



Consolidated Financial Statements  
September 30, 2020

## 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 Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Peregrine Fund, Inc. ( the Organization), which comprise the consolidated statement of financial position as of September 30, 2020, and the related consolidated statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Consolidated 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Peregrine Fund, Inc. as of September 30, 2020, and the consolidated changes in their net assets and their consolidated cash flows for the year then ended in accordance 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 consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2021 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

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

Boise, Idaho  
April 29, 2021

The Peregrine Fund, Inc.  
Consolidated Statement of Financial Position  
September 30, 2020

<b>Assets</b>	
Cash and cash equivalents	\$ 1,085,966
Grants and other receivables	545,102
Promises to give, net	2,647,133
Investments	18,826,981
Merchandise inventory	60,491
Prepaid expenses and other assets	251,308
Property, equipment and archive	
Land	1,513,000
Land improvements	840,518
Buildings	5,181,386
Vehicles and trailers	1,186,239
Equipment	282,376
Fixtures and displays	1,547,466
Construction in progress	298,675
Collections - Archives	2,725,557
Accumulated depreciation	(6,303,796)
Property, equipment and archive, net	<u>7,271,421</u>
Total Assets	<u><u>\$ 30,688,402</u></u>
<b>Liabilities and Net assets</b>	
<b>Liabilities</b>	
Accounts payable	\$ 276,406
Accrued expenses	257,233
Deferred revenue	55,496
Total liabilities	<u>589,135</u>
<b>Net Assets</b>	
Without Donor Restrictions	
Undesignated	98,236
Undesignated - Archives	5,057,579
Board designated	16,725,723
Invested in property and equipment	3,533,788
Total without donor restrictions	<u>25,415,326</u>
With Donor Restrictions	
Perpetual in nature	100,000
Purpose restrictions - operations	924,733
Invested in property and equipment	1,012,076
Time-restricted for future periods	2,647,132
Total with donor restrictions	<u>4,683,941</u>
Total net assets	<u>30,099,267</u>
Total Liabilities and Net Assets	<u><u>\$ 30,688,402</u></u>

The Peregrine Fund, Inc.  
Consolidated Statement of Activities  
Year Ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support and Gains			
Contributions			
Individuals	\$ 1,310,353	\$ 200,602	\$ 1,510,955
Foundations	1,854,501	1,710,040	3,564,541
Corporations	289,811	111,756	401,567
	3,454,665	2,022,398	5,477,063
Indirect support	35,768	-	35,768
Paycheck protection program contribution	-	626,500	626,500
Government grants - federal	988,053	301,218	1,289,271
Government grants - state/local	42,520	-	42,520
	4,521,006	2,950,116	7,471,122
Donated professional services			
In-kind contributions	127,630	14,104	141,734
Sales of merchandise	88,378	-	88,378
Less: cost of goods sold	(44,428)	-	(44,428)
Net sales of merchandise	43,950	-	43,950
Gain on asset disposition	9,050		9,050
Other revenue	82,399	-	82,399
Information Center admissions	94,841	-	94,841
Net investment return	2,306,750	16,263	2,323,013
Total revenues, support, and gains	7,185,626	2,980,483	10,166,109
Net assets released from restrictions	2,122,432	(2,122,432)	-
Expenses			
Program services			
Conservation, research, and education	5,475,894	29,075	5,504,969
Supporting services			
General and administrative	484,695	-	484,695
Fundraising	583,238	-	583,238
Membership	166,821	-	166,821
Total supporting services	1,234,754	-	1,234,754
Total expenses	6,710,648	29,075	6,739,723
Change in Net Assets	2,597,410	828,976	3,426,386
Net Assets, Beginning of Year	22,817,916	3,854,965	26,672,881
Net Assets, End of Year	\$ 25,415,326	\$ 4,683,941	\$ 30,099,267

The Peregrine Fund, Inc.  
Consolidated Statement of Cash Flows  
Year Ended September 30, 2020

