



ANNUAL
REPORT
2010

I GIVE BECAUSE *these creatures are so beautiful.*

I GIVE BECAUSE *every horse deserves a forever home.*

I GIVE BECAUSE *I love these animals.*

I GIVE BECAUSE *I can make a difference.*

I GIVE BECAUSE *it makes me happy.*

I GIVE BECAUSE *I am blessed.*

I GIVE BECAUSE *even a little helps.*

T O O U R S U P P O R T E R S

This past year was marked by both success and disappointment. Without a doubt, the nationwide economic downturn impacted People Helping Horses, straining our resources and negatively affecting our ability to rescue abused and neglected horses at a time when the need was escalating.

Facing economic uncertainty, supporters cut back on charitable donations and our revenue dropped by 18 percent over last year. People Helping Horses is 89 percent dependent on donations from horse lovers throughout the United States so the decline meant cutting back on what we do best – caring for horses. On the bright side, we were providing for 39 horses at year end and 10 more were successfully adopted in 2010.

We acted decisively to mitigate the impact of lower revenue on our operation. In addition to reducing paid staff 50 percent from eight to four and using volunteers to fill the gap, we suspended, then cancelled our therapeutic riding program which was costly, opened our facility to horse owners seeking self-care boarding and put a freeze on taking in new horses as a necessity to protect those already in our care.

The efforts of staff and volunteers yielded success on several fronts despite the economic struggle. We expanded our reach by adding a sanctuary program, saving several unadoptable horses from possible euthanasia. All the horses at the sanctuary are sponsored by a benefactor which is a win-win for both the horses and PHH.

We also made strides in being recognized as an effective and well-managed nonprofit organization and garnered a first-time rating from Charity Navigator -- a leading source of



financial and program information on charities — which broadens our base of potential contributors. Anticipating the need to reach out and tell our story to a wider audience, we accomplished the first phase of a heightened marketing effort in 2010. A successful re-branding of PHH included an updated website with increased functionality that allows for direct donations.

The biggest challenge facing our management and board of directors is reducing the cost of fund raising so that more proceeds go directly to helping horses. Currently, the majority of contributions are generated

by an outside fundraising group through direct mail solicitations. In an effort to significantly lower the cost of this effort, we will be bringing this highly critical function in-house beginning in April 2011.

Our strong foundation, based on an eight-year track record and audited financials, helped us weather this downturn without more adverse effect. But, more importantly, it positions us for continued success and growth in the future. We are committed to increasing awareness about the PHH program to attract more supporters who share our love of horses and mission to be the catalyst that finds abandoned and neglected equines a “forever home”.

Sincerely,

A handwritten signature in black ink that reads "G. Salstrom".

Gretchen Salstrom
Founder and Executive Director



I GIVE BECAUSE *a horse changed my life.*

I GIVE BECAUSE *I can.*



PROVIDING HEALING, HOMES FOR HORSES IN NEED

There are two components of our mission to "Change the Life of a Horse...Forever". One focuses on neglected and abandoned horses that we believe can be rehabilitated and eventually adopted into a "forever" home. The other provides a "sanctuary" where unadoptable horses can live out the rest of their lives with care and comfort.

At the end of 2010, 39 horses were under our care, with 32 of those in the rehabilitation program. Our obligation to provide what it takes to make an abused horse adoptable is not a quick or inexpensive process. The big budget items are for veterinary care, feed, and training under saddle with an approved outside trainer. Our commitment to starting a horse under saddle before adoption adds significantly to rehabilitation costs but is a necessary factor in the success of the adoption and sets PHH apart from many other equine rescue organizations. Our constrained budget in 2010 allowed for only two horses to undergo outside training, which takes from two to four months, at a time. As a result, we are exploring the feasibility of potential adopters sponsoring a horse through the process.

Last year, 10 horses found "forever" homes, the same as a year ago, and another five were ready for adoption at year end. The demographics of PHH's horse population are a factor in the number of annual adoptions as no horse is adopted until it is at least three years old. Our horse family included three under that age in 2010, all of which were born at our facility in 2008.

