



Financial Statements
September 30, 2013

The Peregrine Fund, Inc.

Independent Auditor’s Report.....	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements.....	7
Other Information	
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 <i>Government Auditing Standards</i>	15
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by OMB Circular A-133	17
Schedule of Expenditures of Federal Awards	19
Notes to Schedule of Expenditures of Federal Awards	20
Schedule of Findings and Questioned Costs.....	21



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 Fund), which comprise the statement of financial position as of September 30, 2013, and the related statement of activities, cash flows, and functional expenses 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 Audit 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 respective financial position of the The Peregrine Fund, Inc. as of September 30, 2013, and the changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 30, 2013 on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

A handwritten signature in cursive script that reads "Eric Sully LLP". The signature is written in dark ink and is positioned above the printed name and date.

Boise, Idaho
December 30, 2013

(This page left blank intentionally.)

	Unrestricted			
	Operations	Designated	Property	Sub Total
Assets				
Cash and cash equivalents	\$ 840,082	\$ 26,898	\$ -	\$ 866,980
Grants receivable	33,666	-	-	33,666
Pledges and other receivables	2,072	-	-	2,072
Investments	-	12,580,752	-	12,580,752
Merchandise inventory	49,401	-	-	49,401
Prepays and other assets	77,006	-	-	77,006
Property, equipment, and archives				
Land	-	-	1,260,000	1,260,000
Land improvements	-	-	840,518	840,518
Buildings	-	-	3,977,560	3,977,560
Vehicles and trailers	-	-	880,679	880,679
Equipment	-	-	166,792	166,792
Fixtures and displays	-	-	1,634,609	1,634,609
Construction in progress	-	-	585	585
	<u>1,002,227</u>	<u>12,607,650</u>	<u>8,760,743</u>	<u>22,370,620</u>
Accumulated depreciation	-	-	(4,900,979)	(4,900,979)
	<u>1,002,227</u>	<u>12,607,650</u>	<u>3,859,764</u>	<u>17,469,641</u>
Collections - Archives	-	-	2,401,252	2,401,252
	<u>\$ 1,002,227</u>	<u>\$ 12,607,650</u>	<u>\$ 6,261,016</u>	<u>\$ 19,870,893</u>
Liabilities and Net Assets				
Accounts payable	\$ 142,237	\$ -	\$ -	\$ 142,237
Accrued taxes and expenses	49,112	-	-	49,112
Deferred revenue	-	-	-	-
Total liabilities	<u>191,349</u>	<u>-</u>	<u>-</u>	<u>191,349</u>
Net Assets	<u>810,878</u>	<u>12,607,650</u>	<u>6,261,016</u>	<u>19,679,544</u>
	<u>\$ 1,002,227</u>	<u>\$ 12,607,650</u>	<u>\$ 6,261,016</u>	<u>\$ 19,870,893</u>

See Notes to Financial Statements

The Peregrine Fund, Inc.
Statement of Financial Position
September 30, 2013

Temporarily Restricted			Permanently Restricted	Total
Operations	Property	Sub Total	Endowment	
\$ 230,483	\$ -	\$ 230,483	\$ -	\$ 1,097,463
-	-	-	-	33,666
259,728	-	259,728	100,000	361,800
-	-	-	-	12,580,752
-	-	-	-	49,401
-	-	-	-	77,006
-	253,000	253,000	-	1,513,000
-	-	-	-	840,518
-	502,168	502,168	-	4,479,728
-	111,106	111,106	-	991,785
-	8,539	8,539	-	175,331
-	6,165	6,165	-	1,640,774
-	-	-	-	585
490,211	880,978	1,371,189	100,000	23,841,809
-	(196,850)	(196,850)	-	(5,097,829)
490,211	684,128	1,174,339	100,000	18,743,980
-	-	-	-	2,401,252
<u>\$ 490,211</u>	<u>\$ 684,128</u>	<u>\$ 1,174,339</u>	<u>\$ 100,000</u>	<u>\$ 21,145,232</u>
\$ -	\$ -	\$ -	\$ -	\$ 142,237
-	-	-	-	49,112
43,143	-	43,143	-	43,143
43,143	-	43,143	-	234,492
447,068	684,128	1,131,196	100,000	20,910,740
<u>\$ 490,211</u>	<u>\$ 684,128</u>	<u>\$ 1,174,339</u>	<u>\$ 100,000</u>	<u>\$ 21,145,232</u>

