



AUDIT REPORT

FINANCIAL AND FEDERAL AWARD COMPLIANCE EXAMINATION

FOR THE YEAR ENDED SEPTEMBER 30, 2024

THE PEREGRINE FUND, INC.

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FINANCIAL STATEMENTS



**FOR THE YEAR ENDED SEPTEMBER 30, 2024
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2023**

THE PEREGRINE FUND, INC.

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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, 2024, 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, 2024, 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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 13, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, 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 March 5, 2025, 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 & Friedman".

March 5, 2025

THE PEREGRINE FUND, INC.

STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

ASSETS

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 10,892,776	\$ 8,750,600
Investments	20,384,833	18,368,325
Grants receivable	576,622	338,250
Pledges receivable, net	14,749,162	18,833,969
Contributions receivable	390,608	850,639
Inventory	58,226	63,432
Prepaid expenses and other assets	173,677	99,993
Property and equipment, net	<u>8,479,024</u>	<u>8,083,712</u>
TOTAL ASSETS	<u>\$ 55,704,928</u>	<u>\$ 55,388,920</u>

LIABILITIES AND NET ASSETS**LIABILITIES**

Notes payable	\$ 333,463	\$ 150,447
Accounts payable	812,505	268,677
Accrued expenses	505,405	370,768
Deferred revenue	<u>1,668,696</u>	<u>2,247,847</u>
Total liabilities	<u>3,320,069</u>	<u>3,037,739</u>

NET ASSETS

Without donor restrictions:		
Undesignated	331,581	788,313
Board designated	20,303,610	18,243,772
Invested in property and equipment	<u>7,615,596</u>	<u>7,188,861</u>
Total without donor restrictions	<u>28,250,787</u>	<u>26,220,946</u>
With donor restrictions:		
Purpose restricted	8,031,223	5,449,365
Time restricted	15,139,421	19,686,019
Invested in property and equipment	863,428	894,851
Perpetual in nature	<u>100,000</u>	<u>100,000</u>
Total with donor restrictions	<u>24,134,072</u>	<u>26,130,235</u>
Total net assets	<u>52,384,859</u>	<u>52,351,181</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 55,704,928</u>	<u>\$ 55,388,920</u>

THE PEREGRINE FUND, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023**

	<u>2024</u>			<u>2023</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
SUPPORT AND REVENUE				
Contributions - Individuals	\$ 1,486,939	\$ 842,557	\$ 2,329,496	\$ 27,008,421
Contributions - Foundations	2,157,187	907,842	3,065,029	3,458,094
Contributions - Corporations	214,812	25,000	239,812	374,514
Government grants - Federal	2,038,538	-	2,038,538	1,676,539
Government grants - Other governmental	298,946	-	298,946	423,413
Contracts	588,151	-	588,151	97,440
Contributed services and materials	538,445	-	538,445	229,277
Admissions	380,749	-	380,749	393,792
Sales, net of cost of goods sold of \$176,306	190,824	-	190,824	169,763
Net investment return	3,591,983	21,836	3,613,819	2,066,661
Other	86,630	-	86,630	127,918
Net assets released from donor restrictions	<u>3,793,398</u>	<u>(3,793,398)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>15,366,602</u>	<u>(1,996,163)</u>	<u>13,370,439</u>	<u>36,025,832</u>
EXPENSES				
Program Services:				
Conservation, Research, and Education	<u>10,365,771</u>	<u>-</u>	<u>10,365,771</u>	<u>8,031,460</u>
Supporting Services:				
General and Administrative	1,364,118	-	1,364,118	1,223,329
Fundraising	<u>1,606,872</u>	<u>-</u>	<u>1,606,872</u>	<u>893,647</u>
Total supporting services	<u>2,970,990</u>	<u>-</u>	<u>2,970,990</u>	<u>2,116,976</u>
Total expenses	<u>13,336,761</u>	<u>-</u>	<u>13,336,761</u>	<u>10,148,436</u>
Change in net assets	2,029,841	(1,996,163)	33,678	25,877,396
Net assets at beginning of year	<u>26,220,946</u>	<u>26,130,235</u>	<u>52,351,181</u>	<u>26,473,785</u>
NET ASSETS AT END OF YEAR	<u>\$ 28,250,787</u>	<u>\$ 24,134,072</u>	<u>\$ 52,384,859</u>	<u>\$ 52,351,181</u>

