Heifer International Foundation

Financial Report
June 30, 2022

Contents

RSM

Independent Auditor's Report

RSM US LLP

Board of Trustees
Heifer International Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Heifer International Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2022 and 2021, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Heifer International Foundation as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Heifer International Foundation’s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Heifer International Foundation’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Kansas City, Missouri
October 17, 2022

Heifer International Foundation

Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	**$ 9,321,106**	$ 6,323,560
Contributions and bequests receivable	**508,344**	14,830,245
Related-party receivables	**2,688,067**	6,335,965
Prepaid expenses and other assets	**176,918**	154,885
Investments	**190,065,312**	192,567,036
Total assets	**$ 202,759,747**	$ 220,211,691
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	**$ 222,628**	$ 199,961
Annuities payable	**4,214,108**	4,499,594
Trusts payable	**10,295,715**	12,876,406
Refundable advances	**4,968,149**	5,606,387
Total liabilities	**19,700,600**	23,182,348
Net assets:		
Without donor restrictions:		
Board-designated	**34,513,621**	21,352,841
Undesignated	**3,236,192**	4,599,862
Total net assets without donor restrictions	**37,749,813**	25,952,703
With donor restrictions	**145,309,334**	171,076,640
Net assets	**183,059,147**	197,029,343
Total liabilities and net assets	**$ 202,759,747**	$ 220,211,691

See notes to financial statements.

Heifer International Foundation

Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:			
Contributions:			
General	$ 1,726,757	$ 2,858,750	$ 4,585,507
Annuities and trusts	-	282,911	282,911
Investment losses	(3,280,917)	(12,575,834)	(15,856,751)
Change in split-interest obligations	-	3,295,566	3,295,566
Net assets released from restrictions	19,628,699	(19,628,699)	-
Total revenue, gains and other support	18,074,539	(25,767,306)	(7,692,767)
Expenses:			
Program services	4,518,338	-	4,518,338
Management and general	1,759,091	-	1,759,091
Total expenses	6,277,429	-	6,277,429
Change in net assets	11,797,110	(25,767,306)	(13,970,196)
Net assets, beginning of year	25,952,703	171,076,640	197,029,343
Net assets, end of year	$ 37,749,813	$ 145,309,334	$ 183,059,147

See notes to financial statements.

Heifer International Foundation

Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:			
Contributions:			
General	$ 8,593,851	$ 18,272,983	$ 26,866,834
Annuities and trusts	-	197,885	197,885
Investment return	7,193,998	28,172,500	35,366,498
Change in split-interest obligations	-	717,120	717,120
Net assets released from restrictions	3,407,015	(3,407,015)	-
Total revenue, gains and other support	19,194,864	43,953,473	63,148,337
Expenses:			
Program services	3,564,702	-	3,564,702
Management and general	1,596,005	-	1,596,005
Total expenses	5,160,707	-	5,160,707
Change in net assets	14,034,157	43,953,473	57,987,630
Net assets, beginning of year	11,918,546	127,123,167	139,041,713
Net assets, end of year	$ 25,952,703	$ 171,076,640	$ 197,029,343

See notes to financial statements.

Heifer International Foundation

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ (13,970,196)	$ 57,987,630
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized (gain) loss on investment portfolio	17,150,880	(34,464,781)
Change in value of split-interest obligations	(3,295,566)	(717,120)
Contributions of investments	(188,177)	(228,191)
Contributions received restricted for long-term investment	(3,141,661)	(18,470,868)
Changes in operating assets and liabilities:		
Contributions and bequests receivable	14,321,901	(14,461,554)
Related-party receivables	797,437	(800,437)
Prepaid expenses and other assets	(22,033)	48,724
Accounts payable and accrued liabilities	22,667	(223,105)
Refundable advances	(638,238)	620,946
Annuities and trusts payable	2,422,422	4,918,421
Related-party payable	-	(1,288,449)
Total adjustments	27,429,632	(65,066,414)
Net cash provided by (used in) operating activities	13,459,436	(7,078,784)
Cash flows from investing activities:		
Advances on related-party receivable	(102,439)	(622,632)
Payments received on related-party receivable	2,952,900	1,209,743
Purchase of investments	(89,698,356)	(77,407,618)
Proceeds from disposition of investments	75,237,377	69,313,443
Proceeds from sale of real estate held for sale	-	469,000
Net cash used in investing activities	(11,610,518)	(7,038,064)
Cash flows from financing activities:		
Contributions restricted for annuities and trusts	282,911	197,885
Contributions restricted for endowments	2,858,750	18,272,983
Payments on split-interest obligations	(1,993,033)	(2,092,147)
Net cash provided by financing activities	1,148,628	16,378,721
Increase in cash and cash equivalents	2,997,546	2,261,873
Cash and cash equivalents:		
Beginning of year	6,323,560	4,061,687
End of year	$ 9,321,106	$ 6,323,560

See notes to financial statements.

