

**HELEN WOODWARD ANIMAL CENTER
FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

HELEN WOODWARD ANIMAL CENTER

	<u>Pages</u>
I. Index	1
II. Independent Auditor's Report	2 - 3
III. Statements of Financial Position	4
IV. Statements of Activities and Changes in Net Assets	5 - 6
V. Statements of Functional Expenses	7 - 8
VI. Statements of Cash Flows	9
VII. Notes to the Financial Statements	10 - 29



INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Helen Woodward Animal Center

We have audited the accompanying financial statements of Helen Woodward Animal Center, A Nonprofit Organization, which comprise of the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the years 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 Helen Woodward Animal Center, A Nonprofit Organization, as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Considine & Considine". The signature is written in black ink and is positioned above the printed name of the firm.

CONSIDINE & CONSIDINE
An Accountancy Corporation

July 30, 2014

**HELEN WOODWARD ANIMAL CENTER
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012**

Page 4

	2013	2012
ASSETS		
ASSETS		
Cash and Cash Equivalents	\$ 2,720,817	\$ 1,732,880
Accounts Receivable	64,022	86,152
Inventory	17,810	12,778
Prepaid Expenses	31,161	41,906
Note Receivable from Related Party (Note 3)	289,059	340,803
Contributions Receivable (Note 4)	3,973,326	1,165,991
Investments (Note 5)	8,017,459	6,636,339
Charitable Remainder Trusts (Note 6)	469,052	471,853
Life Insurance Premium Account (Note 7)	455,340	442,077
Property and Equipment (Note 9)	11,195,710	11,783,471
Investment in San Diego Foundation (Note 10)	15,251	14,257
Investment in Rancho Santa Fe Foundation (Note 11)	18,721	16,160
TOTAL ASSETS	27,267,728	22,744,667
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	175,669	187,258
Accrued Payroll	199,138	171,072
Accrued Compensated Absences	176,368	152,694
Deferred Compensation (Note 12)	42,963	25,934
Line of Credit (Note 13)	1,079,208	2,083,447
Notes Payable (Note 14)	79,714	84,306
Capital Lease Obligation (Note 15)	54,576	67,417
Security Deposits	3,520	3,520
TOTAL LIABILITIES	1,811,156	2,775,648
NET ASSETS (Note 17)		
Unrestricted	12,702,725	10,645,554
Unrestricted - Board Designated (Note 18)	3,790,063	3,213,249
Temporarily Restricted	7,328,832	4,475,264
Permanently Restricted (Note 18)	1,634,952	1,634,952
	25,456,572	19,969,019
TOTAL LIABILITIES AND NET ASSETS	\$ 27,267,728	\$ 22,744,667

See Accompanying Notes

HELEN WOODWARD ANIMAL CENTER
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
SUPPORT AND REVENUE				
Contributions	\$ 882,585	\$ 6,807,448	\$ -	\$ 7,690,033
Fees	3,481,147	-	-	3,481,147
Investment Return (Note 5)	1,226,285	-	-	1,226,285
Special Events (Net Expenses of \$515,290)	263,303	-	-	263,303
Sales	309,475	-	-	309,475
Other Income	145,507	-	-	145,507
Rents	29,836	-	-	29,836
Contributed Goods	147,624	-	-	147,624
Change in the Value of Split-Interest Agreements	-	52,355	-	52,355
	<u>6,485,762</u>	<u>6,859,803</u>	<u>-</u>	<u>13,345,565</u>
NET ASSETS RELEASED FROM RESTRICTION	4,006,235	(4,006,235)	-	-
EXPENSES:				
Program	5,643,883	-	-	5,643,883
Management and General	751,711	-	-	751,711
Fundraising	1,334,748	-	-	1,334,748
	<u>7,730,342</u>	<u>-</u>	<u>-</u>	<u>7,730,342</u>
COST OF SALES	127,670	-	-	127,670
TOTAL EXPENSES	<u>7,858,012</u>	<u>-</u>	<u>-</u>	<u>7,858,012</u>
CHANGE IN NET ASSETS	2,633,985	2,853,568	-	5,487,553
NET ASSETS - BEGINNING OF YEAR	<u>13,858,803</u>	<u>4,475,264</u>	<u>1,634,952</u>	<u>19,969,019</u>
NET ASSETS - END OF YEAR	<u>\$ 16,492,788</u>	<u>\$ 7,328,832</u>	<u>\$ 1,634,952</u>	<u>\$ 25,456,572</u>

See Accompanying Notes

HELEN WOODWARD ANIMAL CENTER
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

