



Financial Statements  
September 30, 2021

# The Peregrine Fund, Inc.

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## Independent Auditor's Report

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

### Report on the Financial Statements

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Peregrine Fund, Inc. as of September 30, 2021, and the changes 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.

**Emphasis of Matter**

As discussed in Note 1 and 16 to the financial statements, effective October 1, 2020, the Organization separated from the Archives of Falconry. The financial statements of the Peregrine Fund no longer include the Archives of Falconry. The financial statements of The Organization include a transfer of assets to The Archives of Falconry as of October 1, 2020 and a payable at September 30, 2021 for the investments and related activity.

**Other Matters****Other 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 is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2022 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

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

Boise, Idaho  
April 19, 2022

The Peregrine Fund, Inc.  
Statement of Financial Position  
September 30, 2021

Assets	
Cash and cash equivalents	\$ 3,354,881
Grants and other receivables	364,728
Promises to give, net	1,693,185
Investments	22,562,029
Merchandise inventory	59,495
Prepaid expenses and other assets	209,595
Property and equipment	
Land	1,513,000
Land improvements	796,599
Buildings	4,743,260
Vehicles and trailers	1,333,403
Equipment	287,375
Fixtures and displays	994,783
Construction in progress	502,479
Accumulated depreciation	(5,825,119)
Property and equipment, net	<u>4,345,780</u>
Total Assets	<u><u>\$ 32,589,693</u></u>
Liabilities and Net assets	
Liabilities	
Accounts payable	\$ 3,814,080
Accrued expenses	240,600
Deferred revenue	95,192
Total liabilities	<u>4,149,872</u>
Net Assets	
Without Donor Restrictions	
Undesignated	(52,206)
Board designated	19,930,298
Invested in property and equipment	3,374,160
Total without donor restrictions	<u>23,252,252</u>
With Donor Restrictions	
Perpetual in nature	100,000
Purpose restrictions - operations	2,422,438
Invested in property and equipment	971,946
Time-restricted for future periods	1,693,185
Total with donor restrictions	<u>5,187,569</u>
Total net assets	<u>28,439,821</u>
Total Liabilities and Net Assets	<u><u>\$ 32,589,693</u></u>

The Peregrine Fund, Inc.  
Statement of Activities  
Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support and Gains			
Contributions			
Individuals	\$ 2,760,518	\$ 937,842	\$ 3,698,360
Foundations	1,570,915	674,138	2,245,053
Corporations	862,913	30,927	893,840
	<u>5,194,346</u>	<u>1,642,907</u>	<u>6,837,253</u>
Paycheck protection program contribution	-	657,777	657,777
Government grants - federal	940,079	-	940,079
Government grants - state/local	46,000	-	46,000
	<u>6,180,425</u>	<u>2,300,684</u>	<u>8,481,109</u>
In-kind contributions	409,747	-	409,747
Sales of merchandise	200,641	-	200,641
Less: cost of goods sold	(97,174)	-	(97,174)
Net sales of merchandise	103,467	-	103,467
Other revenue	135,386	-	135,386
Information center admissions	197,643	-	197,643
Net investment return	3,226,416	36,093	3,262,509
Total revenues, support, and gains	<u>10,253,084</u>	<u>2,336,777</u>	<u>12,589,861</u>
Net assets released from restrictions	1,793,019	(1,793,019)	-
Expenses			
Program services			
Conservation, research, and education	6,748,408	40,130	6,788,538
Supporting services			
General and administrative	753,974	-	753,974
Fundraising	715,366	-	715,366
Membership	159,617	-	159,617
Total supporting services	<u>1,628,957</u>	<u>-</u>	<u>1,628,957</u>
Total expenses	<u>8,377,365</u>	<u>40,130</u>	<u>8,417,495</u>
Transfers			
Transfers to the Archives (Note 16)	(5,831,812)	-	(5,831,812)
Change in Net Assets	(2,163,074)	503,628	(1,659,446)
Net Assets, Beginning of Year	25,415,326	4,683,941	30,099,267
Net Assets, End of Year	<u>\$ 23,252,252</u>	<u>\$ 5,187,569</u>	<u>\$ 28,439,821</u>

