

THE PATH TO LIVING INCOMES

ANNUAL REPORT 2016



HEIFER[®]
INTERNATIONAL



OUR 2020 GOAL



HELPING
4 MILLION
FAMILIES
ACHIEVE LIVING
INCOMES



CONTENTS

4
LETTER FROM THE PRESIDENT & CEO

6
OUR MISSION

7
OUR APPROACH

10
OUR WORK

12
STORIES

20
LEADERSHIP

22
FINANCIALS



LETTER FROM THE PRESIDENT & CEO

Almost 11 percent of the world's people live in extreme hunger and poverty. Living on less than \$1.90 a day, they do not have enough food to lead a healthy, active life. Although the world has made significant progress toward reducing hunger and poverty in the last 30 years, we cannot stop until we reach zero. Climate change continues to present unpredictable precipitation patterns, along with more droughts and heat waves, often compounding the difficult work we do.

At Heifer International, we see tremendous opportunity to address three critical problems: hunger, poverty and environmental degradation. That opportunity lies largely with the world's small-scale farmers, who are often among the poorest and hungriest, and with whom we tirelessly work.

“SAVING OUR PLANET, LIFTING PEOPLE OUT OF POVERTY, ADVANCING ECONOMIC GROWTH... THESE ARE ONE AND THE SAME FIGHT.”

— Ban Ki-moon,
Secretary-General of the United Nations

WHAT DO THESE FARMERS NEED?



WE ARE:



DEFINING LIVING INCOME BENCHMARKS TO FOCUS OUR WORK ON THE MINIMUM INCOME REQUIRED FOR A DIGNIFIED LIFE



INTENSIFYING OUR WORK IN VALUE CHAINS AND WITH COOPERATIVES TO CONNECT FARMERS TO MARKETS



INCREASING PROGRAM EFFICIENCY AND REDUCING COST-PER-FAMILY DIRECTLY ASSISTED ACROSS OUR PROGRAM PORTFOLIO



INCREASING INCOMES, PROMOTING MORE DIVERSE DIETS AND ADOPTING CLIMATE-SMART AGRICULTURAL PRACTICES



ELEVATING OUR COMMITMENT TO AND PERFORMANCE IN COMMUNITY DEVELOPMENT AND LIVING UP TO OUR 12 CORNERSTONES VALUES

This progress is only possible because of the continuing hard work of our 551 volunteers and 971 staff, along with the generous support of our donors and partners. I am grateful to be on this journey with you toward a future free from hunger and poverty.

Yours for a better world,

Pierre Ferrari



OUR MISSION

THE PATH TO LIVING INCOMES

Heifer International's mission is to end hunger and poverty while caring for the Earth. For more than 70 years, we have provided livestock and environmentally sound agricultural training to improve the lives of those who struggle daily for reliable sources of food and income.

Our rich experience has taught us to be nimble and shift our work along with the changing global landscape. As the number of people living in poverty is reduced, we realized more could be done

to make people truly resilient. Out of that grew our 2020 goal: helping 4 million families achieve living incomes. And we have made great progress. Along with defining living income benchmarks in the countries where we work, we are intensifying work through value chains to connect our farmers to markets.

As incomes increase, entire communities move from hunger and poverty into hope and prosperity. This is the path to sustainable, resilient lives.

OUR APPROACH

HEIFER'S
12
CORNERSTONES
FOR JUST AND
SUSTAINABLE
DEVELOPMENT
ARE THE CORE VALUES
WE APPLY TO OUR
PROJECTS. THESE VALUES
HELP INDIVIDUALS AND
COMMUNITIES BUILD
SELF-RELIANCE.



PASSING ON THE GIFT®

Passing on the Gift is the heart of our sustainable community development philosophy. Every family who receives an animal must pass on one or more of the animal's offspring, along with other inputs, training and skills, to other families in need. This unique approach creates a ripple effect that transforms lives and communities. Recipients are transformed into donors and build new levels of self-confidence and fulfillment.



ACCOUNTABILITY

We provide guidelines for planning projects, screening recipients, monitoring progress and conducting self-evaluations. Groups define their own needs, set goals and plan appropriate strategies to achieve them. They work to mutually track and document their progress so they can report to Heifer periodically and plan for future success.



SHARING AND CARING

We believe

global problems can be solved if all people commit to sharing what they have and caring about others. Sharing and Caring is an integral part of our vision for a just world.



SUSTAINABILITY AND SELF-RELIANCE

Because we fund

projects for a limited time, project groups and communities must devise strategies for their continuity. In our experience, self-reliance is most easily achieved when a group has varied self-directed activities and generates support from several sources. This leads to building trust among community members, causing them to join together and drive the development of their community.



IMPROVED ANIMAL AND RESOURCE MANAGEMENT

Animal feed, water, shelter, reproductive efficiency and health are the essential ingredients in successful livestock management. The animal must be an appropriate breed for the area and should be a vital part of the farm activities without placing an extra burden on the family or resources. Likewise, improved management is a practice that is applied to maximize all of the participants' resources, whether physical, human, environmental or other.



NUTRITION AND INCOME

Livestock contribute directly to human nutrition by providing high-quality protein. Indirectly, they provide draft power for cultivation and transportation, as well as manure for soil fertility. By engaging farmers to take a stronger role in the market system, livestock can provide income for education, health care and housing, and provide long-term economic stability as living savings accounts.