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Operating Activities	
Change in net assets	\$ 3,426,386
Adjustments to reconcile change in net assets to net cash from operating activities	
In-kind donations of property, equipment, and archives	(28,688)
Depreciation	239,769
Gain on retirement of assets	(9,050)
Realized and unrealized gain on operating investments	(2,108,087)
Change in assets and liabilities	
Grants and other receivables	(109,292)
Promises to give	(323,926)
Merchandise inventory	(32,106)
Prepaid expenses and other assets	(107,118)
Accounts payable	83,119
Deferred revenue	24,177
Accrued expenses	10,623
Net Cash from Operating Activities	<u>1,065,807</u>
Investing Activities	
Purchase of property, equipment and archives	(1,088,360)
Proceeds from sale of property, equipment, and archives	33,800
Purchase of operating investments	(4,054,590)
Operating investment income	(214,926)
Proceeds from sale of operating investments	4,374,170
Net Cash used for Investing Activities	<u>(949,906)</u>
Net Change in Cash and Cash Equivalents	115,901
Cash and Cash Equivalents, Beginning of Year	<u>970,065</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,085,966</u></u>

**The Peregrine Fund, Inc.**  
Consolidated Statement of Functional Expenses  
Year Ended September 30, 2020

	Program Services			Supporting Services				Total
	Conservation, Research and Education	Archives of Falconry	Program Services	General Administration	Fundraising	Membership	Supporting Services	Total Expenses
Salaries and employee benefits	\$ 3,098,356	\$ 9,755	\$ 3,108,111	\$ 352,007	\$ 429,548	\$ 89,401	\$ 870,956	\$ 3,979,067
Grants and subcontracts	431,068	-	431,068	-	-	-	-	431,068
Professional services	113,073	26,359	139,432	44,352	90	-	44,442	183,874
Rent	57,755	-	57,755	1,879	-	-	1,879	59,634
Office supplies and expense	14,800	520	15,320	2,396	1,964	973	5,333	20,653
Postage and freight	11,556	685	12,241	1,055	446	15,424	16,925	29,166
Small tools and supplies	383,407	8,709	392,116	3,549	1,367	2,017	6,933	399,049
Feed	130,718	-	130,718	-	-	-	-	130,718
Telephone	34,565	571	35,136	2,143	3,407	575	6,125	41,261
Information technology	90,059	8,865	98,924	12,834	45,116	19,757	77,707	176,631
Special events	12,185	655	12,840	3,343	5,000	-	8,343	21,183
Property maintenance and repairs	48,585	3,326	51,911	1,269	17,670	4,939	23,878	75,789
Contract services	166,683	-	166,683	-	-	-	-	166,683
Printing and publications	30,433	671	31,104	824	1,609	25,986	28,419	59,523
Travel and field subsistence	261,511	4,362	265,873	2,962	35,654	-	38,616	304,489
Vehicle expense	94,326	-	94,326	258	-	-	258	94,584
Conferences, conventions, and meetings	6,570	62	6,632	302	25,621	31	25,954	32,586
Insurance	72,400	9,789	82,189	41,483	511	686	42,680	124,869
Dues and fees	49,950	2,400	52,350	3,879	9,086	5,460	18,425	70,775
Utilities	68,522	5,454	73,976	3,807	4,426	1,086	9,319	83,295
Depreciation	236,531	-	236,531	1,538	1,214	486	3,238	239,769
Miscellaneous	9,649	84	9,733	4,815	509	-	5,324	15,057
	<u>\$ 5,422,702</u>	<u>\$ 82,267</u>	<u>\$ 5,504,969</u>	<u>\$ 484,695</u>	<u>\$ 583,238</u>	<u>\$ 166,821</u>	<u>\$ 1,234,754</u>	<u>\$ 6,739,723</u>

See Notes to Consolidated Financial Statements

## **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, the Fund uses sound science to tackle the most pressing conservation issues head-on. The Fund accomplishes high impact results by preventing raptor extinctions; protecting areas of high raptor conservation value, and addressing landscape-level threats impacting multiple species. As a catalyst for change, the Fund inspires people to value raptors and take action, and the Fund invests in tomorrow's conservation leaders. By working with communities around the world to protect the wildlife and habitats on which they depend, the Fund is able to create lasting conservation results while improving people's ways of life. Support for our work comes from donors, corporations, foundations, and government grants.

The Archives of Falconry (Archives) is a Type I Supporting Organization of the Fund as determined by the IRS. The worldwide cultural heritage of falconry extends back over 4,000 years. It was that sport's history and interaction with raptors that led modern practitioners to found and establish The Peregrine Fund to restore endangered populations of birds of prey, starting with the Peregrine Falcon. Their successes in rescuing that and subsequent species have been due in large part to the intimate insight and personal understanding derived from their relationships with these birds through the practice of falconry. While such falconers' interactions and relationships have been documented for hundreds of years, this valuable history was being lost due to the absence of any focused effort to preserve records of falconers and their key roles in raptor conservation. The Archives of Falconry is devoted to the preservation of that historical record.

