Horses and Humans Research Foundation
Financial Statement Comments
Preliminary - December 2012

Activity by Restriction

- This schedule reports the total activity for the full year of 2012 and shows that our Unrestricted or Operating Activities generated a loss of $7,707 for 2012, the Temporarily Restricted activities which include gifts for Mental Health and the Veteran's Grant generated a profit after all related expenditures of $76,783and the Endowment which is permanently restricted generated investment income net of expense of $6,732. The Board Designated Endowment decreased byt $4,150. The total net income for 2012 for all activities was $71,658.
- Temporarily Restricted Net Assets have decreased to $90,033 with $59,283 available for the Veterans Program and $30,500 available for General and Mental Health Research.
- We have continued to release some of the funds restricted to cover the administrative costs of the Veteran's Grant, with the total used to date of $13,635. The releases will continue as the funds are used until the full $20,000 restricted for this purpose has been spent.
- Unrestricted Net Assets are positive by $7,011. This means that you are no longer using restricted funds to support general operations or purposes that they have not been restricted for. The Board Designated funds amount to $10,378 at December 31st. We can address this in the Finance Committee conference call if you would like.
- The $50,000 grant budgeted in December 2012 has not yet been awarded but will be held in Temporarily Restricted funds until that time.
- Total Net Assets at the end of December are $230,154, an increase of $71,658 from December 2011.

Statement of Financial Position

Significant changes in December include:

- Total cash (checking and savings) increased this month by about $22,050. Cash is higher than the cash balance at December 31, 2011 by approximately $14,370.
- The market value of the Sentinel Endowment Fund increased in December by $671, and has gone up in the past twelve months by approximately $6,600.
- The Pledges Receivable have been either collected as of year-end or written off. The total bad debts for the year were $4,150.
- Accounts Payable reflects the balance owed on Grants that have been awarded as of December 31, 2012, but not yet paid out. The $50,000 budgeted for the Veteran's grant will be held in Temporarily Restricted Net Assets until awarded.

Statement of Activities Actual vs. Budget

- 2102 Net income is $71,658, while the budget shows that we expected income of $2,150 for the year.
- Net income for the month of December of $15,881 exceeds the budgeted income of $10,427 for the month due primarily to the $50,000 of expense budgeted for the Veteran's Grant that was not yet awarded, approximately $33,000 of contributions that were budgeted in December, but

not received this month and approximately $12,000 of expenses over the amounts budgeted including the $4,150 of bad debts written off.

- Year to date expenses were less than the annual budget by $31,047 which excluding the $50,000 for the Veteran's Grant were higher due primarily to expenses for Program Planning of $8,184 as compared to the budget of $3,000, and Community Outreach expenses of $5,167 compared to the budget of $1,200. These along with Staff and Contractors and Bad Debts are the only line items that show a significant year-to-date amount over budget.

Statement of Activities Previous Year Comparison

- Net income for the year continues to show significant improvement over 2011, with a total increase including the impact of the reduced Sherbrooke grant of $121,285.
- Revenues have increased by about $73,950 with expenses showing a decrease of approximately $67,300 before the prior year grant change impact of $15,000.
- Special events have raised $3,179 less this year than in 2011, but have also incurred $2,347 less in costs.

Cash Flow Forecast

- Currently you have $20,273 in available unrestricted cash which covers approximately 2.4 months of operating expenses.
- Included in the Temporarily Restricted cash is $6,365 remaining from the Veteran's Grant that will be used to cover administrative expenses. This brings the cash available up to enough to cover around 3.2 months of operating expenses.

Current Year Projection

- The current year projection now reflects the results by month for the full year and can be a useful tool in the budgeting process for 2013.

These financial reports for 2012 are still preliminary as there may be additional entries to formally close the year or as a result of our financial statement Review to be performed by Dittrick & Associates in February. The net income of over $71,600 shows a very positive result for the fiscal year. I would like your feedback on our monthly reports and whether you would like the format to change for 2013. I plan to participate in the conference call on Tuesday January 15th to discuss these reports. Please let me know if you have any questions or comments that you would like me to address.

Thank you!

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