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of operations: Heifer International Foundation (the Foundation) is a nonprofit organization whose mission is to raise and oversee financial assets to support the work of Heifer Project International (HPI), to educate people on how planned charitable giving supports HPI’s work, and to serve as a fiduciary for the Foundation’s donors. The Foundation’s office is located in Little Rock, Arkansas.

Cash equivalents: The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2022 and 2021, cash equivalents consisted primarily of money market funds. The Foundation occasionally maintains cash balances in excess of federally insured amounts. The Foundation has not experienced any losses in such accounts.

Investments and investment return: Investments are carried at fair value determined by quoted prices or other observable inputs, as available. Donated investments are initially valued at the fair value at time of donation. Investment return includes dividends, interest and other investment income (loss), net of investment management fees; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Investment income and appreciation on net assets with donor restrictions is generally reported as restricted until these funds are appropriated for expenditure, generally when requested for spending by the ultimate recipient. Investment income and appreciation on donor-restricted endowment funds whose fair value has fallen below the fair value of the original gift are reported as with donor restrictions until such deficiency is eliminated. Other investment return is reflected in the statements of activities as without donor restrictions.

The Foundation maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of each endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

Contributions and bequests receivable: Contributions and bequests receivable are stated at the amount due from donors or other parties. Bequest receivables are reported when the Foundation is named as beneficiary of an insurance policy upon death of the insured. The Foundation provides an allowance for receivables in which collection is doubtful. The allowance is based upon a review of outstanding receivables and specific knowledge of the circumstances surrounding the receivable. An allowance was not deemed necessary as of June 30, 2022 and 2021. As most contributions receivable consist of bequests, amounts due to the Foundation are paid upon settlement of the estate. Receivables are written off based on the specific circumstances of the related receivable.

Related-party receivables and payables: Related-party receivables are stated at the amount due from related or other parties. Draws on the notes as discussed in Note 7 are recorded as paid and interest is recorded as earned. As of June 30, 2022 and 2021, the Foundation had a note receivable balance with HPI of $0 and $2,952,900, respectively, with an interest rate of 3.50%. The note included semiannual interest and principal payments with an original maturity of November 2023. The note was repaid in full during the year ended June 30, 2022. Additionally, HPI drew $102,439 and $622,632 on HPI’s $7.5 million line of credit with the Foundation during the year ended June 30, 2022 and 2021, respectively. The line of credit has an interest rate of 3%. Interest payments on the draw are made monthly.

Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Basis of presentation: The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Foundation presents its financial statements based on Accounting Standards Codification (ASC) 958, Presentation of Financial Statement of Not-for-Profit Entities.

Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets are classified as without donor restrictions if they are not subject to donor-imposed stipulations and are available to support the operations of the Foundation.

Board-designated net assets without donor restrictions: Net assets are classified as without donor restrictions, as they are not subject to donor-imposed stipulations, but the Foundation's Board has designated them to be used for programs in certain countries.

Net assets with donor restrictions: Net assets with donor restrictions include gifts and investment income and gains that can be expended but for which restrictions have not been met. Those restrictions include time and purpose restrictions imposed by donors, those whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation, and restrictions imposed by law that restrict net investment income and gains until appropriated for expenditure.

Contributions: Gifts of cash and other assets are classified and reported in the appropriate restriction category based upon the existence or absence of donor restrictions.

Spending policy: The Foundation's spending is governed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which was approved by the Uniform Law Commission to serve as a guideline for states to use in enacting legislation. The state of Arkansas has enacted UPMIFA, which requires nonprofit foundations with donor-restricted endowed funds to follow certain standards when making investment and spending policy decisions.

Income tax status: The Foundation is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. Uncertain tax positions, if any, are recorded in accordance with ASC 740, Income Taxes, which requires the recognition of a liability for tax positions taken that do not meet the more likely than not standard that the position will be sustained upon examination by the taxing authorities. There is no liability for uncertain tax positions recorded at June 30, 2022 or 2021.