### **Principles of Consolidation**

The consolidated financial statements include the accounts of the Fund and the Archives because the Fund has both common management and an economic interest in the Archives. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as "The Peregrine Fund" (the Organization).

### **Cash and Cash Equivalents**

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

### **Grants and Other Receivables**

Grants and other receivables consist of amounts requested from grantors and receivables from foundations at September 30, 2020. No allowances for uncollectable amounts were deemed necessary.

### **Promises to Give Receivable**

The Organization records unconditional promises to give to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statement of activities. The Organization determines the allowance for uncollectable promises to give is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At September 30, 2020, no allowance for uncollectable promises to give was deemed necessary.

### **Investments**

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

### **Merchandise Inventory**

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

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

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

The 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 donor restricted net assets for the property fund. Property and equipment assets acquired with governmental grant funds are included in donor restricted net assets.

The Archive has a collection that 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 Organization. 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. No depreciation is recorded on the archives collection.

The Organization reviews the carrying values of property, equipment and archives for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. The Organization has not recognized any impairment of long-lived assets during the year ended September 30, 2020.

### **Net Assets**

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

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

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

### **Revenue and Revenue Recognition**

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

Organization received cost reimbursable grants that have not been recognized at September 30, 2020 because qualifying expenditures have not yet been incurred. There was no contract or grant related refundable advances recognized in the statement of financial position as of September 30, 2020.

### **Change in Accounting Policy**

FASB has issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies and refines existing guidance to help explain the scope of contributions and applies to both resource providers and resource recipients. ASU 2018-08 clarifies two revenue recognition issues. First, in the case of grants and similar contracts with government agencies, unless the resource provider receives commensurate value from the resource recipient, the transaction is most likely a contribution, not an exchange transaction. Second, relates to distinguishing between conditional and unconditional contributions. For a donor-imposed condition to exist, it must have both a measurable barrier that must be overcome and a right of return of the gift to the donor or a release from the donor's promise to give. The Organization implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

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

### **Recent Accounting Guidance**

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU2014-09, *Revenue from Contracts with Customers* which requires all companies to adopt a five-step analysis to determine the point in that goods or services have been exchanged with customers in exchange for consideration. The implementation of this update is effective for annual reporting periods beginning after December 15, 2019. Management is currently assessing the impact of implementing this new guidance.

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

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received (Note 10).

### **Functional Allocation of Expenses**

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

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

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

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

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

### **Income Taxes**

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

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

### **Sales Taxes**

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

### **Estimates**

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

### **Financial Instruments and Credit Risk**

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with promises to give is considered to be limited due to high historical collection rates. Investments are made by diversified investment

managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

## **Note 2 - Liquidity and Availability**

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

Cash and cash equivalents	\$ 1,085,966
Grants and other receivables	545,102
Operating investments	14,143,040
Endowment spending-rate distributions and appropriations	<u>805,993</u>
	<u>\$ 16,580,101</u>

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

A board-designated endowment of \$16,725,723 is subject to an annual spending rate of 5% or \$500,000 (whichever is greater) as described in Note 10. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

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

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

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

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

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

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

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

The following table presents assets measured at fair value on a recurring basis at September 30, 2020:

		Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
Equities	\$ 14,207,837	\$ 14,207,837	\$ -	\$ -
Corporate bonds	3,347,596	-	3,347,596	-
Money market funds	1,271,548	1,271,548	-	-
Total investments	<u>\$ 18,826,981</u>	<u>\$ 15,479,385</u>	<u>\$ 3,347,596</u>	<u>\$ -</u>

**Note 4 - Net Investment Return**

The following schedule summarizes the net investment return and its classification in the consolidated statement of activities for the year ended September 30, 2020:

	Without Donor Restrictions			With Donor	
	Operations	Archives	Designated	Restrictions	Total
Net unrealized gain	\$ -	\$ 172,458	\$ 1,397,271	\$ 11,753	\$ 1,581,482
Net realized gain	172	58,320	464,893	3,220	526,605
Investment fees	-	(8,930)	(71,039)	(488)	(80,457)
Interest and dividends	2,142	32,487	258,976	1,778	295,383
Net investment return	<u>\$ 2,314</u>	<u>\$ 254,335</u>	<u>\$ 2,050,101</u>	<u>\$ 16,263</u>	<u>\$ 2,323,013</u>

