



AUDIT REPORT

**FINANCIAL AND FEDERAL AWARD
COMPLIANCE EXAMINATION**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

THE PEREGRINE FUND, INC.

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FINANCIAL STATEMENTS



**FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2022**

THE PEREGRINE FUND, INC.

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of The Peregrine Fund, Inc. (the Organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2023, and the change in its net assets and its cash flows for the year 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 *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 the Organization 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 for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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, including omissions, 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 the Organization's 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 15, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards on pages I-(22 - 23), as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has 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 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 information 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 13, 2024, on our consideration of the Organization's 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 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.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

February 13, 2024

THE PEREGRINE FUND, INC.

STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

ASSETS

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 8,750,600	\$ 1,509,801
Investments	18,368,325	17,234,097
Grants receivable	338,250	279,474
Pledges receivable, net	18,833,969	1,153,031
Contributions receivable	850,639	-
Inventory	63,432	57,304
Prepaid expenses and other assets	99,993	164,255
Property and equipment, net of accumulated depreciation and amortization of \$6,538,608	<u>8,083,712</u>	<u>7,152,347</u>
TOTAL ASSETS	\$ <u>55,388,920</u>	\$ <u>27,550,309</u>

LIABILITIES AND NET ASSETS**LIABILITIES**

Notes payable	\$ 150,447	\$ -
Accounts payable	268,677	667,209
Accrued expenses	370,768	304,520
Deferred revenue	<u>2,247,847</u>	<u>104,795</u>
Total liabilities	<u>3,037,739</u>	<u>1,076,524</u>

NET ASSETS

Without donor restrictions:		
Undesignated	788,313	(3,506,740)
Board designated	18,243,772	17,138,459
Invested in property and equipment	<u>7,188,861</u>	<u>6,219,966</u>
Total without donor restrictions	<u>26,220,946</u>	<u>19,851,685</u>
With donor restrictions:		
Purpose restricted	5,449,365	5,110,641
Time restricted	19,686,019	479,078
Invested in property and equipment	894,851	932,381
Perpetual in nature	<u>100,000</u>	<u>100,000</u>
Total with donor restrictions	<u>26,130,235</u>	<u>6,622,100</u>
Total net assets	<u>52,351,181</u>	<u>26,473,785</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>55,388,920</u>	\$ <u>27,550,309</u>

THE PEREGRINE FUND, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributions - Individuals	\$ 1,600,401	\$ 25,408,020	\$ 27,008,421	\$ 1,882,841
Contributions - Foundations	1,593,462	1,864,632	3,458,094	4,276,498
Contributions - Corporations	349,264	25,250	374,514	1,195,354
Government grants - Federal	1,676,539	-	1,676,539	1,473,667
Government grants - Other governmental	368,413	55,000	423,413	230,827
Contributed services and materials	229,277	-	229,277	422,104
Admissions	393,792	-	393,792	259,596
Sales, net of cost of goods sold of \$173,348	169,763	-	169,763	131,252
Investment income (loss)	2,053,040	13,621	2,066,661	(2,258,568)
Other	225,358	-	225,358	(77,779)
Net assets released from donor restrictions	<u>7,858,388</u>	<u>(7,858,388)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>16,517,697</u>	<u>19,508,135</u>	<u>36,025,832</u>	<u>7,535,792</u>
EXPENSES				
Program Services: Conservation, Research, and Education	<u>8,031,460</u>	<u>-</u>	<u>8,031,460</u>	<u>7,537,914</u>
Supporting Services: General and Administrative	1,223,329	-	1,223,329	1,166,899
Fundraising	<u>893,647</u>	<u>-</u>	<u>893,647</u>	<u>797,015</u>
Total supporting services	<u>2,116,976</u>	<u>-</u>	<u>2,116,976</u>	<u>1,963,914</u>
Total expenses	<u>10,148,436</u>	<u>-</u>	<u>10,148,436</u>	<u>9,501,828</u>
Change in net assets	6,369,261	19,508,135	25,877,396	(1,966,036)
Net assets at beginning of year	<u>19,851,685</u>	<u>6,622,100</u>	<u>26,473,785</u>	<u>28,439,821</u>
NET ASSETS AT END OF YEAR	<u>\$ 26,220,946</u>	<u>\$ 26,130,235</u>	<u>\$ 52,351,181</u>	<u>\$ 26,473,785</u>