Forms 990 filed by the Foundation are subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return.

Fair value of financial instruments: The estimated fair values of the Foundation's short-term financial instruments, including receivables and payables arising in the ordinary course of business, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization. The Foundation's estimate of the fair value of investments and split-interest agreement liabilities is further described in Note 3.

Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Functional allocation of expenses: The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program and management and general categories based on time studies and other methods. Refer to Note 11 expenses by functional classification for the years ended June 30, 2022 and 2021.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Fundraising costs: Fundraising costs are expensed as incurred. There were no fundraising costs for the years ended June 30, 2022 and 2021.

Significant estimates and concentrations: U.S. GAAP requires disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Split-interest obligations: The Foundation has entered into a number of split-interest obligations that require estimation of the liability (recorded in annuities payable and trusts payable on the statements of financial position). The methods used in estimating these liabilities are discussed in Note 4. Events could occur that would materially change this estimated liability in the near term.

Investments: The Foundation has significant investments in securities, which are subject to price fluctuations. This risk is mitigated through a diversified portfolio and regular monitoring procedures.

Recent accounting pronouncement: In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842).* The guidance in this ASU supersedes the leasing guidance in ASC 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal year 2023. The standard is not expected to have a significant impact on the Foundation’s financial statements as the Foundation has not entered into significant lease agreements.

Subsequent events: The Foundation has evaluated subsequent events through October 17, 2022, the date the financial statements were issued.

Note 2. Liquidity and Availability

The Foundation regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of June 30, 2022 and 2021, the following financial assets are available to meet operating needs within one year of the statement of financial position date:

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	$ 9,321,106	$ 6,323,560
Contributions and bequests receivable	508,344	14,830,245
Related-party receivable	2,688,067	6,335,965
Prepaid expenses and other assets	176,918	154,885
Investments	190,065,312	192,567,036
Total financial assets	202,759,747	220,211,691
Less amounts not available to be used within one year:		
Contributions and bequests receivable	508,344	14,830,245
Related-party receivable less current portion	2,688,067	4,385,699
Prepaid expenses and other assets	176,918	154,885
Total nonfinancial assets	3,373,329	19,370,829
Less: Contractual or donor-imposed restrictions:		
Contractual alternative investments	51,280,356	42,395,603
Treasury securities being held for annuity obligations	3,254,603	3,472,049
Corporate bonds being held for annuity obligations	1,928,942	2,179,052
Total contractual or donor-imposed restrictions	56,463,901	48,046,704
Less: Board-designated funds not authorized for expenditure within one year:		
Board-designated for endowment	34,513,621	13,786,389
Financial assets not available to be used within one year	94,350,851	81,203,922
Financial assets available to meet general expenditures within one year	$ 108,408,896	$ 139,007,769

The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents and investments. See Note 3 for information about the Foundation's investments.

Note 3. Fair Value of Financial Instruments

Fair value measurements: The Foundation accounts for financial instruments using the standards included in ASC 820, Fair Value Measurements and Disclosures. This topic provides a framework for measuring fair value under U.S. GAAP and applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in ASC 820, fair value is 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 determining fair value, the Foundation uses various methods, including market, income and cost approaches. Based on these approaches, the Foundation often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Valuations for assets and liabilities are traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes United States agency securities, municipal bonds and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2: Valuations for assets and liabilities are traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3: Valuations for assets and liabilities are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the years ended June 30, 2022 and 2021, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investment securities: The fair value of investment securities is the market value based on quoted market prices when available, or market prices provided by recognized broker-dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument. For the years ended June 30, 2022 and 2021, securities held by the Foundation are classified as Level 1.

Alternative investments: The fair value of alternative investments is measured at net asset value (NAV) using the practical expedient.

Note 3. Fair Value of Financial Instruments (Continued)

Annuities and trusts payable: The fair value of annuities and trusts payable is at respective present values, based on the life expectancies of any live beneficiaries. The annuities payable has been determined using mortality tables and the applicable federal rate in effect at the time the contribution was made. The applicable federal rates range from 0.60% to 9.60%. The present value of the estimated future payments related to the trusts payable is calculated using the applicable IRS section 752 federal interest rate in effect at the time of the contribution and applicable mortality tables. The IRS section 752 federal interest rates range from 1.00% to 11.60%.

