



# 2022 ANNUAL REPORT



# PRESIDENT'S LETTER

**HEIFER FOUNDATION'S WORK** has always sought to enhance social causes, small enterprises and global communities related or directly connected to Heifer International's core work — and that's truer today than ever before.

**We were founded on the principle of investing on behalf of Heifer International, in accordance with Heifer's values.**

Thirty years ago, just after Heifer Foundation was incorporated, we implemented policy guidelines that declared: "Investments should be made in enterprises that take a forward posture in such areas as concern for persons, justice, self-development of peoples, and other matters affecting the quality of human life."

Throughout the 2010s, Heifer Foundation carefully shifted our overall portfolio to operate under the emerging umbrella of mission-aligned and socially responsible investing. We created an Impact Endowment to enter this investment space, including through Heifer International's Impact Capital program, which provides affordable financing options to farmers and cooperatives. We also added Board members and outside experts with impact investment experience and continued exploring responsible yet creative ways to further expand our philanthropic reach.

In 2016, Heifer Foundation launched its first Impact Endowment investment with a

million-dollar commitment through the Accion Frontier Inclusion Fund. In 2019, our Board of Trustees passed a new set of Ends Statements that make our principles and determination explicit, connecting our investment and thought leadership in the mission-aligned investment space. In 2021, the Heifer Foundation Investment Committee refined it to highlight our specific impact themes: gender and diversity, climate, ending hunger and poverty, agriculture and smallholder farmers, and financial inclusion.

And in 2022, we celebrated receiving our first-ever comprehensive equity investment summary. The Chicago office of Graystone Consulting analyzed the data to prove quantitatively what we've known for decades: that an organization does not have to give up market returns to align investments with their mission and values.

This expanded Annual Report details our recent projects and programs, as well as the financial updates undergirding all we do. With the ongoing support of our Board, donors and team, we remain committed to meaningfully leveraging our funding toward the mission and values of Heifer International. Together, we're making more of a difference — and a return — across all our investments.

Yours for a Better World,

Ardyth Neill  
Heifer Foundation President

# MISSION-ALIGNED INVESTMENT

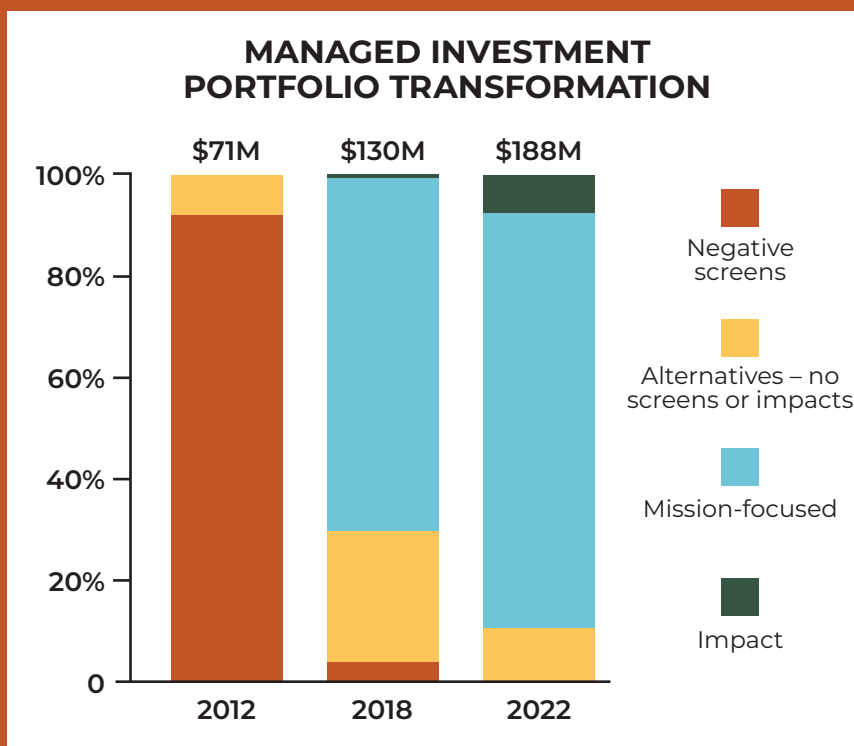
Heifer Foundation is a pioneer in the emerging mission-aligned investment space. Though we hope all our investments generate meaningful social impact as well as financial returns, building a 100% mission-aligned portfolio means we now apply an additional positive overlay to all our investments.

We've always asked if potential investees generate returns and do external good — and we now also want to know how they “walk the walk” themselves.