THE PEREGRINE FUND, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023**

	2024				2023	
	Program Services	Supporting Services			Total Expenses	Total Expenses
	Conservation, Research, and Education	General and Administrative	Fundraising	Total Supporting Services		
Salaries and employee benefits	\$ 5,278,067	\$ 844,555	\$ 992,043	\$ 1,836,598	\$ 7,114,665	\$ 5,445,549
Grants and subcontracts	1,345,636	-	-	-	1,345,636	899,709
Program expenses	77,263	-	-	-	77,263	241,260
Office supplies and expense	20,051	8,193	1,033	9,226	29,277	28,288
Telephone	36,967	4,774	5,686	10,460	47,427	40,071
Postage and freight	25,148	1,899	7,625	9,524	34,672	36,259
Occupancy	114,167	-	-	-	114,167	93,534
Maintenance and repairs	51,263	34,869	48,247	83,116	134,379	134,850
Printing and publications	39,388	436	17,806	18,242	57,630	58,229
Travel and field subsistence	636,392	61,903	45,723	107,626	744,018	638,051
Dues and fees	119,364	8,223	17,342	25,565	144,929	114,665
Information technology	322,100	78,406	143,595	222,001	544,101	300,230
Depreciation and amortization	577,069	2,908	1,091	3,999	581,068	446,064
Meetings and events	20,923	5,318	511	5,829	26,752	41,476
Professional services	247,357	190,546	279,916	470,462	717,819	305,897
Contract services	250,927	-	-	-	250,927	254,576
Insurance	195,901	65,247	-	65,247	261,148	191,749
Utilities	101,339	14,919	2,785	17,704	119,043	109,733
Small tools and supplies	377,420	15,615	5,406	21,021	398,441	245,940
Feed	200,334	-	-	-	200,334	187,952
Vehicle expense	251,835	2,587	-	2,587	254,422	189,910
Special events	69,924	18,997	38,026	57,023	126,947	128,878
Miscellaneous	6,936	4,723	37	4,760	11,696	15,566
TOTAL	\$ 10,365,771	\$ 1,364,118	\$ 1,606,872	\$ 2,970,990	\$ 13,336,761	\$ 10,148,436

See accompanying notes to financial statements.

THE PEREGRINE FUND, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 33,678	\$ 25,877,396
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	581,068	446,064
Unrealized gain on investments	(1,862,278)	(1,394,020)
Realized gain on sales of investments	(1,166,157)	(368,451)
Change in discount on long-term receivables	(654,898)	1,340,586
Receipt of contributed securities	(5,107,095)	(5,111,679)
Proceeds from sale of contributed securities	5,107,095	5,103,532
Loss on sale of fixed asset	-	670
Decrease (increase) in:		
Grants receivable	397,819	(58,776)
Pledges receivable	4,103,514	(19,002,817)
Contributions receivable	460,031	(869,346)
Inventory	5,206	(6,128)
Prepaid expenses and other assets	(73,684)	64,262
Increase (decrease) in:		
Accounts payable	543,828	(398,532)
Accrued expenses	134,637	66,248
Deferred revenue	(579,151)	2,143,052
Net cash provided by operating activities	<u>1,923,613</u>	<u>7,832,061</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(732,432)	(1,211,460)
Proceeds from sales of property and equipment	-	5,300
Purchases of investments	(372,732)	(318,914)
Proceeds from sales of investments	<u>1,384,659</u>	<u>955,304</u>
Net cash provided (used) by investing activities	<u>279,495</u>	<u>(569,770)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on notes payable	<u>(60,932)</u>	<u>(21,492)</u>
Net cash used by financing activities	<u>(60,932)</u>	<u>(21,492)</u>
Net increase in cash and cash equivalents	2,142,176	7,240,799
Cash and cash equivalents at beginning of year	<u>8,750,600</u>	<u>1,509,801</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 10,892,776</u></u>	<u><u>\$ 8,750,600</u></u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	<u><u>\$ 8,276</u></u>	<u><u>\$ 3,186</u></u>
Property and Equipment Acquired with Notes Payable	<u><u>\$ 243,948</u></u>	<u><u>\$ 171,939</u></u>