The following tables summarize assets and liabilities measured at fair value on a recurring basis as of June 30, 2022 and 2021, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	June 30, 2022				
	Level 1	Level 2	Level 3	Investments Valued at Net Asset Value	Total
Investment:					
Common stock:					
Small cap	$ 6,957,316	$ -	$ -	$ -	$ 6,957,316
Mid cap	14,857,939	-	-	-	14,857,939
Large cap	38,424,865	-	-	-	38,424,865
Emerging market equities	11,301,436	-	-	-	11,301,436
European equities	18,006,357	-	-	-	18,006,357
International equities other	7,369,331	-	-	-	7,369,331
U.S. equity other	165,537	-	-	-	165,537
Mutual funds	14,523,711	-	-	-	14,523,711
Treasury security	19,742,136	-	-	-	19,742,136
Corporate bonds	7,436,328	-	-	-	7,436,328
Alternative investments:					
Limited partnerships	-	-	-	44,613,298	44,613,298
Limited liability companies	-	-	-	6,034,408	6,034,408
Private limited company	-	-	-	632,650	632,650
Total investments	$ 138,784,956	$ -	$ -	$ 51,280,356	$ 190,065,312
Annuities payable	$ -	$ -	$ 4,214,108	$ -	$ 4,214,108
Trusts payable	$ -	$ -	$ 10,295,715	$ -	$ 10,295,715

Note 3. Fair Value of Financial Instruments (Continued)

June 30, 2021	Level 1	Level 2	Level 3	Investments Valued at Net Asset Value	Total
Investment:					
Common stock:					
Small cap	$ 6,167,883	$ -	$ -	$ -	$ 6,167,883
Mid cap	13,957,130	-	-	-	13,957,130
Large cap	38,933,670	-	-	-	38,933,670
Emerging market equities	14,788,681	-	-	-	14,788,681
European equities	26,647,239	-	-	-	26,647,239
International equities other	12,077,146	-	-	-	12,077,146
U.S. equity other	471,402	-	-	-	471,402
Mutual funds	6,506,315	-	-	-	6,506,315
Treasury security	18,192,882	-	-	-	18,192,882
Corporate bonds	12,429,085	-	-	-	12,429,085
Alternative investments:					
Limited partnerships	-	-	-	36,478,951	36,478,951
Limited liability companies	-	-	-	4,916,652	4,916,652
Private limited company	-	-	-	1,000,000	1,000,000
Total investments	$ 150,171,433	$ -	$ -	$ 42,395,603	$ 192,567,036
Annuities payable	$ -	$ -	$ 4,499,594	$ -	$ 4,499,594
Trusts payable	$ -	$ -	$ 12,876,406	$ -	$ 12,876,406

There were no transfers of Level 3 liabilities during the years ended June 30, 2022 and 2021. The changes in Level 3 liabilities measured at fair value on a recurring basis as of June 30, 2022, are summarized as follows:

	Annuities Payable	Trusts Payable
Balance, July 1, 2021	$ 4,499,594	$ 12,876,406
Gifts	94,413	118,469
Sales/distributions	(566,800)	(1,426,233)
Realized and unrealized gains (losses)	186,901	(1,272,927)
Balance, June 30, 2022	$ 4,214,108	$ 10,295,715

Note 3. Fair Value of Financial Instruments (Continued)

The changes in Level 3 liabilities measured at fair value on a recurring basis as of June 30, 2021, are summarized as follows:

	Annuities Payable	Trusts Payable
Balance, July 1, 2020	$ 4,671,818	$ 10,595,028
Gifts	171,270	72,553
Sales/distributions	(575,784)	(1,516,363)
Realized and unrealized gains	232,290	3,725,188
Balance, June 30, 2021	$ 4,499,594	$ 12,876,406

The following table sets forth additional disclosures of the Foundation's investments whose fair value is estimated using NAV per share (or its equivalent) as of June 30, 2022 and 2021:

Investment	Fair Value at June 30 2022	Fair Value at June 30 2021	Unfunded Commitment at June 30, 2022	Redemption Frequency	Redemption Notice Period
Limited partnerships (A):					
Molpus Woodlands Fund III LP	$ 5,214,056	$ 4,976,645	$ -	N/A	N/A
HarbourVest Partners Fund IX LP	5,335,498	5,377,459	610,000	N/A	N/A
Edgewater Private Equity Fund III, LP	128,976	127,433	-	N/A	N/A
Trumbull Property Growth & Income Fund	-	5,778,614	-	N/A	N/A
Accion Frontier Inclusion Fund, LP	2,988,792	1,753,906	19,004	N/A	N/A
WaterCredit Investment Fund 3, LP	1,182,425	1,161,107	-	N/A	N/A
JPMorgan Infrastructure	3,031,706	2,898,026	-	N/A	N/A
Accion Venture Lab	1,041,034	1,106,434	139,795	N/A	N/A
KRR Global Impact	3,355,069	1,728,436	841,481	N/A	N/A
KRR Global Impact CPV	-	326,885	-	N/A	N/A
Shannon River LTD	-	5,935,339	-	N/A	N/A
JLL Income Property Trust CL M-I	9,884,422	5,200,000	-	N/A	N/A
SOAR	943,556	108,667	1,533,598	N/A	N/A
Bridge Workforce Housing Fund	2,169,810	-	1,495,421	N/A	N/A
Intercontinental REIF	6,585,479	-	-	N/A	N/A
AIP	2,752,475	-	47,247,525	N/A	N/A
Limited liability company (B):					
Alwin LLC	23,185	26,649	-	N/A	N/A
Legacy Venture VII LLC	6,011,223	4,890,003	-	N/A	N/A
Private limited company (C):					
SIMA Off-Grid Solar and Financial Access Senior Debt Fund I, B.V.	632,650	1,000,000	-	N/A	N/A
	$ 51,280,356	$ 42,395,603	$ 51,886,824		

(A) These limited partnerships have different investment objectives. The largest focuses on timberland investments, and the others focus on private equity companies and other limited partnerships.

(B) Legacy Venture VII LLC invests in a select group of top venture capital funds that in turn invest in promising companies, and Alwin LLC was formed for the purposes of owning, operating and developing real property.

Note 3. Fair Value of Financial Instruments (Continued)

(C) SIMA Off-Grid Solar and Financial Access Senior Debt Fund I, B.V., a private limited company incorporation under the laws of the Netherlands, focuses on integrating social and financial returns.

In connection with the alternative investments noted above, the Foundation is obligated under the investment contracts to advance funding up to contractual levels, upon call by the general partner. The remaining commitments to be funded, which include commitments to unfunded partnerships, were $51,886,824 and $4,568,947 at June 30, 2022 and 2021, respectively.

Note 4. Annuities and Trusts Payable

The Foundation has been the recipient of gift annuities that require future payments to the donor or their named beneficiaries. The contributed assets received from the donor are recorded at fair value. The Foundation had a liability at June 30, 2022 and 2021, of $4,214,108 and $4,499,594, respectively, which represents the present value of the estimated future annuity obligations. The liability has been determined using mortality tables and the applicable federal rate in effect at the time the contribution was made. In accordance with state regulations regarding annuities, the Foundation maintains an annuity reserve to ensure assets are available to meet annuity obligations. Assets of the annuity reserve are included in cash and cash equivalents, interest receivable (included in prepaid expenses and other assets on the statement of financial position), and investments on the statements of financial position as of June 30, 2022 and 2021, for a total reserve balance of approximately $6,767,000 and $7,043,000, respectively.

The Foundation administers various charitable remainder trusts. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the designated beneficiary’s lifetime or a stated term. At the end of the trust’s term, a portion or all of the remaining assets are available for the Foundation’s use based upon the donor’s designation at the time of the establishment of the trust. The portion of the trust attributable to the future interest of the Foundation is recorded in the statements of activities as contributions with donor restrictions in the period the trust is established. Assets held in the charitable remainder trusts are recorded at fair value in the Foundation’s statements of financial position. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using the applicable IRS section 752 federal interest rate in effect at the time of the contribution and applicable mortality tables. At June 30, 2022 and 2021, the Foundation had recorded $10,295,715 and $12,876,406, respectively, in trust liabilities due to the beneficiaries for the remainder of the stated or expected term of the trust.

In addition, the Foundation calculates the liability for any portion of the remaining assets of the trust or annuity’s term that is due to other organizations. This liability is recorded by the Foundation as refundable advances. The portion of refundable advances related to trust and annuity agreements was approximately $3,292,000 and $3,661,000 as of June 30, 2022 and 2021, respectively. The remaining balance in refundable advances on the accompanying statements of financial position relates to interest-free loans, agency funds and advised gift funds.

