

# ACCELERATING THE PATH TO LIVING INCOME



ANNUAL  
REPORT 2017

.....

*Sustainable development  
is the pathway to the future  
we want for all. It offers  
a framework to generate  
economic growth, achieve  
social justice, exercise  
environmental stewardship  
and strengthen governance.*

**BAN KI-MOON**  
*Former Secretary General  
of the United Nations*

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*The world has witnessed a turbulent year. Millions of people experienced the wrath of natural disasters, from a string of hurricanes to earthquakes, mudslides, drought and severe flooding.*

The farmers we work alongside were not immune. Monsoon flooding in Nepal extended into India and Bangladesh, wiping out farmland and washing away crops and livestock. Torrential rain and hurricane-force winds pounded the northern coast of Haiti and devastated communities here at home. Couple the unusual weather patterns with potentially devastating policy changes, and we stand to vastly increase the population of the most vulnerable.

Yet, this only strengthens our resolve to build resilience and create new value in the communities where we work to help farmers generate income to support their families. We are combining our values-based holistic community development with inclusive market development to create an exponential cycle of rural economic growth — providing the momentum needed to help families move out of poverty.

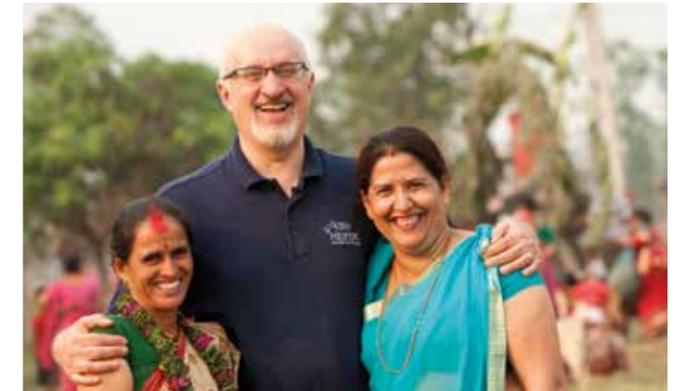
In the past year, we have seen a growing evidence base of sustainable change in livelihoods and resilience among households and communities, which you'll see reflected in this report.

We see our work as an important part of the bigger picture in achieving the United Nation's Sustainable Development Goals of zero hunger and poverty by 2030. And our commitment deepens to continue our work of empowering farmers, strengthening their connections and building resilience to move them toward a prosperous future.

Thank you for standing in solidarity with us as we continue to accelerate the path to living income for farmers worldwide.

Yours for a better world,

Pierre Ferrari



### Our fundamental approach



Values-based community development

+



Livestock

+



Training



### Our innovative ways to strengthen rural economies



Connection to markets

+



Strengthening agro enterprise

+



Access to capital and partnerships



### Will help achieve:

<p><b>1</b> NO POVERTY</p>	<p><b>2</b> ZERO HUNGER</p>	<p><b>5</b> GENDER EQUALITY</p>	<p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>
<p><b>13</b> CLIMATE ACTION</p>	<p><b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p><b>17</b> PARTNERSHIPS FOR THE GOALS</p>	



**THE MISSION OF HEIFER INTERNATIONAL IS TO END HUNGER AND POVERTY WHILE CARING FOR THE EARTH.** To achieve that mission, we have developed strategies to increase our impact and help more people create truly resilient, sustainable lives. Each strategy has built upon the last.

**TWO YEARS AGO, WE ADVANCED THAT WORK AGAIN: CREATING A GOAL TO CLOSE THE GAP BETWEEN POVERTY AND A LIVING INCOME FOR THE SMALL-SCALE FARMING FAMILIES WHO PARTICIPATE IN OUR PROJECTS.** We knew we needed to help farmers analyze and maximize what income they can earn from their farming activities, while providing tools, training and support.

**NOW, WE ARE ACCELERATING THE GOAL TO PARTNER WITH EXTREMELY POOR SMALL-SCALE FARMERS WHILE ADVANCING WORK IN INCLUSIVE MARKET SYSTEMS WITH A STRONG VALUES-BASE AT THE CORE.** By helping farmers access formal markets and capital, we can provide opportunities that make millions of farming families achieve the growth that moves them out of poverty to a living income. We believe this work will also help the entire global development community move forward on the path to zero hunger and zero extreme poverty by 2030.

**IN FISCAL YEAR 2017 WE ASSISTED 2.1 MILLION FAMILIES EITHER DIRECTLY OR INDIRECTLY. MORE THAN 107,000 FAMILIES WERE PART OF 33 NEW PROJECTS INITIATED.**

*Passing on the Gift® is the hallmark of our approach. This practice, at minimum, doubles the impact of the original gift, transforming a once impoverished family into full participants.*

## PORTFOLIO AT A GLANCE

Number of families assisted since Heifer began operations in 1944:

# 32.3 MILLION

<b>FY17 TOTAL</b>	<b>197</b> TOTAL NUMBER OF PROJECTS	<b>2,173,325</b> INCREMENTAL FAMILIES ASSISTED
<b>NEW</b>	<b>33</b> PROJECTS	<b>107,925</b> PLANNED NUMBER OF FAMILIES IN NEW PROJECTS

## WHERE WE WORK



\*Transitioning from direct Heifer management

## OUR WORK AT HOME

The following is a snapshot of how Heifer USA is helping Arkansas farmers sustain higher incomes, as well as support the local food movement, keeping wealth in communities.

## PROFILE AND RESULTS

### Grass Roots Farmers' Cooperative INCORPORATED IN 2014

FARMERS MEMBERSHIPS

# 13

PRODUCT STANDARDS

- GMO
- Antibiotics
- Growth-hormones
- Pastured chicken
- Grass-fed beef
- Forested/pastured pork

ANNUAL REVENUE

# +493%



IMPACT TO FARMERS

**\$83,000** (+416%)  
in average gross revenues from meat sales up from \$16,100 in 2014.

DONATIONS TO COMMUNITIES

**2,000 lbs**   
of chicken and pork to food pantries in the Fayetteville, Ark. area.

### New South Produce Cooperative INCORPORATED IN 2016

FARMERS MEMBERSHIPS

**8** full  
**16** associate

PRODUCT STANDARDS

- 
- Certified Organic
- Certified Naturally Grown

ANNUAL REVENUE

# +295%



IMPACT TO FARMERS

\$11,100 in average gross revenues from produce sales to New South Produce in 2016; the percentage of farmers impacted has increased by 500 percent.