The Peregrine Fund, Inc.  
Statement of Cash Flows  
Year Ended September 30, 2021

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Operating Activities	
Change in net assets	\$ (1,659,446)
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	274,691
Removal of Archives property, equipment and collections	3,120,835
Realized and unrealized gain on operating investments	(3,412,593)
Change in assets and liabilities	
Grants and other receivables	180,374
Promises to give	953,948
Merchandise inventory	996
Prepaid expenses and other assets	41,713
Accounts payable	3,537,674
Deferred revenue	39,696
Accrued expenses	(16,633)
Net Cash from Operating Activities	<u>3,061,255</u>
Investing Activities	
Purchase of property and equipment	(469,885)
Purchase of operating investments	(7,840,464)
Net investment income	150,084
Proceeds from sale of operating investments	<u>7,367,925</u>
Net Cash used for Investing Activities	<u>(792,340)</u>
Net Change in Cash and Cash Equivalents	2,268,915
Cash and Cash Equivalents, Beginning of Year	<u>1,085,966</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 3,354,881</u></u>
Supplemental Cash Flow Disclosures	
PPP loan forgiveness	\$ 657,777
Remaining Archives net asset transfer	\$ 2,331,697

The Peregrine Fund, Inc.  
Statement of Functional Expenses  
Year Ended September 30, 2021

	Program Services	Supporting Services				
	Conservation, Research and Education	General Administration	Fundraising	Membership	Total Supporting Services	Total Expenses
Salaries and employee benefits	\$ 3,376,796	\$ 458,740	\$ 524,196	\$ 85,890	\$ 1,068,826	\$ 4,445,622
Grants and subcontracts	445,766	-	-	-	-	445,766
Office supplies and expense	14,994	3,280	912	494	4,686	19,680
Telephone	39,206	2,234	3,089	577	5,900	45,106
Postage and freight	18,306	1,180	178	10,863	12,221	30,527
Rent	68,696	1,879	-	-	1,879	70,575
Maintenance and repairs	45,246	477	19,300	5,786	25,563	70,809
Printing and publications	36,859	496	179	13,689	14,364	51,223
Travel and field subsistence	714,717	9,016	25,443	-	34,459	749,176
Dues and fees	48,524	6,214	3,199	11,387	20,800	69,324
Information technology	140,172	15,706	64,507	26,058	106,271	246,443
Depreciation	272,473	1,053	832	333	2,218	274,691
Meetings	4,026	196	4,084	-	4,280	8,306
Professional services	178,977	193,320	54,000	-	247,320	426,297
Contract services	220,464	-	-	-	-	220,464
Insurance	85,638	46,538	182	747	47,467	133,105
Utilities	77,576	3,733	2,935	1,197	7,865	85,441
Small tools and supplies	329,923	4,505	1,427	2,596	8,528	338,451
Feed	140,064	-	-	-	-	140,064
Vehicle expense	104,517	78	-	-	78	104,595
Special events	5,923	-	10,750	-	10,750	16,673
Miscellaneous	419,675	5,329	153	-	5,482	425,157
	<u>\$ 6,788,538</u>	<u>\$ 753,974</u>	<u>\$ 715,366</u>	<u>\$ 159,617</u>	<u>\$ 1,628,957</u>	<u>\$ 8,417,495</u>



## **Note 1 - Summary of Significant Accounting Policies**

### **Organization**

The Peregrine Fund, Inc. (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.

### **Separation of the Archives of Falconry**

Effective October 1, 2020, the Organization separated from the Archives of Falconry. There was no consideration given on the separation and all assets were transferred at carrying value. The financial statements of the Peregrine Fund no longer include the Archives of Falconry. The financial statements of the Organization include a transfer of assets to The Archives of Falconry as of October 1, 2020 and a payable to the Archives at September 30, 2021 for investments and related activity. See note 16.