Page 6

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
SUPPORT AND REVENUE				
Contributions	\$ 464,711	\$ 1,329,355	\$ -	\$ 1,794,066
Fees	2,877,677	-	-	2,877,677
Investment Return (Note 5)	631,075	-	-	631,075
Special Events (Net Expenses of \$520,036)	245,995	-	-	245,995
Sales	190,207	-	-	190,207
Other Income	139,677	-	-	139,677
Rents	29,106	-	-	29,106
Contributed Goods	142,932	-	-	142,932
Change in the Value of Split-Interest Agreements	-	194,805	-	194,805
	<u>4,721,380</u>	<u>1,524,160</u>	<u>-</u>	<u>6,245,540</u>
NET ASSETS RELEASED FROM RESTRICTION	2,857,379	(2,857,379)	-	-
EXPENSES:				
Program	5,161,912	-	-	5,161,912
Management and General	720,054	-	-	720,054
Fundraising	1,241,281	-	-	1,241,281
	<u>7,123,247</u>	<u>-</u>	<u>-</u>	<u>7,123,247</u>
COST OF SALES	100,527	-	-	100,527
TOTAL EXPENSES	<u>7,223,774</u>	<u>-</u>	<u>-</u>	<u>7,223,774</u>
CHANGE IN NET ASSETS	354,985	(1,333,219)	-	(978,234)
NET ASSETS - BEGINNING OF YEAR	<u>13,503,818</u>	<u>5,808,483</u>	<u>1,634,952</u>	<u>20,947,253</u>
NET ASSETS - END OF YEAR	<u>\$ 13,858,803</u>	<u>\$ 4,475,264</u>	<u>\$ 1,634,952</u>	<u>\$ 19,969,019</u>

See Accompanying Notes

**HELEN WOODWARD ANIMAL CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Program Services								Supporting Services					Total
	Companion Animal Hospital	Equine Hospital	Adoptions	Boarding	Education	Therapeutic Riding	Pet Encounter Therapy	AniMeals	Total Program Services	Management and General	Fundraising	Total Supporting Services	Special Events	
EXPENSES														
Salaries, Wages and Related Benefits	\$ 433,720	\$ 459,806	\$ 1,127,637	\$ 588,029	\$ 527,662	\$ 282,253	\$ 174,520	\$ 33,364	\$ 3,626,991	\$ 373,420	\$ 844,443	\$ 1,217,863	\$ -	\$ 4,844,854
Operating Supplies and Expenses	264,522	206,047	261,280	190,247	102,964	46,840	13,052	26,515	1,111,467	120,132	84,064	204,196	13,847	1,329,510
Printing, Advertising and Postage	2,957	2,103	10,808	3,073	16,167	1,652	1,514	1,592	39,866	1,657	77,202	78,859	139,552	258,277
Outside Services	32,844	29,418	96,369	21,840	11,326	6,387	36	22	198,242	22	19,148	19,170	157,065	374,477
Other	22,799	21,654	20,167	22,527	10,133	1,741	654	-	99,675	4,445	87,254	91,699	29,678	221,052
Maintenance, Repairs and Equipment Rental	4,560	6,143	4,959	2,453	3,109	1,227	1,836	147	24,434	159	6,866	7,025	46,394	77,853
Donated Goods and Services	40	50	59,635	2,536	5,287	12,225	5,110	27,021	111,904	6,535	29,185	35,720	127,371	274,995
Office Expenses	2,770	524	7,301	2,176	934	188	89	20	14,002	157	5,392	5,549	1,383	20,934
Capital Campaign Expenses		-	-	-	-	-	-	-	-	-	85,773	85,773	-	85,773
Total Expenses Before Depreciation	764,212	725,745	1,588,156	832,881	677,582	352,513	196,811	88,681	5,226,581	506,527	1,239,327	1,745,854	515,290	7,487,725
Depreciation	319,007	38,024	11,177	27,156	798	13,151	7,918	71	417,302	245,184	95,421	340,605	-	757,907
TOTAL FUNCTIONAL EXPENSES	<u>\$ 1,083,219</u>	<u>\$ 763,769</u>	<u>\$ 1,599,333</u>	<u>\$ 860,037</u>	<u>\$ 678,380</u>	<u>\$ 365,664</u>	<u>\$ 204,729</u>	<u>\$ 88,752</u>	<u>\$ 5,643,883</u>	<u>\$ 751,711</u>	<u>\$ 1,334,748</u>	<u>\$ 2,086,459</u>	<u>\$ 515,290</u>	<u>\$ 8,245,632</u>

See Accompanying Notes

**HELEN WOODWARD ANIMAL CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Program Services								Supporting Services					Total
	Companion Animal Hospital	Equine Hospital	Adoptions	Boarding	Education	Therapeutic Riding	Pet Encounter Therapy	AniMeals	Total Program Services	Management and General	Fundraising	Total Supporting Services	Special Events	
EXPENSES														
Salaries, Wages and Related Benefits	\$ 362,531	\$ 432,881	\$ 1,027,962	\$ 577,350	\$ 548,833	\$ 269,112	\$ 157,832	\$ 29,362	\$ 3,405,863	\$ 341,913	\$ 709,420	\$ 1,051,333	\$ -	\$ 4,457,196
Operating Supplies and Expenses	181,003	214,071	223,939	180,329	96,815	50,789	14,799	15,611	977,356	115,549	55,300	170,849	13,907	1,162,112
Printing, Advertising and Postage	2,058	2,240	12,528	2,465	15,901	1,161	1,123	1,432	38,908	948	56,650	57,598	125,146	221,652
Outside Services	7,697	7,521	64,041	45,890	2,750	6,246	20	20	134,185	360	44,126	44,486	233,716	412,387
Other	11,743	27,748	15,355	22,553	6,799	1,488	725	26	86,437	3,745	98,124	101,869	35,562	223,868
Maintenance, Repairs and Equipment Rental	1,120	10,246	3,277	4,030	2,132	395	598	206	22,004	139	6,167	6,306	40,700	69,010
Donated Goods and Services	2,200	9,000	41,794	256	4,130	5,795	375	21,680	85,230	9,922	47,780	57,702	70,523	213,455
Office Expenses	1,872	502	5,285	2,813	590	139	199	25	11,425	311	4,387	4,698	482	16,605
Capital Campaign Expenses		-	-	-	-	-	-	-	-	-	125,437	125,437	-	125,437
Total Expenses Before Depreciation	570,224	704,209	1,394,181	835,686	677,950	335,125	175,671	68,362	4,761,408	472,887	1,147,391	1,620,278	520,036	6,901,722
Depreciation	304,480	36,192	7,699	26,828	4,313	12,895	8,034	63	400,504	247,167	93,890	341,057	-	741,561
TOTAL FUNCTIONAL EXPENSES	<u>\$ 874,704</u>	<u>\$ 740,401</u>	<u>\$ 1,401,880</u>	<u>\$ 862,514</u>	<u>\$ 682,263</u>	<u>\$ 348,020</u>	<u>\$ 183,705</u>	<u>\$ 68,425</u>	<u>\$ 5,161,912</u>	<u>\$ 720,054</u>	<u>\$ 1,241,281</u>	<u>\$ 1,961,335</u>	<u>\$ 520,036</u>	<u>\$ 7,643,283</u>