THE PEREGRINE FUND, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023				2022	
	Program Services	Supporting Services				
	Conservation, Research, and Education	General and Administrative	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Salaries and employee benefits	\$ 4,015,070	\$ 785,762	\$ 644,717	\$ 1,430,479	\$ 5,445,549	\$ 5,066,258
Grants and subcontracts	899,709	-	-	-	899,709	380,366
Program expenses	241,260	-	-	-	241,260	56,477
Office supplies and expense	22,294	5,455	539	5,994	28,288	24,684
Telephone	32,904	3,513	3,654	7,167	40,071	44,690
Postage and freight	21,838	13,045	1,376	14,421	36,259	39,542
Occupancy	91,655	1,879	-	1,879	93,534	110,518
Maintenance and repairs	98,429	18,524	17,897	36,421	134,850	90,126
Printing and publications	36,707	20,446	1,076	21,522	58,229	90,817
Travel and field subsistence	523,680	51,628	62,743	114,371	638,051	737,617
Dues and fees	93,640	19,142	1,883	21,025	114,665	90,538
Information technology	175,932	53,552	70,746	124,298	300,230	247,685
Depreciation and amortization	444,005	1,287	772	2,059	446,064	318,811
Meetings and events	33,175	8,301	-	8,301	41,476	54,349
Professional services	125,819	127,261	52,817	180,078	305,897	519,716
Contract services	254,576	-	-	-	254,576	191,391
Insurance	123,490	68,259	-	68,259	191,749	170,336
Utilities	93,646	14,804	1,283	16,087	109,733	112,684
Small tools and supplies	231,281	14,229	430	14,659	245,940	291,842
Feed	187,952	-	-	-	187,952	176,011
Vehicle expense	177,368	12,542	-	12,542	189,910	112,953
Special events	98,694	1,470	28,714	30,184	128,878	39,502
Miscellaneous	8,336	2,230	5,000	7,230	15,566	534,915
TOTAL	\$ 8,031,460	\$ 1,223,329	\$ 893,647	\$ 2,116,976	\$ 10,148,436	\$ 9,501,828

See accompanying notes to financial statements.

THE PEREGRINE FUND, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 25,877,396	\$ (1,966,036)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	446,064	318,811
Unrealized (gain) loss on investments	(1,394,020)	3,197,178
Realized gain on sales of investments	(368,451)	(720,924)
Discount on long-term receivables	1,340,586	-
Receipt of contributed securities	(5,111,679)	(62,615)
Proceeds from sale of contributed securities	5,103,532	62,615
Loss on sale of fixed asset	670	-
(Increase) decrease in:		
Grants receivable	(58,776)	85,254
Pledges receivable	(19,002,817)	540,154
Contributions receivable	(869,346)	-
Inventory	(6,128)	2,191
Prepaid expenses and other assets	64,262	45,340
Increase (decrease) in:		
Notes payable	150,447	-
Accounts payable	(398,532)	(3,146,871)
Accrued expenses	66,248	63,920
Deferred revenue	<u>2,143,052</u>	<u>9,603</u>
Net cash provided (used) by operating activities	<u>7,982,508</u>	<u>(1,571,380)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(1,383,399)	(3,125,378)
Proceeds from sales of fixed assets	5,300	-
Purchases of investments	(318,914)	(576,939)
Proceeds from sales of investments	<u>955,304</u>	<u>3,428,617</u>
Net cash used by investing activities	<u>(741,709)</u>	<u>(273,700)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	-	950,000
Payments on line of credit	<u>-</u>	<u>(950,000)</u>
Net cash used by financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	7,240,799	(1,845,080)
Cash and cash equivalents at beginning of year	<u>1,509,801</u>	<u>3,354,881</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 8,750,600</u>	<u>\$ 1,509,801</u>

SUPPLEMENTAL INFORMATION:

Interest Paid	\$ <u>3,186</u>	\$ <u>13,478</u>
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THE PEREGRINE FUND, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Peregrine Fund, Inc. (the Organization) is a non-profit organization, incorporated and located in Idaho. The Organization 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 Organization uses sound science to tackle the most pressing conservation issues head-on. The Organization 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 Organization inspires people to value raptors and take action, and the Organization invests in tomorrow's conservation leaders. By working with communities around the world to protect the wildlife and habitats on which they depend, the Organization 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.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions." Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are more restrictive than the Organization's mission and purpose. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the 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. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments, including certificates of deposit, with maturities of three months or less to be cash equivalents, and excluding money market funds held by investment managers in the amount of \$461,132 for the year ended September 30, 2023. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Organization maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

THE PEREGRINE FUND, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment gain (loss), which is presented net of investment expenses paid to external investment advisors, in the accompanying Statement of Activities and Change in Net Assets. Investments acquired by gift are recorded at their fair value at the date of the gift. The Organization's policy is to liquidate all gifts of investments as soon as possible after the gift.