GENDER AND FAMILY FOCUS

Gender refers to the socially defined roles of women and men in each culture. We encourage women and men to share in decision-making, animal ownership, labor and benefits. Also, we emphasize the empowerment of women and girls. We work to ensure women develop skills to take on leadership roles at group and community levels.



GENUINE NEED AND JUSTICE

We are a partner to people in need who can improve their quality of life with modest support. Priority is given to marginalized groups. We work with entire communities, but ensure that the poorest ones are selected to receive assistance. Families are eligible regardless of creed or ethnic heritage. We aim for systemic changes that are often necessary for permanent results.



FULL PARTICIPATION

Members of the group each have ownership of the project and control over all key decisions. We are committed to involving all members in decision-making, working with grassroots groups to develop strong leadership and organization.



IMPROVING THE ENVIRONMENT

Sound conservation practices are key to sustaining development gains. Our programs adopt agroecological farming practices, promote natural resource management and adapt to climate change, contributing to resilient livelihoods. Our projects should have a positive impact on one or more of the following: soil erosion, soil fertility, sanitation, forestation, biodiversity, pollution, wildlife and watershed conditions.



TRAINING, EDUCATION AND COMMUNICATION

Groups determine their own training needs, and local people serve as trainers. Training includes formal sessions as well as informal farm visits and demonstrations. As their capacity increases, participants communicate with various stakeholders, such as local government, markets, civil societies, and others, about their activities and achievements, positioning themselves as agents of change in their communities.



SPIRITUALITY

Spirituality is common to all people, regardless of their religion or beliefs. It is expressed in their values, connectedness to the Earth and shared vision of the future. It helps people transform personally and grow from a state of self-centeredness to altruism. Spirituality often creates a strong bond among group members, giving them faith, hope and a sense of responsibility to work together for a better future.

OUR WORK

In fiscal year 2016, we assisted 3.6 million families either directly or indirectly. More than 200,000 families were part of the 33 new projects initiated.

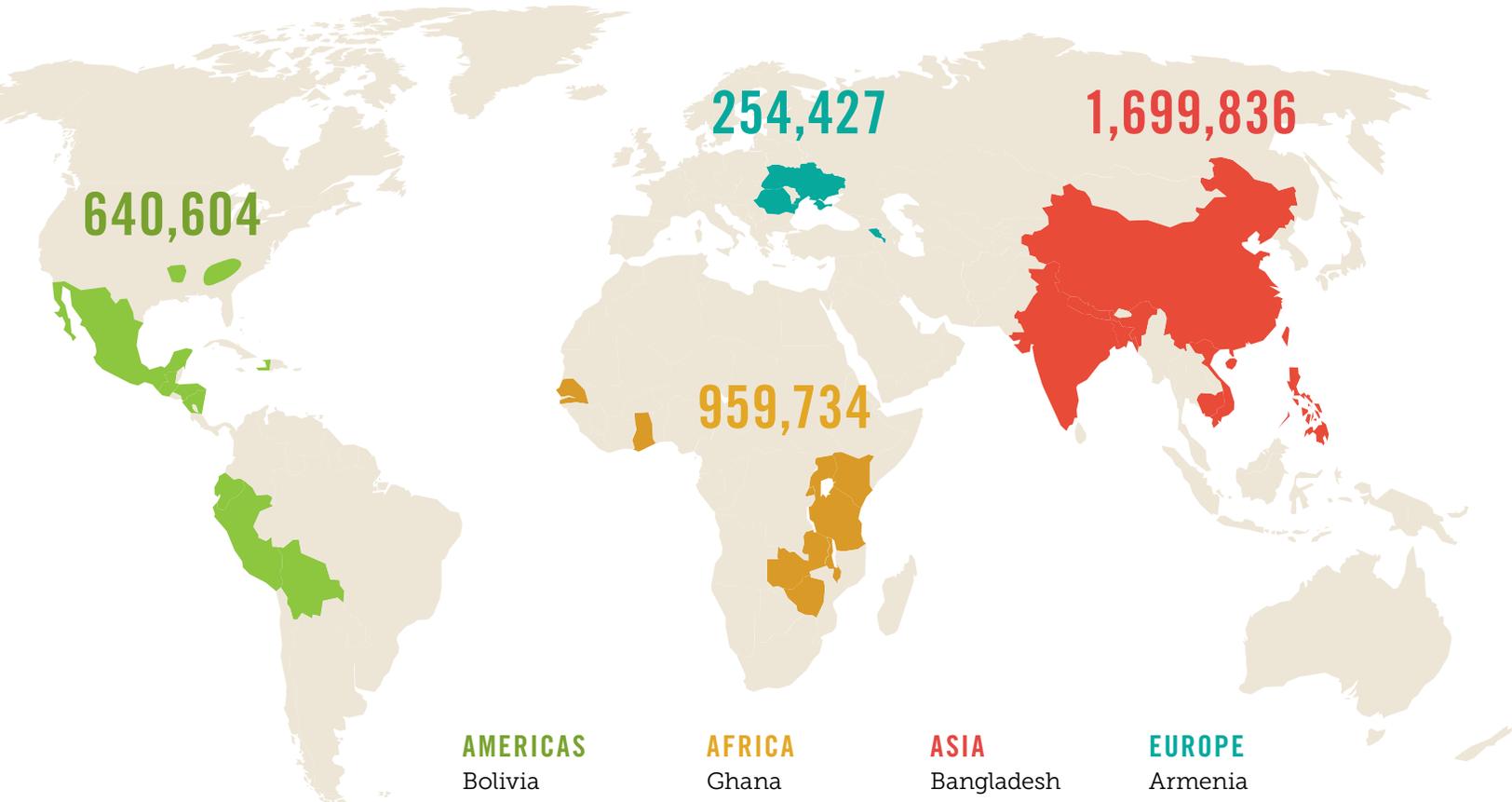
Indirect assistance has been monitored since 2003 and is based on research that shows for every family assisted directly, 12 families are assisted indirectly. Indirectly assisted families benefit from services provided by animal health workers, trainings from other farmers, continued use of the values-based model and multiple generations of pass-ons.

