



Financial Statements  
September 30, 2011

# The Peregrine Fund, Inc.

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## Independent Auditor's Report

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

We have audited the accompanying statement of financial position of The Peregrine Fund, Inc. (the Fund), a nonprofit organization, as of September 30, 2011 and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Fund's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2012 on our consideration of The Peregrine Fund, Inc.'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of The Peregrine Fund, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget

Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Eide Bailly LLP*

Boise, Idaho  
January 20, 2012

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	Operations	Unrestricted Endowment	Property
<b>Assets</b>			
Cash and cash equivalents	\$ 995,015	\$ 38,527	\$ -
Grants receivable	258,730	-	-
Pledges and other receivables	3,680	-	-
Investments	-	9,964,306	-
Merchandise inventory	62,594	-	-
Prepays and other assets	62,805	-	-
Property, equipment, and archives			
Land	-	-	1,260,000
Land improvements	-	-	750,354
Buildings	-	-	3,977,560
Vehicles and trailers	-	-	963,904
Equipment	-	-	166,313
Fixtures and displays	-	-	1,585,032
Construction in Progress	-	-	2,345
	1,382,824	10,002,833	8,705,508
Accumulated depreciation	-	-	(4,550,651)
	1,382,824	10,002,833	4,154,857
Collections - Archives	-	-	2,307,103
	\$ 1,382,824	\$ 10,002,833	\$ 6,461,960
<b>Liabilities and Net Assets</b>			
Accounts payable	\$ 64,117	\$ -	\$ -
Accrued taxes and expenses	50,610	-	-
Deferred Revenue	-	-	-
	114,727	-	-
Total liabilities			
Net Assets	1,268,097	10,002,833	6,461,960
	\$ 1,382,824	\$ 10,002,833	\$ 6,461,960

See Notes to Financial Statements

The Peregrine Fund, Inc.  
Statement of Financial Position  
September 30, 2011

Sub Total	Temporarily Restricted		Sub Total	Total
	Operations	Property		
\$ 1,033,542	\$ 288,720	\$ -	\$ 288,720	\$ 1,322,262
258,730	-	-	-	258,730
3,680	452,508	-	452,508	456,188
9,964,306	-	-	-	9,964,306
62,594	-	-	-	62,594
62,805	-	-	-	62,805
				-
1,260,000	-	253,000	253,000	1,513,000
750,354	-	-	-	750,354
3,977,560	-	502,168	502,168	4,479,728
963,904	-	50,744	50,744	1,014,648
166,313	-	8,539	8,539	174,852
1,585,032	-	6,165	6,165	1,591,197
2,345	-	-	-	2,345
<u>20,091,165</u>	<u>741,228</u>	<u>820,616</u>	<u>1,561,844</u>	<u>21,653,009</u>
<u>(4,550,651)</u>	<u>-</u>	<u>(150,020)</u>	<u>(150,020)</u>	<u>(4,700,671)</u>
<u>15,540,514</u>	<u>741,228</u>	<u>670,596</u>	<u>1,411,824</u>	<u>16,952,338</u>
<u>2,307,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,307,103</u>
<u>\$ 17,847,617</u>	<u>\$ 741,228</u>	<u>\$ 670,596</u>	<u>\$ 1,411,824</u>	<u>\$ 19,259,441</u>
\$ 64,117	\$ -	\$ -	\$ -	\$ 64,117
50,610	-	-	-	50,610
-	9,567	-	9,567	9,567
<u>114,727</u>	<u>9,567</u>	<u>-</u>	<u>9,567</u>	<u>124,294</u>
<u>17,732,890</u>	<u>731,661</u>	<u>670,596</u>	<u>1,402,257</u>	<u>19,135,147</u>
<u>\$ 17,847,617</u>	<u>\$ 741,228</u>	<u>\$ 670,596</u>	<u>\$ 1,411,824</u>	<u>\$ 19,259,441</u>