Grants, pledges and contributions receivable -

Grants, pledges and contributions receivable are recorded at their net realizable value, which approximates fair value. Receivables that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. All receivables are considered by management to be fully collectable. Accordingly, an allowance for doubtful accounts has not been established.

Inventory -

Inventory consists of program-related merchandise held for sale in the gift shop, and is measured at the lower of cost and net realizable value using the first-in, first-out method of inventory under FASB ASU 2015-11 *Simplifying the Measurement of Inventory*.

Property and equipment -

Property and equipment in excess of \$5,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally 5 to 39 years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended September 30, 2023 totaled \$446,064.

The Organization purchases capital assets for its various programs with funding received from the U.S. Government. Under the terms of these agreements, title to equipment remains with the Organization, and the funder generally retains a reversionary interest in the equipment, and therefore, the Organization capitalizes the assets in the Statement of Financial Position, and depreciates the assets over the assets' useful lives. Additionally, the Organization has acquired land subject to a land patent (totaling \$253,000) which restricted its use by the Organization for research, propagation, and management of raptors and wildlife. The net value of the assets (and the non-depreciable land patent) is included in net assets with donor restrictions as of September 30, 2023 (Note 8).

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to the Statement of Activities and Change in Net Assets, to its current fair value.

THE PEREGRINE FUND, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Income taxes -

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization is not a private foundation.

Uncertain tax positions -

For the year ended September 30, 2023, the Organization has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Revenue recognition -

The majority of the Organization's revenue is received through awards from individuals, foundations, corporations, and other governmental entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of each award to determine if the revenue streams follow the contribution rules or if considered an exchange transaction. Revenue is considered a contribution when it is nonreciprocal in terms of benefits received by both parties. Revenue is considered an exchange transaction when it is reciprocal in that both parties receive a benefit.

For awards qualifying under the contribution rules, the treatment of revenue is further subdivided between unconditional and conditional revenue. For unconditional revenue, revenue is recorded when a promise is made, or funds are received, whichever happens first. Awards qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements. Conditional revenue is recognized upon the notification of the award and satisfaction of all conditions, if applicable.

Awards qualifying as conditional contributions contain a right of return or right of release from obligation provision and a defined barrier (or barriers), and the entity has limited discretion over how funds transferred should be spent. Accordingly, revenue is recognized when the condition or conditions are satisfied (when the related barrier has been overcome); these transactions are nonreciprocal and classified as conditional, and are recognized as contributions when the revenue becomes unconditional. The Organization considers all awards from governments to be conditional assistance, and accordingly have been recognized in the accompanying financial statements as revenue (without donor restrictions) at such time when the conditions have been met (in the case of Federal awards, when qualifying direct and indirect expenditures have been incurred). Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Funds received under conditional assistance awards are recorded as refundable advances; total revenue recognized (under conditional awards) in the accompanying financial statements as of September 30, 2023 aggregated \$1,693,953.

All marketable securities contributed and subsequently sold within 30 days of receipt are recognized as contributions based on the fair value of the securities on the date of contribution using the closing price on that date or the sales price is sold on the day the contribution was made. If retained, the contribution is valued by the same method and the securities are subsequently recorded at fair value.

THE PEREGRINE FUND, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Revenue recognition (continued) -

Revenue received from individuals for memberships represents a contribution to the Organization as there are no substantial benefits received in exchange for the support received. Accordingly, memberships are accounted for in accordance with the "Contributions and grants" policy above.

Revenue classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers*, and is recorded when the performance obligations are met; the revenue is recognized as "without donor restrictions" and the transaction price is based on the criteria stipulated in the agreements. For Admissions and Sales, recognition of revenue occurs at the point in time when the sale is transacted (and invoiced to customers). The Organization has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost. Funds received in advance of revenue recognition are recorded as deferred revenue. As of October 1, 2021, There was no opening balance related to contracts from customers.

