Heifer Project International

Consolidated Financial Report and
Supplementary Information
June 30, 2021

Contents

RSM

RSM US LLP

Independent Auditor's Report

Board of Directors
Heifer Project International

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Heifer Project International, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heifer Project International as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

RSM US LLP

Kansas City, Missouri
October 25, 2021

Heifer Project International

Consolidated Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	$ 50,490,624	$ 38,997,102
Restricted cash and cash equivalents	24,324,917	8,268,660
Accounts and interest receivable, net of allowance and discount	6,191,613	3,733,852
Grant reimbursements receivable	576,593	679,261
Prepaid expenses	1,560,299	2,076,139
Other assets	2,705,611	1,917,717
Contributions receivable, net of allowance and discount	5,457,683	8,631,842
Interest in net assets of Heifer International Foundation	197,029,344	139,041,713
Property and equipment, net of accumulated depreciation	40,556,172	43,077,827
Total assets	$ 328,892,856	$ 246,424,113
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 8,272,682	$ 5,918,422
Accrued expenses	5,286,475	5,719,161
Deferred revenue	18,533,605	11,590,699
Notes payable and long-term loans	7,002,100	8,111,843
Line of credit	2,582,628	2,059,996
Total liabilities	41,677,490	33,400,121
Commitments and contingencies (Notes 6, 7, 10 and 16)		
Net assets:		
Without donor restrictions	78,462,759	61,997,009
With donor restrictions	208,752,607	151,026,983
Total net assets	287,215,366	213,023,992
Total liabilities and net assets	$ 328,892,856	$ 246,424,113

See notes to consolidated financial statements.

Heifer Project International

Consolidated Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Contributions	$ 122,742,191	$ 4,337,161	$ 127,079,352
Federal government grants	410,859	-	410,859
Other grants	18,974,118	41,784	19,015,902
Educational programs	44,640	-	44,640
Promotional events and material sales, net of cost	66,561	-	66,561
Other	1,824,618	-	1,824,618
Change in interest in net assets of Heifer International Foundation	2,405,306	57,987,631	60,392,937
Net assets released from restrictions	4,640,952	(4,640,952)	-
Total revenues, gains and other support	151,109,245	57,725,624	208,834,869
Expenses and losses:			
Program services	90,023,297	-	90,023,297
Management and general	6,238,192	-	6,238,192
Fundraising	38,569,797	-	38,569,797
Total expenses and losses	134,831,286	-	134,831,286
Change in net assets from operations	16,277,959	57,725,624	74,003,583
Other changes in net assets:			
Foreign currency translation adjustment	187,791	-	187,791
Total change in net assets	16,465,750	57,725,624	74,191,374
Net assets, beginning of year	61,997,009	151,026,983	213,023,992
Net assets, end of year	$ 78,462,759	$ 208,752,607	$ 287,215,366

See notes to consolidated financial statements.

Heifer Project International

Consolidated Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Contributions	$ 95,376,291	$ 12,606,817	$ 107,983,108
Federal government grants	433,874	-	433,874
Other grants	16,892,651	68,897	16,961,548
Educational programs	367,094	-	367,094
Promotional events and material sales, net of cost	162,229	-	162,229
Other	1,137,723	-	1,137,723
Change in interest in net assets of Heifer International Foundation	1,648,899	2,717,384	4,366,283
Net assets released from restrictions	3,752,040	(3,752,040)	-
Total revenues, gains and other support	119,770,801	11,641,058	131,411,859
Expenses and losses:			
Program services	93,727,596	-	93,727,596
Management and general	7,094,862	-	7,094,862
Fundraising	25,670,286	-	25,670,286
Total expenses and losses	126,492,744	-	126,492,744
Change in net assets from operations	(6,721,943)	11,641,058	4,919,115
Other changes in net assets:			
Foreign currency translation adjustment	(497,229)	-	(497,229)
Total change in net assets	(7,219,172)	11,641,058	4,421,886
Net assets, beginning of year	69,216,181	139,385,925	208,602,106
Net assets, end of year	$ 61,997,009	$ 151,026,983	$ 213,023,992

See notes to consolidated financial statements.