DONATIONS TO COMMUNITIES

**6,427 lbs**  
of fresh produce to the Arkansas Hunger Relief Alliance.

### 2014-2017

# 20

new farmers in Arkansas co-ops; 110 additional new farmers outside Co-ops

# 34

full time equivalent off-farm jobs

# 67

farmers attending training

# 88

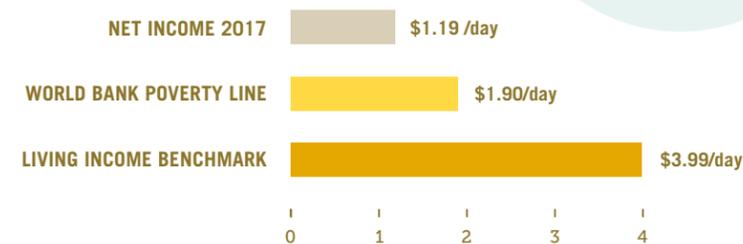
farmers receiving grants

# 10

new transactional partners selling to New South Produce

**LIVING INCOME REFLECTS THE TOTAL INCOME NEEDED TO LIVE A DIGNIFIED LIFE — ONE WITH ADEQUATE, NUTRITIOUS FOOD, ACCESS TO RESOURCES, EMPOWERMENT, AND CHILDREN EDUCATED, HEALTH CARE AND FUNDS FOR EMERGENCIES. THIS YEAR, WE DEVELOPED 22 BENCHMARKS IN 15 COUNTRIES, AND ALL PROJECTS ARE NOW REQUIRED TO BUILD THE LIVING INCOME BENCHMARK AND ANALYSIS INTO PROJECT DESIGN.**

**Bihar, India**  
**Comparison: Living Income Benchmark, World Bank Poverty Line, Actual income**  
 \$USD



## BIHAR, INDIA

Below are insights from Bihar, India, where living income benchmarks were applied in project adaptation. Other examples of benchmarks and actual income are also shown.



### Bihar Context:

- 13<sup>th</sup> largest state by area
- 3<sup>rd</sup> largest population, leading agriculture state
- 40% population below national poverty line
- 58% population younger than 25

### Bihar Socioeconomic Development Project:

- 24,000 women smallholder farmers from minority communities/castes
- Women's self-help groups, producer cooperatives, and value chains
- Total Project Cost: \$4.89 million
- January 2016 start date
- Primary project interventions:



## CLOSING THE INCOME GAP

Based on market analysis and value chain gaps, the following are examples of value-addition activities considered for implementation that will help close the income gap between current income and living income.



### Good Nutrition

Increase animal-source food consumption to improve nutrition of women and children since malnutrition and stunting rank high in India, thus influencing behavior change in the community.



### Hydroponic Fodder

Implement a community-managed fodder strategy, grow hydroponic fodder in large scale, and sell to the community at nominal prices to address shortages in the lean season.



### Youth

Build skills among local youth, primarily girls, to support management and marketing of local produce, and forward linkages in the value chain to ensure steady growth in the cooperatives and reduce migration.

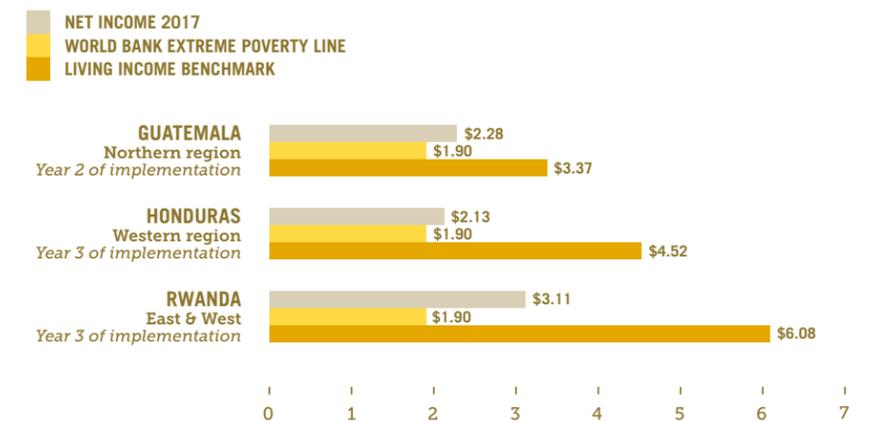


### Risk Fund

Introduce a community-managed risk fund for livestock.

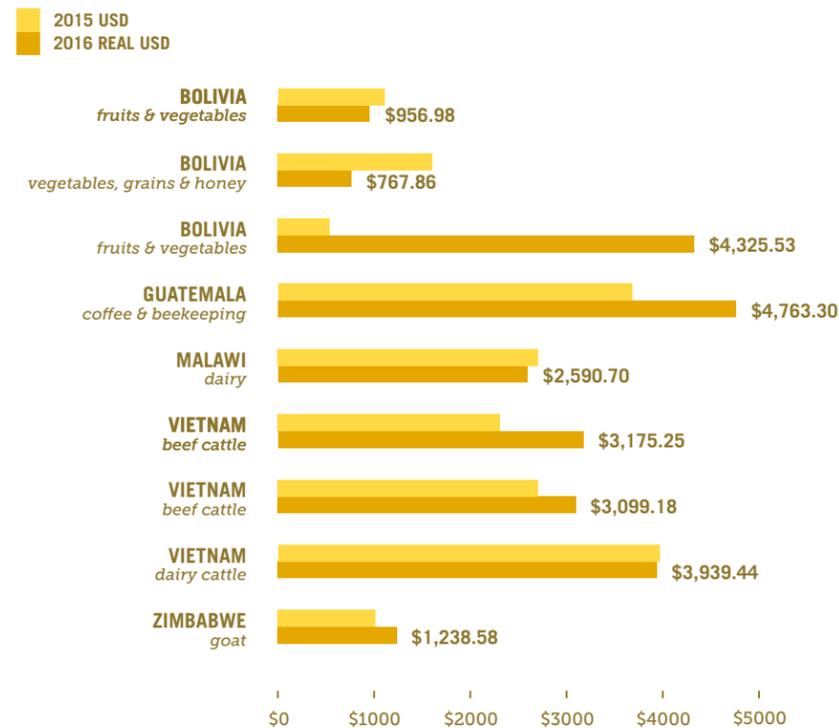
## Examples of Living Income analysis from other countries

BENCHMARK VS ACTUAL FY17 NET INCOME



EACH YEAR WE MONITOR PROGRESS ON KEY INDICATORS IN A CROSS-SECTION OF PROJECTS. PRESENTED HERE IS DATA THAT SPEAKS TO OUR CORE WORK IN COMMUNITY DEVELOPMENT AND INTEGRATED LIVESTOCK AGRICULTURE, WHICH IS FOUNDATIONAL TO OUR SUCCESS IN ENDING HUNGER AND POVERTY AND CARING FOR THE EARTH. WITHOUT THIS WORK, LIVING INCOMES WOULD BE OUT OF REACH.

**Household Real Annual Net Income**  
SAMPLE OF PROJECTS



## SUSTAINABLE INCOME

Reviewing annual household income year over year in a sample of projects helps us see changes over time in specific communities. Evaluation and case study reporting also demonstrates increases in income resulting from improved business skills and strategies with increased market engagement. In 2017, we transitioned to reporting on net income from gross income to more accurately reflect disposable income. The change in approach is required for a comparison to the living income benchmark.

