



Financial Statements
September 30, 2017

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, 2017, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Peregrine Fund, Inc. as of September 30, 2017, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Boise, Idaho
January 11, 2018

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	Unrestricted			Sub Total
	Operations	Designated	Property	
Assets				
Cash and cash equivalents	\$ 208,235	\$ 28,473	\$ -	\$ 236,708
Grants receivable	167,358	-	-	167,358
Promises to give and other	47,623	-	-	47,623
Investments	-	15,153,327	-	15,153,327
Merchandise inventory	38,965	-	-	38,965
Prepays and other assets	80,515	-	-	80,515
Property, equipment, and archives				
Land	-	-	1,260,000	1,260,000
Land improvements	-	-	840,518	840,518
Buildings	-	-	4,008,047	4,008,047
Vehicles and trailers	-	-	928,427	928,427
Equipment	-	-	193,664	193,664
Fixtures and displays	-	-	1,520,015	1,520,015
Construction in progress	-	-	16,863	16,863
	542,696	15,181,800	8,767,534	24,492,030
Accumulated depreciation	-	-	(5,492,168)	(5,492,168)
	542,696	15,181,800	3,275,366	18,999,862
Collections - Archives	-	-	2,648,952	2,648,952
	<u>\$ 542,696</u>	<u>\$ 15,181,800</u>	<u>\$ 5,924,318</u>	<u>\$ 21,648,814</u>
Liabilities and Net Assets				
Accounts payable	\$ 91,737	\$ -	\$ -	\$ 91,737
Accrued expenses	143,769	-	-	143,769
Total liabilities	235,506	-	-	235,506
Net Assets	307,190	15,181,800	5,924,318	21,413,308
	<u>\$ 542,696</u>	<u>\$ 15,181,800</u>	<u>\$ 5,924,318</u>	<u>\$ 21,648,814</u>

The Peregrine Fund, Inc.
Statement of Financial Position
September 30, 2017

Temporarily Restricted			Permanently Restricted	Total
Operations	Property	Sub Total	Endowment	
\$ 285,820	\$ -	\$ 285,820	\$ -	\$ 522,528
-	-	-	-	167,358
228,357	-	228,357	-	275,980
13,212	-	13,212	100,000	15,266,539
-	-	-	-	38,965
-	-	-	-	80,515
-	253,000	253,000	-	1,513,000
-	-	-	-	840,518
-	630,786	630,786	-	4,638,833
-	168,742	168,742	-	1,097,169
-	8,539	8,539	-	202,203
-	6,165	6,165	-	1,526,180
-	-	-	-	16,863
527,389	1,067,232	1,594,621	100,000	26,186,651
-	(367,465)	(367,465)	-	(5,859,633)
527,389	699,767	1,227,156	100,000	20,327,018
-	-	-	-	2,648,952
<u>\$ 527,389</u>	<u>\$ 699,767</u>	<u>\$ 1,227,156</u>	<u>\$ 100,000</u>	<u>\$ 22,975,970</u>
\$ -	\$ -	\$ -	\$ -	\$ 91,737
-	-	-	-	143,769
-	-	-	-	235,506
527,389	699,767	1,227,156	100,000	22,740,464
<u>\$ 527,389</u>	<u>\$ 699,767</u>	<u>\$ 1,227,156</u>	<u>\$ 100,000</u>	<u>\$ 22,975,970</u>

	Unrestricted			Sub Total
	Operations	Designated	Property	
Revenues, Support, and gains				
Contributions				
Individuals	\$ 1,048,987	\$ 90,812	\$ -	\$ 1,139,799
Foundations	1,842,684	-	136,918	1,979,602
Corporations	263,127	3,250	10,269	276,646
Indirect support	49,708	-	-	49,708
Government grants-federal	716,678	-	-	716,678
Government grants-state	56,560	-	-	56,560
Sales of merchandise	78,571	-	-	78,571
Admissions	176,569	-	-	176,569
Other	30,623	-	-	30,623
Gain on asset disposition	-	-	6,062	6,062
Investment income	1,080	1,747,398	-	1,748,478
Total revenues, support, and gains	<u>4,264,587</u>	<u>1,841,460</u>	<u>153,249</u>	<u>6,259,296</u>
Assets Released from Restrictions	<u>877,704</u>	<u>-</u>	<u>-</u>	<u>877,704</u>
Expenses				
Program services				
Conservation, research and education	5,202,931	-	253,027	5,455,958
Supporting services				
General and administrative	351,623	-	823	352,446
Fundraising	324,446	-	298	324,744
Membership	132,781	-	288	133,069
Total expenses	<u>6,011,781</u>	<u>-</u>	<u>254,436</u>	<u>6,266,217</u>
Other				
Designated fund transfers	631,200	(631,200)	-	-
Depreciation expense on temporarily restricted fixed assets	<u>-</u>	<u>-</u>	<u>48,727</u>	<u>48,727</u>
Total other	<u>631,200</u>	<u>(631,200)</u>	<u>48,727</u>	<u>48,727</u>
Change in Net Assets	(238,290)	1,210,260	(52,460)	919,510
Net Assets, Beginning of Year	<u>545,480</u>	<u>13,971,540</u>	<u>5,976,778</u>	<u>20,493,798</u>
Net Assets, End of Year	<u>\$ 307,190</u>	<u>\$ 15,181,800</u>	<u>\$ 5,924,318</u>	<u>\$ 21,413,308</u>

