



2023

ANNUAL REPORT





COVER IMAGE:
Mayra Jimenez Santiago poses
with some of her family's
cattle in Oaxaca, Mexico.

PRESIDENT'S LETTER

MOST OF HEIFER FOUNDATION'S TEAM has experience with the organization's mission-driven work in the field. Today, while the Foundation's operations are more in offices and on balance sheets, we're consistently inspired by knowing our work not only supports Heifer International but also ensures our assets can finance others' work to advance our shared mission. After a year of significant — if sometimes gradual — progress for Heifer Foundation, that fact remains gratifying.

True to our mandate, we continued our portfolio shift and surpassed the 90% mission-aligned mark, thanks in part to concluding some longer-term investments that established new funds for further transformation. In the spring, Katie St. Amour, who previously served as the director of finance for Heifer Impact Capital, was

also welcomed as the Foundation's new vice president of investments and finance.

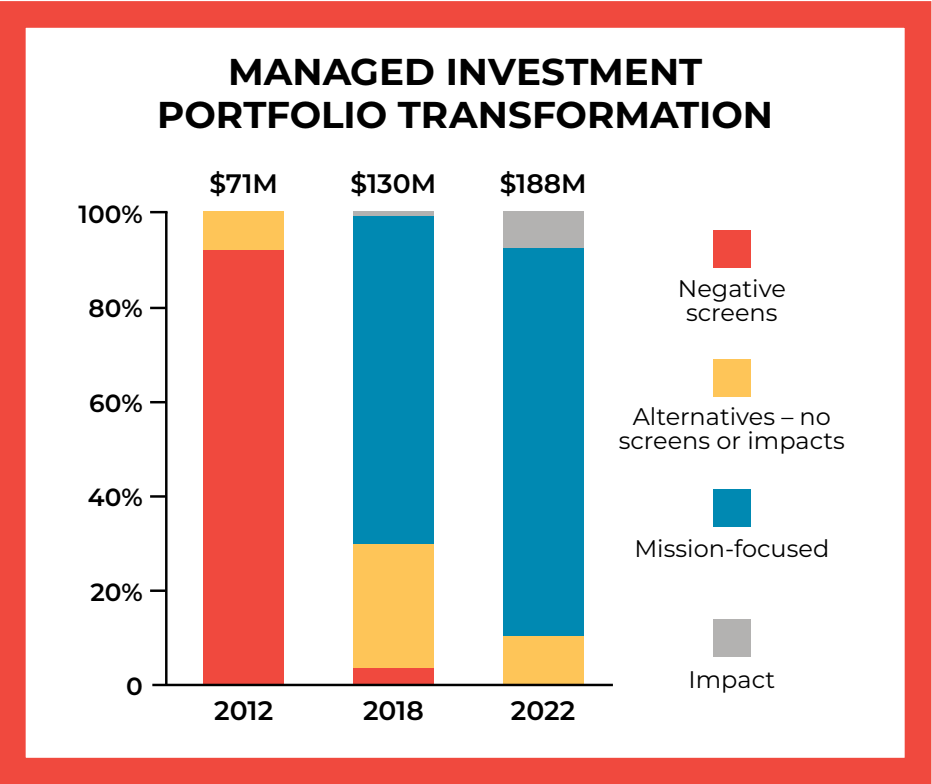
Looking ahead, we continue to find promising new private equity opportunities for further investment through the new Private Equity Impact Fund. Created for the Foundation by Alternative Investment Partners (AIP), a part of Morgan Stanley that handles custom solutions for diverse and impact portfolios, the fund is yet another vehicle for advancing our mission to promote positive change through strategic financial investments.

Yours for a Better World,

Ardyth Neill
Heifer Foundation President



Mahfuza Aktar (right) sells date jaggery, a natural sweetener that's deeply loved in Bangladesh, through a Heifer-sponsored cooperative. She and her husband, Abdus Salam, pick fresh dates on their farm, make the jaggery, and then sell their sweet treat, increasing their income while satisfying the cravings of many along the way.