### SUPPORTING EVIDENCE

A Malawi community where post-project reporting was finalized in fiscal year 2017 demonstrates economic benefits that are sustained and continue to grow three years post-project, taking communities beyond living income.

The analysis included a social network analysis and demonstrated that our project had strengthened social capital throughout the community with “relational spillover” effects, including knowledge sharing, social safety net support and other benefits. These spillover effects also have a significant economic value.

### Farmers' average income



#### Information

62% rely on Heifer farmers and Community Animal Health Workers for new information on crop and/or livestock production.



#### Network

For every 1% increase in a Heifer farmer's income, the income of people in their network grew by 0.78%.



#### Association

For every one Heifer farmer, 5.3 people (ratio of 1:5) benefited from an association with that Heifer farmer.





In Bangladesh, a project where recipients received both microfinance and our values-based holistic community development model, the number of vegetable-producing households increased significantly after intervention in 2016, from less than 20% of households to almost

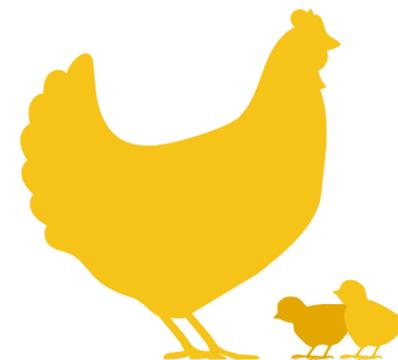
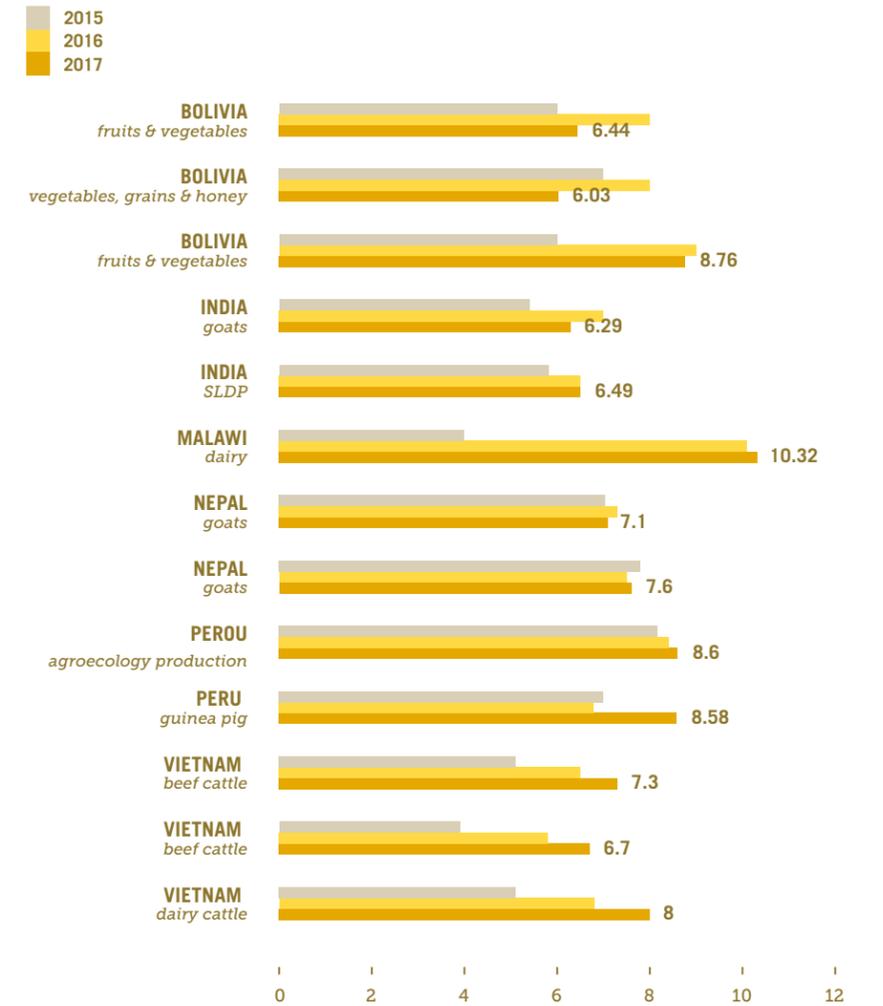
90%



## FOOD SECURITY

We assess food security by considering dietary diversity scores and availability of food using months of adequate food provision. Dietary diversity captures a household's access to a quality diet. The dietary diversity score captures the number of food groups consumed in each period – 12 being the maximum available, and above six considered acceptable.

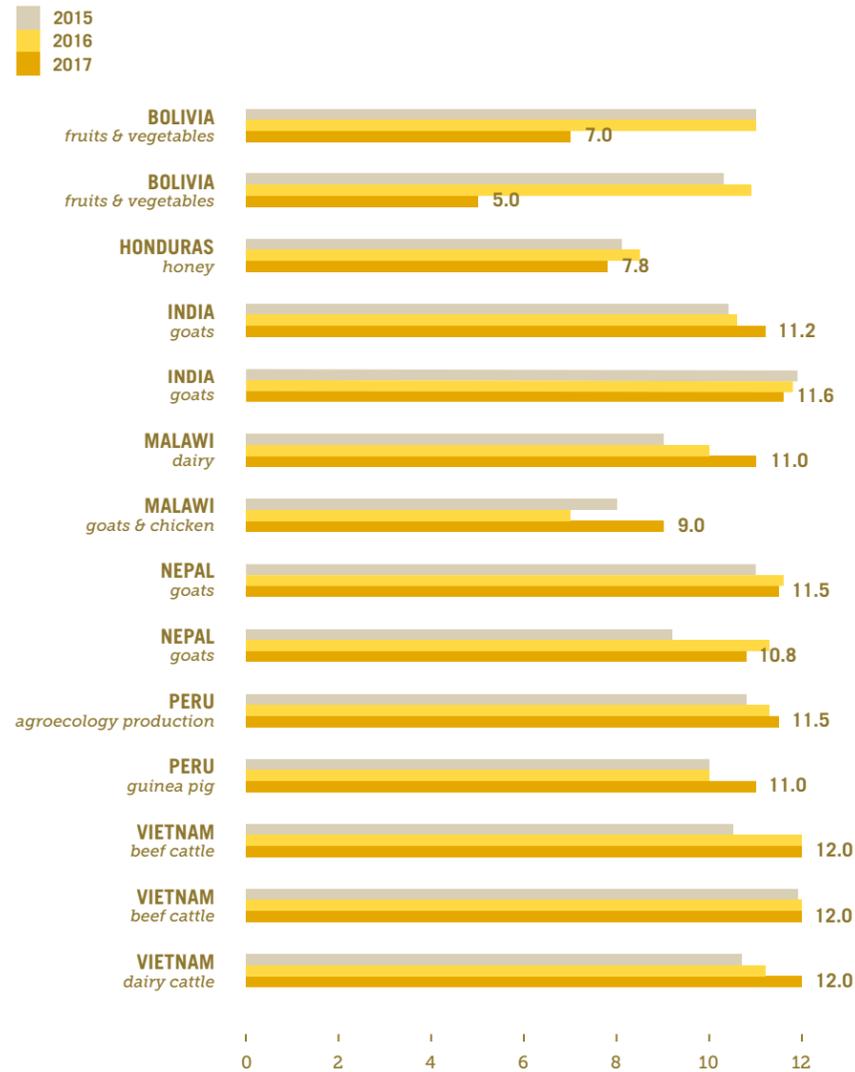
**Dietary Diversity Scores**  
SAMPLE OF PROJECTS 2015-2017



