



Financial Statements
September 30, 2016

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 Fund), which comprise the statement of financial position as of September 30, 2016, 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 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 respective financial position of The Peregrine Fund, Inc. as of September 30, 2016, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken 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 the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the 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 January 26, 2017 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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* in considering the Fund's internal control over financial reporting and compliance.

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

Boise, Idaho
January 26, 2017

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	Unrestricted			Sub Total
	Operations	Designated	Property	
Assets				
Cash and cash equivalents	\$ 561,524	\$ 20,088	\$ -	\$ 581,612
Grants receivable	62,433	-	-	62,433
Promises to give and other	130,266	-	-	130,266
Investments	-	13,951,452	-	13,951,452
Merchandise inventory	45,255	-	-	45,255
Prepays and other assets	87,366	-	-	87,366
Property, equipment, and archives				
Land	-	-	1,260,000	1,260,000
Land improvements	-	-	840,518	840,518
Buildings	-	-	4,002,318	4,002,318
Vehicles and trailers	-	-	825,438	825,438
Equipment	-	-	193,664	193,664
Fixtures and displays	-	-	1,584,905	1,584,905
	886,844	13,971,540	8,706,843	23,565,227
Accumulated depreciation	-	-	(5,379,017)	(5,379,017)
	886,844	13,971,540	3,327,826	18,186,210
Collections - Archives	-	-	2,648,952	2,648,952
	<u>\$ 886,844</u>	<u>\$ 13,971,540</u>	<u>\$ 5,976,778</u>	<u>\$ 20,835,162</u>
Liabilities and Net Assets				
Accounts payable	\$ 72,039	\$ -	\$ -	\$ 72,039
Accrued taxes and expenses	269,325	-	-	269,325
Deferred revenue	-	-	-	-
Total liabilities	341,364	-	-	341,364
Net Assets	545,480	13,971,540	5,976,778	20,493,798
	<u>\$ 886,844</u>	<u>\$ 13,971,540</u>	<u>\$ 5,976,778</u>	<u>\$ 20,835,162</u>

See Notes to Financial Statements

The Peregrine Fund, Inc.
Statement of Financial Position
September 30, 2016

Temporarily Restricted			Permanently Restricted	Total
Operations	Property	Sub Total	Endowment	
\$ 278,511	\$ -	\$ 278,511	\$ -	\$ 860,123
-	-	-	-	62,433
846,880	-	846,880	-	977,146
5,675	-	5,675	100,000	14,057,127
-	-	-	-	45,255
-	-	-	-	87,366
-	253,000	253,000	-	1,513,000
-	-	-	-	840,518
-	630,786	630,786	-	4,633,104
-	168,742	168,742	-	994,180
-	8,539	8,539	-	202,203
-	6,165	6,165	-	1,591,070
1,131,066	1,067,232	2,198,298	100,000	25,863,525
-	(318,738)	(318,738)	-	(5,697,755)
1,131,066	748,494	1,879,560	100,000	20,165,770
-	-	-	-	2,648,952
<u>\$ 1,131,066</u>	<u>\$ 748,494</u>	<u>\$ 1,879,560</u>	<u>\$ 100,000</u>	<u>\$ 22,814,722</u>
\$ -	\$ -	\$ -	\$ -	\$ 72,039
-	-	-	-	269,325
10,925	-	10,925	-	10,925
10,925	-	10,925	-	352,289
1,120,141	748,494	1,868,635	100,000	22,462,433
<u>\$ 1,131,066</u>	<u>\$ 748,494</u>	<u>\$ 1,879,560</u>	<u>\$ 100,000</u>	<u>\$ 22,814,722</u>