KEY TERMS

Negative Screens
Exclude certain companies or industries based on determination of misalignment with values and associated risks

Mission-Aligned Investments
Promote sustainable, fair and effective practices that align with mission and values while matching returns of conventional investments

Impact Investments
Generate positive, measurable social and environmental impact in addition to a financial return

MISSION-ALIGNED CAPITAL

As Heifer Foundation's shift toward 100% mission-aligned investment continues, we remain energized by not only our portfolio metrics but also by the individual companies we're now connected with. The new \$50 million Private Equity Impact Fund will further advance investments in climate, financial inclusion and other top priorities while maintaining our commitment to Heifer International's mission.

PRIVATE MARKET STRATEGY

The Private Equity Impact Fund is just one piece of our approach.

Private Equity and Venture Capital
Focusing on key themes identified by Heifer Foundation's Investment Committee with required manager impact reporting and targeting market rate returns

Private Real Estate
Incorporation of social and environmental impact and risks in asset management decisions and in targeting market rate returns

Impact Endowment
Dedicated funds allocated directly to Heifer Impact Capital for deep mission-related impact through inside-out investments that are strategically channeled to other managers whose investments align with Heifer International's program areas

THE IMPACT ENDOWMENT

Through the Impact Endowment, Heifer Foundation provides a line of credit to Heifer International to support its impact investment work. These investments further Heifer’s access to finance strategy and bring more capital directly to smallholder farmers, with the goal of contributing to greater food security and poverty alleviation in line with Heifer’s mission. Since its creation, the Endowment’s support has consistently expanded local access to financial opportunities, such as with this recent investee.

HEADQUARTERED IN KIGALI, RWANDA, Duterimbere’s goal is to achieve women’s economic leadership through horticulture planting, material production and middle-range enterprise support. Concentrated around efforts to create employment through small enterprises, enhance food security and cut across larger issues facing Rwandan women, the nongovernmental organization launched in 1987 with 29 women; today, it’s owned collectively by 880 members from five provinces.

With a name meaning “progress,” Duterimbere targets vulnerable and low-resource women throughout



Tibasima Vestine feeds a cow in her home village of Mulindi in the Northern Province of Rwanda.

the mostly rural country, as well as in Kigali city. Heifer Rwanda identified a promising opportunity for collaboration, and the two organizations signed a Memorandum of Understanding, effective January 2020, to provide small and micro loans to Rwandan women and groups in the Heifer farming network that would enhance their smallholder farming work.

Over the ensuing three years — including during the worst of the COVID-19 pandemic — Duterimbere made 55 loans to individuals and lending groups, reaching a total of 271 beneficiaries, more than 60% of whom were female. The loans supported farm expansion and increased production, productivity and market access. The Heifer–Duterimbere partnership ensured recipients’ eligibility, managed disbursement and payments and, ultimately, advanced

Heifer’s mission. Out of all 271 beneficiaries, only three people defaulted — mainly due to the loss of an animal before it could generate income for repayments.

In total, Duterimbere leveraged the original USD \$75,000 infusion from Heifer and disbursed about USD \$112,715 in loans by re-lending repaid funds — a multiplier effect of 1.75. Heifer’s follow-up survey of more than 1,200 Rwandan households found that those with a Duterimbere loan reported twice the average income than their counterparts with a comparable loan from any other source, as well as those without any loans. Duterimbere cohort members were also able to reduce the living income gap, while those who did not access loans were not. Looking ahead, Heifer and Duterimbere are considering how to expand their partnership and build on this initial success.



Icyimanizanye Vestine feeds a cow outside of her house in Rwanda’s Western Province, where her group-based loan financed new construction, land purchases, supplies and more.

INVESTMENTS AT WORK

Accion is a nonprofit committed to creating a fair and inclusive economy for the nearly two billion people left out of the global financial system. Today, we’re proud to work closely with Accion Venture Lab, the organization’s early-stage inclusive fintech investment strategy.

FOR MORE THAN A DECADE, Accion Venture Lab has established a strong record of financial returns and social impact, investing in more than 65 early-stage startups that operate in 30 countries worldwide and exemplifying both investment priorities and a belief in providing additional strategic support that Heifer Foundation shares. Accion Venture Lab finds, funds and helps build innovative companies leveraging powerful technologies to expand responsible and affordable financial services for low-income individuals and small businesses.

One such company is Apollo Agriculture, an agri-fintech

enterprise that helps enable farmers and their communities to adapt and strengthen their long-term resilience in the face of climate change. Operating in Kenya and Zambia, Apollo Agriculture equips smallholder farmers with input financing, insurance and digital advice, which help them boost their crop yields and recover quickly from unpredictable weather events.