See Accompanying Notes

**HELEN WOODWARD ANIMAL CENTER
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

Page 9

	2013	2012
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 5,487,553	\$ (978,234)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	757,906	741,561
Net Realized and Unrealized Gain on Investments	(1,066,152)	(539,212)
Change in the Value of Split-Interest Agreements	(52,355)	(194,805)
Change in Operating Assets and Liabilities:		
Accounts Receivable	22,130	172,464
Inventory	(5,032)	747
Prepaid Expenses, Deposits, and Other Assets	10,745	25,319
Contributions Receivable	(2,807,335)	1,091,411
Accounts Payable and Accrued Expenses	(11,589)	(60,916)
Accrued Payroll	28,066	34,765
Accrued Compensated Absences	23,674	20,987
Deferred Compensation and Benefits	17,029	(39,218)
	(3,082,913)	1,253,103
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,404,640	274,869
CASH FLOWS (USED)/PROVIDED BY INVESTING ACTIVITIES		
Purchase of Property and Equipment	(170,146)	(357,525)
Change in Life Insurance Premium Account	(13,263)	(12,876)
Proceeds from Sale of Investments	475,862	2,277,426
Purchase of Investments	(794,383)	(3,944,656)
Distribution Received from Charitable Remainder Trust	55,155	3,006,386
Principal Payments on Note Receivable from Related Party	51,744	18,214
	(395,031)	986,969
CASH FLOWS USED BY FINANCING ACTIVITIES		
Principal Payments on Line of Credit	(1,004,239)	(559,200)
Principal Borrowings on Note Payable	-	69,000
Principal Payments on Note Payable	(4,592)	(4,592)
Principal Borrowings on Capital Lease	-	70,050
Principal Payments on Capital Lease	(12,841)	(2,633)
	(1,021,672)	(427,375)
NET INCREASE IN CASH	987,937	834,463
CASH, BEGINNING OF YEAR	1,732,880	898,417
CASH, END OF YEAR	\$ 2,720,817	\$ 1,732,880
SUPPLEMENTAL DISCLOSURES		
Interest Paid	\$ 51,807	\$ 126,835
Income Taxes Paid	\$ -	\$ -

See Accompanying Notes

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

Page 10

NOTE 1 THE CENTER

Helen Woodward Animal Center (the "Center") is a Nonprofit Organization formed in California in June 1972. The Center was renamed in 1987 for Helen Woodward, the Center's founder and benefactor. The Center serves primarily San Diego County, California.

The Center conducts a variety of programs which benefit the community. The Center's pet placement service finds new homes for cats and dogs surrendered by their owners or rescued from organizations and cares for these animals prior to adoption. The Therapeutic Riding program benefits disabled children and adults, both physically and emotionally. The Pet Encounter Therapy program brings the joy of animals to persons confined in such facilities as homes for abused or homeless children, hospitals, and senior centers, and provides the same experience for groups that choose to visit the Center.

The Center also provides humane educational programs for children and adults on a variety of topics, including proper animal care and animal behavior, in hopes that participants gain greater respect and appreciation for all living things. The Center's auxiliary services include AniMeals pet food supplements for the pets of homebound adults and tours for children and seniors.

The Center maintains a community equine hospital and animal boarding facilities. The hospital serves as a surgical and diagnostic facility for horses and other large exotic animals. The Center grants hospital privileges to large animal veterinarians in the County. The Center's pet boarding facility provides care and individual attention for small animals, primarily cats and dogs.

The Center also operates a small animal hospital open to all cats, dogs and small exotic animals. The hospital offers a variety of services including pet vaccinations, pet dentistry and emergency care.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Center have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles.

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

Page 11

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - The Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. New standards were issued regarding classification of endowment funds of nonprofits subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and enhanced disclosures for endowment. The State of California adopted UPMIFA in October 2008. The Center follows the new standards effective January 1, 2009.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from estimates.

Cash and Cash Equivalents - The Center considers all investment instruments purchased with a maturity of three months or less to be cash equivalents. The Center maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Center has not experienced any losses in such accounts. The Center believes it is not exposed to any significant credit risk on cash and cash equivalents. Included in cash as of December 31, 2013 and 2012 are balances of \$228,031 and \$692,296, respectively, held in money market accounts.