Note 5. Net Assets

Net assets with donor restrictions: Net assets with donor restrictions at June 30 are available for the following purposes:

	2022	2021
Net assets with donor restrictions of which the income is expendable to support any activity of the Foundation or HPI	$ 88,764,650	$ 83,769,082
Countries and international programs	36,035,240	35,226,848
Country matching	3,709,921	3,249,248
HPI ranch and farm operations	675,959	678,729
Animals	1,880,502	1,910,671
Training	298,948	301,718
Education	780,533	786,928
Women in livestock development program	841,841	864,078
Other	2,250,638	2,273,667
Endowment income appropriated	10,071,102	27,515,671
Time-restricted	-	14,500,000
Total	$ 145,309,334	$ 171,076,640

Net assets released from restrictions: Net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes or by occurrence of other events specified by donors for the years ended June 30:

	2022	2021
Purpose restrictions accomplished:		
Countries and international programs	$ 1,520,868	$ 1,222,540
Country matching	154,681	155,083
HPI ranch and farm operations	17,786	20,454
Animals	87,753	73,262
Training	14,003	14,110
Education	36,366	36,595
Women in livestock development program	38,812	23,338
Other	69,386	51,312
Endowment income appropriated	3,189,044	1,810,321
Time-restricted	14,500,000	-
Total	$ 19,628,699	$ 3,407,015

Note 6. Investment Return (Losses)

Total investment return (losses), net for the years ended June 30, 2022 and 2021, is composed of the following:

	2022	2021
Interest and dividend income	$ 2,656,665	$ 1,992,319
Net realized and unrealized returns (losses) on investments reported at fair value	(17,150,880)	34,464,781
Investment management fee	(1,362,536)	(1,090,602)
	$ (15,856,751)	$ 35,366,498

Note 7. Related-Party Transactions

The Foundation and HPI are financially interrelated organizations. HPI authorizes the Foundation to solicit contributions on its behalf. In the absence of donor restrictions, the Foundation has discretionary control over the amounts and timing of its distributions to HPI.

The Foundation incurs various program-related costs during the year. The most significant of these costs are contributions to HPI. The Foundation's contributions to HPI during the years ended June 30 are reported in the Foundation's financial statements as program services as follows:

	2022	2021
Contributions without donor restrictions	$ 2,878,471	$ 2,079,088
Contributions restricted for:		
Countries and international programs	1,339,727	1,183,332
Education properties operations and maintenance	37,935	42,075
Education and training	20,617	20,781
Country matching	123,748	124,071
Other purposes	70,137	72,529
	$ 4,470,635	$ 3,521,876

The Foundation and HPI both receive contributions in the form of testamentary bequests wherein HPI is named a beneficiary. HPI may at its discretion transfer undesignated bequests where HPI is listed as the beneficiary to the Foundation, unless otherwise restricted by the donor. Amounts due to the Foundation from HPI as of June 30, 2022 and 2021, were $0 and $800,437, respectively and are included in related-party receivables on the statements of financial position.

During 2020, the Foundation became the trustee of a donor's estate in which HPI was the intended beneficiary. As the donor's intent was for the entirety of the estate to be given to HPI to fund operational needs and the Foundation was solely the trustee, the Foundation reported the value of the estate as a related-party payable on the statement of financial position and acted as a pass-through organization. The donor's estate consisted of cash and cash equivalents and real estate properties. During 2020, one piece of the real estate was sold. The remaining real estate was sold during 2021. The remaining value of the donor's estate was distributed to HPI during 2021 for $1,288,449.

Note 7. Related-Party Transactions (Continued)

In addition, the Foundation has contracted for services from HPI, such as access to certain information systems and support, marketing services, and processing of payroll and accounts payable. The Foundation paid HPI $168,117 and $168,458 for providing these services during the years ended June 30, 2022 and 2021, respectively. In October 2010, the Foundation entered into a lease agreement with HPI, with a term of three years and options to extend for up to an additional four years. The lease was amended in April 2017 to extend the term an additional five years, ending in October 2022. In accordance with the lease agreement, the Foundation paid $36,193 and $42,225 in rent expense for the years ended June 30, 2022 and 2021, respectively.