### **Cash and Cash Equivalents**

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

### **Grants and Other Receivables**

Grants and other receivables consist of amounts requested from grantors and receivables from foundations at September 30, 2021. No allowances for uncollectable amounts were deemed necessary.

### **Promises to Give Receivable**

The Organization records unconditional promises to give to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Organization determines the allowance for uncollectable promises to give is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At September 30, 2021, no allowance for uncollectable promises to give was deemed necessary.

### **Investments**

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

### **Merchandise Inventory**

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

### **Property and Equipment**

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

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

The Organization reviews the carrying values of property, and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. The Organization has not recognized any impairment of long-lived assets during the year ended September 30, 2021.

### **Net Assets**

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

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

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

### **Revenue and Revenue Recognition**

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash or other assets, or unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and right of return, are not recognized until the conditions on which they depend have been substantially met. A portion of the Organization's revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Organization received cost reimbursable grants that have not been recognized at September 30, 2021 because qualifying expenditures have not yet been incurred. There was no contract or grant related refundable advances recognized in the statement of financial position as of September 30, 2021.

### **Change in Accounting Policy**

As of October 1, 2020, the Organization adopted the provisions of FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which provides a comprehensive revenue recognition model for all contracts with customers. The new model requires revenue recognition to depict the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods and services.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard. The Organization has adopted this standard as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

The Organization has adopted this standard as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

### **Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received (Note 11).

### **Functional Allocation of Expenses**

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

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

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

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

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

### **Income Taxes**

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

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

### Sales Taxes

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

### Estimates

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

### Financial Instruments and Credit Risk

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

### Subsequent Events

The Organization has evaluated subsequent events through April 19, 2022, the date the financial statements were available to be issued.

## Note 2 - Liquidity and Availability

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

Cash and cash equivalents	\$ 3,354,881
Grants and other receivables	364,728
Operating investments	17,374,460
Endowment spending-rate distributions and appropriations	<u>721,558</u>
	<u>\$ 21,815,627</u>

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

A board-designated endowment of \$19,859,441 is subject to an annual spending rate of 5% or \$500,000 (whichever is greater) as described in Note 10. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

### **Note 3 - Fair Value Measurements and Disclosures**

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

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

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

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

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

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

The following table presents assets measured at fair value on a recurring basis at September 30, 2021:

	Total	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 15,472,957	\$ 15,472,957	\$ -	\$ -
Corporate bonds	4,308,321	-	4,308,321	-
Money market funds	2,780,751	2,780,751	-	-
Total investments	<u>\$ 22,562,029</u>	<u>\$ 18,253,708</u>	<u>\$ 4,308,321</u>	<u>\$ -</u>

#### Note 4 - Net Investment Return

The following schedule summarizes the net investment return and its classification in the statement of activities for the year ended September 30, 2021:

	Without Donor Restrictions			With Donor	Total
	Operations	Archives	Designated	Restrictions	
Net unrealized gain	\$ -	\$ 142,340	\$ 1,072,537	\$ 7,626	\$ 1,222,503
Net realized gain	(11,470)	219,465	1,668,072	11,553	1,887,620
Investment fees	-	(15,972)	(121,499)	(850)	(138,321)
Interest and dividends	1,519	31,916	255,505	1,767	290,707
Net investment return	<u>\$ (9,951)</u>	<u>\$ 377,749</u>	<u>\$ 2,874,615</u>	<u>\$ 20,096</u>	<u>\$ 3,262,509</u>

#### Note 5 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at September 30, 2021:

Within one year	\$ 1,095,000
In one to five years	<u>600,000</u>
Subtotal	1,695,000
Less discount to present value at rate .15%	<u>(1,815)</u>
Total promises to give	<u>\$ 1,693,185</u>

At September 30, 2021, three donors accounted for 62% of total unconditional promises to give.