	Operations	Unrestricted Endowment	Property
Revenues, Gains, and Other Support			
Contributions			
Individuals	\$ 673,477	\$ 172,391	\$ 32,487
Foundations	2,338,195	20,100	-
Corporations	363,945	22,700	-
Indirect support	105,209	-	-
Government grants-federal	972,492	-	-
Sales of merchandise	76,750	-	-
Admissions	134,087	-	-
Other	197,553	-	-
Investment income	662	509,052	-
Total revenues, gains, and other support	<u>4,862,370</u>	<u>724,243</u>	<u>32,487</u>
Assets Released from Restrictions	<u>683,506</u>	<u>-</u>	<u>-</u>
Expenses and Losses			
Program services			
Conservation, research and education	4,992,413	-	311,140
Supporting services			
General and administrative	466,190	-	5,986
Fundraising	390,164	-	1,958
Membership	122,286	-	1,223
Other			
Loss on asset disposition	-	-	33
Total expenses and losses	<u>5,971,053</u>	<u>-</u>	<u>320,340</u>
Other			
Endowment fund transfers	465,400	(465,400)	-
Depreciation expense on temporarily restricted fixed assets	-	-	16,310
Total other	<u>465,400</u>	<u>(465,400)</u>	<u>16,310</u>
Change in Net Assets	40,223	258,843	(271,543)
Net Assets, Beginning of Year	<u>1,227,874</u>	<u>9,743,990</u>	<u>6,733,503</u>
Net Assets, End of Year	<u>\$ 1,268,097</u>	<u>\$ 10,002,833</u>	<u>\$ 6,461,960</u>

See Notes to Financial Statements

The Peregrine Fund, Inc.  
Statement of Activities  
Year Ended September 30, 2011

<u>Sub Total</u>	Temporarily Restricted		<u>Sub Total</u>	<u>Total</u>
	<u>Operations</u>	<u>Property</u>		
\$ 878,355	\$ 6,564	\$ -	\$ 6,564	\$ 884,919
2,358,295	315,620	-	315,620	2,673,915
386,645	21,969	-	21,969	408,614
105,209	-	-	-	105,209
972,492	-	6,165	6,165	978,657
76,750	-	-	-	76,750
134,087	-	-	-	134,087
197,553	-	-	-	197,553
509,714	-	-	-	509,714
<u>5,619,100</u>	<u>344,153</u>	<u>6,165</u>	<u>350,318</u>	<u>5,969,418</u>
<u>683,506</u>	<u>(683,506)</u>	<u>-</u>	<u>(683,506)</u>	<u>-</u>
5,303,553	-	-	-	5,303,553
472,176	-	-	-	472,176
392,122	-	-	-	392,122
123,509	-	-	-	123,509
<u>33</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33</u>
<u>6,291,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,291,393</u>
-	-	-	-	-
<u>16,310</u>	<u>-</u>	<u>(16,310)</u>	<u>(16,310)</u>	<u>-</u>
<u>16,310</u>	<u>-</u>	<u>(16,310)</u>	<u>(16,310)</u>	<u>-</u>
27,523	(339,353)	(10,145)	(349,498)	(321,975)
<u>17,705,367</u>	<u>1,071,014</u>	<u>680,741</u>	<u>1,751,755</u>	<u>19,457,122</u>
<u>\$ 17,732,890</u>	<u>\$ 731,661</u>	<u>\$ 670,596</u>	<u>\$ 1,402,257</u>	<u>\$ 19,135,147</u>

The Peregrine Fund, Inc.  
Statement of Cash Flows  
Year Ended September 30, 2011

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Cash Flows from Operating Activities	
Change in net assets	\$ (321,975)
Adjustments to reconcile change in net assets to net cash from operating activities	
In-kind donations of property, equipment and archives	(30,100)
Depreciation	320,307
Loss on retirement of assets	33
Investment income	(142,846)
Realized gain on investments	(44,988)
Unrealized gain on investments	(321,880)
Change in assets and liabilities	
Grants receivable	(156,076)
Pledges and other receivables	570,076
Merchandise inventory	(30,052)
Prepays and other assets	11,767
Accounts payable	(1,712)
Accrued taxes and expenses	21,778
Deferred revenue	<u>(21,116)</u>
Net Cash used for Operating Activities	<u>(146,784)</u>
Cash Flows from Investing Activities	
Purchase of property, equipment and archives	(8,553)
Purchase of investments	(2,406,288)
Proceeds from sale of investments	<u>2,654,435</u>
Net Cash from Investing Activities	<u>239,594</u>
Net Increase in Cash	92,810
Cash and Cash Equivalents, Beginning of Year	<u>1,229,452</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,322,262</u></u>
Supplemental Disclosures	
Donations of property, equipment and archives	<u><u>\$ 30,100</u></u>

The Peregrine Fund, Inc.  
Statement of Functional Expenses  
Year Ended September 30, 2011

