed through from:				
U.S. Fish and Wildlife Service	15.608	California Condor Restoration	F15AC00414	\$ 329,358
U.S. Fish and Wildlife Service	15.657	Aplomado Falcon Recovery	F17AC01040	28,012
U.S. Fish and Wildlife Service	15.657	Reducing California Condor Lead Exposure and Mortality	F19AP00928	8,246
U.S. Fish and Wildlife Service	15.657	Northern Aplomado Falcon Populations Recovery Project	F19AC00090	98,500
U.S. Fish and Wildlife Service	15.657	Puerto Rico Sharp-Shinned Hawk - 2017 Hurricane Maria Recovery	F19AP00368	100,000
	Total CFDA 15.657			<u>234,758</u>
U.S. Fish and Wildlife Service	15.64	Darien Initiative	F17AP00443	55,425
Bureau of Land Management-ID	15.225	Boise District Youth Education	L14AC00363	3,030
Passed through from: Oregon Dept of Fish and Wildlife				
Fish and Wildlife Cluster	15.611	Wildlife Restoration and Basic Hunter Education	351-17	<u>133,922</u>
	Total Fish and Wildlife Cluster			<u>133,922</u>
Research and Development Cluster				
National Park Service	15.945	Cooperative Research and Training Programs Resources of the National Park System	Subcontract Q01771	3,002
National Park Service	15.945	Cooperative Research and Training Programs Resources of the National Park System	Subcontract Q01911	12,840
National Park Service	15.945	Cooperative Research and Training Programs Resources of the National Park System	Subcontract Q01912	23,558
National Park Service	15.945	Cooperative Research and Training Programs Resources of the National Park System	Subcontract Q01984	41,479
National Park Service	15.945	Cooperative Research and Training Programs Resources of the National Park System	Subcontract Q02030	47,817
	Total Research and Development Cluster			<u>128,696</u>
	Total U.S. Department of Interior			<u>885,189</u>
		Total expenditures of federal awards		<u>\$ 885,189</u>

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of The Peregrine Fund, Inc., and is presented on the accrual basis of accounting. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position or cash flows of the Organization.

Note 2 - Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting, except for subrecipient expenditures which are recorded on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

The Organization has elected to use the 10% de minimus cost rate.

Note 4 - Subrecipients

The Organization does not pass funds through to subrecipients.

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiencies	None reported
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

Identification of major programs:

<u>CFDA number</u>	<u>Name of Federal Programs</u>
15.608	U.S. Department of Interior
15.611	California Condor Restoration
	Wildlife Restoration and Basic Hunter Education

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
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Auditee qualified as low-risk auditee	No
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Section II - Financial Statement Findings

No financial statement findings reported.

Section III - Federal Award Findings and Questioned Costs

2019-001

Direct Programs – Department of Interior

CFDA# 15.608

Award # F15AC00414

California Condor Restoration

Activities Allowed or Unallowed & Allowable Costs/Principles

Significant Deficiency in Internal Control over Compliance

Criteria:

2 CFR Section 200.514(c) states that the Organization must have internal controls over Federal award expenditures.

Condition:

During our internal control testing over allowable costs we noted 6 instances where a supervisor or manager level employees had no documentation of approval of time charged to this program.

Cause:

The Organization's existing control procedures for ensuring timesheets were approved was not strong enough to ensure that time charged to this grant was approved.

Effect:

The Organization had no documentation of approval over timesheets for supervisors and manager level employees.

Questioned Costs:

None Reported

Context/Sampling:

A statistical sample of 32 out of 180 program expenses comprising \$45,183 of \$329,358 total expense were selected for testing.

Repeat Finding from Prior Year:

No

Recommendation:

The Organization should review the current control process over review of supervisor and manager level employee's payroll to ensure that time charged to the grant is reviewed and approved.

Views of Responsible Officials:

The Organization agrees with the finding.

2019-002

Direct Programs – Department of Interior

CFDA# 15.608

Award # F15AC00414

California Condor Restoration

Procurement, Suspension & Debarment

Significant Deficiency in Internal Control over Compliance

Criteria:

2 CFR Section 215.43 states that the Organization must have policies and procedures that comply with the Uniform Grant Guidance procurement, suspension, and debarment requirements.

Condition:

During our review of the Organization's policies over procurement, suspension, and debarment we noted that the policy was not in compliance with 2 CFR Section 215.43.

Cause:

The Organization's existing control procedures over procurement, suspension, and debarment were not updated to meet the new requirements.

Effect:

The Organization's procurement, suspension, and debarment policy is not in compliance with 2 CFR Section 215.43.

Questioned Costs:

None Reported

Context/Sampling:

No sample was used.

Repeat Finding from Prior Year:

No

Recommendation:

The Organization should review the current control process over review of their procurement, suspension, and debarment policies to ensure they are in line with 2 CFR Section 215.43.

Views of Responsible Officials:

The Organization agrees with the finding.