Accounts Receivable - Accounts receivable totaling \$66,301 and \$106,009 net of an allowance for uncollectible accounts of \$2,279 and \$19,857 for the years ended December 31, 2013 and 2012, respectively, consist primarily of accounts receivable related to services performed at the equine hospital and sponsorships for special events that have occurred in the past year. Bad debts are accounted for using the specific identification method and are written-off after all collection attempts have been exhausted. Accordingly, bad debt expense is charged to operations in the year in which an account is determined uncollectible.

Inventory - Inventory consists of mostly pet supplies held for resale and is stated at the lower of cost or market. Cost is determined by the specific identification method.

Contributions - Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted use unless specifically restricted by the donor or subject to other legal restrictions.

HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Page 12

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions Receivable - Contributions receivable consist of unconditional promises to give and are recorded in the year the promise is made. Conditional promises are not recognized until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated cash flows. The Center provides for probable losses on contributions receivable using the allowance method. The allowance is determined based on management's experience and collection efforts.

The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. The interest rate used in computing the discount of estimated future cash flows was 4% for pledges received in 2013 and 2012.

Investments - The Center reports its investments in accordance with generally accepted accounting principles for not-for-profit organizations, which establish accounting standards for investments in certain equity securities and for all debt securities. The guidance prescribes that covered investments be reported in the statement of financial position at fair value with any realized or unrealized gains or losses reported in the statement of activities. Investment income is recognized as revenue in the period it is earned and gains and losses are recognized as changes in net assets in the accounting period in which they occur.

Fair Value Measurement - The Center follows accounting standards consistent with the FASB codification which defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements for all financial assets and liabilities.

Property and Equipment - Land, building and equipment are recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restriction regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment is depreciated using the straight-line method over the estimated useful asset lives as follows:

Land Improvements	7 - 25 years
Building and Improvements	3 - 25 years
Equipment	3 - 18 years
Furniture and Fixtures	3 - 20 years
Vehicles	5 years

The Center is currently raising funds for a capital campaign to renovate the Center. During 2011, the first of four construction phases was completed and placed in service. The Center has capitalized the costs related to the construction of the unfinished phases and will not begin depreciating those assets until they are placed in service. Construction in progress costs totaled \$293,376 and \$252,354 as of December 31, 2013 and 2012, respectively.

Maintenance, repairs and minor renewals are charged to operations as incurred. Upon sale or disposition of land, buildings and equipment, the asset account is relieved of the cost and the accumulated depreciation account is relieved of any depreciation taken prior to the sale and any resultant gain or loss is credited or charged to earnings.

Unrestricted Net Assets - It is policy of the Board of Directors of the Center to review its plans for future operating funds, equipment acquisitions and other reserves from time to time and to designate appropriate sums to assure adequate financing of such items. At December 31, 2013 and 2012, unrestricted net assets totaling \$3,790,063 and \$3,213,249, respectively, have been designated by the Board of Directors as an endowment for the purpose of securing the Center's long term financial viability.

Contributed Services, Materials, Equipment, and Food - The Center has received substantial donations of materials, equipment, food, and professional services. The donations of materials, food and other assets are recorded at their fair market value. The value of the donations received not relating to special events totaled \$147,624 and \$142,932 for the years ended December 31, 2013 and 2012, respectively.

The nature and extent of donated and contributed services received by the Center ranges from the limited participation of many individuals in fundraising activities to active participation in the Center's management and service programs during 2013 and 2012. The value of contributed time is not reflected in these statements since they do not require specialized skills.

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses - The Center allocates its expenses on a functional basis among its various programs and support services. Expenditures which can be identified with a specific program or support service are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by the Center's management.

The Center achieves some of its programmatic, management, and general goals in direct mail campaigns that consist of a newsletter that includes a request for contributions. The costs of conducting these campaigns include a total of \$31,451 and \$27,270 of joint costs for the years ended December 31, 2013 and 2012, respectively, not directly attributable to either program or management and general components or the fundraising component of the activities. These joint cost were allocated as follows:

	2013	2012
Companion Animal Hospital	\$ 1,474	\$ -
Equine Hospital	1,474	1,072
Adoptions	5,079	8,858
Boarding	1,474	1,072
Education	1,474	1,072
Therapeutic Riding	1,474	1,072
Pet Encounter Therapy	1,474	1,072
AniMeals	1,474	1,072
Management and General	1,474	1,072
Fundraising	14,580	10,908
	<u>\$ 31,451</u>	<u>\$ 27,270</u>

Income Taxes - The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code.

The Center follows accounting standards which provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax position and believes that all of the positions taken in its exempt organization tax returns are more likely than not to be sustained upon examination. As of December 31, 2013 and 2012, the Center has not accrued interest or penalties related to uncertain tax positions. The Center files tax returns in the U.S. Federal jurisdiction and the State of California. The Center is no longer subject to U.S. and California examination by tax authorities for years before 2010 and 2009, respectively.

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications - Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. This reclassification had no effect on total assets, liabilities, total net assets and changes in net assets.

NOTE 3 NOTE RECEIVABLE FROM RELATED PARTY

The Center has a note receivable from the president of the Center. The note requires monthly payments of \$1,575 with interest at 1.65%. The note is due by November, 2015 and is secured by a deed of trust in residential real estate.