193
TOTAL NUMBER OF PROJECTS IN FY16

3.6M
TOTAL NUMBER OF FAMILIES ASSISTED IN FY16

33
PROJECTS INITIATED IN FY16

212,989
PROJECTED NUMBER OF NEW FAMILIES IN FY16 PROJECTS



640,604

254,427

1,699,836

959,734

AMERICAS

- Bolivia
- Ecuador
- Guatemala
- Haiti
- Honduras
- Mexico
- Nicaragua
- Peru
- United States

AFRICA

- Ghana
- Kenya
- Malawi
- Rwanda
- Senegal
- Tanzania
- Uganda
- Zambia
- Zimbabwe

ASIA

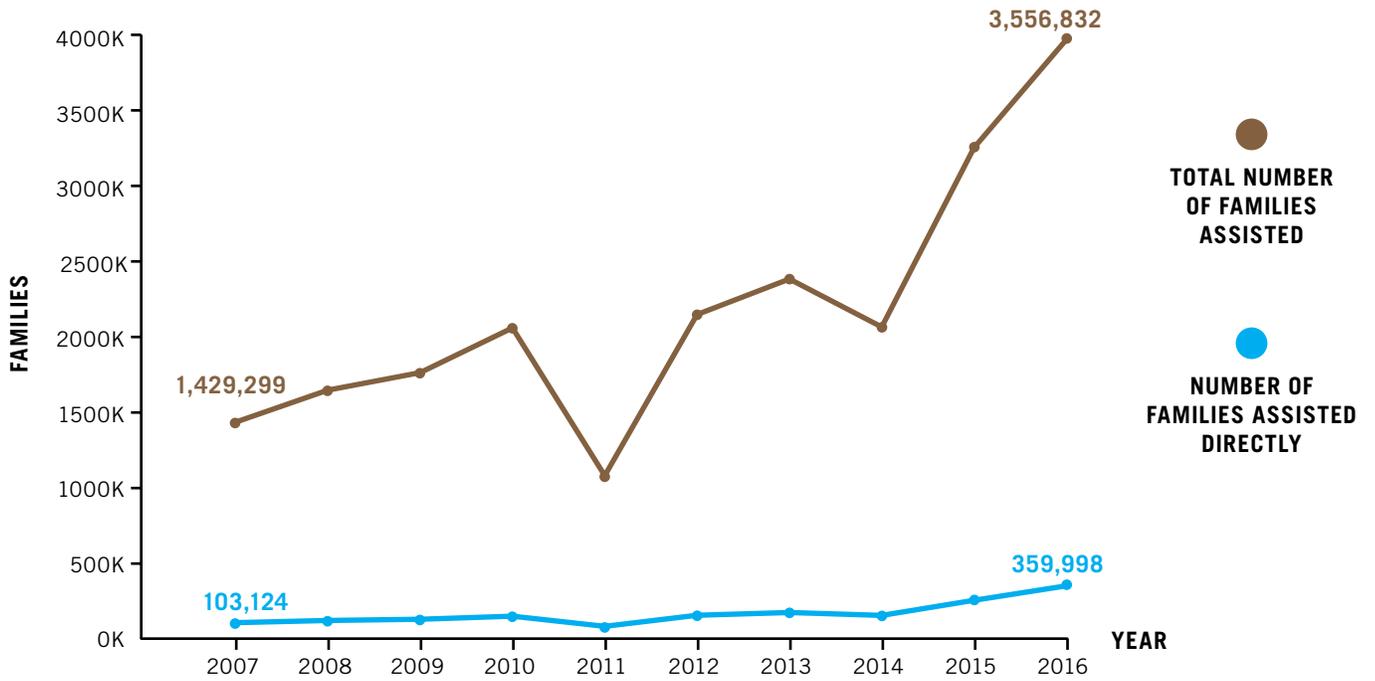
- Bangladesh
- Cambodia
- China
- India
- Nepal
- Philippines
- Vietnam