- Do they consider the climate or human rights impacts of their work?
- Do they have diverse Boards and leadership, with corresponding company values?
- How do they — directly or indirectly — enable access to education, capital, food or housing?

By taking stock of these practices, we make sure to invest in companies that operate by the same mission-driven principles that we do — and hold ourselves accountable to meaningfully maintaining that commitment.

With our partners at the Chicago office of Graystone Consulting, an institutional consulting business of Morgan Stanley that helped create this model, we've realized strong financial returns and explored the myriad dimensions of good financial stewardship beyond dollars and cents. Looking ahead, we hope to model this transformative shift — and inspire other foundations to follow suit.



## KEY TERMS

**Mission-aligned investments** are based on an evaluation of how an investment promotes sustainable, fair and effective practices that align with the investor's mission and values.

**Impact investments** are made with the intention of generating positive, measurable social and environmental impact alongside a financial return.



# THE IMPACT ENDOWMENT



Created jointly in 2014, the Impact Endowment is one way Heifer Foundation supports Heifer International's impact investment work. The Endowment prioritizes scaling programs that directly and indirectly strengthen social impact in the communities and agribusinesses we serve — elevating a “missing middle” opportunity to share more capital with farmers and their supply chains. This generates a ripple effect, bringing sustainable incomes to smallholder farmers, which in turn leads to food security and poverty alleviation.

Since 2017, Heifer Foundation has provided a \$7.5 million revolving line of credit for Heifer Impact Capital to use as investment capital for these riskier impact investments. Though that credit line still has its limits and stipulations, including an interest rate, making this investment through Heifer International and securing the loan with future attributed earnings de-risks the investment for the Foundation — and keeps the impact close to Heifer International's programs and people.

In the years since — including through the COVID-19 pandemic — the Impact Endowment has lived up to its name, generating serious international impact, as well as more local capital opportunities and meaningful lessons learned.

In 2023 and beyond, the Heifer family looks forward to continuing to explore the possibilities of what our capital can do: for our communities, for small agribusinesses, and for living incomes and sustainable food systems worldwide.



# INVESTMENTS AT WORK

## INTERNATIONAL SPOTLIGHT:

### *East Africa Dairy Development project*

Small dairy farmers have historically had limited access to credit and capital, and women and youth are particularly vulnerable. In East Africa, many also lack the necessary management skills or access to collective action that could change the status quo.

In 2008, with support from the Bill & Melinda Gates Foundation, Heifer International created the *East Africa Dairy Development* (EADD) project to address these challenges by providing business training and creating more than 80 dairy cooperatives. Building on that momentum, Heifer Impact Capital has since invested more than \$1.4 million from the Impact Endowment. Its first loan deployed \$400,000 to a Rwandan farmer-owned EADD cooperative in 2019 to expand a maize-processing unit. In addition to saving time and money, the new processing unit



boosted maize sales revenue, increased pay for the cooperative's 4,000 members, reduced the cooperative's overall reliance on milk sales, and provided quality food for the community.

Heifer Impact Capital also recently invested in another EADD cooperative, Ol Kalou Dairy LTD in Kenya. The \$495,000 loan enabled the cooperative to purchase equipment to begin pasteurizing milk, allowing the business to remain competitive, increase its pay prices to farmers, and create a path to living income for members.

## CLOSER TO HOME:

### **The SOAR Fund**

Though most of our work is abroad, Heifer Foundation was excited to invest in social impact in our home state of Arkansas, as well as in 14 other states across the U.S. southeast and the District of Columbia. Designed specifically to enable underbanked Southern businesses, the Southern Opportunity and Resilience (SOAR) Fund disbursed 1,148 loans to a majority of women-owned and a plurality of Black-owned businesses, most of which had fewer than 10 full-time employees.

Businesses with these characteristics have a hard time securing capital under normal circumstances — an obstacle that can severely limit growth and longevity — and the COVID-19 pandemic devastated many



such small enterprises. Having worked with smallholder farmers in the American South for years, we wanted to support them with loans through potentially overwhelming supply chain issues.

To prevent further losses and enable recovery, the SOAR Fund assembled 12 Community Development Financial Institutions to disburse small but sustaining low-interest loans beginning in late 2021.