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following at December 31:

	2013	2012
* Bequests	\$ 2,787,429	\$ 644,513
Temporarily Restricted Pledges	2,477,836	585,214
	5,265,265	1,229,727
Less: Discount	(1,291,939)	(63,736)
	\$ 3,973,326	\$ 1,165,991

The following is a schedule by years of future receipts for unrestricted and temporarily restricted pledges as of December 31:

2014	\$ 663,836
2015	462,000
2016	452,000
2017	450,000
2018	450,000
	\$ 2,477,836

* Bequests are usually received within a two-year period following the death of donor, and are typically subject to court proceedings and the probate process. The Center has also received irrevocable bequests from donors who wish to make a contribution upon their death. These bequests have been discounted based on the life expectancy of the donors, using interest rates ranging from 1.18% to 3.72% for the years ended December 31, 2013 and 2012.

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

Page 16

NOTE 5 INVESTMENTS

Investments are stated at fair value and consist of the following at December 31:

	2013	2012
Corporate Stocks	\$ 4,222,067	\$ 3,111,136
Mutual Funds	2,505,025	2,379,904
Managed Funds	929,329	714,105
Municipal Funds	256,846	274,171
Corporate Bonds and Notes	104,192	157,023
	<u>\$ 8,017,459</u>	<u>\$ 6,636,339</u>

The following schedule summarizes the investment return of the assets held by the Center for the years ended December 31:

	2013	2012
Net Realized and Unrealized Gain on Investments	\$ 1,065,950	\$ 539,212
Interest and Dividend Income	160,335	91,863
	<u>\$ 1,226,285</u>	<u>\$ 631,075</u>

The Center paid investment fees of \$73,891 and \$46,792 related to these investments during the year ended December 31, 2013 and 2012, respectively.

NOTE 6 CHARITABLE REMAINDER TRUSTS

The Center is the beneficiary of a charitable remainder trust administered by an outside trustee. The trust provides for the payment of distributions to a beneficiary over the term of the trust. At the end of the trust's term, the remaining assets are available for the Center's unrestricted use. The trust's assets consist of cash, investments and real property and were valued using a discount rate of 2.4% and 1.4% for the years ended December 31, 2013 and 2012, respectively. At December 31, 2013, the trust had a value of \$375,000, and was shown net of a discount of \$161,085. At December 31, 2012, the trust had a value of \$304,000, and was shown net of a discount of \$135,918.

The Center is the beneficiary of a charitable remainder trust administered by an outside trustee. The trust provides for the payment of distributions to a beneficiary over the term of the trust. At the end of the trust's term, the remaining assets are available for the Center's unrestricted use. The trust's assets consist of cash and investments and were valued using a discount rate of 2.4% and 1.4% for the years ended December 31, 2013 and 2012, respectively. At December 31, 2013, the trust had a value of \$307,114, and was shown net of a discount of \$51,979. At December 31, 2012, the trust had a value of \$299,712, and was shown net of a discount of \$54,119.

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

Page 17

NOTE 6 CHARITABLE REMAINDER TRUSTS (continued)

The Center was a beneficiary of a charitable remainder trust administered by an outside trustee. The trust provided for the payment of distributions to a beneficiary over the term of the trust. At the end of the trust's term, the remaining assets are restricted for the Center's Equine services. During 2012, the trust was terminated and the Center received full possession of the remaining assets in the trust. The Center liquidated the assets and they are now included in temporarily restricted assets, restricted for Equine services (see Note 17).

The Center was a beneficiary of a charitable remainder trust administered by an outside trustee. The trust provided for the payment of distributions to a beneficiary over the term of the trust. At the end of the trust's term, the remaining assets are available for the Center's unrestricted use. During 2013, the trust was liquidated the Center received their full portion of the proceeds. As a result no discount was recorded on the charitable remainder trust at December 31, 2012. At December 31, 2012, the trust had a value of \$58,178.

NOTE 7 LIFE INSURANCE PREMIUM ACCOUNT

The Center maintains a life insurance policy with a face value of \$469,000 on a former key employee. The policy was originated under a split-dollar insurance agreement with the insured. In accordance with the agreement, the Center was to be repaid an amount equal to the cumulative total of its share of premiums on the policy. During 2006, the agreement was amended and the Center agreed to pay all premiums for the remainder of the policy, and in exchange, the former employee assigned his beneficiary interest in the policy to the Center. The Center records the policy at an estimated fair value using a discounted cash flow method. The face value of the policy is discounted based on the life expectancy of the insured and a 3% discount rate.

The life insurance policy carries a cash surrender value that is significantly less than the face amount of the policy. However, the Center does not intend to terminate or allow the policy to lapse.

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

Page 18

NOTE 8 FAIR VALUE MEASUREMENT

The Company follows the methods of fair value measurement to value its financial assets. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels has been established, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Financial assets and liabilities carried at fair value at December 31, 2013 and 2012 are classified below in one of three categories described above. The table below presents the balances of assets measured at fair value on a recurring basis.