EUROPE

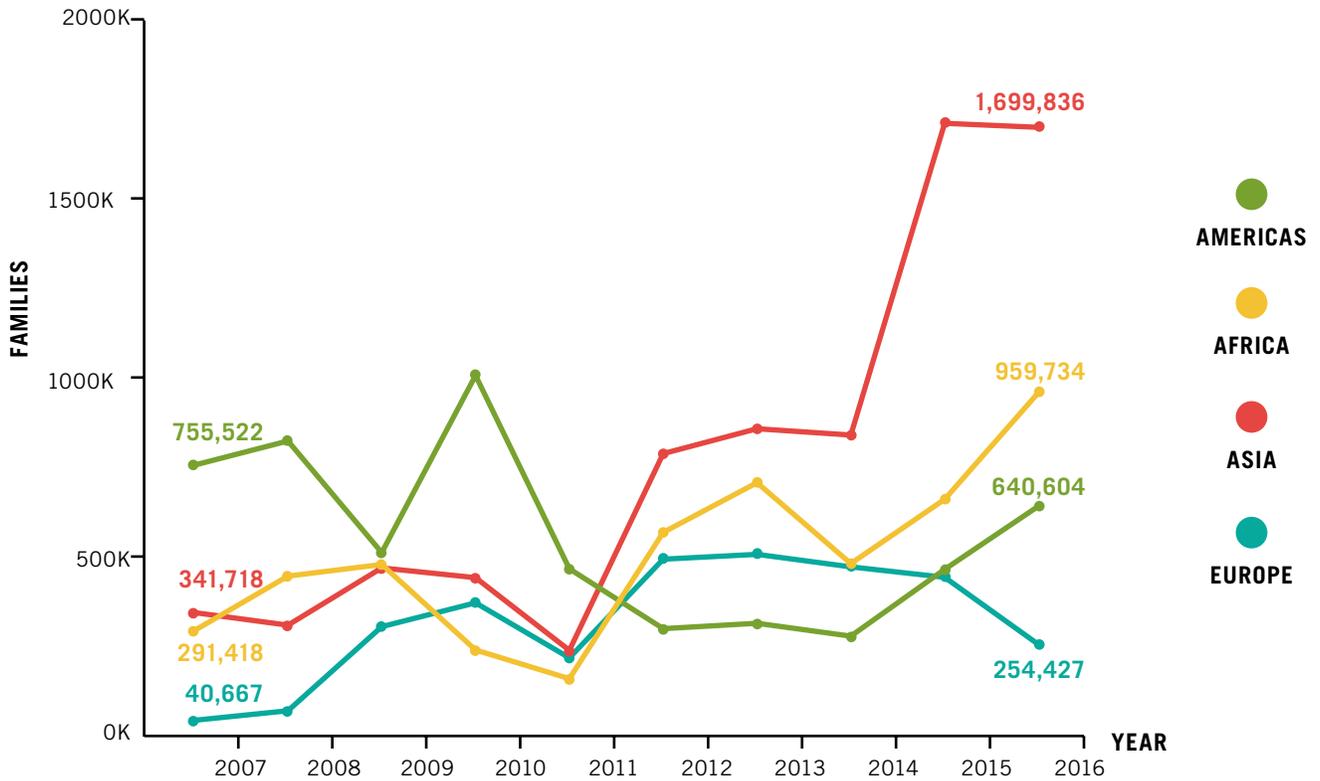
- Armenia
- Romania
- Ukraine

Numbers on map refer to total families assisted by area

TOTAL FAMILIES ASSISTED IN FY16



TOTAL FAMILIES ASSISTED BY AREA



AFRICA: THE ROAD FROM FARM TO MARKET



Steven Kipagatie and Rahel Mhema.

After receiving a dairy cow from Heifer Tanzania in 2010, Rahel Mhema and Steven Kipagatie shared their long-term dreams together: “Educate our children through high school and on to university; establish an orchard; buy more land for commercial timber; plant timber trees; buy a motorcycle.”

Five years later, they have achieved all of their goals and then some. Now Mhema and Kipagatie have a new goal. Through Heifer’s East Africa Dairy Development® (EADD) program, they aim to become entrepreneurs on a larger scale.

Guli Siwale, a coffee farmer in Shiwinga village, thanks God for giving her the strength to survive this long. Soon, through a partnership between Heifer Tanzania and the Starbucks Foundation, Siwale expects the gift of a heifer to steady what has been a tumultuous life.

In 2005, Siwale lost her husband to AIDS. A few years ago, AIDS also took her only daughter. Siwale was left to provide for three grandchildren, and that is a daily struggle. But Siwale believes better days are ahead. Soon, she will have a cow, materials for a cowshed and seeds for fodder. The cow’s manure should improve her coffee crop, and the milk will help meet her family’s nutritional needs. She can sell the surplus milk for around \$0.45 a quart. Her long-term vision is setting up small businesses for her grandchildren.

With a heifer and training, Siwale envisions her family’s situation changing dramatically, like it did for Mhema and Kipagatie.

Through EADD, Heifer and its partners are helping small-scale farmers fill the

void in the Tanzanian dairy market. The project connects farmers who have extra milk to sell with companies that buy in bulk. Small-scale farmers become part of a marketing chain, reaping good income for fresh milk.

Mhema and Kipagatie are new to the project, but they are seeing results from it and their previous work with Heifer. The tea factory where Mhema used to work paid her \$4 a month. Farming might have brought in an additional \$46 per month. Now, adding in milk sales, the family earns up to \$184.20 per month.