	Unrestricted			Sub Total
	Operations	Designated	Property	
Revenues, Gains, and Other Support				
Contributions				
Individuals	\$ 942,450	\$ 21,540	\$ -	\$ 963,990
Foundations	2,555,176	1,001,550	72,119	3,628,845
Corporations	349,218	5,590	-	354,808
Indirect support	51,437	-	-	51,437
Government grants-federal	787,738	-	-	787,738
Government grants-state	6,600	-	-	6,600
Sales of merchandise	51,574	-	-	51,574
Admissions	174,503	-	-	174,503
Other	24,821	-	-	24,821
Gain on asset disposition	-	-	3,500	3,500
Investment income	808	1,386,242	-	1,387,050
Total revenues, gains, and other support	<u>4,944,325</u>	<u>2,414,922</u>	<u>75,619</u>	<u>7,434,866</u>
Assets Released from Restrictions	<u>178,121</u>	<u>-</u>	<u>-</u>	<u>178,121</u>
Expenses				
Program services				
Conservation, research and education	4,962,737	-	298,788	5,261,525
Supporting services				
General and administrative	585,474	-	702	586,176
Fundraising	376,720	-	338	377,058
Membership	129,909	-	245	130,154
Total expenses	<u>6,054,840</u>	<u>-</u>	<u>300,073</u>	<u>6,354,913</u>
Other				
Designated fund transfers	656,000	(656,000)	-	-
Depreciation expense on temporarily restricted fixed assets	<u>-</u>	<u>-</u>	<u>49,177</u>	<u>49,177</u>
Total other	<u>656,000</u>	<u>(656,000)</u>	<u>49,177</u>	<u>49,177</u>
Change in Net Assets	(276,394)	1,758,922	(175,277)	1,307,251
Net Assets, Beginning of Year	<u>821,874</u>	<u>12,212,618</u>	<u>6,152,055</u>	<u>19,186,547</u>
Net Assets, End of Year	<u>\$ 545,480</u>	<u>\$ 13,971,540</u>	<u>\$ 5,976,778</u>	<u>\$ 20,493,798</u>

See Notes to Financial Statements

The Peregrine Fund, Inc.
Statement of Activities
Year Ended September 30, 2016

Temporarily Restricted			Permanently Restricted	
Operations	Property	Sub Total	Endowment	Total
\$ 5,490	\$ -	\$ 5,490	\$ -	\$ 969,480
1,022,672	68,618	1,091,290	-	4,720,135
76,672	-	76,672	-	431,480
-	-	-	-	51,437
-	60,000	60,000	-	847,738
-	-	-	-	6,600
-	-	-	-	51,574
-	-	-	-	174,503
-	-	-	-	24,821
-	-	-	-	3,500
5,675	-	5,675	-	1,392,725
<u>1,110,509</u>	<u>128,618</u>	<u>1,239,127</u>	<u>-</u>	<u>8,673,993</u>
<u>(178,121)</u>	<u>-</u>	<u>(178,121)</u>	<u>-</u>	<u>-</u>
-	-	-	-	5,261,525
-	-	-	-	586,176
-	-	-	-	377,058
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,154</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,354,913</u>
-	-	-	-	-
<u>-</u>	<u>(49,177)</u>	<u>(49,177)</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>(49,177)</u>	<u>(49,177)</u>	<u>-</u>	<u>-</u>
932,388	79,441	1,011,829	-	2,319,080
<u>187,753</u>	<u>669,053</u>	<u>856,806</u>	<u>100,000</u>	<u>20,143,353</u>
<u>\$ 1,120,141</u>	<u>\$ 748,494</u>	<u>\$ 1,868,635</u>	<u>\$ 100,000</u>	<u>\$ 22,462,433</u>

The Peregrine Fund, Inc.
Statement of Cash Flows
Year Ended September 30, 2016

Operating Activities	
Change in net assets	\$ 2,319,080
Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities	
Depreciation	300,073
Gain on retirement of assets	(3,500)
Operating investment income	(142,198)
Realized and unrealized gain on operating investments	(1,244,044)
Endowment investment income	(1,099)
Realized and unrealized gain on endowment investments	(4,576)
Change in assets and liabilities	
Grants receivable	(34,913)
Promises to give and other receivables	(801,825)
Merchandise inventory	13,639
Prepays and other assets	(22,395)
Accounts payable	(41,142)
Accrued taxes and expenses	206,543
Deferred revenue	10,925
Net Cash from Operating Activities	<u>554,568</u>
Investing Activities	
Purchase of property, equipment and archives	(204,237)
Proceeds from sale of property, equipment, and archives	3,500
Purchase of operating investments	(4,691,345)
Proceeds from sale of donated investments	32,535
Proceeds from sale of operating investments	<u>4,337,330</u>
Net Cash used for Investing Activities	<u>(522,217)</u>
Net Change in Cash and Cash Equivalents	32,351
Cash and Cash Equivalents, Beginning of Year	<u>827,772</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 860,123</u></u>

The Peregrine Fund, Inc.
Statement of Functional Expenses
Year Ended September 30, 2016