Contributed services and materials -

Contributed services and materials, as described in Note 10, are recorded at their fair value as of the date of the gift. In addition, volunteers have donated significant amounts of their time to the Organization; these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Investment risks and uncertainties -

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

The Organization adopted the provisions of FASB ASC 820, *Fair Value Measurement*.

THE PEREGRINE FUND, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Fair value measurement (continued) -

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements.

The Organization accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

2. **INVESTMENTS**

Investments consisted of the following as of September 30, 2023:

	<u>Fair Value</u>
Money market funds	\$ 461,132
Equities	14,193,108
Corporate bonds	<u>3,714,085</u>
TOTAL INVESTMENTS	<u>\$ 18,368,325</u>

Included in net investment income are the following:

Interest and dividends	\$ 409,498
Unrealized gain on investments	1,394,020
Realized gain on sales of investments	368,451
Investment fees	<u>(105,308)</u>
TOTAL INVESTMENT INCOME, NET	<u>\$ 2,066,661</u>

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to 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 to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

THE PEREGRINE FUND, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

2. INVESTMENTS (Continued)

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the year ended September 30, 2023. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market fund is an open-end fund that is registered with the Securities and Exchange Commission (SEC) and is deemed to be actively traded.
- *Equities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Corporate Bonds* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy as of September 30, 2023.

	Level 1	Level 2	Level 3	Total September 30, 2023
Investments:				
Money market funds	\$ 461,132	\$ -	\$ -	\$ 461,132
Equities	14,193,108	-	-	14,193,108
Corporate bonds	-	3,714,085	-	3,714,085
TOTAL INVESTMENTS	\$ 14,654,240	\$ 3,714,085	\$ -	\$ 18,368,325

3. PLEDGES AND CONTRIBUTIONS RECEIVABLE

As of September 30, 2023, individual contributors to the Organization have made unconditional written promises to give (pledges), of which \$20,157,817 remained due and outstanding. Amounts due beyond one year of the Statement of Financial Position date have been recorded at the present value of the estimated cash flows, using a discount rate ranging between 4.62% and 5.03%.

Following is a schedule of pledge amounts due, by year, as of September 30, 2023:

Less than one year	\$ 5,142,817
One to five years	15,015,000
Total	20,157,817
Less: Allowance to discount balance to present value	(1,323,848)
NET PLEDGES RECEIVABLES	\$ 18,833,969

THE PEREGRINE FUND, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

3. PLEDGES AND CONTRIBUTIONS RECEIVABLE (Continued)

As of September 30, 2023, various foundations have made unconditional written promises to give (contributions) to the Organization, of which \$869,346 remained due and outstanding. Amounts due beyond one year of the Statement of Financial Position date have been recorded at the present value of the estimated cash flows, using a discount rate of 5.03%.

Following is a schedule of foundation contributions amounts due, by year, as of September 30, 2023:

Less than one year	\$ 478,738
One to five years	<u>390,608</u>
Total	869,346
Less: Allowance to discount balance to present value	<u>(18,707)</u>
NET CONTRIBUTIONS RECEIVABLE	<u>\$ 850,639</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2023:

Land	\$ 1,513,000
Land improvements	2,341,862
Buildings	6,364,840
Equipment	361,416
Fixtures and displays	2,298,949
Vehicles	1,674,765
Construction in progress	<u>67,488</u>
Total Property and equipment	14,622,320
Less: Accumulated depreciation and amortization	<u>(6,538,608)</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 8,083,712</u>

5. NOTE PAYABLE

During the year ended September 30, 2023, the Organization entered into three notes payable to finance the acquisition of three vehicles totaling \$169,275. Each note bears an annual interest rate of 2.94% and is payable over a 60-month term.

Principal payments are due as follows:

<u>Year Ending September 30,</u>	
2024	\$ 37,021
2025	37,021
2026	27,021
2027	37,021
2028	<u>12,363</u>
	<u>\$ 150,447</u>

During the year ended September 30, 2023 interest expense paid under the aforementioned notes totaled \$3,186.

THE PEREGRINE FUND, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

6. LINE OF CREDIT

The Organization has a \$1,500,000 bank line of credit which matures on May 31, 2024. Amounts borrowed under this agreement bear interest at the bank's prime rate, with a floor of 3.25% and a default rate of 5%. The Organization did not draw on the line of credit during the year ended September 30, 2023. As of September 30, 2023, there were no outstanding borrowings.