THE PEREGRINE FUND, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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 accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit 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". Net assets set aside 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 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.

The financial statements include certain prior year summarized comparative information in total but not by net asset class; such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2023, from which the summarized information was derived.

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 \$800,637 for the year ended September 30, 2024. 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, 2024**

**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 return, 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, such as donated securities, 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 include unconditional promises to give that are expected to be collected in future years. Grants, pledges and contributions receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term pledges receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in contributions. 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. Inventory is stated at the lower of cost or net realizable value using the first in, first out (FIFO) method of valuation. Management performs an annual physical count of all merchandise and publications and, as a result, inventory is adjusted annually to agree to the physical count. Therefore, management has not established an allowance for obsolete 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, 2024 totaled \$581,068.

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, 2024 (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, 2024**

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

Income taxes -

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

Support from grants and contributions, including Federal awards -

The Organization receives grants and contributions, including Federal awards from the U.S. Government. Contributions are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

For grants qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but 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. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Most Federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, the Organization had no refundable advances as of September 30, 2024.

In addition, the Organization has obtained funding source agreements related to conditional contributions, such as Federal awards from the U.S. Government, which will be received in future years. The Organization's unrecognized conditional contributions to be received in future years totaled \$265,585 as of September 30, 2024. 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 from contracts with customers -

The Organization's contracts, admissions and sales are the most significant revenue streams that are treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met. The Organization has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. The Organization's contracts with customers generally have initial terms of one year or less. As of September 30, 2024, there was no opening balance related to contracts from customers.

THE PEREGRINE FUND, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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

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. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. None of the contributed nonfinancial assets were restricted by donors and none of the donated goods were monetized through sale. 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.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

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.

THE PEREGRINE FUND, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

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.

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, 2024. 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, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total September 30, 2024</u>
Investments:				
Money market funds	\$ 800,637	\$ -	\$ -	\$ 800,637
Equities	15,852,638	-	-	15,852,638
Corporate bonds	<u>3,731,558</u>	<u>-</u>	<u>-</u>	<u>3,731,558</u>
TOTAL INVESTMENTS	<u>\$ 20,384,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,384,833</u>

Net investment return consisted of the following for the year ended September 30, 2024:

Interest and dividends	\$ 697,516
Unrealized gain on investments	1,862,278
Realized gain on sales of investments	1,166,157
Investment fees	<u>(112,132)</u>
NET INVESTMENT RETURN	<u>\$ 3,613,819</u>

3. PLEDGES RECEIVABLE

As of September 30, 2024, individual contributors to the Organization have made unconditional written promises to give (pledges), of which \$15,436,819 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%.

THE PEREGRINE FUND, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

3. PLEDGES RECEIVABLE (Continued)

Following is a schedule of pledge amounts due, by year, as of September 30, 2024:

Less than one year	\$ 5,426,819
One to five years	<u>10,010,000</u>
Total	15,436,819
Less: Allowance to discount balance to present value	<u>(687,657)</u>
NET PLEDGES RECEIVABLES	<u>\$ 14,749,162</u>

During the fiscal year ended September 30, 2023, the Organization received a contribution from an individual donor in the amount of \$25 million. The contribution is expected to be payable in \$5 million installments over a 5-year period. In accordance with Accounting Standards Update No. 2018-08 (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, the gift was determined to be an unconditional contribution. Accordingly, the full value of the gift was recorded as time restricted revenue during the fiscal year ended September 30, 2023. Therefore, the annual \$5 million installments will not be recognized as revenue in the year received. Each year \$5 million is reclassified from time restriction to the donor intended purpose of supporting international programs. Funds are released from restrictions as allowable program expenditures are incurred.