**Note 5 - Promises to Give**

Unconditional promises to give are estimated to be collected as follows at September 30, 2020:

Within one year	\$ 1,265,000
In one to five years	<u>1,385,000</u>
Subtotal	2,650,000
Less discount to present value at rate .15%	<u>(2,867)</u>
Total promises to give	<u>\$ 2,647,133</u>

At September 30, 2020, three donors accounted for 86% of total unconditional promises to give.

**Note 6 - Leases**

The Organization leases 4 copiers and a postage machine under agreements accounted for as operating leases. Rental expense on these leases was \$13,358 for the year ended September 30, 2020. Future minimum lease payments under the operating lease agreements are as follows:

<u>Years Ended September 30,</u>	
2021	\$ 11,256
2022	11,256
2023	<u>10,318</u>
Total	<u>\$ 32,830</u>

**Note 7 - Line of Credit**

The Organization has a \$1,500,000 revolving line of credit with a bank, secured by the Organization's investments held at U.S. Bank and renews each May 31. Borrowings under the line bear interest at Prime + 0%. The agreement requires that the Organization complies with certain financial and non-financial covenants. During the year ended September 30, 2020, the Organization did not borrow from the line and there is no outstanding balance as of September 30, 2020.

**Note 8 - Endowment Net Assets**

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

The Organization has interpreted the Idaho Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At September 30, 2020, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

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

As of September 30, 2020, the Organization had the following endowment net asset composition by type of fund:

	Without Donor Restriction	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 100,000	\$ 100,000

Changes in Endowment net assets for the year ended September 30, 2020 are as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets, Beginning of Year	\$ -	\$ 100,000	\$ 100,000
Investment return			
Investment income, net of fees	16,263	-	16,263
Net realized and unrealized gain	-	-	-
Designated for expenditure	-	-	-
Endowment net assets, End of Year	\$ 16,263	\$ 100,000	\$ 116,263

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. As of September 30, 2020, the fair market value of the donor restricted endowment funds exceeded corpus.

#### *Investment and Spending Policies*

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

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

Net assets with Donor Restrictions at September 30, 2020 consist of:

Contributions for fixed assets and federally funded fixed	\$ 759,076
Land subject to restrictions imposed by a land patent	253,000
Donor Restricted Contributions for specific purpose	924,733
Contributions for future operations- time restricted	<u>2,647,132</u>
	4,583,941
 Velma Morrison Interpretive Center	 <u>100,000</u>
 Net assets with donor restrictions	 <u><u>\$ 4,683,941</u></u>

Net assets of \$2,122,432 were released from restrictions for the year ended September 30, 2020. The net assets were released after the expiration of time restrictions and/or the satisfaction of purpose restrictions.

**Note 10 - Designated Funds**

The Board of Directors established a fund during fiscal year 1983 to help ensure the financial future of the Organization. A policy, established by the Board of Directors, allows the Organization's President the discretion to use \$500,000 or 5% of the Board-designated fund's average market value the prior year (whichever is greater) towards operating expenses each year. The amount withdrawn for fiscal year 2020 was \$707,005.

The Archives of Falconry established a fund to pay for the ongoing financial obligation of maintaining the Archives collection. The funds are invested in the same account as The Peregrine Fund Designated Funds and the withdrawal policy is 5% of the fund's average market value the prior year. The amount withdrawn for fiscal year 2020 was \$85,095.

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 fiscal year 2020, \$13,893 of grants were awarded from this fund.