7. BOARD DESIGNATED NET ASSETS

As of September 30, 2023, net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

General	\$ 16,466,138
Tom Cade	289,503
Education	28,963
Expansion	370,929
Burnham	709,028
Thompson	<u>379,211</u>
BOARD DESIGNATED NET ASSETS	<u>\$ 18,243,772</u>

The Board of Directors established a quasi-endowment 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 year ended September 30, 2023 was \$928,673 (Note 15).

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at September 30, 2023:

Subject to expenditure for specified purpose	\$ 5,427,558
Subject to passage of time	19,686,019
Net basis of capital assets acquired with Federal funds	641,851
Land subject to restrictions imposed by a land patent	253,000
Endowments invested in perpetuity	100,000
Accumulated endowment earnings not yet authorized for spending	<u>21,807</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 26,130,235</u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Subject to expenditure for specified purpose	\$ 7,454,597
Subject to passage of time	359,637
Depreciation on capital assets acquired with Federal funds	37,530
Accumulated endowment earnings authorized for spending	<u>6,624</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 7,858,388</u>

THE PEREGRINE FUND, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

9. LIQUIDITY AND AVAILABILITY

Financial assets (not available) for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 8,750,600
Investments	18,368,325
Grants receivable	338,250
Pledges receivable, due within 1 year	5,142,817
Contributions receivable	<u>850,639</u>
 Subtotal financial assets available within one year	 33,450,631
Less: Donor restricted funds, excluding restricted capital assets and time restricted awards	(5,549,365)
Less: Board designated funds	<u>(18,243,772)</u>
 FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	 <u>\$ 9,657,494</u>

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. In the event the Organization needs to utilize board-designated net assets without restriction, the Board of Directors would be required to authorize such use. In addition, the Organization has a line of credit agreement (as further discussed in Note 6) which allows for additional available borrowings up to \$1,500,000.

10. CONTRIBUTED SERVICES AND MATERIALS

During the year ended September 30, 2023, the Organization was the beneficiary of donated goods and services which allowed the Organization to provide greater resources toward various programs. There were no donor-imposed restrictions associated with the in-kind contributions during the year ended September 30, 2023. The following donations have been included in revenue and expense (or recorded as capital assets) during the year ended September 30, 2023.

Travel	\$ 3,582
Vehicles	80,054
Small tools and other supplies	887
Utilities	1,860
Displays and collections	4,870
Rent	41,879
Professional fees	142
Feed	39,603
VMIC Expansion (capital assets)	55,900
Other	<u>500</u>
 TOTAL CONTRIBUTED SERVICES AND MATERIALS	 <u>\$ 229,277</u>

Following is a breakdown of the functional expense categories (and asset classification) for the aforementioned contributions:

Conservation, Research, and Education	\$ 170,843
General and Administrative	2,534
Construction in progress (capital assets)	<u>55,900</u>
 TOTAL CONTRIBUTED SERVICES AND MATERIALS	 <u>\$ 229,277</u>

THE PEREGRINE FUND, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

11. LEASE COMMITMENTS

The Organization has entered into agreements to lease certain equipment, staff housing and storage space. All leases are under short-term rental agreements.

Occupancy expense for the year ended September 30, 2023 was \$93,534.

12. RETIREMENT PLAN

The Organization provides retirement benefits through a defined contribution plan to its employees within the United States. Employees with at least twelve months of experience, working a minimum of 1,000 hours per year are eligible to participant. The Organization may provide discretionary contributions on an annual basis. The vesting period for employer contributions is over 5 years. Contributions to the Plan during the year ended September 30, 2023 totaled \$321,772.

13. CONTINGENCY

The Organization receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2023. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

14. RELATED PARTY TRANSACTIONS

During the year ended September 30, 2023, the Organization received donations in the form of cash and stock in the amounts of \$1,116,985 and \$90,866, respectively, from the Board of Directors or their foundations.

The Organization entered into a capital project construction contract with Jordan-Wilcomb Construction, owned by a Board Member and Treasurer of the Organization. The total sum of the contract for construction of the expansion project is \$3,657,764 (of which \$188,628 is unbilled as of September 30, 2023).

15. ENDOWMENT

The Organization's endowment consists of donor-restricted endowment funds and funds designated by the governing Board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those assets are time restricted until the governing Board appropriates such amounts for expenditures.

Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions.