## Note 6 - Leases

The Organization leases 4 copiers and a postage machine under agreements accounted for as operating leases. Rental expense on these leases was \$13,361 for the year ended September 30, 2021. Future minimum lease payments under the operating lease agreements are as follows:

<u>Years Ended September 30,</u>	
2022	\$ 11,256
2023	<u>10,318</u>
Total	<u>\$ 21,574</u>

## Note 7 - Line of Credit

The Organization has a \$1,500,000 revolving line of credit with a bank, secured by the Organization's investments held at U.S. Bank and renews May 31, 2022. Borrowings under the line bear interest at an annual rate of not less than 3.25%. The agreement requires that the Organization complies with certain financial and non-financial covenants. During the year ended September 30, 2021, the Organization did not borrow from the line and there is no outstanding balance as of September 30, 2021.

## Note 8 - Endowment Net Assets

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

The Organization has interpreted the Idaho Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At September 30, 2021, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.



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

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

As of September 30, 2021, the Organization had the following endowment net asset composition by type of fund:

	Without Donor Restriction	With Donor Restrictions	Total
Board-designated endowment funds	\$ 22,462,029	\$ -	\$ 22,462,029
Donor-restricted endowment funds	-	100,000	100,000
	<u>\$ 22,462,029</u>	<u>\$ 100,000</u>	<u>\$ 22,562,029</u>

Changes in Endowment net assets for the year ended September 30, 2021 are as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets, Beginning of Year	\$ 18,726,981	\$ 100,000	\$ 18,826,981
Contributions	1,280,000	-	1,280,000
Investment return			
Investment income, net of fees	3,226,416	36,093	3,262,509
Release of earnings on endowment	<u>36,093</u>	<u>(36,093)</u>	<u>-</u>
Appropriation of endowment assets for expenditure	<u>(807,461)</u>	<u>-</u>	<u>(807,461)</u>
Endowment net assets, End of Year	<u>\$ 22,462,029</u>	<u>\$ 100,000</u>	<u>\$ 22,562,029</u>

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. As of September 30, 2021, the fair market value of the donor restricted endowment funds exceeded corpus.

### *Investment and Spending Policies*

The Organization has adopted investment and spending policies for Endowment that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. To satisfy its long-term rate-of-return objectives, the investment portfolio is structured on a total return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. Any return earned on the corpus of the endowment with donor restrictions shall be utilized exclusively for the maintenance and operation of the Interpretive Center.

### **Note 9 - Net Assets with Donor Restrictions**

Net assets with Donor Restrictions at September 30, 2021 consist of:

Contributions for fixed assets and federally funded fixed	\$ 718,946
Land subject to restrictions imposed by a land patent	253,000
Donor Restricted Contributions for specific purpose	2,422,438
Contributions for future operations- time restricted	<u>1,693,185</u>
	5,087,569
 Velma Morrison Interpretive Center	 <u>100,000</u>
 Net assets with donor restrictions	 <u><u>\$ 5,187,569</u></u>

Net assets of \$1,793,019 were released from restrictions for the year ended September 30, 2021. The net assets were released after the expiration of time restrictions and/or the satisfaction of purpose restrictions.

### **Note 10 - Designated Funds**

The Board of Directors established a fund during fiscal year 1983 to help ensure the financial future of the Organization. A policy, established by the Board of Directors, allows the Organization's President the discretion to use \$500,000 or 5% of the Board-designated fund's average market value the prior year (whichever is greater) towards operating expenses each year. The amount withdrawn for fiscal year 2021 was \$807,461.

### Note 11 - In-Kind Contributions and Contributed Services

In-kind contributions received are measured at fair value and recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. The Organization recognized in-kind contributions/services for the year ended September 30, 2021, as follows:

Travel	\$ 315,771
Vehicle Expense	5,000
Small Tools, Other Supplies	2,809
Furniture and Fixtures	5,564
Grounds Maintenance	291
Displays, Collections	4,355
Shipping, Postage	458
Rent Expense	14,701
Office Expenses	381
Printed Materials	50
Feed	35,180
Equipment, Machinery	2,750
Fixed Assets - VMIC Expansion	18,967
Facility Improvements	3,470
	<hr/>
Total in-kind contributions and contributed services	<u>\$ 409,747</u>