	2013 Level 1	2013 Level 2	2013 Level 3	2013 Total
Assets				
Investments	\$ 6,727,092	\$ 1,290,367	\$ -	\$ 8,017,459
Charitable Remainder Trust	-	469,052	-	469,052
Life Insurance Premium Account	-	455,340	-	455,340
	<u>\$ 6,727,092</u>	<u>\$ 2,214,759</u>	<u>\$ -</u>	<u>\$ 8,941,851</u>

HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 8 FAIR VALUE MEASUREMENT (continued)

	2012 Level 1	2012 Level 2	2012 Level 3	2012 Total
Assets				
Investments	\$ 5,491,040	\$ 1,145,299	\$ -	\$ 6,636,339
Charitable Remainder Trust	-	471,853	-	471,853
Life Insurance Premium Account	-	442,077	-	442,077
	<u>\$ 5,491,040</u>	<u>\$ 2,059,229</u>	<u>\$ -</u>	<u>\$ 7,550,269</u>

The investments in marketable securities are valued at market prices in active markets and are classified as Level 1. The investments in fixed income securities, managed funds and government obligations are valued using a bid-evaluation method which compares the corroborated indicative quotes and other observable market-based data. These investments are classified as Level 2.

The charitable remainder trusts assets are valued using a valuation model that calculates the net present value of estimated future cash flows and are classified as Level 2 (See Note 6).

The life insurance premium account is discounted based on life expectancy of the insured and are classified as Level 2 (See Note 7).

Assets and Liabilities Recorded at Fair Value on a Nonrecurring Basis - The Center may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis in accordance with GAAP. The adjustments to fair value usually result from the discounting of pledges to present value or write-downs of individual assets. For assets measured at fair value on a nonrecurring basis in 2013 and 2012 that were still held in the balance sheet at each respective year end, the following table provides the fair value hierarchy and the carrying value of the related individual assets or portfolios at year end.

	2013 Level 1	2013 Level 2	2013 Level 3	2013 Total
Assets				
Contributions Receivable	\$ -	\$ -	\$ 3,973,326	\$ 3,973,326

	2012 Level 1	2012 Level 2	2012 Level 3	2012 Total
Assets				
Contributions Receivable	\$ -	\$ -	\$ 1,165,991	\$ 1,165,991

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 8 FAIR VALUE MEASUREMENT (continued)

The contributions receivable are valued using discounted cash flow and life expectancy models and are classified as a Level 3.

The following summarizes fair value measurements using significant Level 3 inputs, and changes therein, for the year ended December 31, 2013:

	Contributions Receivable
Balance at January 1, 2013	\$ 1,165,991
New Pledges Received	6,960,899
Collections	(2,925,360)
Discount on Pledges	(1,228,204)
Balance at December 31, 2013	\$ 3,973,326

The following summarizes fair value measurements using significant Level 3 inputs, and changes therein, for the year ended December 31, 2012:

	Contributions Receivable
Balance at January 1, 2012	\$ 2,315,580
New Pledges Received	222,498
Collections	(1,327,287)
Discount on Pledges	(44,800)
Balance at December 31, 2012	\$ 1,165,991

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

Page 21

NOTE 9 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2013	2012
Building and Improvements	\$ 15,912,556	\$ 15,846,190
Equipment	2,267,160	2,231,614
Furniture and Fixtures	835,739	834,300
Land and Improvements	781,070	776,800
Construction in Progress	293,376	252,354
Vehicles	226,448	204,945
	20,316,349	20,146,203
Accumulated Depreciation	(9,120,639)	(8,362,732)
	\$ 11,195,710	\$ 11,783,471

Depreciation expense was \$757,906 and \$741,561 for the years ended December 31, 2013 and 2012, respectively.

NOTE 10 INVESTMENT IN SAN DIEGO FOUNDATION

The Center has investments held by the San Diego Foundation, which are classified as permanently restricted as the investments must be maintained in perpetuity. The income from these investments is kept inside the account as part of an endowment. The investments are carried at fair value and totaled \$15,251 and \$14,257 at December 31, 2013 and 2012, respectively.

NOTE 11 INVESTMENT IN RANCHO SANTA FE FOUNDATION

The Center has investments held by the Rancho Santa Fe Foundation, which are classified as permanently restricted as the investments must be maintained in perpetuity. The income from these investments is kept inside the account as part of an endowment. The investments are carried at fair value and totaled \$18,721 and \$16,160 at December 31, 2013 and 2012, respectively.

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 12 DEFERRED COMPENSATION

In April 1987, the Center entered into an employment agreement with a former key employee, which included the establishment of an unfunded nonqualified deferred compensation arrangement that included health insurance premiums. Generally accepted accounting principles require that the Center recognize a liability for the cost of unfunded deferred compensation arrangements and post employment health insurance benefits. The liability at the end of each year represents the present value of the benefits expected to be paid and totaled \$42,963 and \$25,934 at December 31, 2013 and 2012, respectively. Each year the Center recognizes an expense equal to the change in the liability based on a 5% discount factor. Total expenses related to this agreement were \$2,218 and \$1,398 for the years December 31, 2013 and 2012, respectively.

NOTE 13 LINE OF CREDIT

The Center has a \$3,000,000 line of credit with California Bank & Trust which expires on February 1, 2016. The Center has drawn a total of \$1,079,208 and \$2,083,447 against the line of credit as of December 31, 2013 and 2012, respectively. The line of credit bears a variable interest rate of 5% at December 31, 2013 and 2012, and is collateralized by substantially all business assets.

As of December 31, 2013, the Center was in compliance with their banking covenants set forth in the line of credit agreement. The credit agreement states the Center is required to maintain a minimum liquid asset balance of at least \$4,500,000.