	Program Services	Supporting Services			Total Expenses
	Conservation, Research and Education	General Administration	Fundraising	Membership	
Salaries and employee benefits	\$ 2,830,684	\$ 416,884	\$ 291,689	\$ 81,606	\$ 3,620,863
Grants and subcontracts	349,826	-	-	-	349,826
Office supplies and expense	11,348	2,906	532	607	15,393
Telephone	33,326	1,809	1,792	738	37,665
Postage and freight	29,638	1,306	5,262	11,529	47,735
Rent	57,391	1,500	-	-	58,891
Maintenance and repairs	64,047	2,136	802	753	67,738
Printing and publications	20,459	264	3,843	14,352	38,918
Travel and field subsistence	414,448	33,777	44,928	34	493,187
Dues, fees and books	89,136	9,650	9,549	5,065	113,400
Information technology	79,532	7,068	11,601	11,808	110,009
Depreciation	298,788	702	338	245	300,073
Meetings	8,618	41,871	705	82	51,276
Professional services	127,645	27,130	70	-	154,845
Contract services	68,037	-	-	-	68,037
Insurance	89,497	16,312	-	739	106,548
Utilities	82,007	3,883	1,849	1,400	89,139
Small tools and supplies	374,428	6,893	1,441	1,143	383,905
Feed	115,441	-	-	-	115,441
Vehicle expense	83,346	530	802	53	84,731
Special events	3,279	-	-	-	3,279
Miscellaneous	30,604	11,555	1,855	-	44,014
	<u>\$ 5,261,525</u>	<u>\$ 586,176</u>	<u>\$ 377,058</u>	<u>\$ 130,154</u>	<u>\$ 6,354,913</u>

Note 1 - Summary of Significant Accounting Policies

Organization

The Peregrine Fund (the Fund) protects the earth's 525 species of raptors, partnering with local people on five continents to inspire action and preserve essential habitat. Support comes from donors, corporations, and government grants.

Cash and Cash Equivalents

The Fund 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 Fund are excluded from this definition.

Promises to Give Receivable

Unconditional promises to give expected to be collected within one year are recorded 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 statements of activities. Management determines the allowance for uncollectable promises to give 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, 2016 no allowance for uncollectable promises to give was deemed necessary.

Merchandise Inventory

Merchandise inventory is comprised of program-related merchandise held for sale in the gift shop, and is stated at the lower of cost or market determined by the weighted average cost method.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Therefore, 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.

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.

Net Assets

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, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by the Fund.

Cash and cash equivalents received with donor-imposed restrictions as to purpose or time are included in the temporarily restricted net assets until the restriction is met.

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

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

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.

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 had permanently restricted net assets of \$100,000 as of September 30, 2016.

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, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Fund'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 Fund records donated professional services at the respective fair values of the services received (Note 9).

Program Expense Allocation

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

Program Services - 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 organized as a Pennsylvania nonprofit corporation and 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 organizations described in Section 501(c)(3), qualify for the charitable contribution deduction under Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under Sections 509(a)(1) and (3), respectively. The Fund is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Fund is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. We have determined that the Fund is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

We believe that the Fund 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. We 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. The entities' Forms 990, 990-T and other income tax filings required by state, local, or non-U.S. tax authorities are no longer subject to tax examination for years before 2013.

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.

Financial Instruments and Credit Risk

The Fund 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 Fund 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 Fund.

Subsequent Events

The Fund has evaluated subsequent events through January 26, 2017, the date which the financial statements were available to be issued.

Note 2 - 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 Fund 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 Fund 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 Fund's assessment of the quality, risk or liquidity profile of the asset.

A significant portion of the Fund's investment assets are classified within Level 1 because they are comprised of equities and individual securities with readily determinable fair values based on daily redemption values. The Fund 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, 2016:

	Level 1	Level 2	Level 3	Total
Equities				
Large core	\$ 1,630,882	\$ -	\$ -	\$ 1,630,882
Large growth	4,011,842	-	-	4,011,842
Large value	1,789,539	-	-	1,789,539
Mid core	369,180	-	-	369,180
Mid growth	1,422,090	-	-	1,422,090
Mid value	707,205	-	-	707,205
Small core	160,096	-	-	160,096
Total equities	<u>10,090,834</u>	<u>-</u>	<u>-</u>	<u>10,090,834</u>
Corporate bonds				
Large core	-	616,515	-	616,515
Large growth	-	611,640	-	611,640
Large value	-	1,021,209	-	1,021,209
Mid core	-	310,595	-	310,595
Mid Value	-	126,787	-	126,787
International	-	101,614	-	101,614
Total corporate bonds	<u>-</u>	<u>2,788,360</u>	<u>-</u>	<u>2,788,360</u>
Money market funds	<u>-</u>	<u>1,177,933</u>	<u>-</u>	<u>1,177,933</u>
Total investments	<u>\$ 10,090,834</u>	<u>\$ 3,966,293</u>	<u>\$ -</u>	<u>\$ 14,057,127</u>

Note 3 - Net Investment Return

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended September 30, 2016:

	Operations	Designated	Temporarily Restricted	Total
Operating investments				
Net unrealized gain	\$ -	\$ 969,351	\$ 2,423	\$ 971,774
Net realized gain	600	274,693	2,153	277,446
Investment fees	-	(78,774)	(606)	(79,380)
Interest and dividends	208	220,972	1,705	222,885
Total investment income	<u>\$ 808</u>	<u>\$ 1,386,242</u>	<u>\$ 5,675</u>	<u>\$ 1,392,725</u>

Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at September 30, 2016:

Receivable in less than one year	\$ 763,789
Receivable in one to five years	<u>215,000</u>
Subtotal	978,789
Less discount to present value	<u>(1,643)</u>
Total promises to give	<u><u>\$ 977,146</u></u>

At September 30, 2016, one donor accounted for 64% of total contributions to give.

Promises to give 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.

Note 5 - Leases

The Fund leases 2 copiers and a postage machine under agreements accounted for as operating leases. Rental expense on these leases was \$5,998 for the year ended September 30, 2016. Future minimum lease payments under the operating lease agreements are as follows:

<u>Year Ended</u>	
2017	\$ 5,998
2018	5,998
2019	5,213
2020	<u>2,673</u>
Total	<u><u>\$ 19,882</u></u>

Note 6 - Endowment Net Assets

The Fund's endowment (the Endowment) consists of one individual fund established by a donor to provide annual funding for a specific activity. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Fund 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. As a result of this interpretation, the Fund classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated to the permanent endowment (including promises to give net of discount and allowance for doubtful accounts), and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Fund in a manner consistent with the standard of prudence prescribed by UPMIFA. The Fund 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 expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the Fund

As of September 30, 2016, the Fund had the following endowment net asset composition by type of fund:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 5,675</u>	<u>\$ 100,000</u>	<u>\$ 105,675</u>

Changes in Endowment net assets for the year ended September 30, 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ (5,009)	\$ -	\$ 100,000	\$ 94,991
Investment return				
Investment income, net of fees	-	1,099	-	1,099
Net realized and unrealized gain	<u>5,009</u>	<u>4,576</u>	<u>-</u>	<u>9,585</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 5,675</u>	<u>\$ 100,000</u>	<u>\$ 105,675</u>

The components of endowment funds classified as temporarily restricted net assets and permanently restricted net assets as of September 30, 2016 are as follows:

Temporarily Restricted Net Assets	
The portion of perpetual endowment fund earnings subject to a time restriction under UPMIFA	
With purpose restrictions	<u>\$ 5,675</u>
Permanently Restricted Net Assets	
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	<u>\$ 100,000</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 Fund to retain as a fund of perpetual duration. As of September 30, 2016, the fair market value of the donor restricted endowment funds exceeded corpus.

Investment and Spending Policies

The Fund has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Fund must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds.

To satisfy its long-term rate-of-return objectives, the Fund relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Fund targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Note 7 - Restricted Net Assets

Temporarily Restricted

The Fund's temporarily restricted net assets consist of the following as of September 30, 2016:

Contributions for fixed assets and federally funded fixed assets for use with government grants	\$ 495,494
Land subject to restrictions imposed by a land patent	253,000
Unspent income of Endowment funds which must be appropriated for expenditures before use	
Restricted by a donor for the Velma Morrison Interpretive Center	5,675
Contributions for future operations	1,125,391
Deferred revenue from NRN conference registrations	<u>(10,925)</u>
Temporarily restricted net assets	<u>\$ 1,868,635</u>

Net assets of \$178,121 were released from restrictions for the year ended September 30, 2016. The net assets were released after the expiration of time restrictions and/or the satisfaction of purpose restrictions.