### Note 12 - Allocation of Joint Costs

The Organization incurred joint costs of \$44,583 for informational materials and activities that included fundraising appeals. For the year ended September 30, 2021 these costs were allocated as follows:

Program services	\$ 29,722
Membership	14,861
	<hr/>
Total joint costs	<u>\$ 44,583</u>

### Note 13 - Benefit Plans

The Organization has a defined contribution retirement plan for employees within the United States. Employees working a minimum of 1,000 hours per year are eligible to participate. Substantially all employees participate in the plan. Annual contributions are determined at the discretion of the Board of Directors. Total employer contributions were \$279,407 for the year ended September 30, 2021.

**Note 14 - Related Party Transactions**

During the year ended September 30, 2021, donations were received in the form of cash and stock in the amounts of \$1,774,345 and \$109,210, respectively, from members of the Board of Directors.

**Note 15 - Paycheck Protection Program**

The Organization was granted a second loan in the amount of \$657,777 under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization has elected to account for the funding as a conditional contribution by applying ASC 958-605, *Not-for-Profit – Revenue Recognition*. The Organization initially recorded the loan as a refundable advance and subsequently recognized contribution revenue in accordance with guidance for conditional contributions, that is, once the measurable performance of the PPP loan no longer existed. The Organization has recognized \$657,777 as revenue for the year ended September 30, 2021, equivalent to the expenses eligible for forgiveness during the period. The Organization subsequently applied for and received forgiveness for the loan on August 26, 2021.

**Note 16 - Transfer of The Archives of Falconry**

The Archives of Falconry was transferred from the Organization effective October 1, 2020. The beginning net assets and property and equipment of the Archives of \$5,452,532 was transferred on October 1, 2020. The Peregrine Fund continued to manage the investments for the Archives during the year. On September 30, 2021, investment income of \$379,280 was transferred to the Archives. As of September 30, 2021, the Organization held \$3,394,614 in cash and investments, which is included as a payable to The Archives of Falconry and was transferred subsequent to year end.



Federal Awards Reports in Accordance with the Uniform  
Guidance

September 30, 2021

The Peregrine Fund, Inc.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Peregrine Fund, Inc., (the Organization) which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 19, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Peregrine Fund, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Peregrine Fund, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Peregrine Fund, Inc.'s internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 that we consider to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Peregrine Fund, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Response to Findings**

The Peregrine Fund, Inc.'s response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Peregrine Fund, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho  
April 19, 2022



## **Independent Auditor's Report on Compliance for the Major Federal Programs; Report on Internal Control Over Compliance**

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

### **Report on Compliance for the Major Federal Programs**

We have audited The Peregrine Fund, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on The Peregrine Fund, Inc.'s (the Organization) major federal program for the year ended September 30, 2021. The Peregrine Fund, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

### **Opinion on the Major Federal Program**

In our opinion, The Peregrine Fund, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2021.



## Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-002, that we consider to be a significant deficiency.

The Peregrine Fund, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Peregrine Fund, Inc.'s response was not subjected to the 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 "Eide Bailly LLP".

Boise, Idaho  
April 19, 2022

The Peregrine Fund, Inc.  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2021

