

HEIFER FOUNDATION ANNUAL REPORT 2005



FROM THE PRESIDENT



Dear Friends:

At a recent luncheon honoring a local philanthropist, I heard someone make this wonderful remark: “Philanthropists are the custodians of our values, not just our assets.” Never

is that statement more true than with Heifer Foundation donors, who allow us to be the instrument through which they pass on their values—and valuables—to future generations. Through Heifer Foundation, our donors are saying they value helping neighbors near and far; they value “passing on the gifts” they have been given; they value ending hunger while caring for the earth.

Heifer Foundation, chartered in 1990 by Heifer International to build an endowment to generate ongoing support for its work, is pleased to offer its 2005 Annual Report to our donors and friends. The year proved to be another successful one for the Foundation, as measured by your interest in, and support of, our mission. Consider:

In 2005, our total managed assets grew by 10% to more than \$55 million. Also, our total assets plus commitments grew by a wonderful 17%, to more than \$73 million. This means more of you are remembering Heifer’s work in your will and notifying us of your decision. Endowment gifts grew by 16% and attendance at our planned charitable giving seminars grew by an impressive 45%. (Thank you so much to those that attended!)

Perhaps, in light of our continued growth, I am most proud of meeting our Board’s mandate to keep total expenses within a 3-7 percent range of total assets managed on an annual basis, a benchmark for organizations like ours. This year, the Foundation’s

operations were funded by 3% of the total assets averaged over three years.

Over the course of the year, I’ve been reminded why it is important we persevere in this struggle against hunger and poverty. We have seen the faces of those in need from Romania to Nepal to the U.S. Delta and points between...we’ve seen despair turn to hope as animals are passed on to neighbors; we’ve seen sturdier homes, cleaner villages, healthier animals; we’ve seen the difference your generosity of heart and dollars make.

As we look ahead, there is still a great deal of work to be done. In the fall of 2006, we are very excited to launch Hope Equity, the next generation of our successful country endowment program. Modeled on an investment portfolio, Hope Equity is an online “social investing” program that allows you to diversify, track and manage gifts to various country and initiative “funds.” For more information, I hope you’ll log on to www.hopeequity.org.

As always, we are extremely grateful for the trust our many donors, their families and advisors place in us, and we 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, equally important, to support you, our faithful donors.

If ever you have any questions, concerns or comments, please let us hear from you.

Yours for a better world,

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

Janet K. Ginn, CFRE
President and CEO
Heifer Foundation

Statement of Financial Position

December 31, 2005 and 2004

		December 31, 2005	December 31, 2004
<u>Assets</u>			
Cash and cash equivalents	\$	3,740,348	6,976,997
Contributions receivables		987,508	1,213,447
Accounts and interest receivable		151,612	109,525
Prepaid expenses		64,130	1,400
Investments		49,304,267	42,186,448
Other assets		153,400	3,400
Property and equipment, net		1,012,512	42,360
Total assets	\$	55,413,777	50,533,577
<u>Liabilities and Net Assets</u>			
Liabilities:			
Accounts payable	\$	80,087	116,440
Accrued expenses		59,249	53,839
Refundable advances		1,629,356	1,490,784
Annuities and trusts payable		13,027,743	12,579,528
Total liabilities	\$	14,796,435	14,240,591
Net Assets:			
Unrestricted	\$	2,821,219	3,545,962
Temporarily restricted		1,451,857	1,005,094
Permanently restricted		36,344,266	31,741,930
Total net assets		40,617,342	36,292,986
Total liabilities and net assets	\$	55,413,777	50,533,577

Statement of Activities

For the Year Ended December 31, 2005

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains and other support:				
Contributions related to:	\$			
General	–	–	3,843,423	3,843,423
Annuities and trusts	–	–	520,149	520,149
Investment return	949,636	545,793	–	1,495,429
Net assets released from restrictions	99,029	(99,029)	–	–
Increase in value of split interest obligations	–	–	238,764	238,764
Total revenue, gains and other support	1,048,665	446,764	4,602,336	6,097,765
Expenses:				
Program services	1,054,306	–	–	1,054,306
Fundraising	103,793	–	–	103,793
Management and general	615,310	–	–	615,310
Decrease in value of split interest obligations	–	–	–	–
Total expenses and loses	1,773,409	–	–	1,773,409
Change in net assets	(724,744)	446,764	4,602,336	4,324,356
Net assets beginning of year	3,545,963	1,005,093	31,741,930	36,292,986
Net assets end of year	\$ 2,821,219	1,451,857	36,344,266	40,617,342

Statement of Activities

For the Year Ended December 31, 2004

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains and other support:				
Contributions related to:	\$			
General	–	–	3,004,741	3,004,741
Annuities and trusts	–	–	1,342,577	1,342,577
Investment return	2,728,313	495,375	–	3,223,688
Net assets released from restrictions	105,194	(105,194)	–	–
Increase in value of split interest obligations	–	–	–	–
Total revenue, gains and other support	2,833,507	390,181	4,347,318	7,571,006
Expenses:				
Program services	818,950	–	–	818,950
Fundraising	130,287	–	–	130,287
Management and general	554,229	–	–	554,229
Decrease in value of split interest obligations	–	–	602,445	602,445
Total expenses and loses	1,503,466	–	602,445	2,105,911
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
Net assets end of year	\$ 3,545,963	1,005,093	31,741,930	36,292,986

This condensed financial information is derived from Heifer Foundation 2005 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.



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