It was economically necessary to put a freeze on accepting new horses in April. Although difficult to turn away up to 25 requests a week, we exercised fiscal responsibility in order to not endanger our ability to care for, rehabilitate, retrain and eventually re-home the horses currently in our care.

For a variety of reasons, not every horse can be re-homed, which underscores the importance of the fledging sanctuary program. When a private foundation approached PHH seeking better conditions for 13 horses it was supporting at a Texas location and pledged to pay all expenses, we saw an opportunity to touch the lives of even more horses in need. PHH leased property in northern California and the first group of horses arrived at the site in May. As the cost of care is lower in this location than at our headquarters in Washington, it will also be a winter home for some of our other horses as well. The dedicated funding means that no dollars are diverted from our primary mission of rehabilitating horses. And, it allows PHH to use its expertise to expand services while offsetting costs. However, at the end of the day, PHH is responsible for providing care that meets or exceeds the best of standards.

People Helping Horses, headquartered in Arlington, Washington, is a 501(c)(3) nonprofit organization founded in 2002. Since its inception, more than 100 horses have been rehabilitated and gone on to greener pastures in adoptive homes. Our success is not measured by numbers alone but on making a difference for the most vulnerable of horses that come under our care in search of a "forever" home. At PPH, the "healing process" for a rescued horse goes far beyond the physical to nurturing the spirit and restoring trust in human beings.



People Helping Horses is now rated by www.charitynavigator.com.

More independent comments also on www.greatnonprofits.org.

I GIVE BECAUSE *it makes me a part of something bigger.*

I GIVE BECAUSE *I'd like to start my own animal rescue someday.*

I GIVE BECAUSE *I believe in this organization.*

I GIVE BECAUSE *I'm young but I can do something too!*



LEARNING TO BE A HORSE

Imagine what years of being in a stall with virtually no contact with other horses would do to a horse's development. That's the start in life that Boukra has overcome. He was seized from another horse rescue organization after being found knee deep in mud and manure in 2007. The toll of being kept in a stall with a small turnout paddock for the first seven years of his life was both physical and emotional. At People Helping Horses, Boukra's first lesson was learning how to be a horse as he experienced pasture time with others. Through physical therapy, he's gained flexibility and strengthened muscles that suffered from lack of exercise for years. Today, this flashy Arabian gelding has spirit, confidence and intelligence and found his own "forever" home in the summer of 2010.



TOP DONATION STATES 2010

BY NUMBER OF DONATIONS AND DOLLAR AMOUNT

WASHINGTON

Number of donations: 1,764
Total donation amount: \$135,000

NEW YORK

Number of donations: 2,382
Total donation amount: \$86,000

CALIFORNIA

Number of donations: 3,314
Total donation amount: \$170,000

FLORIDA

Number of donations: 1,418
Total donation amount: \$80,000



Special thanks to photographer John Martinotti for capturing the 'spirit of the horse'.
www.jmphotoworks.com



PHH STANDS OUT FROM THE REST

My decision to volunteer at PHH came after researching a dozen animal rescue organizations in and around the Seattle area. Although choosing one from a long list might sound like a daunting task, it really wasn't that difficult because PHH was a stand out...for its strength of mission, the passion and commitment of the people who carry it out and the care, respect, patience and love given horses in their care.

— Sharman Conner
Seattle, WA



VOLUNTEERS ARE THE LIFE BLOOD OF PEOPLE HELPING HORSES

AT THE HEART OF OUR OPERATION

It takes a large number of generous donors, as well as a dedicated staff and a growing list of volunteers to enable PHH to carry out its mission to "Change the Life of a Horse...Forever!"

Like many nonprofits with small staffs, PHH engages an outside firm for all aspects of its direct mail solicitations, including design, copy writing, printing and project management. The direct mail effort generated almost \$1 million in 2010 from 10,956 individuals across the country, although down from 14,902 last year. Donations, which averaged nearly \$38 per gift, came from individuals in every one of the 50 states.