	Program Services	Supporting Services			Total Expenses
	Conservation, Research and Education	General Administration	Fundraising	Membership	
Salaries and employee benefits	\$ 2,837,281	\$ 305,412	\$ 272,293	\$ 64,881	\$ 3,479,867
Grants and subcontracts	401,300	-	-	-	401,300
Office supplies and expense	10,955	3,072	508	420	14,955
Telephone	38,177	3,194	2,773	657	44,801
Postage and freight	92,377	5,334	1,581	4,972	104,264
Rent	58,968	879	-	-	59,847
Maintenance and repairs	73,287	2,936	602	402	77,227
Printing and publications	33,318	2,972	4,631	20,091	61,012
Travel and field subsistence	289,173	19,401	54,969	15	363,558
Dues, fees and books	160,055	6,214	10,674	4,281	181,224
Information technology	91,477	10,001	25,288	24,221	150,987
Depreciation	311,140	5,986	1,958	1,223	320,307
Meetings	8,249	40,129	339	93	48,810
Special events	117,405	12,878	12,882	-	143,165
Professional services	63,476	22,200	-	-	85,676
Insurance	78,950	13,354	732	1,531	94,567
Utilities	116,712	1,804	748	439	119,703
Small tools and supplies	274,501	11,102	1,829	283	287,715
Feed	155,183	-	-	-	155,183
Vehicle expense	85,642	9	315	-	85,966
Miscellaneous	5,927	5,299	-	-	11,226
	<u>\$ 5,303,553</u>	<u>\$ 472,176</u>	<u>\$ 392,122</u>	<u>\$ 123,509</u>	<u>\$ 6,291,360</u>

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

### **Activity**

The Peregrine Fund (the Fund) was founded in 1970 to restore the Peregrine Falcon, which was removed from the U.S. Endangered Species List in 1999. That success encouraged the organization to expand its focus and apply its experience and understanding to raptor conservation efforts on behalf of 105 species in 65+ countries worldwide, including the California Condor and Aplomado Falcon in the United States. The Fund is non-political, solution-oriented and hands-on, with a mission to:

- Restore rare species through captive breeding and releases.
- Improve capacity for local conservation.
- Conduct scientific research and environmental education.
- Conserve habitat.

The Fund administers and disburses funds solicited from private, corporate, and governmental sources.

### **Display of Net Assets**

The Fund complies with the requirements of the Financial Accounting Standards Codification (ASC) as set forth in ASC 958, "Financial Statements of Not-for-Profit Organizations". Accordingly, the net assets of the Fund are reported in each of the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Under these provisions, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Fund and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Fund and/or the passage of time.

Property and equipment assets acquired with governmental grant funds are included in temporarily restricted net assets since these assets, or some portion of proceeds thereof, may be returned to the grantor agency in the event the assets are disposed.

Land acquired subject to a land patent, restricting its use.

Pledges receivable are included in temporarily restricted net assets, since these asset pledges will be paid over a period of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Fund. Generally, the donors of these assets permit the Fund to use all or part of the income earned on related investments for general or specific purposes. The Fund has no permanently restricted net assets at September 30, 2011.

### **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand as well as checking, and savings accounts with financial institutions. Cash is maintained in Boise area financial institutions and a Merrill Lynch Ready Asset account. At September 30, 2011, all but \$58,322 of the bank balance was covered by FDIC insurance.

### **Inventories**

Purchased inventory is priced at the lower of cost (first-in, first-out method) or market. Donated inventory is priced at the estimated fair market value at the date of receipt.

### **Pledges Receivable**

Pledges receivable consist of the present value of unconditional promises to give in existence at September 30, 2011, less an allowance, if any, for uncollectable pledges based on past collections experience. At September 30, 2011 no allowance for uncollectable pledges was deemed necessary.

### **Accrued Compensated Absences**

Fund employees may accrue vacation based on length of service and, subject to certain limitations, such amounts will be paid upon termination. Accrued vacation does not accumulate over years and is on a "use or lose" basis. Accrued Compensated Absences are not recorded on the financial statements as they cannot be reasonably estimated.

### **Property, Equipment and Archives**

Property, equipment and archives are recorded at cost except for donated property, which is recorded at fair market value when donated. Depreciation on property and equipment is calculated using the straight-line method over the estimated useful lives of the assets. No depreciation is recorded on the archives collection. Depreciation is provided on the straight-line basis over estimated lives as follows:

Fixtures	10-15 years
Vehicles	3-5 years
Equipment	3-10 years
Land improvements	10-15 years
Buildings and improvements	30-39 years

Capital assets with a value of \$5,000 or greater and useful lives of 2 or more years are capitalized. Expenditures for major renewals and improvements that extend the useful lives are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Gains and losses on dispositions of property are included in income or expense.