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

In-kind contributions received are measured at fair value and recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. The Organization recognized in-kind contributions/services for the year ended September 30, 2020, as follows:

Archives	\$ 4,500
Special Events Expense	1,650
Vehicle Expense	5,118
Small Tools, Other Supplies	15,244
Audio Visual Supplies	47,670
Grounds Maintenance	4,720
Repairs and Maintenance	160
Displays, Collections	3,396
Shipping, Postage	124
Rent Expense	1,879
IT/Internet Expense	450
Professional Fees	750
Feed	30,325
Equipment, Machinery	1,631
Fixed Assets - Buildings	14,104
Fixed Assets - VMIC Expansion	4,394
Fixed Assets - Vehicles	5,619
	<hr/>
Total in-kind contributions and contributed services	<u><u>\$ 141,734</u></u>

**Note 12 - Allocation of Joint Costs**

The Organization incurred joint costs of \$33,162 for informational materials and activities that included fundraising appeals. For the year ended September 30, 2020 these costs were allocated as follows:

Program services	\$ 16,581
Membership	16,581
	<hr/>
Total joint costs	<u><u>\$ 33,162</u></u>

**Note 13 - Benefit Plans**

The Organization has a defined contribution retirement plan for employees within the United States. Employees working a minimum of 1,000 hours per year are eligible to participate. Substantially all employees participate in the plan. Annual contributions are determined at the discretion of the Board of Directors. Total employer contributions were \$256,269 for the year ended September 30, 2020.

**Note 14 - Related Party Transactions**

During the year ended September 30, 2020, donations were received in the form of cash and stock in the amounts of \$1,896,543 and \$2,702, respectively, from members of the Board of Directors.

**Note 15 - Paycheck Protection Program**

The Organization was granted a \$626,500 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization has elected to account for the funding as a conditional contribution by applying ASC 958-605, *Not-for-Profit – Revenue Recognition*. The Organization initially recorded the loan as a refundable advance and subsequently recognized contribution revenue in accordance with guidance for conditional contributions, that is, once the measurable performance of the PPP loan no longer existed. The Organization has recognized \$626,500 as revenue for the year ended September 30, 2020, equivalent to the expenses eligible for forgiveness during the period. The Organization subsequently applied for and received forgiveness for the loan on February 16, 2021.

**Note 16 - Subsequent Events**

As of December 31, 2020, the Archives has applied to change their exempt status from a 509(a)(3) Supporting Organization to 509(a)1.

The Organization has evaluated subsequent events through April 29, 2021, the date the consolidated financial statements were available to be issued.



Federal Awards Reports in Accordance with the Uniform  
Guidance

September 30, 2020

**The Peregrine Fund, Inc.**



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Peregrine Fund, Inc., (the Organization) which comprise the consolidated statement of financial position as of September 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 29, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered The Peregrine Fund, Inc.'s internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Peregrine Fund, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Peregrine Fund, Inc.'s internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 that we consider to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Peregrine Fund, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Boise, Idaho  
April 29, 2021



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

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

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

We have audited The Peregrine Fund, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on The Peregrine Fund, Inc.'s (the Organization) major federal programs for the year ended September 30, 2020. The Peregrine Fund, Inc.'s major federal programs 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 programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about The Peregrine Fund, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on the Major Federal Programs**

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 programs for the year ended September 30, 2020.

### **Report on Internal Control over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 cursive script that reads "Eide Bailly LLP".

Boise, Idaho  
April 29, 2021

The Peregrine Fund, Inc.  
Schedule of Consolidated Expenditures of Federal Awards  
Year Ended September 30, 2020

Federal Grantor/Pass Through Grantor	Federal CFDA Number	Project Title	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Interior				
Passed through from:				
U.S. Fish and Wildlife Service	15.608	California Condor Restoration Ocelot and Aplomado Habitat	F15AC00414	\$ 359,789
U.S. Fish and Wildlife Service	15.630	Conservation in South Texas California Condor Restoration (w/Data Int & Demog, Lead	F17AC00832	32,567
U.S. Fish and Wildlife Service	15.657	Reducing California Condor Lead	F20AP00205	448,963
U.S. Fish and Wildlife Service	15.657	Exposure and Mortality Northern Aplomado Falcon	F19AP00928	35,463
U.S. Fish and Wildlife Service	15.657	Populations Recovery Project Northern Aplomado Falcon	F19AC00090	72,523
U.S. Fish and Wildlife Service	15.657	Populations Recovery Project Puerto Rico Sharp-Shinned Hawk - 2017 Hurricane Maria Recovery	F19AC11482	26,000
U.S. Fish and Wildlife Service	15.657	Phase 2	F20AC00334	61,202
	Total CFDA 15.657			<u>644,151</u>
Passed through from:				
Oregon Dept of Fish and Wildlife				
Fish and Wildlife Cluster	15.611	Wildlife Restoration and Basic Hunter Education	351-17	133,345
	Total Fish and Wildlife Cluster			
Research and Development Cluster				
National Park Service	15.945	Cooperative Research and Training Programs Resources of the National Park System	Subcontract Q01911	6,894
National Park Service	15.945	Cooperative Research and Training Programs Resources of the National Park System	Subcontract Q01912	3,217
National Park Service	15.945	Cooperative Research and Training Programs Resources of the National Park System	Subcontract Q01984	56,603
National Park Service	15.945	Cooperative Research and Training Programs Resources of the National Park System	Subcontract Q02030	28,782
	Total Research and Development Cluster			<u>95,496</u>
	Total U.S. Department of Interior			<u>1,265,348</u>
		Total expenditures of federal awards		<u>\$ 1,265,348</u>