The Foundation's Board of Trustees has agreed to make available up to $8 million or 10% of endowment assets, whichever is greater, as a line of credit to HPI as of June 30, 2022 and 2021. The amount available as a line of credit to HPI as of June 30, 2022 and 2021, was $17.7 million and $17.1 million, respectively. Draws against the line accrue interest at an agreed-upon interest rate no greater than prime as set by Regions Bank. During the years ended June 30, 2022 and 2021, HPI made no draws under this line-of-credit agreement and, therefore, paid no interest to the Foundation.

In 2018, the Foundation's Board of Trustees approved an additional line of credit to HPI, which is only available to HPI for use with their impact ventures. The Foundation has agreed to make available up to $7.5 million. Draws against the line accrue interest at 3%. During the years ended June 30, 2022 and 2021, HPI drew $102,439 and $622,632, respectively, under the line-of-credit arrangement for impact ventures and paid interest of $78,210 and $75,738 to the Foundation for the years ended June 30, 2022 and 2021, respectively. As of June 30, 2022 and 2021, the outstanding balance on this line of credit was $2,688,067 and 2,582,628, respectively.

In 2018, the Foundation, as lender, entered into a promissory note agreement with HPI, as borrower. The interest rate is fixed at 3.50% and matures in November 2023. Principal and interest are due semiannually on June 1 and December 1 each year until maturity. The note was repaid in full during 2022 and there is no outstanding balance as of June 30, 2022. As of June 30, 2021, the outstanding note receivable balance was $2,952,900, and was included within related-party receivables on the statements of financial position.

Note 8. Retirement Plans

The Foundation sponsors a defined contribution retirement plan (the Plan) that covers substantially all employees of the Foundation. The employer contributions to the Plan are discretionary. The Foundation contributed $39,223 and $61,579 to the Plan for the years ended June 30, 2022 and 2021, respectively.

Note 9. Concentration

The Foundation receives contributions primarily from individuals and estates in the form of cash and bequests. During the year ended June 30, 2021, the Foundation recognized approximately $21.7 million in contributions from one estate, which represented approximately 81% of total contributions to the endowment. Of the $21.7 million recognized, $14.5 million was included in contributions and bequests receivable on the statement of financial position as of June 30, 2021, and was collected in full during the year ended June 30, 2022.

Note 10. Endowments

The Foundation accounts for endowments using the standards included in the Not-for-Profit Entities topic of the ASC, as well as UPMIFA.

As of June 30, 2022 and 2021, the Foundation administers approximately 1,000 endowments, most of which are donor-restricted endowment funds, and the remainder are funds designated by the Board of Trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law: The Board of Trustees of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets restricted in perpetuity (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets restricted in perpetuity is classified as restricted by time or purpose until those amounts are appropriated for expenditure by the Board of Trustees of the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment and spending policies of the Foundation

Endowment net asset composition by type of fund as of June 30, 2022, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds and related earnings	$ -	$ 142,038,597	$ 142,038,597
Board-designated endowment funds and related earnings	34,513,621	-	34,513,621
Total endowment	$ 34,513,621	$ 142,038,597	$ 176,552,218

Note 10. Endowments (Continued)

Changes in endowment net assets for the year ended June 30, 2022, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 21,352,841	$ 164,700,370	$ 186,053,211
Investment return (loss)	(1,968,147)	(9,964,309)	(11,932,456)
Contributions	-	6,931,235	6,931,235
Current-year board designations	1,726,757	-	1,726,757
Appropriations of endowment assets for expenditures	(1,097,830)	(5,128,699)	(6,226,529)
Release from restriction	14,500,000	(14,500,000)	-
Endowment net assets, end of year	$ 34,513,621	$ 142,038,597	$ 176,552,218

Endowment net asset composition by type of fund as of June 30, 2021, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds and related earnings	$ -	$ 164,700,370	$ 164,700,370
Board-designated endowment funds and related earnings	21,352,841	-	21,352,841
Total endowment	$ 21,352,841	$ 164,700,370	$ 186,053,211

Changes in endowment net assets for the year ended June 30, 2021, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 11,976,433	$ 117,090,696	$ 129,067,129
Investment return	1,558,874	32,318,911	33,877,785
Contributions	7,566,452	18,697,778	26,264,230
Current-year board designations	1,393,851	-	1,393,851
Appropriations of endowment assets for expenditures	(1,142,769)	(3,407,015)	(4,549,784)
Endowment net assets, end of year	$ 21,352,841	$ 164,700,370	$ 186,053,211

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature that are reflected in net assets with donor restrictions were $249,406 and $3,685,918 as of June 30, 2022 and 2021, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred in previous years.