The Fund acquired land subject to a land patent restricting its use by the Fund to research, propagation, and management of raptors and wildlife. This land is included in temporarily restricted net assets for the property fund.

During 1987, the Fund developed a collection called the Archives of Falconry. The collection contains numerous books on falconry as well as records and correspondence, various artifacts, and artwork. This collection is an accumulation of archive donations and purchases collected throughout the life of the Fund and are recorded at fair market value at the accession date or at cost when purchased.

### **Contributed Support**

The Fund recognizes contributed support as income in the period received or pledged. Contributed support is reported as unrestricted or as restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as assets released from restrictions.

The Fund records various types of in-kind support including contributed property, equipment and archives, professional services and materials. Contributed professional services are recognized if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses, assets or decreases of liabilities.

Additionally, the Fund receives a significant amount of skilled, contributed time, which does not meet the two recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

### **Unrestricted Support**

The Fund records all donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

### **Investment Securities**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

### **Fair Value Measurements**

The Fund has determined the fair value of certain assets and liabilities in accordance with the provisions of ASC 820-10, *Fair Value Measurements*, which provides a framework for measuring fair value under generally accepted accounting principles.

ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820-10 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

### **Program Expense Allocation**

Operating expenses are allocated to program and support categories based on separate cost center types as follows:

Program Activities: Expenditures related to the Fund'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 Fund.

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

Membership: Expenditures related to the acquisition and retention of the Fund's members.

### **Income Taxes**

The Fund is exempt from income taxes as defined by Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision has been made for income taxes in the accompanying financial statements.

The Fund adopted the provisions of ASC 740, Accounting for Uncertainty in Income Taxes, on January 1, 2009. The implementation of this standard had no impact on the financial statements. As of both the date of adoption, and as of September 30, 2011, the unrecognized tax benefit accrual was zero.

The Fund will accrue any unrecognized tax benefits, unrecognized tax expenses or penalties if any such items should be incurred. The Fund is no longer subject to Federal and state tax examinations by tax authorities for years before 2008.

### **Sales Taxes**

The Fund 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 Fund uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. It is at least reasonably possible that the estimates will change within the next year.

### **Subsequent Events**

The Fund has evaluated subsequent events through January 20, 2012, the date which the financial statements were available to be issued.

**Note 2 - Investments**

The cost of investments sold for determining gain or loss is based on specific identification. Investments are carried at market value. Unrealized gains or losses are included in the statement of activities. Money market funds are invested through U.S. Bank.

Investments, by financial classification, are comprised of the following at September 30, 2011:

	Fair Value
Equities	\$ 6,310,631
Corporate bonds	2,449,157
Money market funds	1,204,518
Total investments	\$ 9,964,306

The related fair values of these investments at September 30, 2011 are determined as follows:

	Level 1	Level 2	Level 3	Total
Equities	\$ 6,310,631	\$ -	\$ -	\$ 6,310,631
Corporate bonds	-	2,449,157	-	2,449,157
Money market funds	-	1,204,518	-	1,204,518
Total investments	\$ 6,310,631	\$ 3,653,675	\$ -	\$ 9,964,306

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended September 30, 2011:

	Operations	Endowment	Total
Net unrealized gain	\$ -	\$ 320,419	\$ 320,419
Net realized gain	-	45,712	45,712
Investment fees	-	(66,902)	(66,902)
Interest and dividends	662	209,823	210,485
Total investment income	\$ 662	\$ 509,052	\$ 509,714

**Note 3 - Endowment Fund**

The Board of Directors established an endowment fund during fiscal year 1983 to help ensure the financial future of the Fund. A policy, established by the Board of Directors, allows the Peregrine Fund's President the discretion to use \$500,000 or 5% of the endowment fund's market value the prior year (whichever is greater) towards operating expenses each year. The amount withdrawn for fiscal year 2011 was \$465,400.

**Note 4 - Pension Plan**

The Fund 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 \$199,839 for the year ended September 30, 2011.

**Note 5 - Pledges and Other Receivables**

Maturities on pledges and other receivables at September 30, 2011 are as follows:

Receivable in less than one year	\$ 453,680
Receivable in one to five years	<u>10,000</u>
Subtotal	463,680
Less: Discount to present value	<u>(7,492)</u>
Total pledges and other receivables	<u><u>\$ 456,188</u></u>

Pledges receivable greater than one year in time are discounted at a risk-free rate of return. Amortization of the discount is recorded as additional contribution revenue and is used in accordance with donor-imposed restrictions, if any, on the contributions. At September 30, 2011 approximately 81% of pledge receivables were due from one foundation.