Federal Grantor/Pass Through Grantor	Federal CFDA Number	Project Title	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Interior				
Passed through from:				
U.S. Fish and Wildlife Service	15.657	California Condor Restoration (w/Data Int & Demog, Lead Reduction SS)	F20AP00205	\$ 115,550
U.S. Fish and Wildlife Service	15.657	California Condor Recovery Challenge Grant	F21AP01273	148,923
U.S. Fish and Wildlife Service	15.657	Northern Aplomado Falcon Populations Recovery Project	F19AC00090	6,679
U.S. Fish and Wildlife Service	15.657	Northern Aplomado Falcon Populations Recovery Project	F19AC11482	102,899
U.S. Fish and Wildlife Service	15.657	Recovering the Northern Aplomado Falcon	F21AP00477	17,292
U.S. Fish and Wildlife Service	15.657	Aplomado Falcon Habitat Management in south Texas	F21AC02221	1,197
U.S. Fish and Wildlife Service	15.657	Harpy Eagle Choco-Darien Region of Panama	F20AP00226	89,474
U.S. Fish and Wildlife Service	15.657	Puerto Rico Sharp-Shinned Hawk - 2017	F20AC00334	38,798
U.S. Fish and Wildlife Service	15.657	Hurricane Maria Recovery Phase 2	F21AP00457	36,219
U.S. Fish and Wildlife Service	15.657	Hawk		
Total CFDA 15.657				<u>557,031</u>
Passed through from:				
Oregon Dept of Fish and Wildlife				
Fish and Wildlife Cluster	15.611	Wildlife Restoration and Basic Hunter Education	351-17	177,567
Total Fish and Wildlife Cluster				
Research and Development Cluster				
National Park Service	15.945	Cooperative Research and Training Programs Resources of the National Park System	Subcontract Q01911	2,990
National Park Service	15.945	Cooperative Research and Training Programs Resources of the National Park System	Subcontract Q01912	7,559
National Park Service	15.945	Cooperative Research and Training Programs Resources of the National Park System	Subcontract Q01984	6,572
National Park Service	15.945	Cooperative Research and Training Programs Resources of the National Park System	Subcontract Q02030	92,429
National Park Service	15.945	Cooperative Research and Training Programs Resources of the National Park System	Subcontract Q02200	3,925
National Park Service	15.945	Cooperative Research and Training Programs Resources of the National Park System	Subcontract Q02201	17,619
Total Research and Development Cluster				<u>131,094</u>
Total U.S. Department of Interior				<u>865,692</u>
Total expenditures of federal awards				<u>\$ 865,692</u>

**Note 1 - Basis of Presentation**

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

**Note 2 - Significant Accounting Policies**

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

**Note 3 - Indirect Cost Rate**

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

**Note 4 - Subrecipients**

The Organization does not pass funds through to subrecipients.

## Section I - Summary of Auditor's Results

### Financial Statements

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

### Federal Awards

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

Identification of major programs:

<u>CFDA number</u>	<u>Name of Federal Programs</u>
15.657	U.S. Department of Interior California Condor Restoration
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee	Yes

## **Section II - Financial Statement Findings**

2021-001

Material Weakness

**Criteria:**

Management does not have an internal control process to reconcile contribution account balances, the schedule of federal awards, and review manual journal entries.

**Condition:**

During our testing of financial statement account balances, we noted contribution account balances and the schedule of federal awards was not reconciled to the general ledger. We also noted that there was no approval of manual journal entries.

**Cause:**

The Organization's existing control procedures for financial statement reconciliations was not strong enough to ensure that contribution accounts and the schedule of federal awards was reconciled or that manual journal entries were reviewed.

**Effect:**

The Organization had not reconciled contribution accounts and the schedule of federal awards. Manual journal entries were not reviewed.

**Recommendation:**

The Organization should review the current control process over contribution reconciliation, the schedule of federal award reconciliations and the review of manual journal entries.

**Views of Responsible Officials:**

The Organization agrees with the finding.

**Section III - Federal Award Findings and Questioned Costs**

2021-002

Direct Programs – Department of Interior

CFDA# 15.657

Award # F15AC00414

California Condor Restoration

Reporting

Significant Deficiency in Internal Control over Compliance

**Criteria:**

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

**Condition:**

During our internal control testing over reporting, we noted 2 performance reports were not reviewed.

**Cause:**

The Organization's existing control procedures for ensuring performance reports were reviewed was not strong enough to ensure that the performance reports were reviewed.

**Effect:**

The Organization had no documentation of approval over performance reports by an employee above the grant manager.

**Questioned Costs:**

None Reported

**Context/Sampling:**

A statistical sample of 2 of 6 performance reports were selected for testing.

**Repeat Finding from Prior Year:**

No

**Recommendation:**

The Organization should review the current control process over review of performance reports to ensure that information submitted for reporting is accurate.

**Views of Responsible Officials:**

The Organization agrees with the finding.