This type of fund raising comes at a cost which, when combined with postage expense, was slightly more than \$600,000 of the total amount contributed last year. In an effort to reduce

costs associated with fund raising, we will be transitioning some of these functions in-house in the year ahead. Our goal is to focus on diversifying our revenue stream and attracting more cost-effective online giving. Online giving did grow 72 percent over the prior year although it still remained a small portion of overall donations.

Volunteers are the life blood of People Helping Horses. At the end of 2010, 152 volunteers had helped to maintain, train, exercise and care for PHH horses, contributing an average of 389 hours per month. The 74 percent growth in volunteer hours compared to a year ago was vital to the organization in the face of staff reductions. In addition to helping at the Black Raven Stables facility in Washington, volunteers represented PHH at two county fairs in an effort to inspire new supporters.

Most of our volunteers give time to PHH because they love and want to be around horses. We try to nurture that bond by offering more in-depth knowledge and experience to volunteers through a series of 3-hour courses in horsemanship and training.



GIVING A SECOND CHANCE

At first, I wasn't sure I could handle the thought that human beings were capable of such abuse and neglect. But as a volunteer at PHH, I saw these beautiful animals given a second chance at life with the care needed to survive and overcome the horrific circumstances they endured. Love and care can do wonderful things.

— Maddie Fritz
Stanwood, WA

PREVENTING NEGLECT THROUGH EDUCATION

Horses are magnificent animals, having partnered with man for centuries. But owning and caring for a horse is a big commitment of time and resources. It is estimated that some 175,000 horses in the U.S. are currently in need of rescue because well-meaning people did not understand the ramifications of horse ownership. We are working to change that through public education. In 2010, we held our third annual “Celebrate The Horse” event in western Washington with more than 2,000 people attending.

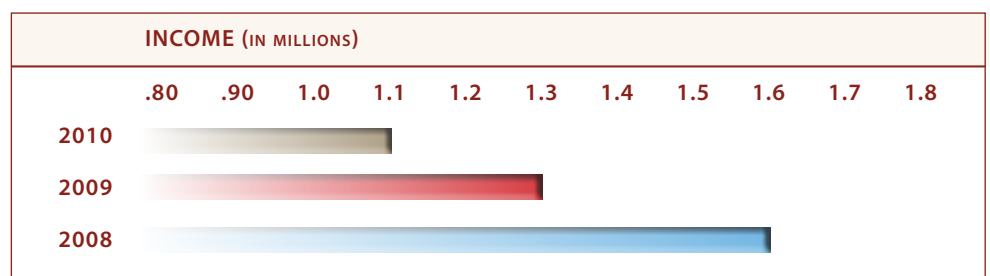
This weekend-long event is aimed at both experienced horse owners and those thinking about taking that step with riding demonstrations, training techniques and other clinics. In addition, it provides a forum to share the plight of the neglected horse as an avenue to generate both volunteers and donations for PHH. In the coming year, in addition to Celebrate The Horse, a program of educational seminars are planned at the PHH facility addressing nutrition, grooming, hoof care and other topics to ensure proper horse care in the equine community.

POSITIONING FOR THE FUTURE

The number of horses in need of rescue is growing nationwide. The problem is two pronged: an oversupply created by a decade-long trend of breeding show horses as a hobby, coupled with difficulty of maintaining ownership in these economic times.