THE PEREGRINE FUND, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

15. ENDOWMENT (Continued)

The governing Board has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with 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 purpose of the Organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The possible effect of inflation or deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization, and
- Investment policies of the Organization.

Endowment net asset composition by type of fund as of September 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated Endowment Funds	\$ 18,243,772	\$ -	\$ 18,243,772
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	100,000	100,000
Accumulated investment earnings	<u>-</u>	<u>21,807</u>	<u>21,807</u>
TOTAL ENDOWMENT FUNDS	<u>\$ 18,243,772</u>	<u>\$ 121,807</u>	<u>\$ 18,365,579</u>

Changes in endowment net assets for the year ended September 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 17,138,459	\$ 114,810	\$ 17,253,269
Investment income, net	2,033,911	13,621	2,047,532
Contributions	75	-	75
Appropriation of endowment assets for expenditure	<u>(928,673)</u>	<u>(6,624)</u>	<u>(935,297)</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ 18,243,772</u>	<u>\$ 121,807</u>	<u>\$ 18,365,579</u>

THE PEREGRINE FUND, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

15. ENDOWMENT (Continued)

Funds with Deficiencies -

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. There were no such deficiencies as of September 30, 2023.

Return Objectives and Risk Parameters -

The Organization has adopted investment and spending policies for endowment assets 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. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in 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 that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The Organization has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long-term, the Organization expects the current spending policy to allow its endowment to grow at an average of 5% annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

16. ALLOCATION OF JOINT COSTS

For the year ended September 30, 2023, the Organization incurred joint costs of \$48,650, for informational materials and activities that included fundraising appeals. For the year ended September 30, 2023, these costs were allocated as follows:

Program Services	\$ 19,004
Supporting Services	<u>29,646</u>
TOTAL EXPENSES	<u>\$ 48,650</u>

17. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 13, 2024, the date the financial statements were issued.

SUPPLEMENTAL INFORMATION

THE PEREGRINE FUND, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor / Pass-Through Entity	Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
U.S Department of Interior				
Passed Through From:				
U.S. Fish and Wildlife Service	15.657	F21AP01273	\$ -	\$ 416,864
U.S. Fish and Wildlife Service	15.657	F19AC11482	-	65,056
U.S. Fish and Wildlife Service	15.657	F21AP00477	-	176,260
U.S. Fish and Wildlife Service	15.657	F21AC02221	-	58,753
U.S. Fish and Wildlife Service	15.657	F21AP00457	-	20,608
U.S. Fish and Wildlife Service	15.657	F22AP00617	-	<u>169,452</u>
Total for Assistance Listing 15.657			<u>-</u>	<u>906,993</u>
Puerto Rico Department of Natural and Environmental Resources	15.615	2020-000049-C	-	20,117
Puerto Rico Department of Natural and Environmental Resources	15.615	2021-000076-B	-	30,000
Puerto Rico Department of Natural and Environmental Resources	15.615	2021-000073-A	-	<u>3,484</u>
Total for Assistance Listing 15.945			<u>-</u>	<u>53,601</u>
U.S. Fish and Wildlife Service	15.640	F22AP03102	-	<u>107,250</u>
U.S. Forest Service	10.699	22-CS-11030700-235	-	<u>13,000</u>
Research and Development Cluster:				
New Mexico State University	15.945	Subcontract Q02200	-	6,714
New Mexico State University	15.945	Subcontract Q02314	-	122,184
New Mexico State University	15.945	Subcontract Q02351	-	22,208
New Mexico State University	15.945	Subcontract Q02454	-	<u>20,437</u>
Total for Assistance Listing 15.945			<u>-</u>	<u>171,543</u>
National Science Foundation	47.076	#2005869	<u>45,850</u>	<u>63,572</u>
Total Research and Development Cluster			<u>45,850</u>	<u>235,115</u>
Fish and Wildlife Cluster				
Oregon Dept of Fish and Wildlife	15.611	ODFW 012-22	<u>286,956</u>	<u>347,580</u>
Total Fish and Wildlife Cluster			<u>286,956</u>	<u>347,580</u>
Alaska Department of Fish and Game	15.634	#21-091	-	<u>13,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 332,806</u>	<u>\$ 1,676,539</u>

THE PEREGRINE FUND, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of the Organization under programs of the Federal Government for the year ended September 30, 2023. Information in the Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The Schedule presents only a selected portion of the operations of the Organization; accordingly, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Organization has elected to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