**Note 1 - Basis of Presentation**

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

**Note 2 - Significant Accounting Policies**

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

**Note 3 - Indirect Cost Rate**

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

**Note 4 - Subrecipients**

The Organization does not pass funds through to subrecipients.

**Section I - Summary of Auditor's Results**

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>CFDA number</u>	<u>Name of Federal Programs</u>
15.657	U.S. Department of Interior California Condor Restoration
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee	No

## Section II - Financial Statement Findings

2020-001

Material Weakness

Criteria:

Management does not have an internal control process to reconcile account balances and maintain supporting documentation for recorded transactions.

Condition:

During our testing of financial statement account balances, we noted several account balances were not reconciled and-or supporting documentation was unavailable for several sample selections.

Cause:

The Organization's existing control procedures for financial statement reconciliations was not strong enough to ensure that accounts were reconciled and supporting documentation was maintained.

Effect:

The Organization had not reconciled several accounts and could not support transactions with supporting documentation.

Recommendation:

The Organization should review the current control process over account reconciliations and maintain supporting documentation for financial statement transactions.

Views of Responsible Officials:

The Organization agrees with the finding.

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

No federal award findings reported.





April 29, 2021

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

We have audited the consolidated financial statements of The Peregrine Fund, Inc. and the Archives of Falconry, Inc. (the Organization) for the year ended September 30, 2020, and have issued our report thereon dated April 29, 2021. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Consolidated Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards***

As communicated in our letter dated November 3, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the Organization complied with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Organization solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of the Organization's major federal program compliance, is to express an opinion on the compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances 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, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the Organization's internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our 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* dated April 29, 2021. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance with Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated April 29, 2021.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

### **Qualitative Aspects of Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Organization is included in Note 2 to the financial statements. As described in Note 1 of the financial statements the Foundation has adopted the provisions of FASB Accounting Standards Update 2018-08, *Not-For-Profit Entities Topic 958: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* as of and for the year ended. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. There were no such estimates identified.

## *Consolidated Financial Statement Disclosures*

Certain consolidated financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to consolidated financial statement users. The most sensitive disclosures affecting the Organization's consolidated financial statements relate to revenue recognition and fair value estimates.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the consolidated financial statements as a whole.

The following summarizes uncorrected consolidated financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole.

Understatement of refundable advance	\$51,000
Overstatement of PPP loan funding	\$51,000
Overstatement of beginning with donor restrictions net assets	\$75,000
Understatement of current year individual contribution revenue with donor restrictions	\$75,000

The above entries had a cumulative impact on \$24,000 on the change in net assets and \$75,000 to the beginning net assets with donor restrictions.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the consolidated financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain representations from management that are included in the management representation letter dated April 29, 2021.

### **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Organization, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Organization's auditors.

### **Other Information in Documents Containing Audited Financial Statements**

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the Organization's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

However, in accordance with such standards, we will review the information inputted into the data collection form and will consider whether such information, or the manner of its presentation, is materially consistent with the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the consolidated financial statements.

This report is intended solely for the information and use of the Board of Directors and management of the Organization and is not intended to be and should not be used by anyone other than these specified parties.

### **Group Audit**

The consolidated financial statements include the financial statements of The Peregrine Fund, Inc. and the Archives of Falconry, Inc. (Archives), another 50(c)(3) under common management, which we considered to be significant components of the consolidated financial statements. Consistent with the audit of the consolidated financial statements as a whole, our audit included obtaining of the Archives and their environments, including internal control, sufficient to assess the risks of material misstatement of the consolidated financial statements of The Peregrine Fund, Inc. and completion of further audit procedures.

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

Boise, Idaho