As of September 30, 2024, various foundations have made unconditional written promises to give (contributions) to the Organization, of which \$390,608 remained due and outstanding. All amounts are considered collectible within one year of the Statement of Financial Position.

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2024:

Land	\$ 1,513,000
Land improvements	2,412,946
Buildings	6,562,267
Equipment	377,451
Fixtures and displays	2,298,949
Vehicles	1,937,827
Construction in progress	<u>496,260</u>
Total Property and equipment	15,598,700
Less: Accumulated depreciation and amortization	<u>(7,119,676)</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 8,479,024</u>

5. NOTES PAYABLE

During the year ended September 30, 2024, the Organization entered into four notes payable to finance the acquisition of four vehicles totaling \$243,948. There were a total of seven outstanding vehicle notes as of September 30, 2024. Notes bears an annual interest rates ranging from 0% to 3.97% and are all payable over 60-month terms.

THE PEREGRINE FUND, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

5. NOTES PAYABLE (Continued)

Principal payments are due as follows:

Year Ending September 30,

2025	\$ 80,686
2026	83,165
2027	85,732
2028	63,485
2029	<u>20,395</u>
	<u>\$ 333,463</u>

During the year ended September 30, 2024, interest expense paid under the aforementioned notes totaled \$8,276.

6. LINE OF CREDIT

The Organization has a \$1,500,000 bank line of credit which matures on May 31, 2025. Amounts borrowed under this agreement bear interest at the bank's prime rate, with a floor of 3.25%. The rate as of September 30, 2024 was 8%. The Organization did not draw on the line of credit during the year ended September 30, 2024. As of September 30, 2024, there were no outstanding borrowings.

7. BOARD DESIGNATED NET ASSETS

As of September 30, 2024, net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

General	\$ 18,249,100
Tom Cade	333,015
Education	34,571
Expansion	419,167
Burnham	818,518
Thompson	<u>449,239</u>

BOARD DESIGNATED NET ASSETS **\$ 20,303,610**

In fiscal year 1983, the Board of Directors established a quasi-endowment fund to support the long-term financial sustainability of the Organization. Under a policy adopted by the Board, the Organization's President is authorized to allocate the greater of \$500,000 or 5% of the quasi-endowment fund's average market value from the prior year to support operating expenses annually.

For the fiscal year ended September 30, 2024, total withdrawals from the quasi-endowment fund amounted to \$1,276,142 (see Note 15). Of this amount, \$882,663 was withdrawn in accordance with the Board's policy of utilizing 5% of the fund's average market value. The remaining \$393,479 was approved by the Board to provide funding for the expansion of the development team and professional service fees for a Washington-based advisory group.

THE PEREGRINE FUND, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at September 30, 2024:

Subject to expenditure for specified purpose	\$ 7,993,741
Subject to passage of time	15,139,421
Net basis of capital assets acquired with Federal funds	610,428
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>37,482</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 24,134,072</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	\$ 3,660,813
Subject to passage of time	95,000
Depreciation on capital assets acquired with Federal funds	31,424
Accumulated endowment earnings authorized for spending	<u>6,161</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 3,793,398</u>

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	\$ 10,892,776
Investments	20,384,833
Grants receivable	576,622
Pledges receivable, due within 1 year	5,426,819
Contributions receivable	<u>390,608</u>
Subtotal financial assets available within one year	37,671,658
Less: Donor restricted funds, excluding restricted capital assets and time restricted awards	(8,131,223)
Less: Board designated funds	<u>(20,303,610)</u>

FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 9,236,825</u>
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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.