The **Malawi** Scale-Up project increased dietary diversity over two years of project implementation from 4 at baseline to 10.32 in 2017; improvements in dietary quality is attributed to increased milk consumption from 44.53% at baseline to 94.3% in 2017; increased milk production per cow per household; good harvest from own production. Milk production reached 12.5 liters per day per cow surpassing target of 12 liters.

**Nepal** projects reported scores above 7 – higher than the average Nepal score of 6.4. Consumption of animal food sources has increased, for example, families consuming meat went from 28% to 49% in 2017.

**Months of Adequate Food Provision**  
SAMPLE OF PROJECTS 2015-2017



Months of adequate household food provision is also a widely-accepted indicator for food security.

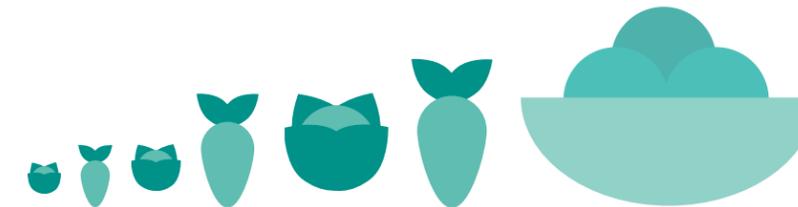
Beef cattle and dairy cattle projects in **Vietnam** attributed sustained improvements in food security indicators to the awareness and training in human nutrition for health improvement. Increases in income have also enhanced the opportunities and reduce the vulnerability during the "thin months," or hunger that occurs seasonally.

Fruits and vegetables projects in **Bolivia** show a decrease in both food security indicators which is attributed to severe drought in the project areas, reducing crop productivity.



**SUPPORTING EVIDENCE**

Evaluation results in Bangladesh show that an increase in income can directly impact food security and the diversity of diets eaten by project participants. In this action-research study in Bangladesh, we supplemented our model with microfinance. We evaluated the impact difference in groups who received our Values-Based Holistic Community Development with a reference group that received only microfinance.



**Drinking Water**

Access to safe drinking water went from 79.87% to 98.60%.



**Average Income**

Heifer participants remarkably increased incomes, improved their vegetable production, poultry farming, cattle fattening, improved sanitation, hygienic and nutritional knowledge, planting of fodder and fruit trees from the base year. However, the rate of increase of average income for Heifer group (from \$63.98 to \$90.52) is appreciably higher than Reference group (from \$82.70 to \$90.63).

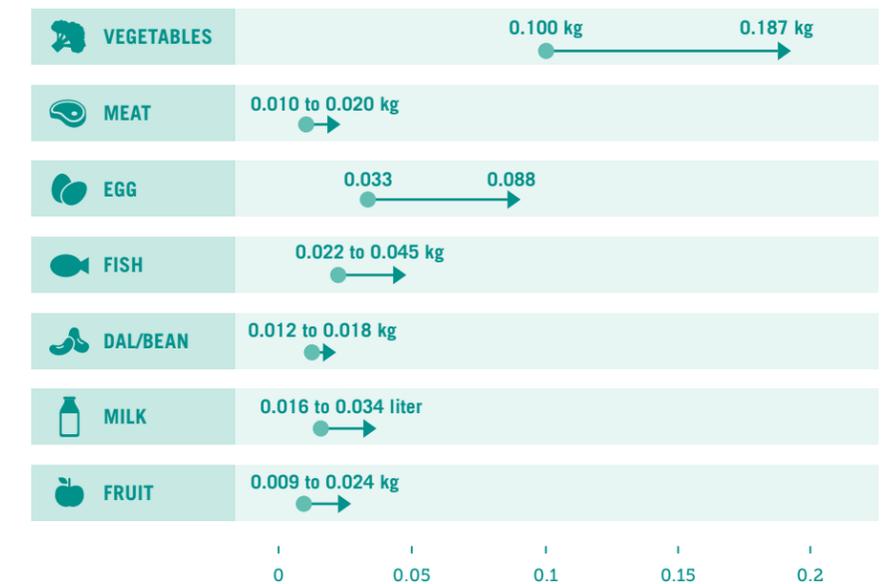


**Vegetables**

The numbers of vegetable producing households under Heifer groups increased significantly after intervention – from less than 20% of households to almost 90%.

**Diversification**

Food consumption diversification and nutrition intake increased among Heifer participants. Per day, the increases were:





+25%

On average, across the portfolio of projects reporting, 75.3% of project participants have adopted climate-smart agricultural practices compared to 60.1% last year.

## ENVIRONMENTAL PROTECTION

*In areas of the world where agricultural productivity is already low and the means of coping with adverse events are limited, climate change is expected to reduce productivity to even lower levels. To stabilize output and income, production systems must become more resilient.*

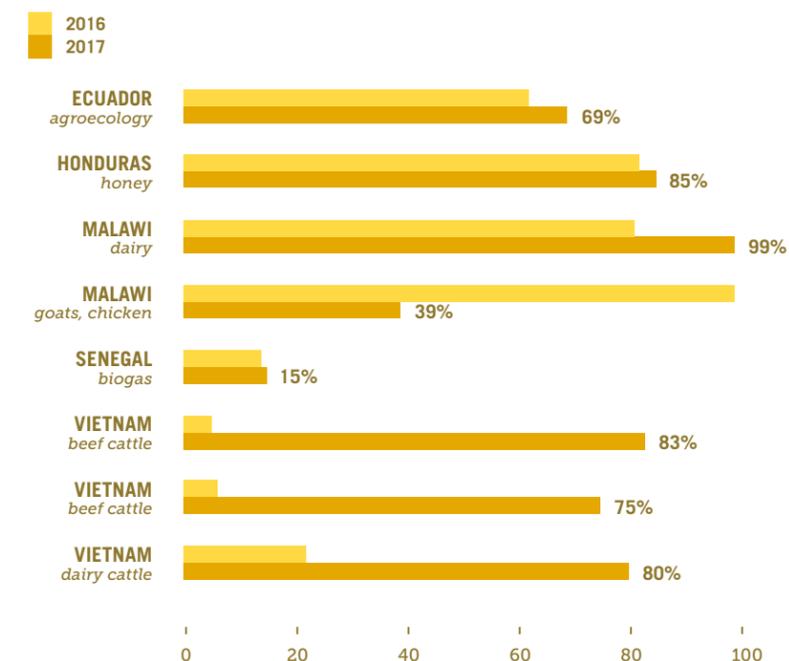
Climate-smart agriculture is tackling this by sustainably increasing agricultural productivity and incomes; adapting and building resilience to climate change; and reducing and/or removing greenhouse gas emissions, where possible.