THE PEREGRINE FUND, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

1). Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP on the accrual basis of accounting: Unmodified

2). Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

3). Noncompliance material to financial statements noted? Yes No

Federal Awards

4). Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

5). Type of auditor's report issued on compliance for major federal programs: Unmodified

6). Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

7). Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
15.657	U.S. Fish and Wildlife Service

8). Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

9). Auditee qualified as a low-risk auditee? Yes No

THE PEREGRINE FUND, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Section II - Financial Statement Findings

Finding 2023-001 Financial Reporting

Criteria or Specific Requirement: Title 2 CFR 200 Section 200.303 "Internal Controls" requires recipients of federal funds to establish internal controls that should be in compliance with guidance in the "Integrated Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: During our audit of the year ended September 30, 2023, we noted various financial reporting deficiencies that we have collectively classified as a material weakness. Throughout the year, the Organization records transactions within the accounting system on a cash basis which is inconsistent with accounting principles generally accepted in the United States of America (US GAAP). In preparation for the annual audit, the Organization prepares manual adjustments inside the accounting system for expenses and outside of the accounting system for revenues to transition the records to the accrual basis. Accrual basis adjustments are not recorded in the accounting system. Additionally, the transaction lists that the Organization uses to prepare federal financial reports as well as the Schedule of Expenditures of Federal Awards (SEFA) are separately maintained, and while the reports are derived from the accounting system records, additional accounting work is required to determine the final amounts reported by project.

Cause: This deficiency is based on the long-standing internal policy to record transactions on a cash basis throughout the year. Federal expenditure tracking complexities also exist, as the Organization tracks its costs as both billable and non-billable transactions within the accounting system, and additional accounting work is required to determine the final amounts reported by project.

Effect or Potential Effect: The Organization's financial reporting practices increase the likelihood of accounting errors and omissions. These practices also result in interim financial reporting that is inconsistent with US GAAP and difficulty in preparing financial reports for audit. As a result, material audit adjustments were required in 2023 to correct revenue recognition and opening net assets.

Recommendation: We recommend that the Organization amend its financial reporting practices to operate strictly on an accrual basis of accounting throughout the year that is consistent with US GAAP. Additionally, we recommend that the Organization develop methods to accurately track all billable expenditures incurred under Federal grants within its accounting system.

Views of Responsible Officials: The Peregrine Fund (TPF) will continue with its cash basis accounting with year-end adjustments made to bring the financial statements to full accrual basis. The cash basis is necessary for internal management control and evaluation of where we stand for funding of current operational needs.

TPF has already developed methods to accurately track all billable expenditures. We utilize the general ledger detail to separate data on spreadsheets to breakout billable expenses, match expenses, multiple grants within a program, and to assure that there is no double dipping taking place across separate grants. It does take a lot of work to make this happen but it is necessary since point of entry of posting to the general ledger is not possible due to the complexity and timeliness of recording the base data.

Finding 2023-002 Reconciliation of Project Advances

Criteria or Specific Requirement: Title 2 CFR 200 Section 200.303 "Internal Controls" requires recipients of federal funds to establish internal controls that should be in compliance with guidance in the "Integrated Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

THE PEREGRINE FUND, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Section II - Financial Statement Findings (Continued)

Finding 2023-002 Reconciliation of Project Advances (Continued)

Condition: During our review of Madagascar project advances (and related cash balances on hand) as of September 30, 2023, we noted numerous old and unidentifiable amounts that were not reconciled and required adjustment.

Cause: Management has not properly reconciled project advances during the year and as of fiscal year-end. We also noted that a review and approval process with respect to project advances is not evident in the accounting records.

Effect or Potential Effect: Management proposed adjustments during our audit fieldwork. We also noted other unreconciled balances which will require research and adjustment during the subsequent fiscal year. Additionally, internal financial statements prepared by management were not properly stated and therefore cannot be relied upon.

Recommendation: We strongly recommend all project advances be properly reconciled on a monthly basis. We also recommend detailed reviews/approvals of all supporting schedules (and related financial statements) be performed and contemporaneously documented in the accounting records; any discrepancies or other issues should be resolved in a timely manner.

Views of Responsible Officials: We agree that we need to do a better job of reconciling the project advance for the Madagascar project. Advances between the TPF headquarters and the project are reconciled monthly but we will get a better understanding of the process used in Madagascar to do their internal project advances. We will also properly designate in the TPF accounting ledger the difference between project advances and TPF bank balances. This clarification will be done for all projects and not just Madagascar, and those project advances will continue to be reconciled monthly.