# STATEMENTS OF FINANCIAL POSITION JUNE 30, 2022 AND 2021

ASSETS	JUNE 30, 2022	JUNE 30, 2021	\$ CHANGE FROM 6/30/2021
Cash and cash equivalents	9,321,106	6,323,560	2,997,546
Contributions and bequests receivable	508,344	14,830,245	(14,321,901)
Related-party receivable	2,688,067	6,335,965	(3,647,898)
Prepaid expenses and other assets	176,918	154,885	22,033
Real estate held for sale	0	0	0
Investments	190,065,312	192,567,036	(2,501,724)
<b>Total assets</b>	<b>\$202,759,747</b>	<b>\$220,211,691</b>	<b>(\$17,451,944)</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	222,628	199,961	22,667
Annuities payable	4,214,108	4,499,594	(285,486)
Trusts payable	10,295,715	12,876,406	(2,580,691)
Refundable advances	4,968,149	5,606,387	(638,238)
Related-party payable	0	0	0
<b>Total liabilities</b>	<b>\$19,700,600</b>	<b>\$23,182,348</b>	<b>(\$3,481,748)</b>
<b>Net Assets:</b>			
Without donor restrictions:			
Board-designated	26,947,177	13,786,389	13,160,788
Undesignated	10,802,636	12,166,314	(1,363,678)
<b>Total net assets without donor restrictions</b>	<b>\$37,749,813</b>	<b>\$25,952,703</b>	<b>\$11,797,110</b>
With donor restrictions:	145,309,334	171,076,640	(25,767,306)
<b>Total net assets</b>	<b>\$183,059,147</b>	<b>\$197,029,343</b>	<b>(\$13,970,196)</b>
<b>Total liabilities and net assets</b>	<b>\$202,759,747</b>	<b>\$220,211,691</b>	<b>(\$17,451,944)</b>

*This condensed financial information is derived from Heifer International Foundation 2021 and 2022 financial statements audited by certified public accountants. Audited financial statements are available upon request by calling 888.422.1161, ext. 0, or online at [HeiferFoundation.org/about/financial-transparency](https://HeiferFoundation.org/about/financial-transparency).*



## STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2022

REVENUE, GAINS AND OTHER SUPPORT	WITHOUT DONOR RESTRICTION	WITH DONOR RESTRICTION	TOTAL
<b>Contributions related to:</b>			
General	1,726,757	2,858,750	4,585,507
Annuities and trusts	0	282,911	282,911
Investment return	(3,280,917)	(12,575,834)	(15,856,751)
Change in value of split-interest obligations	0	3,295,566	3,295,566
Net assets released from restrictions	19,628,699	(19,628,699)	0
<b>Total revenue, gains and other support</b>	<b>\$18,074,539</b>	<b>(\$25,767,306)</b>	<b>(\$7,692,767)</b>
<b>Expenses:</b>			
Program services	4,518,338	0	4,518,338
Management and general	1,759,091	0	1,759,091
<b>Total expenses</b>	<b>\$6,277,429</b>	<b>0</b>	<b>\$6,277,429</b>
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
<b>Net assets, end of year</b>	<b>\$37,749,813</b>	<b>\$145,309,334</b>	<b>\$183,059,147</b>

## STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2021

REVENUE, GAINS AND OTHER SUPPORT	WITHOUT DONOR RESTRICTION	WITH DONOR RESTRICTION	TOTAL
<b>Contributions related to:</b>			
General	8,593,851	18,272,983	26,866,834
Annuities and trusts	0	197,885	197,885
Investment return	7,193,998	28,172,500	35,366,498
Change in value of split-interest obligations	0	717,120	717,120
Net assets released from restrictions	3,407,015	(3,407,015)	0
<b>Total revenue, gains and other support</b>	<b>\$19,194,864</b>	<b>\$43,953,473</b>	<b>\$63,148,337</b>
<b>Expenses:</b>			
Program services	3,564,702	0	3,564,702
Management and general	1,596,005	0	1,596,005
<b>Total expenses</b>	<b>\$5,160,707</b>	<b>0</b>	<b>\$5,160,707</b>
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
<b>Net assets, end of year</b>	<b>\$25,952,703</b>	<b>\$171,076,640</b>	<b>\$197,029,343</b>

*Heifer International Foundation is qualified as a charitable organization under Section 501(c)(3) of the Internal Revenue Code, and contributions to Heifer International Foundation are tax-deductible to the extent permitted by law.*



**HEIFER**  
FOUNDATION

1 WORLD AVENUE  
LITTLE ROCK, AR 72202, USA  
[MYHEIFERFOUNDATIONGIVING.ORG](http://MYHEIFERFOUNDATIONGIVING.ORG)  
888.422.1161

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