

# HEIFER FOUNDATION ANNUAL REPORT



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# FROM THE PRESIDENT'S DESK



The famous philosopher Seneca once said, "Wherever there is a human being there is a chance for a kindness" and our donors continue to prove this true, literally, as their gifts allow us to support the work of Heifer International, giving a hand up to families in 128 countries and in 38 of the United States since 1944. Hope is flourishing in villages and communities around our globe today

because so many of you have the heart and commitment to make the world a better place.

Heifer Foundation, chartered in 1990 by Heifer International to build an endowment to generate ongoing support for its work, had an exciting 2004. We reached an important milestone, surpassing the \$50 million mark in managed assets - a more than 20 percent growth over the last year. This figure includes more than \$20 million in annuities and trusts and almost \$30 million in endowment funds placed with us. It does not include bequest commitments of more than \$12 million.

Other noteworthy achievements of 2004 include: the Heifer Ranch/Education Endowment exceeded \$1 million; the three-year-old country endowment program (funds restricted to particular country programs) topped \$2.5 million; initiative endowments (funds restricted to programs dealing with certain issues i.e. orphans, gender equity, or agroecology) reached \$4 million; and total contributions increased by 60 percent over 2003 levels!

The year was also a special one for Heifer International: it celebrated its 60th anniversary and was the recipient of the 2004 Conrad N. Hilton Humanitarian Prize, the world's largest humanitarian award. Yet, even with such recognition, Heifer was built by, and continues to affect change around the world because of, the generosity of individuals. As Heifer Foundation grows, so, too, can the work of Heifer International in the lives of people like Armine Chermue and Danielle Goldtooth.

I had the pleasure of working with Armine ("Mint" as she is known) of the Heifer Thailand program this year. Before she worked for Heifer, Mint was a recipient. Her story of being saved from a life of prostitution because of the gift of livestock and training her family received from Heifer is powerful. She shares, through tears, what a difference Heifer International made for her and her family, and now she considers it a blessing to work with others in her country, awakening them to hope.

Danielle, a young Native American living on a Navajo reservation in New Mexico, is another shining example that Heifer International programs are working. With animals and training, Navajo families are, among other things, improving the quality of the wool they harvest from their sheep and use in native handicrafts, thus increasing the goods' market value. This, in turn, improves the tribe's quality of life while maintaining their culture, so precious to them. I witnessed an empowered Danielle "passing on the gift" to two neighbors. None of this would be possible without generous donors—generous in dollars and spirit.

Because our donors entrust the Foundation with their funds, it is our goal to be exceptional stewards of those funds. For organizations such as Heifer Foundation, whose primary purpose is to provide for another entity or entities through fundraising, the best method for measuring that stewardship is the ratio of total expenses to total assets. The range for excellent performance is considered to be in maintaining total expenses within three to five percent of total assets managed on an annual basis. Heifer Foundation is currently at three percent.

We are so grateful for the trust our many donors and their families and advisors place in us, and will continue to work diligently to prove ourselves worthy of that trust. It is our pleasure and privilege to support the fine work of Heifer International and, just as importantly, to support our donors.

A handwritten signature in blue ink that reads "Janet K. Ginn". The signature is fluid and cursive.

Janet K. Ginn - President

# STATEMENT OF FINANCIAL POSITION

## DECEMBER 31, 2004 AND 2003

		December 31, 2004	December 31, 2003
<u>Assets</u>			
Cash and cash equivalents	\$	6,976,997	10,821,488
Contributions receivables		1,213,447	798,936
Accounts and interest receivable		109,525	96,931
Prepaid expenses		1,400	6,942
Investments		42,186,448	30,298,016
Other assets		3,400	3,400
Equipment, net of accumulated depreciation		42,360	17,263
Total assets	\$	50,533,577	42,042,976
<u>Liabilities and Net Assets</u>			
Liabilities:			
Accounts payable	\$	116,440	213,013
Accrued expenses		53,839	33,919
Refundable advances		1,490,784	1,239,992
Annuity and trusts payable		12,579,528	9,728,161
Total liabilities	\$	14,240,591	11,215,085
Net Assets:			
Unrestricted	\$	3,545,962	2,215,922
Temporarily restricted		1,005,094	614,912
Permanently restricted		31,741,930	27,997,057
Total net assets		36,292,986	30,827,891
Total liabilities and net assets	\$	50,533,577	42,042,976

# STATEMENT OF ACTIVITIES

## YEAR ENDED DECEMBER 31, 2004 AND 2003

### 2004

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue, gains and other support:</b>				
Contributions related to:	\$			
Endowment			3,004,741	3,004,741
Split interest obligations			1,342,577	1,342,577
Net investment income	2,728,313	495,375		3,223,688
Net assets released from restrictions	105,194	(105,194)		–
<b>Total revenue, gains and other support</b>	<b>2,833,507</b>	<b>390,181</b>	<b>4,347,318</b>	<b>7,571,006</b>
<b>Expenses:</b>				
Program services	818,950			818,950
Fundraising	130,287			130,287
Management and general	554,229			554,229
Change in value of split interest obligations			602,445	602,445
<b>Total expenses</b>	<b>1,503,466</b>	<b>–</b>	<b>602,445</b>	<b>2,105,911</b>
Change in net assets	1,330,041	390,181	3,744,873	5,465,095
Net assets beginning of year	2,215,922	614,912	27,997,057	30,827,891
<b>Net assets end of year</b>	<b>\$ 3,545,963</b>	<b>1,005,093</b>	<b>31,741,930</b>	<b>36,292,986</b>

# STATEMENT OF ACTIVITIES

## YEAR ENDED DECEMBER 31, 2004 AND 2003

### 2003

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue, gains and other support:</b>				
Contributions related to:				
Endowment			2,823,467	2,823,467
Split interest obligations			837,886	837,886
Net investment income	4,775,550	424,066		5,199,616
Net assets released from restrictions	104,852	(104,852)		—
<b>Total revenue, gains and other support</b>	<b>4,880,402</b>	<b>319,214</b>	<b>3,661,353</b>	<b>8,860,969</b>
<b>Expenses:</b>				
Program services	543,102			543,102
Fundraising	443,323			443,323
Management and general	526,774			526,774
Change in value of split interest obligations			1,309,669	1,309,669
<b>Total expenses</b>	<b>1,513,199</b>	<b>—</b>	<b>1,309,669</b>	<b>2,822,868</b>
Change in net assets	3,367,203	319,214	2,351,684	6,038,101
Net assets beginning of year	(1,151,281)	295,698	25,645,373	24,789,790
<b>Net assets end of year</b>	<b>\$ 2,215,922</b>	<b>614,912</b>	<b>27,997,057</b>	<b>30,827,891</b>

This condensed financial information is derived from Heifer Foundation 2004 financial statements audited by certified public accountants. Audited financial statements are available upon request by calling 888.422.1161. Heifer Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and contributions to Heifer Foundation are tax deductible.

On the cover: young girl from the Thailand Lahu village of Pa Kluay. Photo credit: Gabriela Vondran

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