THE PEREGRINE FUND, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

10. CONTRIBUTED SERVICES AND MATERIALS

During the year ended September 30, 2024, the Organization was the beneficiary of donated goods and services which allowed the Organization to provide greater resources toward various programs. The following donations have been included in revenue and expense (or recorded as capital assets) during the year ended September 30, 2024:

Software services	\$ 221,188
Vehicle	143,016
Rent	64,000
Professional fees	57,666
Feed	17,340
Repairs and maintenance	15,124
Equipment	9,000
Furnishings and fixtures	5,761
Utilities	5,000
Office expenses	<u>350</u>
TOTAL CONTRIBUTED SERVICES AND MATERIALS	<u>\$ 538,445</u>

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

Conservation, Research, and Education	\$ 517,730
General and Administrative	<u>20,715</u>
TOTAL CONTRIBUTED SERVICES AND MATERIALS	<u>\$ 538,445</u>

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. The Organization has elected the practical expedient for these short-term leases as the lease terms are less than 12 months. Total short-term lease expense included in operating expenses for the year ended September 30, 2024 was \$114,167.

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, 2024 totaled \$359,324.

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 2024. 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.

THE PEREGRINE FUND, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

14. RELATED PARTY TRANSACTIONS

During the year ended September 30, 2024, the Organization received donations in the form of cash, stock and contributed goods and services in the amounts of \$1,092,350, \$30,560 and \$200,788, 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 WECAT project is \$1,061,3674 (of which \$614,348 is unbilled as of September 30, 2024).

15. ENDOWMENT

The Organization's endowment funds consist of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments (quasi-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.

Interpretation of Relevant Law -

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted by the state of Idaho as requiring the preservation of the fair value of the original gift made to the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

As a result, of this interpretation, the Organization classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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 expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

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.

THE PEREGRINE FUND, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

15. ENDOWMENT (Continued)

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.

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, 2024.

Endowment funds consisted of the following as of September 30, 2024:

	Without Donor Restrictions	With Donor Restrictions		
		Available for Appropriation	Held in Perpetuity	Total
Board designated funds	\$ 20,303,610	\$ -	\$ -	\$ 20,303,610
Donor restricted funds	<u>-</u>	<u>37,482</u>	<u>100,000</u>	<u>137,482</u>
ENDOWMENT FUNDS	<u>\$ 20,303,610</u>	<u>\$ 37,482</u>	<u>\$ 100,000</u>	<u>\$ 20,441,092</u>

Changes in endowment funds consisted of the following as of and for the year ended September 30, 2024:

	Without Donor Restrictions	With Donor Restrictions		
		Available for Appropriation	Held in Perpetuity	Total
Endowment funds, beginning of year	\$ 18,243,772	\$ 21,807	\$ 100,000	\$ 18,365,579
Contributions	68,822	-	-	68,822
Net investment return	3,267,158	21,836	-	3,288,994
Appropriations	<u>(1,276,142)</u>	<u>(6,161)</u>	<u>-</u>	<u>(1,282,303)</u>
ENDOWMENT FUNDS, END OF YEAR	<u>\$ 20,303,610</u>	<u>\$ 37,482</u>	<u>\$ 100,000</u>	<u>\$ 20,441,092</u>

THE PEREGRINE FUND, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

16. ALLOCATION OF JOINT COSTS

For the year ended September 30, 2024, the Organization incurred joint costs of \$57,630, for informational materials and activities that included fundraising appeals. For the year ended September 30, 2024, these costs were allocated as follows:

Program Services	\$ 39,824
Supporting Services	<u>17,806</u>
TOTAL EXPENSES	<u>\$ 57,630</u>

17. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 5, 2025, 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, 2024