	Unrestricted			Sub Total
	Operations	Designated	Property	
Revenues, Gains, and Other Support				
Contributions				
Individuals	\$ 531,251	\$ 22,270	\$ 179,286	\$ 732,807
Foundations	1,833,828	21,000	-	1,854,828
Corporations	278,940	10,815	-	289,755
Indirect support	84,249	-	-	84,249
Government grants-federal	796,120	-	-	796,120
Sales of merchandise	68,069	-	-	68,069
Admissions	145,437	-	-	145,437
Other	147,538	-	-	147,538
Gain on asset disposition	-	-	21,312	21,312
Investment income	821	1,675,367	-	1,676,188
Total revenues, gains, and other support	<u>3,886,253</u>	<u>1,729,452</u>	<u>200,598</u>	<u>5,816,303</u>
Assets Released from Restrictions	<u>819,704</u>	<u>-</u>	<u>-</u>	<u>819,704</u>
Expenses				
Program services				
Conservation, research and education	4,521,411	-	270,351	4,791,762
Supporting services				
General and administrative	402,637	-	4,894	407,531
Fundraising	286,690	-	2,202	288,892
Membership	113,032	-	1,224	114,256
Total expenses	<u>5,323,770</u>	<u>-</u>	<u>278,671</u>	<u>5,602,441</u>
Other				
Designated fund transfers	510,000	(510,000)	-	-
Depreciation expense on temporarily restricted fixed assets	<u>-</u>	<u>-</u>	<u>28,948</u>	<u>28,948</u>
Total other	<u>510,000</u>	<u>(510,000)</u>	<u>28,948</u>	<u>28,948</u>
Change in Net Assets	(107,813)	1,219,452	(49,125)	1,062,514
Net Assets, Beginning of Year	<u>918,691</u>	<u>11,388,198</u>	<u>6,310,141</u>	<u>18,617,030</u>
Net Assets, End of Year	<u>\$ 810,878</u>	<u>\$ 12,607,650</u>	<u>\$ 6,261,016</u>	<u>\$ 19,679,544</u>

See Notes to Financial Statements

The Peregrine Fund, Inc.
Statement of Activities
Year Ended September 30, 2013

Temporarily Restricted			Permanently Restricted	Total
Operations	Property	Sub Total	Endowment	
\$ -	\$ -	\$ -	\$ -	\$ 732,807
312,472	-	312,472	100,000	2,267,300
-	-	-	-	289,755
-	-	-	-	84,249
-	-	-	-	796,120
-	-	-	-	68,069
-	-	-	-	145,437
-	-	-	-	147,538
-	-	-	-	21,312
-	-	-	-	1,676,188
<u>312,472</u>	<u>-</u>	<u>312,472</u>	<u>100,000</u>	<u>6,228,775</u>
<u>(819,704)</u>	<u>-</u>	<u>(819,704)</u>	<u>-</u>	<u>-</u>
-	-	-	-	4,791,762
-	-	-	-	407,531
-	-	-	-	288,892
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,256</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,602,441</u>
-	-	-	-	-
<u>-</u>	<u>(28,948)</u>	<u>(28,948)</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>(28,948)</u>	<u>(28,948)</u>	<u>-</u>	<u>-</u>
(507,232)	(28,948)	(536,180)	100,000	626,334
<u>954,300</u>	<u>713,076</u>	<u>1,667,376</u>	<u>-</u>	<u>20,284,406</u>
<u>\$ 447,068</u>	<u>\$ 684,128</u>	<u>\$ 1,131,196</u>	<u>\$ 100,000</u>	<u>\$ 20,910,740</u>

The Peregrine Fund, Inc.
Statement of Cash Flows
Year Ended September 30, 2013

Operating Activities	
Change in net assets	\$ 626,334
Adjustments to reconcile change in net assets to net cash used for operating activities	
In-kind donations of property, equipment and archives	(73,649)
Depreciation	278,671
Gain on retirement of assets	(21,312)
Investment income	(147,775)
Realized gain on investments	(531,046)
Unrealized gain on investments	(996,546)
Change in assets and liabilities	
Grants receivable	229,728
Pledges and other receivables	464,325
Merchandise inventory	(16,231)
Prepays and other assets	(15,655)
Accounts payable	13,751
Accrued taxes and expenses	8,256
Deferred revenue	43,143
Net Cash used for Operating Activities	<u>(138,006)</u>
Investing Activities	
Purchase of property, equipment and archives	(126,949)
Proceeds from sale of property, equipment and archives	21,312
Purchase of investments	(4,387,723)
Proceeds from sale of investments	<u>4,857,731</u>
Net Cash from Investing Activities	<u>364,371</u>
Net Change in Cash	226,365
Cash and Cash Equivalents, Beginning of Year	<u>871,098</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,097,463</u></u>