See Notes to Financial Statements

The Peregrine Fund, Inc.
Statement of Activities
Year Ended September 30, 2017

Temporarily Restricted			Permanently Restricted	Total
Operations	Property	Sub Total	Endowment	
\$ 10,792	\$ -	\$ 10,792	\$ -	\$ 1,150,591
190,817	-	190,817	-	2,170,419
70,131	-	70,131	-	346,777
-	-	-	-	49,708
-	-	-	-	716,678
-	-	-	-	56,560
-	-	-	-	78,571
-	-	-	-	176,569
-	-	-	-	30,623
-	-	-	-	6,062
13,212	-	13,212	-	1,761,690
284,952	-	284,952	-	6,544,248
(877,704)	-	(877,704)	-	-
-	-	-	-	5,455,958
-	-	-	-	352,446
-	-	-	-	324,744
-	-	-	-	133,069
-	-	-	-	6,266,217
-	-	-	-	-
-	(48,727)	(48,727)	-	-
-	(48,727)	(48,727)	-	-
(592,752)	(48,727)	(641,479)	-	278,031
1,120,141	748,494	1,868,635	100,000	22,462,433
\$ 527,389	\$ 699,767	\$ 1,227,156	\$ 100,000	\$ 22,740,464

The Peregrine Fund, Inc.
Statement of Cash Flows
Year Ended September 30, 2017

Operating Activities	
Change in net assets	\$ 278,031
Adjustments to reconcile change in net assets to net cash and cash equivalents used for operating activities	
In-kind donations of property, equipment, and archives	(10,269)
Depreciation	254,436
Gain on retirement of assets	(6,062)
Operating investment income	(150,058)
Realized and unrealized gain on operating investments	(1,597,340)
Endowment investment income	(1,129)
Realized and unrealized gain on endowment investments	(12,083)
Change in assets and liabilities	
Grants receivable	(104,925)
Promises to give and other receivables	701,166
Merchandise inventory	6,290
Prepays and other assets	6,851
Accounts payable	19,698
Accrued expenses	(125,556)
Deferred revenue	(10,925)
Net Cash used for Operating Activities	<u>(751,875)</u>
Investing Activities	
Purchase of property, equipment and archives	(142,980)
Proceeds from sale of property, equipment, and archives	6,062
Purchase of operating investments	(2,271,858)
Proceeds from sale of operating investments	<u>2,823,056</u>
Net Cash from Investing Activities	<u>414,280</u>
Net Change in Cash and Cash Equivalents	(337,595)
Cash and Cash Equivalents, Beginning of Year	<u>860,123</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 522,528</u></u>

The Peregrine Fund, Inc.
Statement of Functional Expenses
Year Ended September 30, 2017

	Program Services	Supporting Services			Total Expenses
	Conservation, Research and Education	General Administration	Fundraising	Membership	
Salaries and employee benefits	\$ 2,761,726	\$ 199,994	\$ 257,427	\$ 75,840	\$ 3,294,987
Grants and subcontracts	445,933	-	-	-	445,933
Office supplies and expense	15,701	2,483	1,072	602	19,858
Telephone	35,120	1,700	1,981	619	39,420
Postage and freight	17,180	728	1,226	17,279	36,413
Rent	67,635	1,692	-	-	69,327
Maintenance and repairs	72,560	9,616	3,612	3,612	89,400
Printing and publications	25,366	626	241	15,686	41,919
Travel and field subsistence	509,203	9,450	41,024	1	559,678
Dues, fees and books	69,029	7,949	7,061	6,176	90,215
Information technology	76,094	24,425	8,409	5,606	114,534
Depreciation	253,027	823	298	288	254,436
Meetings	28,916	27,402	88	18	56,424
Professional services	113,518	41,768	-	-	155,286
Contract services	153,237	-	60	-	153,297
Insurance	96,249	14,081	-	308	110,638
Utilities	83,272	3,742	1,571	1,342	89,927
Small tools and supplies	371,222	2,693	655	2,374	376,944
Feed	108,592	-	-	-	108,592
Vehicle expense	109,278	85	19	-	109,382
Special events	7,440	-	-	3,318	10,758
Miscellaneous	35,660	3,189	-	-	38,849
	<u>\$ 5,455,958</u>	<u>\$ 352,446</u>	<u>\$ 324,744</u>	<u>\$ 133,069</u>	<u>\$ 6,266,217</u>

Note 1 - Summary of Significant Accounting Policies

Organization

The Peregrine Fund, Inc. (the Fund) changes the future for nature and humanity by conserving birds of prey worldwide. Whether the threat is poisoning, habitat loss, human persecution, or any other cause, we use sound science to tackle the most pressing conservation issues head-on. By working with communities around the world to protect the wildlife and habitats on which they depend, we are able to create lasting conservation results while improving people's ways of life. Support for our work comes from donors, corporations, foundations, and government grants.