Name of Federal Agency	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	\$ -	\$ 427,621
U.S. Fish and Wildlife Service	15.657	F22AP00205	-	82,970
U.S. Fish and Wildlife Service	15.657	F21AP00477	-	126,434
U.S. Fish and Wildlife Service	15.657	F21AC02221	-	42,085
U.S. Fish and Wildlife Service	15.657	F24AC01379	-	46,508
U.S. Fish and Wildlife Service	15.657	F24AP01728	-	26,468
U.S. Fish and Wildlife Service	15.657	F22AP00617	-	151,846
Total for Assistance Listing 15.657			-	903,932
Puerto Rico Department of Natural and Environmental Resources	15.615	2020-000049-C	-	29,725
Puerto Rico Department of Natural and Environmental Resources	15.615	2021-000076-B	-	30,000
Total for Assistance Listing 15.945			-	59,725
U.S. Fish and Wildlife Service	15.640	F22AP03102	-	92,750
Northeast Association of Fish & Wildlife Agencies	15.628	MSGG 2024-01	-	64,794
U.S. Geological Survey	15.808	G23AC00603	-	25,000
U.S. Geological Survey	15.812	462819-19G57	-	4,632
U.S. Forest Service	10.684	23-DG-11132762-001	-	50,000
Research and Development Cluster:				
New Mexico State University	15.945	Subcontract Q02200	-	4,241
New Mexico State University	15.945	Subcontract Q02678	-	3,923
New Mexico State University	15.945	Subcontract Q02534	-	17,430
New Mexico State University	15.945	Subcontract Q02314	-	24,879
New Mexico State University	15.945	Subcontract Q02577	-	23,738
New Mexico State University	15.945	Subcontract Q02454	-	115,485
Total for Assistance Listing 15.945			-	189,696
National Science Foundation	47.076	#2005869	6,613	12,330
Fish and Wildlife Cluster				
Oregon Dept of Fish and Wildlife	15.611	ODFW 012-22	233,322	288,404
Puerto Rico Department of Natural and Environmental Resources	15.611	2024-000153-A	-	339,275
Total Fish and Wildlife Cluster			233,322	627,679
Alaska Department of Fish and Game	15.634	#21-091	-	8,000
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 239,935	\$ 2,038,538

THE PEREGRINE FUND, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

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, 2024. 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, 2024**

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:

Assistance Listing Number(s)**Name of Federal Agency**

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, 2024

Section II - Financial Statement Findings

Finding 2024-001 Financial Reporting (Material Weakness)

Criteria or Specific Requirement: In accordance with Generally Accepted Accounting Principles (GAAP) and Government Auditing Standards (GAS), financial reporting processes should ensure accurate, complete, and timely reporting of financial data. Internal controls should be designed to prevent, detect, and correct errors or misstatements in financial statements.

Condition: During our audit of the year ended September 30, 2024, 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. Additionally, the transaction lists that the Organization uses to prepare Federal financial reports 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 2024 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 2024-002 Reconciliation of Project Advances (Significant Deficiency)

Criteria or Specific Requirement: In accordance with Generally Accepted Accounting Principles (GAAP) and Government Auditing Standards (GAS), financial reporting processes should ensure accurate, complete, and timely reporting of financial data. Internal controls should be designed to prevent, detect, and correct errors or misstatements in financial statements.

THE PEREGRINE FUND, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Section II - Financial Statement Findings (Continued)

Finding 2024-002 Reconciliation of Project Advances (Significant Deficiency) (Continued)

Condition: During our review of Madagascar project advances (and related cash balances on hand) as of September 30, 2024, we noted numerous old and unidentifiable amounts that were not reconciled.

Cause: Management has not properly reconciled Madagascar 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: We noted unreconciled Madagascar 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 Madagascar 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: The project advance for the Madagascar project relates to internal advances made by the program in the country of Madagascar. Items stay on the advance list until receipts are received by the Madagascar accounting team and then coded expenses. The team does a good job of tracking all these expenses and TPF accounting monitors the activity monthly that is going in and out of the advance account. The Madagascar team does their own internal approval of advances given out to cover travel and other expenses to any of their several project locations across the country. Any advances made by TPF to the Madagascar project have proper approvals before any funds are transferred to the project. With currency exchange rates very volatile in Madagascar the reconciliation of in-country bank balances is a challenge and we will do a better job of making sure the balances we keep in our general ledger align with the foreign bank balances. We feel that any adjustments will be immaterial and we can fully rely upon the financial statements we receive from the project.