Management does not consider it necessary to provide an allowance for doubtful accounts for pledges or other receivables.

**Note 6 - Temporarily Restricted Net Assets**

The Fund's temporarily restricted net assets consist of the following as of September 30, 2011:

Contributions for fixed assets and federally funded fixed assets for use with government grants	\$ 417,596
Land subject to restrictions imposed by a land patent	253,000
Contributions for future operations	<u>731,661</u>
Temporarily restricted net assets	<u><u>\$ 1,402,257</u></u>

**Note 7 - 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 Fund recognized in-kind contributions/services for the year ended September 30, 2011, as follows:

Additions to archives collection	\$	30,100
Travel and field subsistence		37,461
Small tools and supplies		21,056
Maintenance and repairs		7,750
Postage and freight		61,950
IT / Internet		41,272
Rent		879
Dues, fees and books		103,381
Professional services		8,650
Feed		61,140
Utilities		12,000
		<hr/>
Total in-kind contributions and contributed services	\$	<u>385,639</u>

**Note 8 - Allocation of Joint Costs**

The Fund incurred joint costs of \$61,000 for informational materials and activities that included fundraising appeals. For the year ended September 30, 2011 these costs were allocated as follows:

Program services	\$	24,059
General administration		12,878
Membership		24,063
		<hr/>
Total joint costs	\$	<u>61,000</u>



Other Information  
September 30, 2011

## The Peregrine Fund, Inc.



## **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***

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

We have audited the financial statements of The Peregrine Fund, Inc. (the Fund) as of and for the year ended September 30, 2011 and have issued our report thereon dated January 20, 2012. 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.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered The Peregrine Fund, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control over financial reporting.

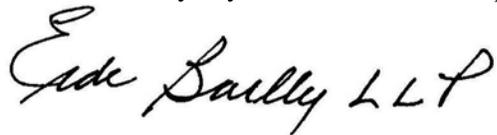
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

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

This report is intended solely for the information and use of management, audit committee, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Boise, Idaho  
January 20, 2012



## **Report on Compliance with Requirements That Could Have A Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133**

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

### **Compliance**

We have audited the compliance of The Peregrine Fund, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 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, 2011. The Peregrine Fund, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of The Peregrine Fund, Inc.'s management. Our responsibility is to express an opinion on The Peregrine Fund, Inc.'s compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 a major federal program 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. Our audit does not provide a legal determination of The Peregrine Fund, Inc.'s compliance with those requirements.

In our opinion, The Peregrine Fund, Inc. 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, 2011.

### **Internal Control Over Compliance**

The management of The Peregrine Fund, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered The Peregrine Fund, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Peregrine Fund, Inc.'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 a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

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 that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, audit committee, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Boise, Idaho  
January 20, 2012

The Peregrine Fund, Inc.  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2011

Federal Grantor/Pass Through Grantor	Federal CFDA Number	Project Title	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Interior				
Passed through from:				
U.S. Fish and Wildlife Service	15.608	California Condor Restoration	816709J803	\$ 481,374
U.S. Fish and Wildlife Service	15.608	California Condor Restoration	81670-1113-1022	264,168
U.S. Fish and Wildlife Service	15.657	Aplomado Falcon Restoration	F11AP00088	148,000
Bureau of Land Management - ID	15.231	Education	L11AC20111	14,000
Bureau of Land Management - AZ	15.231	California Condor Restoration	L10AC20349-0002	15,426
Bureau of Land Management - AZ	15.231	California Condor Restoration	L10AC20349-0001 Mod1	40,433
U.S. Geological Survey	None	Gyrfalcon Conference	G10AP00058	15,256
Total expenditures of federal awards				<u>\$ 978,657</u>

**Note 1 - Basis of Presentation**

The Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Fund. The reporting entity is defined in Note 1 to the Fund's financial statements.

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

**Note 2 - Major Programs**

The following programs have been identified as major programs for the year ended September 30, 2011:

<u>Program</u>	<u>CFDA Number</u>
U.S. Department of Interior California Condor Restoration	15.608

**Section I - Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued	Unqualified
Internal control over financial reporting:	
Material weakness identified	No
Reportable conditions	None reported
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified	No
Reportable conditions	None reported
Type of auditors' report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	No

Identification of major programs:

<u>CFDA number</u>	<u>Name of Federal Program</u>
15.608	U.S. Department of Interior California Condor Restoration

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
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Auditee qualified as low-risk auditee	Yes
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**Section II - Financial Statement Findings**

None

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

None