As Siwale awaits her heifer, she is hopeful her journey will be similarly fruitful. When she looks to the future, she sees the project bringing success to her family, recompense for the hard work and pain they have endured.



“I WILL BE ABLE TO LEAD A LIFE THAT OTHER PEOPLE ARE LEADING,” SIWALE SAID.

Guli Siwale with her grandchildren, Guli, Kevin and Gaby.



Mhema delivers her milk to the Wawahanjo dairy cooperative.



IMPROVEMENTS IN WOMEN'S DECISION-MAKING POWER

IN THE EAST AFRICA DAIRY DEVELOPMENT PROJECT, WOMEN'S DECISION-MAKING POWER IMPROVED SIGNIFICANTLY IN THE FOLLOWING AREAS:



LAND CULTIVATION



MORNING MILK PROCEEDS



EVENING MILK PROCEEDS



LIVESTOCK SALE PROCEEDS



CONTROL OF PRODUCTIVE ASSETS

Most noteworthy are the increases in women's decision-making power over proceeds from milk and livestock sales, with Kenya and Uganda more than doubling percentages. Additionally, women in Kenya and Tanzania gained substantial decision-making power and control of production assets.

IN FY16, A GREATER PROPORTION OF ALL PROJECTS REPORTED WOMEN'S DECISION-MAKING POWER OVER PRODUCTIVE ASSETS AT A RATE BETWEEN



INCREASE IN CLIMATE-SMART AGRICULTURE

THE NUMBER OF FARMERS ADOPTING THESE PRACTICES INCREASED SIGNIFICANTLY AND WAS ATTRIBUTED TO:



ENHANCED TRAINING



AWARENESS AMONG THE FARMERS



Women sorting good cardamom from bad.

AMERICAS: SPICE OF LIFE

Everyone in the Sierra de las Minas depends on two crops, cardamom—a high-priced aromatic spice—and coffee, to survive. Traditionally, the cloud forest’s climate helps the two plants thrive, but in recent years, a pair of plagues have cut cardamom prices in half and reduced coffee income to nothing.

HEIFER INTERNATIONAL GUATEMALA IS HELPING FARMERS KEEP THE PESTS AWAY FROM THEIR CARDAMOM WHILE ADDING MORE CROPS TO THEIR FARMS TO DIVERSIFY BOTH DIETS AND INCOME STREAMS.

According to Gustavo Hernandez, Heifer Guatemala director, families in the Sierra de las Minas need \$2,400 annually to cover all of their

expenses, but most cardamom farming families only earn half that. Heifer Guatemala’s goal is to bridge that gap and then some—helping families move themselves into a place of resiliency.

The first step in the project is finding environmentally friendly and cost effective ways to keep pests away. Biopesticide, at \$10 per ounce, is too expensive for farmers to buy on their own, so Heifer Guatemala is developing alternatives that farmers can afford or, ideally, make themselves.

To that end, “research, development and innovation” has become Hernandez’s mantra for the project, and a disparate group of organizations has been enlisted to help. Heifer Guatemala is working with Texas A&M University and Guatemala’s

Universidad San Carlos to examine the pest control issue, as well as ways to reduce the excessive amount of firewood used by cardamom dryers.

Heifer Guatemala is also seeking out new ways to use and market cardamom, and that has led to building relationships with The Doug Jeffords Co., a Tennessee-based spice vendor, and Kardamomuss, a fusion restaurant in Coban, Guatemala, that specializes in using cardamom in its dishes. The United States accounts for only 2 percent of the world’s cardamom use, and in Guatemala, the spice is almost never used. Hernandez would like to see both countries adopt more cardamom recipes, and Heifer Guatemala is working with its partners to see if cardamom products like iced tea or toothpaste could be viable in the marketplace.



Cardamom drying facility



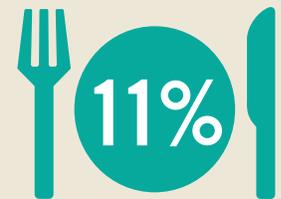
Sticky yellow flags trap thrips, preventing them from landing on the cardamom plants.



FOOD SECURITY AND NUTRITION

Families who participate in Heifer projects see significant improvements in nutrition and have more dietary diversity.

EACH YEAR OF PROJECT PARTICIPATION BRINGS AN



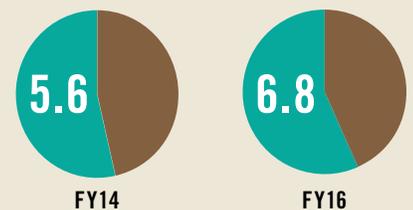
BOOST IN DIETARY DIVERSITY



A display of cardamom specialties line a table in Tucuru community.

Household dietary diversity scores represent the number of food groups consumed, using a scale of zero to 12. In FY16 we have projects with scores higher than 9, values not seen in previous years. Increases are linked to training in nutrition, as well as the use of local vegetables to improve food security and nutrition.

AVERAGE DIETARY DIVERSITY SCORE HAS BEEN INCREASING SINCE FY14



Cardamom seeds



Spices from the Doug Jeffords Co.



Klang Savuth, Kid Moa and their son Ky Damkoeung holding chickens outside their house.