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

Finding 2024-003 Procurement, Suspension and Debarment (Significant Deficiency)

Information on the Federal Programs: Assistance Listing #15.657

Criteria or Specific Requirement: § 200.318 (i) General procurement standards, states that the non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. Furthermore: §200.320 (f) Methods of procurement to be followed, states that procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when certain requirements have been met. Additionally, §200.213 Reporting a determination that a non-Federal entity is not qualified for a Federal award states that non-Federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. The non-Federal entity must verify that the person with whom you intend to do business is not excluded or disqualified, by (a) checking SAM Exclusions; (b) collecting a certification from that person; (c) adding a clause or condition to the covered transaction with that person.

THE PEREGRINE FUND, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

**Finding 2024-003 Procurement, Suspension and Debarment (Significant Deficiency)
(Continued)**

Condition: During our audit, we noted contractual relationships under the Federal awards for which evidence of procurement procedures and documentation of SAM Exclusion checks were unavailable for our inspection. It is our understanding that some contracts were procured under noncompetitive (sole source) justification. However, in certain instances we were unable to review documentation detailing the history and rationale of the procurements.

Cause: The Organization's processes in place during 2024 did not provide for the formalization and retention of procurement records and vendor screenings consistent with the expectations outlined in 2 CFR 200. Additionally, the Organization does not have a formal policy in place related to contractor screenings under CFR §200.213.

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. Additionally, the Organization may have inadvertently selected noncompetitive proposals method when the circumstances did not meet the requirements noted in § 200.320 (f) Methods of procurement to be followed, and thereby failing to administer full and open competition as required by the regulations. Finally, the Organization could inadvertently enter into a contractual relationship with an entity that is suspended, debarred or otherwise included on the US Federal sanction list.

Questioned Costs: N/A

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: Yes, continuation of Finding 2023-003

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. We also recommend that the Organization enhance its existing policy related to noncompetitive procurement to ensure include the five specific circumstances in which noncompetitive procurement can be used under CFR 200.320. Additionally, we recommend that the Organization enhance its policies to include screening procedures related to 200.213 Reporting a determination that a non-Federal entity is not qualified for a Federal award.

Views of Responsible Officials: Additional procedures will be put in place better document in our policies and procedures to satisfy the requirements of 2 CFR 200. SAM background screening will be done on major contractors or vendors that are supported by Federal funds. Competitive bids will be fully documented and justified as why they were the chosen vendor. In the case if noncompetitive procurement based upon the usage at the request of the government agency or of limit of vendors providing that service we will maintain documentation in our files of the 5 specific circumstances of why this fits into a noncompetitive procurement situation.

THE PEREGRINE FUND, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

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

Finding 2023-001 Financial Reporting

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.

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 2024-001 in Section II.

Finding 2023-002 Reconciliation of Project Advances

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.

Questioned Costs: N/A

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.

Current Year Status: Comment continued, see Finding 2024-002 in Section II.

Finding 2023-003 Procurement

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.

Questioned Costs: N/A

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.

Current Year Status: Comment continued, see Finding 2024-003 in Section III.



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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, 2024, 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 March 5, 2025.

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 2024-001 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 2024-002 to be a significant deficiency.

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

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 2024-003.

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 cursive script that reads "Gelman Rosenberg & Freedman".

March 5, 2025



CPAs & ADVISORS

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 the Organization'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, 2024. 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, 2024.

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 2024-003. 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 2024-003 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 cursive script that reads "Gelman Rosenberg & Freedman".

March 5, 2025