We have seen a large increase in the adoption of climate-smart agriculture across the portfolio. **On average, 75.3 percent of project participants have adopted climate-smart agricultural practices during fiscal year 2017, an improvement over fiscal year 2016 that reported 60.1 percent adoption.**

### SUPPORTING EVIDENCE

Soil management and nutrient improvement is a sub-classification of climate-smart agricultural practices. On average, 73.8 percent of project participants adopted soil management practices during fiscal year 2017. This is an improvement from last year that was reported at 67 percent.

### Climate Smart Agriculture Practices SAMPLE OF PROJECTS 2016-2017



In **Ecuador**, a project working with solar energy reported an increase from 62% to 69% during fiscal year 2017.

Facing drought, farmers in the Mekong Delta in **Vietnam** were motivated to adopt climate-smart agriculture practices including water harvesting, integrated farming systems, and drinking systems for dairy cows. Significant improvement was reported, from less than 20% in 2016 to around 80% in 2017.



#### Beef Cattle Project

A beef cattle project in Vietnam reported that 99% of the participants adopted soil management practices by the end of the project in 2017.

#### Swine Project

Final evaluation of a Philippines swine project showed increased soil management practices from 53% at baseline to 85% at the end of the project.

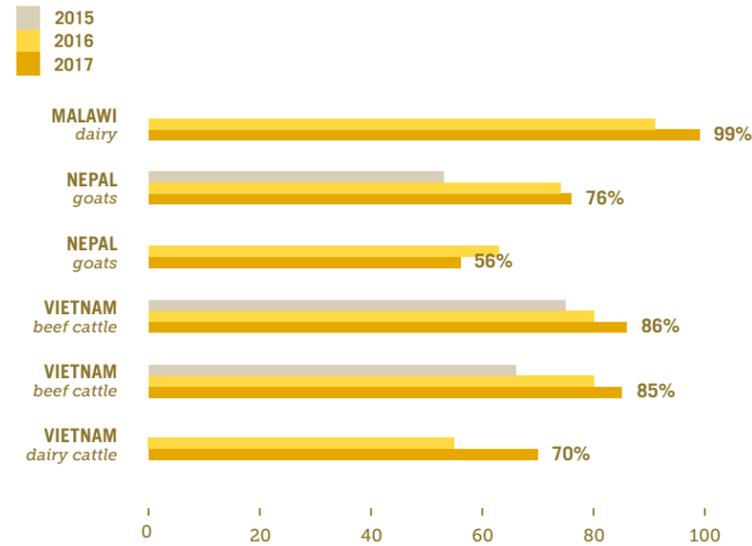
#### Food Security Project

An environmental conservation and food security project in Ecuador reported that 100% of the project households adopted soil management practices at the end of the project in 2017.

100%

**Women Decision-Making Power Over Productive Assets**

SAMPLE OF PROJECTS



**Nepal: after 18 months, intervention causes a statistically significant increase in the index of women's financial inclusion and an increase in empowerment among direct beneficiaries**



**Community**

Substantial indirect effects were also observed. Those who live in the same community as direct beneficiaries but who were not targeted also experienced statistically significant increases in financial inclusion and empowerment in keeping with those seen in directly targeted beneficiaries.



**Training**

This indirect effect is not present where the training is not included, suggesting that the values-based training is critical for achieving a broader impact at lower cost.

**+4.3%**

**Assets and income**

Compared to women in the control group, women who participated in the program are 4.3% more likely to own productive assets and 4.6% more likely to have some control over use of income.

**EDUCATION AND WOMEN'S EMPOWERMENT**

*Gender equity and women's empowerment remain core to our work. We strive to ensure that women gain decision-making power where it is absent and that they develop skills to take on leadership roles at group and community levels.*

Our work seeks to incorporate cooperatives, enterprises and value chain activities, thereby ensuring continued women's empowerment and the full inclusion of women in the benefits of market development.

Evaluations reporting in fiscal year 2017 add to the evidence base for increasing gender equity and women's empowerment.

**SUPPORTING EVIDENCE**

In Nepal, preliminary findings from a randomized controlled trial in five districts of Nepal affected by the April 25, 2015, 7.8-magnitude earthquake demonstrate that, despite the earthquake, our program is empowering women ages 20 to 40 and connecting them to financial markets.

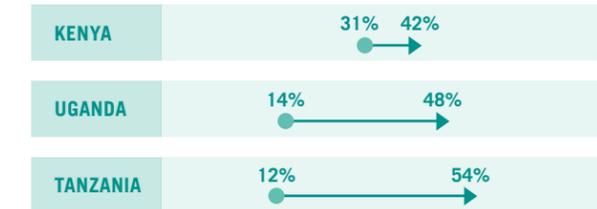
**SUPPORTING EVIDENCE**

In East Africa, women's participation in decision-making about morning and evening milk proceeds, participation in the sale of livestock and land cultivation decisions increased in Kenya, Uganda and Tanzania. Results suggest that increasing milk supply to the hub will have positive and significant effects on gender participation.

Gender equality increases significantly if the production of milk per cow increased.



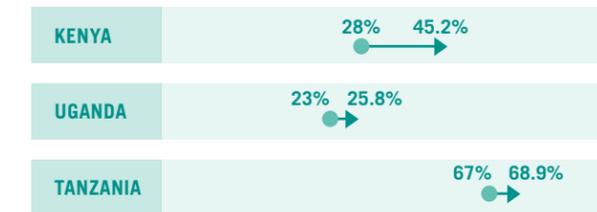
**Women controlling proceeds from morning milk**



**Women's participation in proceeds from sale of livestock and land cultivation**



**Women controlling productive assets**

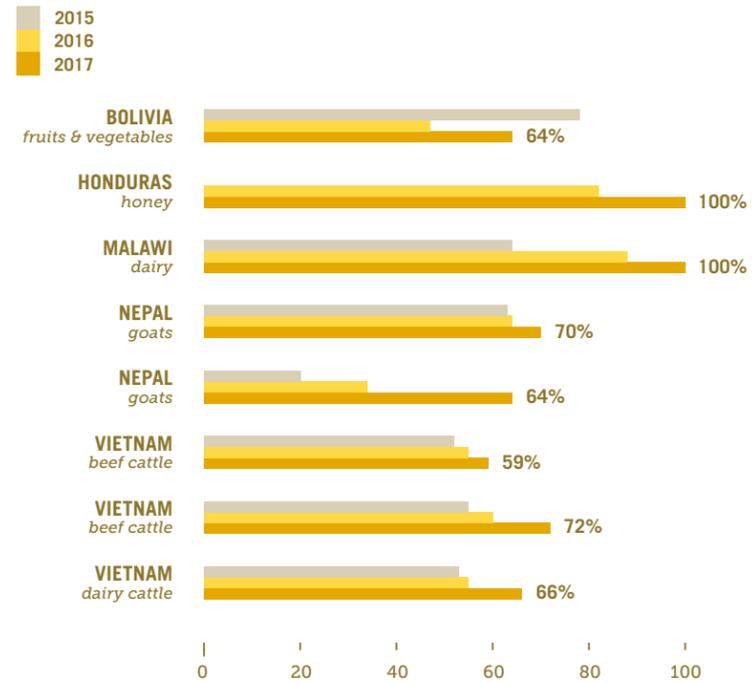


**+42%**

In Tanzania the proportion of women controlling proceeds from morning milk rose by 42%.