The Peregrine Fund, Inc.
Statement of Functional Expenses
Year Ended September 30, 2013

	Program Services	Supporting Services			Total Expenses
	Conservation, Research and Education	General Administration	Fundraising	Membership	
Salaries and employee benefits	\$ 2,623,320	\$ 297,781	\$ 228,356	\$ 56,168	\$ 3,205,625
Grants and subcontracts	304,196	-	-	-	304,196
Office supplies and expense	11,347	2,876	583	326	15,132
Telephone	31,253	3,380	1,717	551	36,901
Postage and freight	87,584	3,418	1,149	17,853	110,004
Rent	65,802	879	-	-	66,681
Maintenance and repairs	87,235	4,032	630	409	92,306
Printing and publications	20,907	1,230	377	18,609	41,123
Travel and field subsistence	343,475	8,016	35,993	13	387,497
Dues, fees and books	83,980	6,943	4,705	4,938	100,566
Information technology	79,441	9,683	10,784	9,016	108,924
Depreciation	270,351	4,894	2,202	1,224	278,671
Meetings	9,595	24,177	293	188	34,253
Professional services	42,465	15,200	280	-	57,945
Insurance	82,760	13,574	-	837	97,171
Utilities	131,571	1,948	847	483	134,849
Small tools and supplies	220,450	5,274	937	3,635	230,296
Feed	220,257	-	-	-	220,257
Vehicle expense	74,299	598	39	6	74,942
Miscellaneous	1,474	3,628	-	-	5,102
	<u>\$ 4,791,762</u>	<u>\$ 407,531</u>	<u>\$ 288,892</u>	<u>\$ 114,256</u>	<u>\$ 5,602,441</u>

Note 1 - Summary of Significant Accounting Policies

Activity

The Peregrine Fund (the Fund) was founded in 1970 to restore the critically endangered Peregrine Falcon, which was subsequently 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 Bald Eagle, 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 local capacity for conservation through training and support.
- Conduct scientific research on little known species and solve conservation problems.
- Provide 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.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand as well as checking, and savings accounts with financial institutions. Cash and cash equivalents held by investment managers have been designated by the Fund for investment purposes and are shown as unrestricted investments in the designated fund. Cash is maintained in Boise area financial institutions and a Merrill Lynch Ready Asset account. At September 30, 2013, all of the bank balance, except \$246,011, 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, 2013, less an allowance, if any, for uncollectable pledges based on past collections experience. At September 30, 2013 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 two 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. Items with a fair market value of over \$1,000 are capitalized as part of the collection and are recorded at fair market value at the accession date or at cost when purchased.

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 will accrue any unrecognized tax benefits, unrecognized tax expenses or penalties if any such items should be incurred. As of September 30, 2013, the unrecognized tax benefit accrual was zero. The Fund is no longer subject to federal and state tax examinations by tax authorities for years before 2010.

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 December 30, 2013, 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, 2013:

	Fair Value
Equities	\$ 9,443,874
Corporate bonds	1,016,019
Money market funds	2,120,859
	<hr/>
Total investments	<u>\$ 12,580,752</u>

The related fair values of these investments at September 30, 2013 are determined as follows:

	Level 1	Level 2	Level 3	Total
Equities				
Large core	\$ 1,978,649	\$ -	\$ -	\$ 1,978,649
Large growth	2,587,777	-	-	2,587,777
Large value	1,663,831	-	-	1,663,831
Mid core	974,510	-	-	974,510
Mid growth	1,262,468	-	-	1,262,468
Mid value	589,435	-	-	589,435
Small core	94,560	-	-	94,560
Small growth	179,905	-	-	179,905
Foreign	112,739	-	-	112,739
	<hr/>	<hr/>	<hr/>	<hr/>
Total equities	9,443,874	-	-	9,443,874
Corporate bonds				
Large core	-	336,245	-	336,245
Large growth	-	352,336	-	352,336
Large value	-	327,438	-	327,438
	<hr/>	<hr/>	<hr/>	<hr/>
Total corporate bonds	-	1,016,019	-	1,016,019
Money market funds	-	2,120,859	-	2,120,859
	<hr/>	<hr/>	<hr/>	<hr/>
Total investments	<u>\$ 9,443,874</u>	<u>\$ 3,136,878</u>	<u>\$ -</u>	<u>\$ 12,580,752</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended September 30, 2013:

	Operations	Designated	Total
Net unrealized gain	\$ -	\$ 996,546	\$ 996,546
Net realized gain (loss)	(201)	531,046	530,845
Investment fees	-	(73,312)	(73,312)
Interest and dividends	1,022	221,087	222,109
Total investment income	\$ 821	\$ 1,675,367	\$ 1,676,188

Note 3 - Designated Funds

The Board of Directors established a designated fund during fiscal year 1983 to help ensure the financial future of the Fund. A policy, established by the Board of Directors, allows the Fund's President the discretion to use \$500,000 or 5% of the designated fund's market value the prior year (whichever is greater) towards operating expenses each year. The amount withdrawn for fiscal year 2013 was \$500,000.