ASIA: SMART FARMING

Just two years ago Klang Savuth and her husband, Kid Moa, grew barely enough rice to feed their family. They borrowed hundreds of dollars a year to meet their needs. Now the couple are innovators and successful entrepreneurs in the community of Kok Komeat, Cambodia, thanks mainly to chickens.

Klang and Kid joined Heifer International's INCOME program and received 20 chickens, vegetable seeds and training. The training on raising chickens was key to early success.

After passing on 30 chickens to another family, Klang and Kid eventually increased their flock to 200 birds. They now make at least \$250 a month selling the birds. Soon, other farmers began asking their advice on raising chickens because their flock size was growing quickly.

THE EXTRA INCOME ALLOWED THEM TO INVEST IN TECHNOLOGY AND INNOVATIVE SOLUTIONS THAT HELPED THEIR BUSINESS GROW BIGGER AND BETTER THAN EVER.

Together Klang and Kid diversified the farm to include pigs and a flourishing garden that they eat and sell from. As success and security opened up new opportunities, their aspirations grew. They scaled up their poultry operation even more by investing in a new, large incubator. With the incubator, they can warm 200 eggs at a time, which means they have plenty of space to expand the business.

They seized the chance to learn new techniques from Heifer trainings and put them into

practice on their own farm, such as using plastic bottles as planters to conserve space, water and fertilizer. These new ideas sparked Klang's imagination, and she applied the same concept to discarded coconut trees that she and her husband hollowed and converted into more resource-saving planters. With demand high for their products, Klang and Kid are looking to a future full of possibilities.



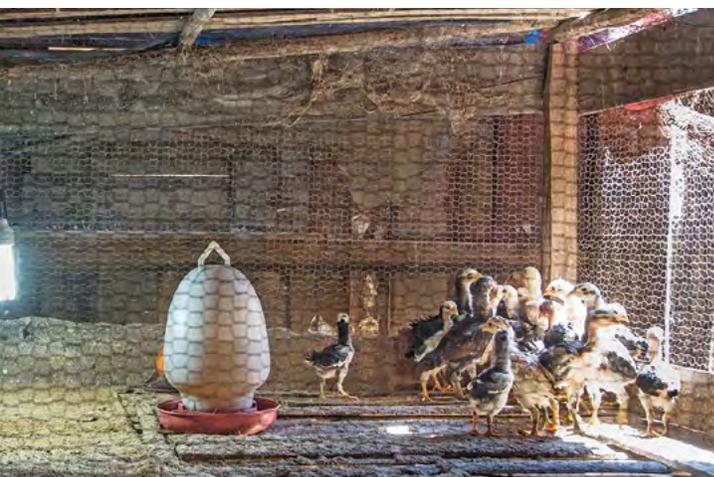
Kid Moa cleans a chicken coop.



Klang Savuth and her husband, Kid Moe, place goods in a shop run by the family.



Klang Savuth waters vegetables.



INCREASING INCOME AND ASSETS

ACROSS HEIFER'S PORTFOLIO OF PROJECTS,
THE ANNUAL HOUSEHOLD INCOME INCREASED FROM



\$1,898
FY15



\$2,249
FY16

THE INCOME PROJECT IN CAMBODIA INCREASED
FAMILY INCOMES FROM



\$2,352
FY14



\$5,009
FY16

WE START TO SEE PROJECTS
THAT HAVE ANNUAL HOUSEHOLD
INCOME VALUES



We continue to monitor and compare these values with their respective living income benchmarks.

USA: NURTURING CHICKENS PAYS OFF FOR ARKANSAS FARMER

Kerry Harrington's first batch of chickens set a record as the plumpest brood among the inaugural members of Arkansas's Grass Roots Farmer's Cooperative. Her success is likely due to the care she gives to her chickens. The broilers pass their days in "chicken tractors," roomy screen cages with no floors where the birds enjoy fresh air, sunshine and all the bugs and grubs they can find. Harrington suspects that moving her chicken tractors twice a day, rather than the once-daily norm, provides her chickens with better nutrition and sanitation. All of the nurturing pays off with bigger birds that pull in higher prices.

Heifer helped launch the Grass Roots Farmer's Cooperative in 2014. Harrington and nine other beginner farmers took

advantage of the co-op's loans, training, mentorship and other perks to get themselves started raising chickens, turkeys, pigs and cows for profit. This inaugural class of farmers relied on the co-op for \$25,000 in loans to cover start-up costs and depended on the co-op to handle transport, processing and marketing of their goods. The co-op provides legal and accounting advice, as well as access to a revolving loan fund that allows farmers to buy fencing, feed and other necessities. With access to a comprehensive suite of services to support their work, farmers are free to focus on their animals.

Having someone else handle the marketing and distribution end of farming works out well for Harrington, who prefers to stick close to home so she



Kerry Harrington

"I'VE NEVER WORKED MORE IN MY LIFE, BUT I'VE NEVER BEEN HAPPIER," HARRINGTON SAID.

can focus on her family and their animals. She's ramping up her chicken business, and plans to be raising 12,000 chickens per year by 2018.



Kerry Harrington checks on her chickens.



Laying hens are treated to a bowl of fresh cream on Kerry Harrington's farm.



Kerry Harrington moves her chicken pen to fresh ground.