NOTE 14 NOTES PAYABLE

	2013	2012
Laboratory Service Provider		
Annual Principal payments of \$13,800		
plus interest at 7.0%		
due March 2017		
The note is unsecured	\$ 69,000	\$ 69,000
Ally Financial		
\$383 per month; 0% interest		
Due May 2016		
Secured by the underlying vehicle	10,714	15,306
	\$ 79,714	\$ 84,306

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 14 NOTES PAYABLE (continued)

The following is a summary of principal maturities of long-term debt for the next five years:

2014	\$	32,192
2015		18,392
2016		15,330
2017		13,800
		\$ 79,714

NOTE 15 CAPITAL LEASE OBLIGATION

The Center is leasing medical equipment classified as a capital lease. The economic substance of this lease is that the Center is financing the acquisition of the equipment through the lease and, accordingly, it is recorded in the Center's assets and liabilities. Included in property and equipment on the accompanying statement of financial position as of December 31, 2013, is equipment acquired under a capital lease with a capitalized cost of \$70,050, less accumulated depreciation of \$17,705. Depreciation of assets under capital lease charged to expense totaled \$10,623 for the year ended December 31, 2013.

During 2013, the Center had the following capital lease obligation:

Choice Health Equipment Lease \$1,391 per month; 6.26% annual interest Due August 2018 Secured by the underlying equipment	<u>\$ 54,576</u>
--	------------------

Future minimum lease payments under capital leases as of December 31, 2013 for each of the remaining years and in the aggregate are as follows:

2014	\$	16,696
2015		16,696
2016		16,696
2017		11,130
		61,218
		Less: Amounts Representing Interest (6,642)
		\$ 54,576

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 16 RETIREMENT PLAN

The Center maintains a tax deferred qualified plan under Section 403(b) of the Internal Revenue Code. Eligible employees may contribute a percentage of their compensation to the plan. The Center matches a portion of the employee's contribution for all eligible employees hired before January 1, 2009. The Center also pays all of the administrative and investment fees for the plan. The total expenses related to the plan for the years ended December 31, 2013 and 2012 were approximately \$73,300.

While the Center expects to continue the plan indefinitely, it has reserved the right to modify, amend, or terminate the plan. In the event of termination, the entire amount contributed under the plan must be applied to the payment of benefits to the participants or their beneficiaries.

NOTE 17 NET ASSETS

Temporarily restricted net assets were available for the following purposes at December 31:

	2013	2012
Equine Hospital Operations	\$ 2,485,630	\$ 2,608,244
Charitable Remainder Trusts	469,052	471,853
AniMeals Operations	155,191	15,661
Pet Encounter Therapy Operations	120,838	74,896
Equine Hospital Funds	32,062	8,405
Equine Hospital Equipment	29,450	32,512
Adoptions Equipment	16,597	1,288
Equine Hospital Emergency Services	14,686	14,686
Adoptions Training	14,255	26,380
General Obligations	6,852	33,882
Adoptions Operations and Supplies	4,950	9,745
Education Operations and Programs	3,597	4,409
Adoptions Emergency Medical Fund	1,201	1,201
Therapeutic Riding Equipment	1,145	659
Therapeutic Riding Scholarships	-	5,452
 Contributions Receivable in Future Years:		
Restricted Pledges (Net of Discount)	2,148,453	450,000
Bequests (Net of Discount)	1,662,649	581,419
Capital Campaign (Net of Discount)	162,224	134,572
	\$ 7,328,832	\$ 4,475,264

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 17 NET ASSETS (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restriction specified by donors as follows:

	2013	2012
Adoptions Operations and Supplies	\$ 322,790	\$ 319,690
General Obligations	166,173	4,659
Therapeutic Riding Operations	158,792	149,103
Pet Encounter Therapy Operations	107,184	104,011
Adoptions Emergency Medical Fund	76,521	92,585
Adoptions Training and Grants	58,057	-
Equine Hospital Equipment	55,531	22,802
Equine Hospital Operations	47,026	482,392
Pet Encounter Therapy Equipment	26,735	-
AniMeals Operations	23,816	20,163
Adoptions Equipment	22,792	41,949
Therapeutic Riding Scholarships	5,452	7,352
Foster a Horse Program	4,900	1,600
Education Operations and Programs	2,317	7,757
Therapeutic Riding Equipment and Building	1,964	564
AniMeals Equipment	516	-
Club Pet	209	192
Adoptions Spay/Neuter	100	1,000
Companion Animal Hospital Operations	-	255,640
Aces Sponsorship	-	36,928
 Contributions Receivable in Future Years:		
Capital Campaign	2,277,674	489,502
Bequests	450,000	432,691
General Operations	197,686	386,799
	\$ 4,006,235	\$ 2,857,379

At December 31, 2013 and 2012, permanently restricted net assets totaling \$1,634,952 resulted from donations received with the stipulation that they be invested to provide a permanent source of income.

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

Page 26

NOTE 18 ENDOWMENT FUND

The Center is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Center's Board of Directors has interpreted the UPMIFA as permitting the expenditure or accumulation of as much of permanent endowment funds as the Center determines to be prudent for the uses, benefits, purposes and duration for which the endowment fund was established, even if this results in the occasional invasion of the endowments historical gift value. Thus, at times, the value of donor-restricted assets may fall below the level that a donor requires the Center to maintain as permanently restricted net assets. At December 31, 2013 and 2012, the aggregate deficit of such "underwater" funds was \$0 and \$30,490, respectively. The deficit resulted from unfavorable market fluctuations that occurred from 2008 to 2011.