In 2008 the Board of Directors set up the William A. Burnham Memorial Fund as a part of the designated fund, which provides for grants to be paid based upon the recommendation of the memorial fund's committee members. During 2013, grants totaling \$10,000 were awarded from this fund.

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 \$194,421 for the year ended September 30, 2013.

Note 5 - Pledges and Other Receivables

Maturities on pledges and other receivables at September 30, 2013 are as follows:

Receivable in less than one year	\$ 312,147
Receivable in one to five years	50,105
Subtotal	362,252
Less: Discount to present value	(452)
Total pledges and other receivables	\$ 361,800

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.

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

Note 6 - Restricted Net Assets

Temporarily Restricted

The Fund's temporarily restricted net assets consist of the following as of September 30, 2013:

Contributions for fixed assets and federally funded fixed assets for use with government grants	\$ 431,128
Land subject to restrictions imposed by a land patent	253,000
Contributions for future operations	<u>447,068</u>
Temporarily restricted net assets	<u><u>\$ 1,131,196</u></u>

Permanently Restricted

Permanently restricted net assets consist of endowment funds restricted by donors for investment in perpetuity. Distributions from earnings on the Endowment fund are available for the purposes specified by the donors. The permanently restricted net asset balance, classified by restriction on the use of earnings, is as follows at September 30, 2013:

Velma Morrison Interpretive Center	<u>\$ 100,000</u>
	<u><u>\$ 100,000</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, 2013, as follows:

Additions to archives collection	\$ 73,649
Travel and field subsistence	24,255
Vehicle expense	4,800
Small tools and supplies	43,074
Maintenance and repairs	9,100
Printing / Publications	7,442
Postage and freight	55,920
Information technology	14,272
Rent	1,129
Dues, fees and books	7,838
Professional services	9,450
Meeting expense	12,217
Feed	94,601
Utilities	21,600
	<hr/>
Total in-kind contributions and contributed services	<u><u>\$ 379,347</u></u>

Note 8 - Allocation of Joint Costs

The Fund incurred joint costs of \$40,498 for informational materials and activities that included fundraising appeals. For the year ended September 30, 2013 these costs were allocated as follows:

Program services	\$ 20,249
Membership	20,249
	<hr/>
Total joint costs	<u><u>\$ 40,498</u></u>



Other Information
September 30, 2013

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 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 Fund), which comprise the statement of financial position as of September 30, 2013, and the related statement of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund'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 first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not yet been identified.

Compliance and Other Matters

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

Purpose of this Report

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

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

Boise, Idaho
December 30, 2013



CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Controls Over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited The Peregrine Fund, Inc. compliance with the types of compliance requirements described in the *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, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of The Peregrine Fund, Inc.'s compliance.

Opinion on Each 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 each of its major federal programs for the year ended September 30, 2013.

Report on Internal Control Over Compliance

Management of The Peregrine Fund, Inc. 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 Peregrine Fund, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Boise, Idaho
December 30, 2013

The Peregrine Fund, Inc.
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2013

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	15.631	California Condor Restoration	81670AG801	\$ 375,000
U.S. Fish and Wildlife Service	15.608	California Condor Restoration	81670-1113-1022	20,283
U.S. Fish and Wildlife Service	15.673	Philippine Eagle	F12AP00970	24,215
U.S. Fish and Wildlife Service	15.657	Aplomado Falcon Restoration	F12AP00235	148,000
Bureau of Land Management - AZ	15.238	California Condor Restoration	L12AC20658	100,000
National Park Service	None	California Condor Restoration	P12AC10678	8,947
U.S. Geological Survey	15.808	Golden Eagle Demography	G13AC00067	37,710
U.S. Geological Survey	15.808	Data Rescue Project	G13AC00189	3,744
U.S. Department of Defense				
	None	Aplomado Falcon Monitoring	REIM2W-08UPERE9973	38,274
		Golden Eagle Survey	REIM2W-08UPERE9973	39,947
Total expenditures of federal awards				<u>\$ 796,120</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, 2013:

<u>Program</u>	<u>CFDA Number</u>
U.S. Department of Interior California Condor Restoration	15.631

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified
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	Unmodified
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>
15.631	U.S. Department of Interior California Condor Restoration

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

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None