We are dedicated to improving our day-to-day operations and to providing assistance for more horses in the future. Our strategic plan is to continue building on our past successes and become recognized as a national leader in horse rescue by:

- Lowering the overall cost of fund raising in order to devote more resources to horses in need
- Increasing our financial stability by diversifying our donor base through avenues such as online giving, planned giving and corporate sponsorships
- Utilizing best business practices to increase cost-effectiveness
- Improving transparency as a non-profit organization to existing and potential donors
- Raising local, state, regional and national awareness of PHH as a “go-to” resource for start-up horse rescue programs



FINANCIAL STATEMENT

For years ended December 31, 2010, 2009 and 2008

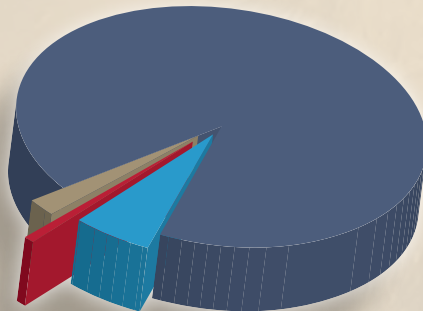
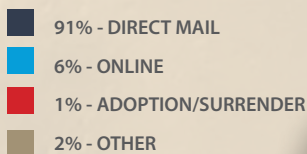
	2010	2009	2008
INCOME			
Direct Public Support	\$ 936,696	\$1,097,703	\$1,218,634
Program Service Revenue	110,050	230,092	348,077
Interest Income	79	372	116
Grants	58,455	6,500	16,500
Unrealized Gain On Securities	12,474		
TOTAL SUPPORT & REVENUE	\$1,117,754	\$1,334,667	\$1,583,327
EXPENSES			
Program Expenses	607,332	681,313	735,616
Management & General	106,254	72,624	132,942
Fundraising	574,662	545,991	714,565
TOTAL EXPENSES	\$1,288,248	\$1,299,928	\$1,583,123
NET INCOME (loss)	(\$170,494)	\$34,739	\$204



A NEW LIFE FOR DEXTER

As a young and rambunctious Arabian yearling, Dexter was impaled on a fence T-post, significantly injuring his chest. He was owned by a breeder who did not want to invest in the medical expense needed for Dexter's recovery and decided to put him down. But upon urging from a veterinarian, he placed Dexter with People Helping Horses in late 2007 instead. With the proper care, Dexter recovered fully from his wounds with minimal scarring and no lasting damage. During his three years with PHH, Dexter matured into a beautiful, confident, healthy – and mischievous – horse with a second chance at life. Dexter is now in a "forever" home having been adopted in July 2010.

SOURCE OF DONATIONS - 2010



B O A R D O F D I R E C T O R S



GRETCHEN SALSTROM

Gretchen combined her life-long love of horses with skills gained from nearly 20 years in the corporate world to found People Helping Horses in 2002 and serves as the organization's executive director. While working in the information technology field, she gained experience in all phases of systems development as a business solutions manager, program manager, senior systems engineer and senior sales executive. In the early 1980s, Gretchen was involved in breeding, raising and showing quarter horses.



JOHN MARTINOTTI

A graduate of George Fox University, John Martinotti is an information technology professional. He has spent 25 years in the industry including work with AT&T, Microsoft, T-Mobile and EPA. John brings his skills as a project manager knowledgeable of "how to get the job done" to the board. He is also an accomplished photographer, gaining recognition in many photographic publications. His photographic background spans several years of work with the Professional Rodeo Cowboys Association which resulted in his appreciation of horses. John joined the board in 2008.



CASEY PAYNE

Casey L.M. Payne, a board member since 2010, is a small business owner in Stanwood, Washington. An aesthetician, Casey has owned and operated a skin care salon since 2008. She has a bachelor of arts degree in communications from Western Washington University and lives in Arlington, Washington with her husband and two children. In her free time, Casey enjoys kayaking, reading, cooking and participating in community service projects.



KRISTEN BROWN

Since graduating from the University of Tampa, Kristin has worked with nonprofit organizations, serving as donor relations coordinator at Seattle's Union Gospel Mission before becoming executive assistant to the president in 2007. She holds a professional certificate in nonprofit management from the University of Washington and her background in fundraising and agency management is an asset to the board. Kristin's love for horses began as a child and she volunteers regularly at PHH. She joined the board in 2006.



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