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. At certain times during the year, cash balances exceeded the FDIC insured limits.

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 statement 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, 2017, 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, including board designated, 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, 2017.

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 Funds 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 2014.

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 11, 2018, 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, individual securities, and money market funds 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, 2017:

	Level 1	Level 2	Level 3	Total
Equities				
Large core	\$ 1,671,274	\$ -	\$ -	\$ 1,671,274
Large growth	4,885,227	-	-	4,885,227
Large value	1,903,099	-	-	1,903,099
Mid core	428,550	-	-	428,550
Mid growth	1,435,640	-	-	1,435,640
Mid value	1,154,610	-	-	1,154,610
Small core	107,640	-	-	107,640
Total equities	<u>11,586,040</u>	<u>-</u>	<u>-</u>	<u>11,586,040</u>
Corporate bonds				
Large core	-	1,112,027	-	1,112,027
Large growth	-	305,584	-	305,584
Large value	-	1,215,883	-	1,215,883
Mid core	-	305,090	-	305,090
Mid Value	-	124,710	-	124,710
International	-	100,649	-	100,649
Total corporate bonds	-	<u>3,163,943</u>	-	<u>3,163,943</u>
Money market funds	<u>516,556</u>	<u>-</u>	<u>-</u>	<u>516,556</u>
Total investments	<u>\$ 12,102,596</u>	<u>\$ 3,163,943</u>	<u>\$ -</u>	<u>\$ 15,266,539</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, 2017:

	Operations	Designated	Temporarily Restricted	Total
Operating investments				
Net unrealized gain	\$ -	\$ 1,464,070	\$ 11,099	\$ 1,475,169
Net realized gain	879	133,270	984	135,133
Investment fees	-	(86,977)	(656)	(87,633)
Interest and dividends	201	237,035	1,785	239,021
	<u>\$ 1,080</u>	<u>\$ 1,747,398</u>	<u>\$ 13,212</u>	<u>\$ 1,761,690</u>
Total investment income	<u>\$ 1,080</u>	<u>\$ 1,747,398</u>	<u>\$ 13,212</u>	<u>\$ 1,761,690</u>

Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at September 30, 2017:

Receivable in less than one year	\$ 277,623
Subtotal	277,623
Less discount to present value	(1,643)
Total promises to give	\$ 275,980

At September 30, 2017, two donors accounted for 45% and 32% of total contributions to give, respectively.

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 two 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, 2017. Future minimum lease payments under the operating lease agreements are as follows:

<u>Year Ended September 30:</u>		
2018	\$	5,998
2019		5,213
2020		<u>2,673</u>
Total	<u>\$</u>	<u>13,884</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.

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, 2017, the Fund had the following endowment net asset composition by type of fund:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 13,212	\$ 100,000	\$ 113,212

Changes in Endowment net assets for the year ended September 30, 2017 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 5,675	\$ 100,000	\$ 105,675
Investment return				
Investment income, net of fees	-	1,129	-	1,129
Net realized and unrealized gain	-	12,083	-	12,083
Designated for expenditure	-	(5,675)	-	(5,675)
Endowment net assets, end of year	\$ -	\$ 13,212	\$ 100,000	\$ 113,212

The components of endowment funds classified as temporarily restricted net assets and permanently restricted net assets as of September 30, 2017, are as follows:

Temporarily Restricted Net Assets

The portion of perpetual endowment fund earnings subject to a time restriction under UPMIFA

With purpose restrictions \$ 13,212

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

\$ 100,000

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, 2017, 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, 2017:

Contributions for fixed assets and federally funded fixed assets for use with government grants	\$ 446,767
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	13,212
Contributions for future operations	<u>514,177</u>
Temporarily restricted net assets	<u>\$ 1,227,156</u>

Net assets of \$877,704 were released from restrictions for the year ended September 30, 2017. 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, 2017:

Velma Morrison Interpretive Center	<u>\$ 100,000</u>
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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 2017 was \$631,200.

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 2017, no grants 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, 2017, as follows:

Travel and field subsistence	\$	12,500
Vehicle expense		5,118
Small tools and supplies		11,067
Archives Collection - small items		5,135
Maintenance and repairs		271
Rent		1,692
Dues, fees and books		4,313
Professional services		5,518
Contract services		418
Feed		24,145
Gift Shop inventory		618
Truck		10,269
Total in-kind contributions and contributed services	\$	81,064

Note 10 - Allocation of Joint Costs

The Fund incurred joint costs of \$30,090 for informational materials and activities that included fundraising appeals. For the year ended September 30, 2017 these costs were allocated as follows:

Program services	\$	15,045
Membership		15,045
Total joint costs	\$	30,090

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 \$193,240 for the year ended September 30, 2017.

Note 12 - Related Party Transactions

During the year ended September 30, 2017, donations were received in the form of cash and stock in the amounts of \$1,808,030 and \$10,165, respectively, from members of the Board of Directors.