**Evidence of Progress**

**Participation in Community-Based Organizations**  
SAMPLE OF PROJECTS



The graph shows that all the projects result in increased households' participation in community-based organizations. The median result is 70.8% of project members participating. However, in a few instances the projects achieve **100% of participation**.

The **Malawi** dairy project reported that 100% of the participants are engaged in community-based organizations in 2017. Households recognized that belonging to milk bulking groups as well as other community groups provide support as part of their social safety net.

**80%**

of project participants perceived solidarity and cooperation among their community members across the portfolio of projects reporting.



**SOCIAL CAPITAL**

Social capital is the foundation of our Values-Based Holistic Community Development model. It can refer to the composition and practices of local-level institutions and social networks that enable collective action or to the shared norms, values, attitudes and beliefs that predispose people toward mutually beneficial collective action. We look at both to gauge the level of participation or engagement in community-based organizations as a measure.

**SOLIDARITY AND COOPERATION**

On average, 80 percent of project participants perceived solidarity and cooperation among their community members during fiscal year 2017.

This can be explained by the group and hub approach along with our 12 Cornerstones for Just and Sustainable Development that are used as guiding principles to community approach.

In Vietnam, pre-cooperative and cooperative training are some of the activities that emphasized the importance of a collective group in improving community spirit and entrepreneurship.

Training on gender equity, which raises awareness of women's roles in families and the importance of shared decision making, led to projects reporting that the average rate at which women held decision-making power over productive assets was

**66%**

across the portfolio of projects reporting.



# Strategic Partnerships

*Strong alliances are key to advancing our mission of ending hunger and poverty. We endeavor to develop partnerships with values-driven organizations that align with our mission, values, strategy and holistic community development approach.*

*We prioritize relationships that have the potential to strengthen inclusive local economies and to connect small-scale farmers to formalized value chains and strong demand-driven markets, allowing us to have exponential impact for the farming families we work alongside. The following is a sampling of those we initiated agreements with or started new projects or fundraising programs with in 2017.*



## BLOMMER CHOCOLATE COMPANY

*The Ecuadorian Equation: A Future for Cocoa Farmers in the Amazon* is a two-year project designed by Blommer Chocolate company, Heifer International and ECO-KAKAO S.A. The effort will support 2,000 cocoa-farming families in the Amazon region of Ecuador, and the consortium will improve opportunities for rural cocoa organizations by addressing business and production-capacity challenges as well as social, environmental and food security issues the families face. The project responds to the procurement interests of the export company, ECO-KAKAO, in association with the established buyer, Blommer Chocolate. The project will also take special concern for commercial growth to be developed while taking care of the fragile ecosystem of the Amazon.

Support  
**2,000**  
COCOA-FARMING  
FAMILIES  
in the Amazon  
region of Ecuador.




## CARGILL

A partnership between Cargill Animal Nutrition and Heifer International will transform the lives of 471 families in Qingshen, China. Families will receive chicks, training in poultry-raising and animal nutrition, natural resource management, go-to-market strategies and veterinary support.

Transform  
the lives of  
**471**  
FAMILIES  
in China.




## INTERNATIONAL FLAVORS AND FRAGRANCES

IFF is working with Unilever's Enhancing Livelihoods Fund to improve the lives of smallholder vetiver farmers in the community of Favette, Haiti. The partnership, Vetiver Together, aims to sustainably improve food security, increase yields and diversify income, while working to support women's empowerment and environmental conservation.

Support  
**WOMEN'S  
EMPOWERMENT  
AND ENVIRONMENTAL  
CONSERVATION**  
in Haiti.




## DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

Heifer International Malawi with financial support from the Department of International Development (DFID) has been implementing the Central Region Dairy Scale-Up Project (CDSP) in Mchinji, Lilongwe and Dowa since November 2014. The project is working with 5,000 families engaged in dairy farming and agribusiness to increase income and employment benefits, as well as to increase access to safe nutritional dairy products for low-income consumers. In October 2017, DFID awarded Heifer Malawi with additional funds to ensure project sustainability and increase project impacts until April 2018.



## MASTERCARD FOUNDATION

A large youth population and growing unemployment in Tanzania and Uganda led to the formation of the East Africa Youth Inclusion program. In partnership with Mastercard Foundation, Heifer will help 25,000 young women and men find jobs or start businesses in Tanzania and Uganda's agricultural sectors, including dairy, poultry and horticulture. Building on the successes of the East Africa Dairy Development project, EAYIP will equip participants with technical, life and entrepreneurial skills; facilitate access to finance; enhance the enabling environment for youth to start or expand businesses; and replicate Heifer's hub approach in profitable value chains.



Help  
**25,000** YOUNG WOMEN  
AND MEN  
find jobs or start businesses  
in Tanzania and Uganda.

## Strategic Partnerships



### WEFARM

The Heifer-Wefarm partnership will involve about 2,000 farmers in Nakuru County in the Rift Valley region of western Kenya, and will enable farmers without internet access to use their mobile phones to share agricultural information vital to their livelihoods. The service enables the farmers to use their mobile phones to text questions or tips to a local Wefarm number for free. The messages are instantly posted online and then sent via text messages to selected members of the Wefarm community, which reply with text messages.

Help  
**2,000 FARMERS**  
in Kenya to share  
agricultural information  
with their mobile phones.



### SWEDISH INTERNATIONAL DEVELOPMENT AGENCY

A four-year, \$12.6 million partnership between Heifer and the Swedish International Development Agency will help 30,000 Kenyan farmers increase the quantity and improve the quality of the milk they produce as well as empower women to play a more active role in the industry. The initiative will also promote the use of environmentally friendly production practices. Private sector partner Tetra Laval will contribute technical assistance expertise to the project. The state-run New Kenya Co-operative Creameries is also helping fund the initiative.

Help  
**30,000 FARMERS**

to increase the quantity and improve the quality of the milk they produce as well as empower women to play a more active role.