Note 10. Endowments (Continued)

Risk objectives and risk parameters: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of attributed earnings to HPI and to support the current and future operations of the Foundation. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce an average annual return, net of investment manager fees and after inflation, which will grow the investment over a reasonable time period and preserve the purchasing power of the assets. Actual returns in any given year may vary from this objective.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy: The Foundation has a policy of making available for appropriation 5% of the average market value of the income-producing assets in restricted-use endowments. Of the 5% made available for appropriation from restricted-use endowments, 1% was made available to fund the Foundation's operating budget and the remaining 4% was made available for distribution to HPI for the years ended June 30, 2022 and 2021. Average market value is calculated based on the market value as of the three preceding calendar year-ends. Additionally, the Foundation funded its operating budget for the years ended June 30, 2022 and 2021, with no more than 1.57% and 1.75%, respectively, of the three-year rolling average of the calendar year-end market value of undesignated endowment funds. Further, the Foundation made available 3.43% and 3.25% for distribution to HPI for the years ended June 30, 2022 and 2021, respectively, from undesignated endowment funds. In establishing this policy, the Foundation considered the long-term expected return and goals of the endowment. This policy can be revised at the discretion of the Board of Trustees.

Note 11. Functional Expense Classification

The Not-for-Profit Entities topic of the ASC requires nonprofit organizations to disclose expenses by functional classification. The Foundation allocates expenses to the functional categories based on time studies and other methods. Expenses by functional classification for the year ended June 30, 2022, are as follows:

	Program Services	Management and General	Total Expenses
Salaries and wages	$ 26,365	$ 901,568	$ 927,933
Employee benefits	5,421	214,726	220,147
Total salaries, wages and related expenses	31,786	1,116,294	1,148,080
Disbursements to HPI	4,470,635	-	4,470,635
Supplies, printing and promotion	2,737	127,526	130,263
Travel, conference and meetings	126	66,531	66,657
Professional and consulting	7,175	241,903	249,078
Equipment rental and maintenance	-	7,078	7,078
Occupancy costs	-	36,193	36,193
Facility costs	83	4,868	4,951
Support and other services	5,790	139,037	144,827
Personnel expenses	6	17,104	17,110
Depreciation expenses	-	2,557	2,557
Total	$ 4,518,338	$ 1,759,091	$ 6,277,429

Note 11. Functional Expense Classification (Continued)

Expenses by functional classification for the year ended June 30, 2021, are as follows:

	Program Services	Management and General	Total Expenses
Salaries and wages	$ 20,961	$ 834,610	$ 855,571
Employee benefits	6,170	218,537	224,707
Total salaries, wages and related expenses	27,131	1,053,147	1,080,278
Disbursements to HPI	3,521,876	-	3,521,876
Supplies, printing and promotion	2,371	69,878	72,249
Travel, conference and meetings	-	15,387	15,387
Professional and consulting	7,763	262,140	269,903
Equipment rental and maintenance	-	2,644	2,644
Occupancy costs	-	42,225	42,225
Facility costs	90	5,310	5,400
Support and other services	5,428	128,734	134,162
Personnel expenses	43	13,492	13,535
Depreciation expenses	-	3,048	3,048
Total	$ 3,564,702	$ 1,596,005	$ 5,160,707

Heifer International Foundation

Supplementary Schedules of Annuity Reserve Assets

The following disclosures were made in accordance with the disclosure requirements of the Arkansas Code of 1987 Annotated Official Edition 23-63-201. At June 30, 2022, the Foundation's charitable gift annuities were composed of the following:

The annuity reserve assets included the following:	
Money market funds	$ 83,947
U.S. Treasury securities	3,269,085
Corporate bonds	1,946,823
Mutual funds	1,380,133
Municipal bonds	87,251
Annuity reserve assets	6,767,239
Annuities payable	(4,214,108)
Annuity surplus	$ 2,553,131

At June 30, 2021, the Foundation's charitable gift annuities were composed of the following:

The annuity reserve assets included the following:	
Money market funds	$ 146,634
U.S. Treasury securities	3,483,830
Corporate bonds	3,412,346
Annuity reserve assets	7,042,810
Annuities payable	(4,499,594)
Annuity surplus	$ 2,543,216

The Foundation has elected the reserve valuation method for establishing its annuity reserves.