WOMEN'S EMPOWERMENT

28%
OF USA FARMERS
ARE WOMEN



12%
OF THE FARMERS IN
ARKANSAS ARE WOMEN



3 out of 5

GRASS ROOTS FARMER'S COOPERATIVE
BOARD MEMBERS ARE WOMEN



EVOLVING ECONOMIES



\$1,629,557
GRASS ROOTS FARMER'S
COOPERATIVE CUMULATIVE SALES

HEIFER USA CREATED



29 NEW FULL-TIME
FARM JOBS



38 NUMBER OF NEW
MARKETS ACCESSED

LEADERSHIP



PIERRE FERRARI
President and Chief
Executive Officer



HILARY HADDIGAN
Chief of Mission
Effectiveness



BOB BLOOM
Chief Financial
Officer



MAHENDRA LOHANI
Senior Vice President
for Programs



OSCAR CASTAÑEDA
Vice President for the
Americas Program



DAVID NORMAN
Senior Vice President
of Investment Programs



JULIE WOOD
Vice President of
Human Resources



CHRISTY MOORE
Vice President
of Marketing



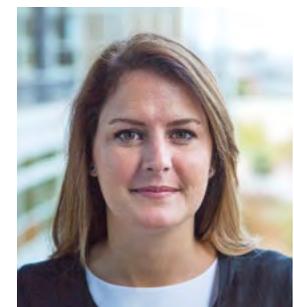
**MICHELLE DUSEK
IZAGUIRRE**
Vice President of
Marketing and Resource
Development Operations



GREGORY KEARNS
Vice President of
Institutional and
Business Development



CHAD AVERY
General Counsel



JESSICA FORD
Board Liaison and
Assistant to the CEO



**OUR BOARD OF DIRECTORS
COMPRISES 19 MEMBERS:**

- Three Covenant Agency Directors, representing various faith-based groups
- 14 at-large directors, holding board-specific skill sets. At least one director resides in each of the international program areas where Heifer carries out its work
- The Chair and Vice-Chair of Heifer International Foundation's Board of Trustees

**STANDING
LEFT TO RIGHT**
SANDRA GODDEN
GEORGE PETTY
JAY WITTMAYER
NIKOLAUS HUTTER
DARYN DODSON
FRANCINE ANTHONY
TOM HADFIELD
PETE KAPPELMAN
JERRY JONES

NOT PICTURED ABOVE



EDUARDO STEIN BARILLAS



JOSEPHINE OGUTA

**SEATED
LEFT TO RIGHT**
STEVEN YUNG
SUSAN GRANT, CHAIR
DOUG GALEN
PIERRE FERRARI, CEO
ESTHER COHEN
CAROLYN HOUSE STEWART



ASHLEY STONE



ARLENE WITHERS

FINANCIALS

FISCAL YEAR 2016 CONSOLIDATED EXPENSES



PROGRAMS: 76.1%

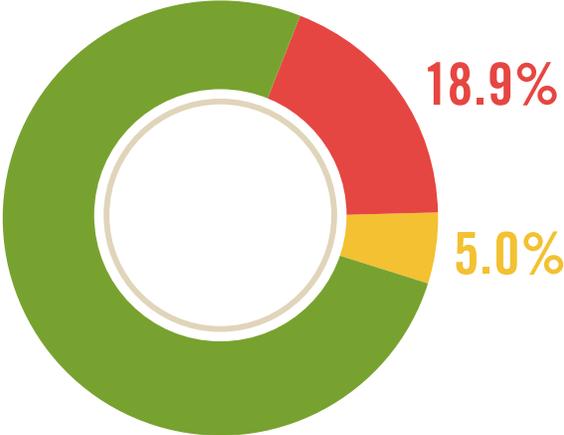


FUNDRAISING: 18.9%



MANAGEMENT: 5.0%

76.1%



LEVERAGING LOCAL RESOURCES

Heifer International grows our programmatic impact in exponential ways at the local level. We work with partners who contribute additional program resources directly to the communities we serve around the world.



\$12.7 MILLION

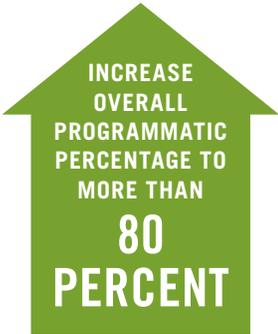
THE TOTAL OF LOCALLY LEVERAGED RESOURCES FROM PARTNERS INSPIRED BY PASSING ON THE GIFT IN FY16



\$7.7 MILLION

THE VALUE OF ONE GENERATION OF ANIMALS PASSED ON IN FY16 ACROSS ALL PROJECTS AND PROGRAMS

The additional resources generated on the local level:



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

Assets	2016	2015
Cash and Cash Equivalents	\$31,427,821	\$41,363,972
Restricted Cash	9,850,974	12,673,410
Accounts and Interest Receivable, Net of Allowance	1,688,169	2,686,339
Grant Reimbursements Receivable	322,557	375,313
Prepaid Expenses and Other	2,198,721	1,547,194
Contributions Receivable, Net of Allowance	1,970,690	2,144,351
Interest in Net Assets of Heifer International Foundation	85,958,150	81,945,294
Property and Equipment, Net of Accumulated Depreciation	48,327,088	49,029,156
Total Assets	\$181,744,170	\$191,765,029