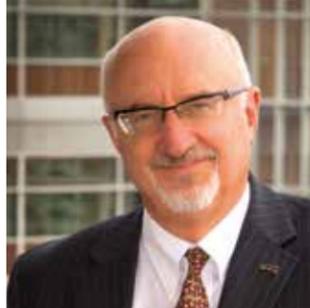
### WORLD BANK

A four-year, \$1.2 million partnership between Heifer and the Jharkhand State Livelihood Promotion Society and financed by the World Bank, the Jharkhand Opportunities for Harnessing Rural Growth project (JOHAR) will support 15,000 goat farmers, 5,000 pig farmers and 30,192 backyard poultry farmers across 10 districts of India's Jharkhand province. The partnership will focus on improving household level production of goat, pig and poultry farming. JOHAR will increase the target community's adoption of Improved Animal and Resources Management Practices, thereby lifting participating households out of poverty.

Support  
**5,000 PIG FARMERS**  
**30,192 POULTRY FARMERS**  
**15,000 GOAT FARMERS**  
across **10 DISTRICTS**  
in India.  
by improving household level production.



## THE EXECUTIVE LEADERSHIP CABINET



**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 Castaneda**  
Senior Vice President for the Americas Program



**David Norman**  
Senior Vice President of Investment Programs



**Christy Moore**  
Senior Vice President of Marketing



**Julie Wood**  
Vice President of Human Resources



**Michelle Dusek-Izaguirre**  
Vice President of Marketing and Resource Development Operations



**Chad Avery**  
General Counsel



**Jessica Ford**  
Board Liaison and Executive Office Director

## BOARD OF DIRECTORS

Our Board of Directors is comprised of

**18 MEMBERS**

**3 FAITH-BASED GROUPS**

representing various spiritual paths

**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

**1 REPRESENTATIVE**

from the Heifer International Foundation's Board of Trustees (Chair or Vice Chair)



The Board of Directors on a recent trip to Tanzania (not pictured include: Eduardo Stein Barillas, Daryn Dodson, Sandra Godden, Jerry Jones, Pete Kappelman, George Petty, Ashley Stone and Arlene Withers)



*Our Directors come from a wide range of backgrounds in the business, agriculture, academic and private sectors. All the following directors are independent voting members, as defined in IRS Form 990.*

**Francine Anthony**  
At-Large Director since 2011

**Nikolaus Hutter**  
At-Large Director, Intl. since 2013

**Steven Yung**  
At-Large Director, Intl. since 2015

**Dr. Sandra A. Godden**  
At-Large Director since 2011

**Jerry Jones**  
At-Large Director since 2013

**Tom Hadfield**  
At-Large Director since 2016

**Susan Grant**  
Chair  
At-Large Director since 2011

**Esther Cohen**  
Faith-based Director since 2013

**George Petty**  
Heifer International Foundation Chair

**Arlene Withers**  
At-Large Director since 2006

**Ashley Stone**  
At-Large Director since 2014

**Vacant**  
**Vacant**

**Jay A. Wittmeyer**  
Faith-based Director since 2012

**Dr. Eduardo Stein**  
At-Large Director, Intl. since 2014

**Daryn Dodson**  
Heifer International Foundation Vice Chair (non-voting liaison representing Heifer Foundation)

**Pete Kappelman**  
Vice Chair  
At-Large Director since 2013

**Doug Galen**  
At-Large Director since 2014

**Josephine Oguta**  
At-Large Director, Intl. since 2014

## PASS-ON

**\$27,710,766**

VALUE OF ONE GENERATION OF PASS-ONS IN FY17

Essential to building inclusive market systems is ensuring that everyone in the community benefits. Our practice of Passing on the Gift®, which requires families who receive gifts to pass on one or more of their animal's offspring, along with other inputs, training and skills to another family, supports this; it creates a ripple effect transforming recipients into donors and builds new levels of self-confidence and fulfillment.

## CO-FUNDING

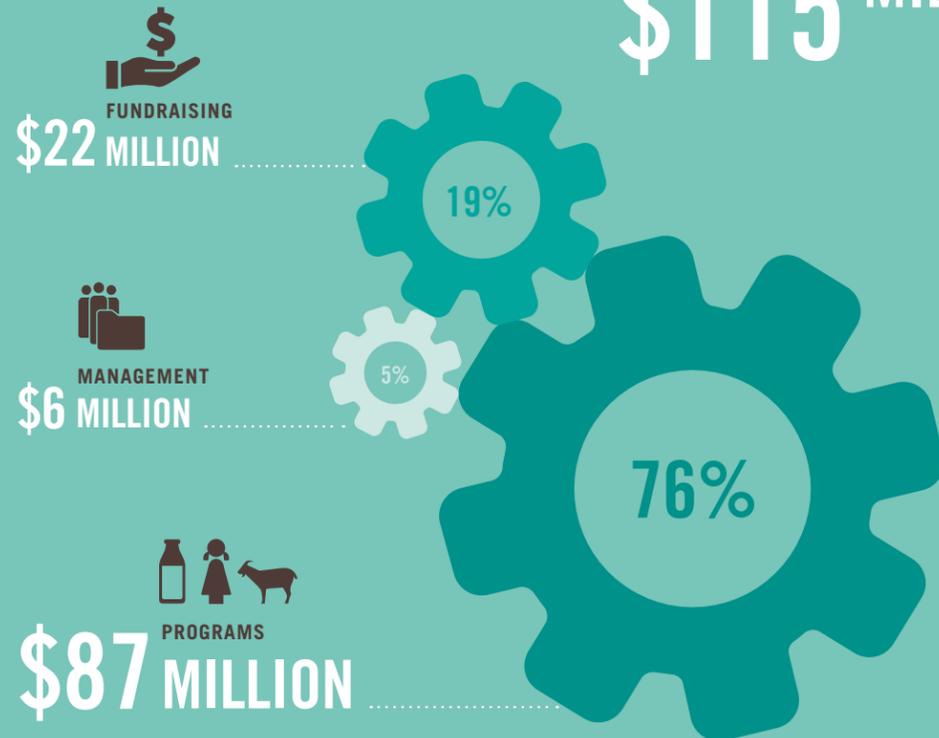
**\$7,039,476**

RESOURCES SHARED IN FY17 THROUGH PARALLEL CO-FUNDING

As part of our funding model, we also leverage local resources through implementing partners to fund our programmatic work. When these partners contribute additional program resources directly to the communities (rather than contributing program resources to Heifer), this contribution is parallel co-funding. Because these funds do not flow through us to the communities, the contribution is not recorded in our books. However, the parallel co-funding is instrumental in achieving our project objectives.