Section III - Federal Award Findings and Questioned Costs (2 CFR 200.516(a))

Finding 2023-003 Procurement

Information on the Federal Programs: Assistance Listing #15.657

Criteria or Specific Requirement: Title 2 U.S. Code of Federal Regulations (CFR) Part 200, paragraph 318 "General procurement standards" states that the non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards. Furthermore, paragraph 319 "Competition" states that all procurement transactions must be conducted in a manner providing full and open competition consistent with these standards.

Condition: During 2023, the Organization developed a procurement policy, which requires full and open competition for purchases of goods and services of \$10,000 or greater. During our audit, we noted contractual relationships for which evidence of procurement procedures was unavailable for inspection.

Cause: The Organization did not adhere to its procurement policy in that it failed to perform the prescribed procurement procedures throughout the fiscal year.

Effect or Potential Effect: Purchases of goods and services could be made above the prevailing market rates if the prescribed procurement procedures are not adhered to, and thus, there lies the potential that the Organization will not receive the best value for its purchases. The procurement process should also allow for an evaluation of potential conflicts of interest with prospective vendors and contractors. Furthermore, failure to perform the proper procurement procedures could result in disallowance of federal expenditures based on lack of fair competition.

THE PEREGRINE FUND, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Section III - Federal Award Findings and Questioned Costs (2 CFR 200.516(a)) (Continued)

Finding 2023-003 Procurement (Continued)

Questioned Costs: Indeterminable

Context: The Organization failed to adhere to its procurement policy, and hence, noncompliance with Federal standards. Our audit work in this area consisted of internal control testwork over a random sample of expenditures. We consider our samples to be representative of the respective populations, and thus, are statistically valid samples.

Identification as a Repeat Finding, if Applicable: Not applicable

Recommendation: We then recommend that the Organization ensure its policy is distributed and communicated in a formal manner to its employees, and that management properly enforce compliance with its policy. All procurement actions should be clearly documented in writing and maintained in the vendor or contractor files.

Views of Responsible Officials: TPF does have a procurement policy that employees are aware of. In the situation noted by the auditors were an example of two different contractual related expenses in government funded cooperative agreements or grants where TPF had awarded contracts to vendors that were selected by the government agency and were awarded the bid. In the one case the federal agency had presented 4 different bids they had received and in the other it was work being done in a sparsely populated area where a reliable vendor was chosen as there were limited other opportunities. We will make sure we have all the proper documentation in place for future contracts prior to approval.

Section IV - Prior Year Findings and Questioned Costs With Current Year Status

Finding 2022-001 Financial Reporting

Condition: During our audit of the year ended September 30, 2022, we noted various financial reporting deficiencies that we have collectively classified as a material weakness. Throughout the year, the Organization records transactions within the accounting system on a cash basis which is inconsistent with Generally Accepted Accounting Principles. In preparation for the annual audit, the Organization prepares manual adjustments outside of the accounting system to transition the records to the accrual basis. Accrual basis adjustments are not recorded in the accounting system. Additionally, the transaction lists that the Organization uses to prepare Federal financial reports as well as the Schedule of Expenditures of Federal Awards (SEFA) are separately maintained, and while the reports are derived from the accounting system records, additional accounting work is required to determine the final amounts reported by project.

Questioned Costs: N/A

Recommendation: We recommend that the Organization amend its financial reporting practices to operate strictly on an accrual basis of accounting throughout the year that is consistent with Generally Accepted Accounting Principles. Additionally, we recommend that the Organization develop methods to accurately track all billable expenditures incurred under Federal grants within its accounting system.

Current Year Status: Comment continued, see Finding 2023-001 in Section II.



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**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 statement of financial position as of September 30, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 13, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned as Finding 2023-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Finding 2023-002 to be a significant deficiency.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Finding 2023-003.

The Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Gelman Rosenberg & Freedman". The signature is written in a cursive, flowing style.

February 13, 2024



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited 's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of The Peregrine Fund, Inc.'s major federal programs for the year ended September 30, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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)*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization's and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding 2023-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a federal program 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 a federal program 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 a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2023-003 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

A handwritten signature in black ink that reads "Gelman Rosenberg & Freedman". The signature is written in a cursive, flowing style.

February 13, 2024