In addition to financing, Apollo Agriculture offers smallholder farmers access to a suite of other products, including customized packages of seeds, fertilizer and agronomic advice to help them boost their crop yields. The company

also uses satellite imagery and artificial intelligence to accurately assess the creditworthiness of farmers that live in hard-to-reach locations and have long been overlooked by traditional financial service providers.

Since its founding in 2016, Apollo Agriculture has supported more than 100,000 farmers through more than 1,000 agro-dealers and 5,000 field agents. Its farmers typically have a crop yield 2.5 times what non-Apollo farmers realize, and 71% of Apollo farmers say their overall productivity has increased thanks to the relationship.



Virginia Wanjiru Ndegwa is a Kenyan farmer and mother of 10 who received fertilizer from Apollo Agriculture, as well as financing and guidance on how to use it. Despite a drought’s delaying her planting, she still reaped what she calls an exceptional harvest, which she attributes to farming with Apollo. In addition to caring for some of her grandchildren, Virginia continues tending to her family’s farm with Apollo Agriculture’s support: “That’s what I do, that’s what suits me.”

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2023 AND 2022

ASSETS	JUNE 30, 2023	JUNE 30, 2022	\$ CHANGE FROM 6/30/2022
Cash and cash equivalents	5,437,158	9,321,106	(3,883,948)
Contributions and bequests receivable	409,033	508,344	(99,311)
Related-party receivable	2,613,607	2,688,067	(74,460)
Prepaid expenses and other assets	183,501	176,918	6,583
Real estate held for sale	0	0	0
Investments	197,370,103	190,065,312	7,304,791
Total assets	\$206,013,402	\$202,759,747	\$3,253,655
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable and accrued liabilities	293,070	222,628	70,442
Annuities payable	4,070,457	4,214,108	(143,651)
Trusts payable	10,663,426	10,295,715	367,711
Refundable advances	4,516,238	4,968,149	(451,911)
Related-party payable	0	0	0
Total liabilities	\$19,543,191	\$19,700,600	(\$157,409)
Net Assets:			
Without donor restrictions:			
Board-designated	35,807,532	34,513,621	1,293,911
Undesignated	4,798,895	3,236,192	1,562,703
Total net assets without donor restrictions	\$40,606,427	\$37,749,813	\$2,856,614
With donor restrictions:	145,863,784	145,309,334	554,450
Total net assets	\$186,470,211	\$183,059,147	\$3,411,064
Total liabilities and net assets	\$206,013,402	\$202,759,747	\$3,253,655

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2023

REVENUE, GAINS AND OTHER SUPPORT	WITHOUT DONOR RESTRICTION	WITH DONOR RESTRICTION	TOTAL
Contributions related to:			
General	1,320,245	4,235,620	5,555,865
Annuities and trusts	0	223,380	223,380
Investment return	5,403,797	1,709,957	7,113,754
Change in value of split-interest obligations	0	48,180	48,180
Net assets released from restrictions	5,662,687	(5,662,687)	0
Total revenue, gains and other support	\$12,386,729	\$554,450	\$12,941,179
Expenses:			
Program services	7,684,548	0	7,684,548
Management and general	1,845,567	0	1,845,567
Total expenses	\$9,530,115	\$0	\$9,530,115
Change in net assets	2,856,614	554,450	3,411,064
Net assets, beginning of year	37,749,813	145,309,334	183,059,147
Net assets, end of year	\$40,606,427	\$145,863,784	\$186,470,211

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2022

REVENUE, GAINS AND OTHER SUPPORT	WITHOUT DONOR RESTRICTION	WITH DONOR RESTRICTION	TOTAL
Contributions related to:			
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
Total revenue, gains and other support	\$18,074,539	(\$25,767,306)	(\$7,692,767)
Expenses:			
Program services	4,518,338	0	4,518,338
Management and general	1,759,091	0	1,759,091
Total expenses	\$6,277,429	\$0	\$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

This condensed financial information is derived from Heifer International Foundation 2022 and 2023 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.html.

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.



Local farmers in Cherlung village, Palpa, Nepal, deliver their products to an agri-transport vehicle to be taken to market. Agri-transport vehicles are critical to connecting rural farmers to customers, enabling individual farmers to deliver products collectively and reducing the travel time and cost each farmer would need to invest to transport their products on their own.

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