## FISCAL YEAR 2017 CONSOLIDATED EXPENSES

TOTAL FY17 ACTUAL  
**\$115 MILLION**



### Where does my gift go?

To help the greatest number of farming families move toward self-reliance, we do not use our limited resources to track individual animals from donation to distribution to specific families. Instead, your gift supports the entire Heifer mission. We use your gift where it can do the most good by combining it with the gifts of others to help transform entire communities.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION JUNE 30 2017 AND 2016

ASSETS	2017	2016
Cash and cash equivalents	\$43,896,253	\$31,427,821
Restricted cash	2,937,045	9,850,974
Accounts and interest receivable, net of allowance and discount	2,640,157	1,688,169
Grant reimbursements receivable	297,560	322,557
Prepaid expenses and other	2,153,631	2,198,721
Contributions receivable, net of allowance and discount	2,509,867	1,970,690
Interest in net assets of Heifer International Foundation	113,728,373	85,958,150
Property and equipment, net of accumulated depreciation	46,518,000	48,327,088
<b>Total assets</b>	<b>\$214,680,886</b>	<b>\$181,744,170</b>

LIABILITIES AND NET ASSETS	2017	2016
<b>Liabilities:</b>		
Accounts payable	\$ 3,896,895	\$ 3,260,582
Accrued expenses	4,151,460	4,141,097
Deferred revenue	3,030,721	1,179,586
Bonds payable	10,985,000	12,155,000
<b>Total liabilities</b>	<b>22,064,076</b>	<b>20,736,265</b>
<b>Net assets:</b>		
Unrestricted	72,700,633	61,489,234
Temporarily restricted	20,307,539	19,859,691
Permanently restricted	99,608,638	79,658,980
<b>Total net assets</b>	<b>192,616,810</b>	<b>161,007,905</b>
<b>Total liabilities and net assets</b>	<b>\$ 214,680,886</b>	<b>\$ 181,744,170</b>

Based on audited financial statements available on Heifer.org.

## CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
<b>Revenues, gains and other support:</b>				
Contributions	\$94,314,974	\$7,528,510	\$ -	\$101,843,484
Federal government grants	1,372,181	-	-	1,372,181
Other grants	9,305,835	3,183,552	-	12,489,387
Educational programs	1,309,435	-	-	1,309,435
Promotional events and material sales, net of cost	413,106	-	-	413,106
Other	830,418	-	-	830,418
Change in interest in net assets of Heifer International Foundation	693,355	7,820,564	19,949,658	28,463,577
Net assets released from restrictions	18,084,778	(18,084,778)	-	-
<b>Total revenues, gains and other support</b>	<b>126,324,082</b>	<b>447,848</b>	<b>19,949,658</b>	<b>146,721,588</b>
<b>Expenses and losses:</b>				
Program services	87,191,209	-	-	87,191,209
Management and general	6,184,966	-	-	6,184,966
Fundraising	21,673,999	-	-	21,673,999
<b>Total expenses and losses</b>	<b>115,050,174</b>	<b>-</b>	<b>-</b>	<b>115,050,174</b>
Change in net assets	11,273,908	447,848	19,949,658	31,671,414
<b>Other changes in net assets:</b>				
Foreign currency translation adjustment	(62,509)	-	-	(62,509)
<b>Total change in net assets</b>	<b>11,211,399</b>	<b>447,848</b>	<b>19,949,658</b>	<b>31,608,905</b>
Net assets, beginning of year	61,489,234	19,859,691	79,658,980	161,007,905
<b>Net assets, end of year</b>	<b>\$72,700,633</b>	<b>\$20,307,539</b>	<b>\$99,608,638</b>	<b>\$192,616,810</b>

Based on audited financial statements available on Heifer.org.

## CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
<b>Revenues, gains and other support:</b>				
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)	-	-
<b>Total revenues, gains and other support</b>	<b>115,544,213</b>	<b>(6,085,252)</b>	<b>4,823,940</b>	<b>114,282,901</b>
<b>Expenses and losses:</b>				
Program services	93,846,460	-	-	93,846,460
Management and general	6,213,010	-	-	6,213,010
Fundraising	23,241,549	-	-	23,241,549
<b>Total expenses and losses</b>	<b>123,301,019</b>	<b>-</b>	<b>-</b>	<b>123,301,019</b>
Change in net assets	(7,756,806)	(6,085,252)	4,823,940	(9,018,118)
<b>Other changes in net assets:</b>				
Foreign currency translation adjustment	(13,129)	-	-	(13,129)
<b>Total change in net assets</b>	<b>(7,769,935)</b>	<b>(6,085,252)</b>	<b>4,823,940</b>	<b>(9,031,247)</b>
Net assets, beginning of year	69,259,169	25,944,943	74,835,040	170,039,152
<b>Net assets, end of year</b>	<b>\$61,489,234</b>	<b>\$19,859,691</b>	<b>\$79,658,980</b>	<b>\$161,007,905</b>

Based on audited financial statements available on Heifer.org.

## Financials

### CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2017 AND 2016

CASH FLOWS FROM OPERATING ACTIVITIES	2017	2016
Change in net assets	\$31,608,905	\$(9,031,247)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,468,571	3,256,909
Change in allowance for bad debts	18,840	(306,828)
Amortization of pledge discount	21,611	(237,987)
Change in interest in net assets of Heifer International Foundation	(28,463,577)	(1,414,899)
(Gain) loss on disposals of equipment	481,466	(96,717)
Unrealized foreign exchange differences of fixed assets	(35,254)	155,142
Net realized and unrealized gains on investments	(32,355)	(11,865)
Stock donation	(1,809,120)	(1,688,954)
Proceeds from sales of donated stock	1,805,853	1,678,736
Changes in:		
Restricted cash	6,913,929	2,822,436
Accounts and interest receivable	(941,720)	1,134,518
Grant reimbursements receivable	24,997	52,756
Prepaid expenses and other	80,712	(629,444)
Contributions receivable	(589,896)	582,128
Accounts payable	621,171	61,246
Accrued expenses	10,363	(578,466)
Deferred revenue	1,851,135	589,275
<b>Net cash provided by (used in) operating activities</b>	<b>15,035,631</b>	<b>(3,663,261)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(2,233,227)	(2,783,807)
Proceeds from disposals of property and equipment	142,674	238,874
Proceeds from distributions from Heifer International Foundation	1,443,351	1,769,204
Contributions to Heifer International Foundation	(749,997)	(4,367,161)
<b>Net cash used in investing activities</b>	<b>(1,397,199)</b>	<b>(5,142,890)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on bonds payable	(1,170,000)	(1,130,000)
<b>Net cash used in financing activities</b>	<b>(1,170,000)</b>	<b>(1,130,000)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>12,468,432</b>	<b>(9,936,151)</b>
Cash and cash equivalents—beginning of year	31,427,821	41,363,972
Cash and cash equivalents—end of year	\$43,896,253	\$31,427,821
<b>SUPPLEMENTAL SCHEDULE OF NONCASH OPERATING AND INVESTING ACTIVITIES</b>		
Purchases of property and equipment in accounts payable	\$15,142	\$68,333
Donation of stock	1,809,120	1,688,954
	<b>\$1,824,262</b>	<b>\$1,757,287</b>
Supplemental disclosures of cash flow information—interest paid	\$435,895	\$465,862

Based on audited financial statements available on Heifer.org.





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