Liabilities and Net Assets

Liabilities		
Accounts Payable	\$3,260,582	\$3,131,003
Accrued Expenses	4,141,097	4,719,563
Deferred Revenue	1,179,586	590,311
Bonds Payable	12,155,000	13,285,000
Total Liabilities	\$20,736,265	\$21,725,877

Net Assets

Unrestricted	61,489,234	69,259,169
Temporarily Restricted	19,859,691	25,944,943
Permanently Restricted	79,658,980	74,835,040
Total Net Assets	\$161,007,905	\$170,039,152
Total Liabilities and Net Assets	\$181,744,170	\$191,765,029

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

Revenues, Gains and Other Support	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Contributions	\$100,957,148	\$5,633,064	–	\$106,590,212
Federal Government Grants	1,750,294	–	–	1,750,294
Other Grants	1,606,850	341,760	–	1,948,610
Educational Programs	1,248,959	–	–	1,248,959
Promotional Events and Material Sales, Net of Cost	\$300,819	–	–	300,819
Other	1,029,108	–	–	1,029,108
Change in Interest in Net Assets of Heifer International Foundation	(2,597,957)	(811,084)	4,823,940	1,414,899
Net Assets Released from Restrictions	11,248,992	(11,248,992)	–	–
Total Revenues, Gains and Other Support	115,544,213	(6,085,252)	4,823,940	114,282,901

Expenses and Losses

Program Services	93,846,460	–	–	93,846,460
Fundraising	23,241,549	–	–	23,241,549
Management and General	6,213,010	–	–	6,213,010
Total Expenses and Losses	123,301,019	–	–	123,301,019
Change in Net Assets	(7,756,806)	(6,085,252)	4,823,940	(9,018,118)

Other Changes in Net Assets

Foreign Currency Translation Adjustment	(13,129)	–	–	(13,129)
Total Change in Net Assets	\$(7,769,935)	\$(6,085,252)	\$4,823,940	\$(9,031,247)
Net Assets, Beginning of Year	\$69,259,169	\$25,944,943	\$74,835,040	\$170,039,152
Net Assets, End of Year	\$61,489,234	\$19,859,691	\$79,658,980	\$161,007,905

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND 2015

Cash Flows from Operating Activities	2016	2015
Change in Net Assets	\$(9,031,247)	\$(326,520)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities:		
Depreciation	3,256,909	3,281,744
Change in Allowance for Bad Debts	(306,828)	353,377
Amortization of Pledge Discount	(237,987)	267,621
Change in Interest in Net Assets of Heifer International Foundation	(1,414,899)	(1,485,844)
Gain on Disposals of Equipment	(96,717)	(331,384)
Unrealized Foreign Exchange Difference of Fixed Assets	155,142	828,971
Net Realized and Unrealized Gains on Investments	(11,865)	(5,199)
Stock Donation	(1,688,954)	(1,572,702)
Proceeds from Sales of Donated Stock	1,678,736	1,554,356
Changes In:		
Restricted Cash	2,822,436	3,522,817
Accounts and Interest Receivable	1,134,518	2,479,173
Grant Reimbursements Receivable	52,756	(170,827)
Prepaid Expenses and Other	(629,444)	507,328
Contributions Receivable	582,128	(1,595,160)
Accounts Payable	61,246	(183,082)
Accrued Expenses	(578,466)	(125,501)
Deferred Revenue	589,275	(153,031)
Net Cash (Used in) Provided by Operating Activities	(3,663,261)	6,846,137
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(2,783,807)	(2,833,652)
Proceeds from Disposals of Property and Equipment	238,874	419,726
Net Effect on Fixed Assets Due to Consolidation/Deconsolidation	–	170,994
Proceeds from Distributions from Heifer International Foundation	1,769,204	1,185,569
Contributions to Heifer International Foundation	(4,367,161)	(2,813,177)
Net Cash Used in Investing Activities	(5,142,890)	(3,870,540)
Cash Flows from Financing Activities		
Principal Payments on Bonds Payable	(1,130,000)	(1,090,000)
Net Cash Used in Financing Activities	(1,130,000)	(1,090,000)
(Decrease) Increase in Cash and Cash Equivalents	(9,936,151)	1,885,597
Cash and Cash Equivalents – Beginning of Year	41,363,972	39,478,375
Cash and Cash Equivalents – End of Year	\$31,427,821	\$41,363,972
Noncash Operating and Investing Activities		
Purchases of Property and Equipment in Accounts Payable	68,333	179,028
Donation of Stock	1,688,954	1,572,702
	\$1,757,287	\$1,751,730
Supplemental Disclosure of Cash Flow Information – Interest Paid	\$465,862	\$504,990





**WE MUST ALIGN
UNDER THE PURPOSE
OF HELPING FAMILIES
ACHIEVE DIGNIFIED INCOMES,
AND WE ALL MUST
BRING OUR OWN UNIQUE
STRENGTHS TO THE TABLE.
THE FUTURE OF FIGHTING
GLOBAL HUNGER AND POVERTY
WILL REQUIRE ALL SECTORS
WORKING SIDE BY SIDE,
UNITED BEHIND A COMMON GOAL.**

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PIERRE FERRARI



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