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 restrictions on the use of earnings, is as follows at September 30, 2016:

Velma Morrison Interpretive Center	<u><u>\$ 100,000</u></u>
------------------------------------	--------------------------

Note 8 - Designated Funds

The Board of Directors established a 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 Board-designated fund’s average market value the prior year (whichever is greater) towards operating expenses each year. The amount withdrawn for fiscal year 2016 was \$646,000.

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 2016, grants totaling \$10,000 were awarded from this fund.

Note 9 - 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, 2016, as follows:

Travel and field subsistence	\$ 11,500
Vehicle expense	5,118
Small tools and supplies	15,588
Maintenance and repairs	6,120
Rent	1,500
Information technology	395
Dues, fees and books	20,138
Professional services	540
Feed	19,115
Gift Shop inventory	680
Miscellaneous expense	<u>1,601</u>
Total in-kind contributions and contributed services	<u><u>\$ 82,295</u></u>

Note 10 - Allocation of Joint Costs

The Fund incurred joint costs of \$25,650 for informational materials and activities that included fundraising appeals. For the year ended September 30, 2016 these costs were allocated as follows:

Program services	\$ 12,825
Membership	12,727
Fundraising	<u>98</u>
Total joint costs	<u><u>\$ 25,650</u></u>

Note 11 - Benefit Plans

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 \$207,288 for the year ended September 30, 2016.

Note 12 - Related party Transactions

During the year ended September 30, 2016, donations were received in the form of cash and stock in the amounts of \$1,609,959 and \$119,499, respectively, from members of the Board of Directors.

Supplementary Information
September 30, 2016
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 Fund), which comprise the statement of financial position as of September 30, 2016, 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 January 26, 2017.

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 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 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 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 Fund'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 Fund'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
January 26, 2017



Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Controls over Compliance Required by the Uniform Guidance

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

Report on Compliance for the Major Federal Program

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 major federal program for the year ended September 30, 2016. 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 programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for The Peregrine Fund, Inc.'s major federal program 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 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 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, 2016.

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 the 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 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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Boise, Idaho
January 26, 2017

The Peregrine Fund, Inc.
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2016

Federal Grantor/Pass Through Grantor	Federal CFDA Number	Project Title	Agency or Pass-through Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Interior Passed through from:					
U.S. Fish and Wildlife Service	15.608	California Condor Restoration	F10AP00412	\$ 4,000	\$ -
U.S. Fish and Wildlife Service	15.608	California Condor Restoration	F15AC00414	375,000	-
U.S. Fish and Wildlife Service	15.608	California Condor Restoration	F16AC00039	60,000	-
U.S. Geological Survey	15.808	Golden Eagle Demography	G13AC00067	58,425	47,207
U.S. Fish and Wildlife Service	15.657	Golden Eagle Management Plan	F15AC01105	900	-
U.S. Fish and Wildlife Service	15.657	Aplomado Falcon Restoration	F12AP00235	75,000	-
U.S. Fish and Wildlife Service	15.630	Ocelot and Aplomado Habitat Restoration	F15AC01043	58,674	-
U.S. Fish and Wildlife Service	15.673	Ridgeway's Hawk Conversation	F15AP01035	25,000	-
Bureau of Land Management -AZ	15.238	California Condor Restoration	L12AC20658	107,965	-
Bureau of Land Management -ID	15.225	Boise District Youth Education	L14AC00363	2,325	-
U.S. Department of Defense	None	Golden Eagle Planning Level Survey	Subcontract Q01689	32,013	-
U.S. Department of Defense	None	Golden Eagle Planning Level Survey	Subcontract Q01771	24,701	-
U.S. Department of Defense	None	Golden Eagle Management Plan	Subcontract Q01780	23,735	-
Total expenditures of federal awards				<u>\$ 847,738</u>	<u>\$ 47,207</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 in the schedule is presented in accordance with the requirements of the Uniform Guidance. The Fund received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Note 2 - Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Subpart E – Cost Principles of the Uniform Guidance*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The Fund's summary of significant accounting policies is presented in Note 1 in the Fund's basic financial statements.

The organization does not draw down for administrative costs.

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies	None reported
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 Program</u>
15.608	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

None

Section III - Federal Award Findings and Questioned Costs

None

No findings reported in the prior year.