The Center classifies as permanently restricted endowment net assets (a) the original value of gifts used to establish permanent endowments and (b) the original value of subsequent gifts to permanent endowments: collectively known as "historical gift value". Board designated endowment funds are classified as unrestricted net assets, available to be appropriated for expenditure by the Center.

Included in investments on the Statement of Financial Position are permanently restricted and board designated long-term investments held in an endowment fund. The objective of the endowment fund is to support the continuing operations of the Center. The Center's Board of Directors have delegated authority over the investment of the Endowment Fund to the Investment Committee (the "Committee"). The Committee is responsible for the oversight of the investments of the Endowment Fund and for reporting on the Fund's performance to the Board. The Committee is authorized to retain an investment manager to make investment decisions.

To achieve the desired objective, the Center has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to meet the annual distribution policy rules while growing the fund if possible. Investment risk is measured in terms of the total endowment fund, investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Endowment payout is defined as a fixed percentage currently set at 5% of the market value of the Endowment Funds. This amount will be available for center wide operating purposes, including investment management fees for the Endowment Fund.

HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 18 ENDOWMENT FUND (continued)

The portion of the Endowment Fund that is classified as permanently restricted is not reduced by losses on the investments of the fund. Losses on the investments of permanently restricted funds reduce the temporarily restricted net assets to the extent that donor-imposed temporary restrictions on net appreciation of the fund have not been met before the loss occurs. Any remaining losses reduce unrestricted net assets.

During 2013, the Center had the following endowment related activities:

	Permanently Restricted Funds	Board Designated Funds	Total
Investment Income	\$ 45,057	\$ 159,078	\$ 204,135
Unrealized Gain on Investments	159,760	486,646	646,406
Principal Payments on Notes Receivable	-	57,000	57,000
Intercompany Loan Transactions	-	(25,675)	(25,675)
Amounts Appropriated for Expenditure	(56,821)	(200,611)	(257,432)
Investment and Trustee Fees	(10,511)	(37,109)	(47,620)
Total Change in Endowment Funds	<u>\$ 137,485</u>	<u>\$ 439,329</u>	<u>\$ 576,814</u>

During 2012, the Center had the following endowment related activities:

	Permanently Restricted Funds	Board Designated Funds	Total
Investment Income	\$ 106,009	\$ 380,450	\$ 486,459
Unrealized Gain on Investments	24,408	93,639	118,047
Principal Payments on Notes Receivable	-	18,213	18,213
Intercompany Loan Transactions	-	57,222	57,222
Amounts Appropriated for Expenditure	(53,286)	(374,745)	(428,031)
Investment and Trustee Fees	(10,320)	(36,472)	(46,792)
Total Change in Endowment Funds	<u>\$ 66,811</u>	<u>\$ 138,307</u>	<u>\$ 205,118</u>

HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 18 ENDOWMENT FUND (continued)

Endowment net asset composition by type of fund as of December 31, 2013.

	Permanently Restricted	Unrestricted	Endowment Net Assets
Donor-Restricted Endowment Funds	\$ 1,634,952	\$ -	\$ 1,634,952
Board-Designated Endowment Funds	-	3,790,063	3,790,063
Total Funds	\$ 1,634,952	\$ 3,790,063	\$ 5,425,015

Changes in endowment net assets as of December 31, 2013 are as follows:

	Permanently Restricted	Board Designated Unrestricted	Total Endowment Net Assets
Endowment Net Assets, Beginning of Year	\$ 1,634,952	\$ 3,213,249	\$ 4,848,201
Investment Income	-	204,135	204,135
Unrealized Gain on Investments	-	646,406	646,406
Principal Payments on Notes Receivable	-	57,000	57,000
Intercompany Loan Transactions	-	(25,675)	(25,675)
Amounts Appropriated For Expenditure	-	(257,432)	(257,432)
Investment and Trustee Fees	-	(47,620)	(47,620)
Endowment Net Assets, End of Year	\$ 1,634,952	\$ 3,790,063	\$ 5,425,015

Endowment net asset composition by type of fund as of December 31, 2012.

	Permanently Restricted	Unrestricted	Endowment Net Assets
Donor-Restricted Endowment Funds	\$ 1,634,952	\$ -	\$ 1,634,952
Board-Designated Endowment Funds	-	3,213,249	3,213,249
Total Funds	\$ 1,634,952	\$ 3,213,249	\$ 4,848,201

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

Page 29

NOTE 18 ENDOWMENT FUND (continued)

Changes in endowment net assets as of December 31, 2012 are as follows:

	Permanently Restricted	Unrestricted	Total Endowment Net Assets
	<u> </u>	<u> </u>	<u> </u>
Endowment Net Assets, Beginning of Year	\$ 1,634,952	\$ 3,008,131	\$ 4,643,083
Investment Income	-	486,459	486,459
Unrealized Loss on Investments	-	118,047	118,047
Principal Payments on Notes Receivable	-	18,213	18,213
Intercompany Loan Transactions	-	57,222	57,222
Amounts Appropriated For Expenditure Investment and Trustee Fees	-	(428,031) (46,792)	(428,031) (46,792)
Endowment Net Assets, End of Year	<u>\$ 1,634,952</u>	<u>\$ 3,213,249</u>	<u>\$ 4,848,201</u>

NOTE 19 SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 30, 2014, the date which the financial statements were available to be issued. There were no material subsequent events which affected the amounts or disclosures in the financial statements.