Heifer Project International

Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	**$ 74,191,374**	$ 4,421,886
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	**3,575,931**	3,383,983
Change in allowance for bad debts	**(148,679)**	344,787
Amortization of contribution receivable discount	**(152,289)**	225,303
Change in interest in net assets of Heifer International Foundation	**(60,392,937)**	(4,366,283)
(Gain) loss on disposals of equipment	**5,489**	(5,236)
Unrealized foreign exchange differences of fixed assets	**(40,277)**	134,516
Net realized and unrealized losses on investments	**59,085**	6,317
Stock donation	**(2,381,674)**	(1,879,465)
Proceeds from sales of donated stock	**2,377,912**	1,867,979
Changes in:		
Accounts and interest receivable	**(2,484,158)**	(720,118)
Grant reimbursements receivable	**102,668**	1,047,930
Prepaid expenses and other	**(327,377)**	17,490
Contributions receivable	**3,501,524**	(6,786,334)
Accounts payable	**2,277,467**	653,895
Accrued expenses	**(432,686)**	257,021
Deferred revenue	**6,942,906**	(1,557,349)
Net cash provided by (used in) operating activities	**26,674,279**	(2,953,678)
Cash flows from investing activities:		
Purchase of property and equipment	**(1,609,566)**	(2,872,186)
Proceeds from disposals of property and equipment	**666,871**	269,917
Proceeds from distributions from Heifer International Foundation	**3,521,876**	1,648,899
Contributions to Heifer International Foundation	**(1,116,570)**	-
Net cash provided by (used in) investing activities	**1,462,611**	(953,370)
Cash flows from financing activities:		
Net borrowings under line of credit	**522,632**	1,634,496
Borrowings on notes payable	**-**	4,049,200
Principal payments on long-term loan payable	**(1,109,743)**	(1,070,616)
Net cash (used in) provided by financing activities	**(587,111)**	4,613,080
Increase in cash, cash equivalents and restricted cash	**27,549,779**	706,032
Cash, cash equivalents and restricted cash—beginning of year	**47,265,762**	46,559,730
Cash, cash equivalents and restricted cash—end of year	**$ 74,815,541**	$ 47,265,762

(Continued)

Heifer Project International

Consolidated Statements of Cash Flows (Continued)
Years Ended June 30, 2021 and 2020

	2021	2020
Supplemental schedule of noncash operating and investing activities:		
Purchases of property and equipment in accounts payable	$ 190,966	$ 114,173
Donation of stock	$ 2,381,674	$ 1,879,465
Supplemental disclosures of cash flow information—interest paid	$ 172,832	$ 178,715
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	$ 50,490,624	$ 38,997,102
Restricted cash (assets restricted for long-term purposes)	24,324,917	8,268,660
Total cash, cash equivalents and restricted cash	$ 74,815,541	$ 47,265,762

See notes to consolidated financial statements.

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

Nature of operations: Heifer Project International (the Organization) believes ending global hunger and poverty begins with agriculture. For 77 years, Heifer Project International has invested in smallholder farmers around the world, supporting them to build businesses that are economically and environmentally sustainable. Through interventions designed to increase social capital, economic growth and overall resilience, Heifer Project International connects farmers to markets.

Founded in 1944 and originally incorporated in Indiana in 1953, Heifer Project International was formed as an Arkansas corporation in 1997 and is headquartered in Little Rock. Operating in 23 countries across Africa, Asia and the Americas, Heifer Project International provides farmers with technical assistance and opportunities to strengthen essential skills, including finance and business management. Farmers receive farming inputs including livestock and seeds, expert support to improve the quality and quantity of the goods they produce, as well as connections to local and international markets to increase sales and incomes. Heifer Project International works across a range of value chains, including food crops, livestock, spices and textiles.

Through relationships with governments, the private sector, small businesses, nonprofit organizations and other entities, Heifer Project International and its “partners” create unique solutions to local challenges, designed to build inclusive, resilient economies.

Heifer Project International’s revenue and other support are derived principally from contributions from individuals and groups in the United States.

Principles of consolidation: The consolidated financial statements (collectively, the financial statements) include the accounts of the Organization along with its activities carried out through international country program offices, some of which are registered as branch offices of Heifer Project International U.S. and others of which are formed as legally separate entities (LSEs). It is the Organization’s policy to consolidate financial statements for those offices that meet both control and economic interest factors as per Accounting Standards Codification (ASC) Subtopic 958-810, Not-for-Profit Entities—Consolidation. Financial statements and supplemental schedules herein are therefore reported based on a consolidation of the Organization’s U.S. domestic operations with operations of the Organization’s country offices for which the control and economic interest criteria prevail. All significant intercompany accounts and transactions are eliminated in consolidation.

The table below lists Heifer Project International’s branch and LSE offices included in these financial statements:

Africa	Asia	Americas	Europe
Ethiopia	Bangladesh	Ecuador LSE	Germany
Ghana	Cambodia	Guatemala	
Kenya	Cambodia LSE	Haiti	
Nigeria LSE*	India	Honduras	
Malawi	India LSE	Mexico	
Rwanda	Korea (South) LSE*	Mexico LSE	
Senegal	Nepal	Nicaragua	
Tanzania	Nepal LSE	Shared Wealth Ventures, LLC	
Uganda			
Zambia			
Zimbabwe			

*Added to consolidation in fiscal year 2021

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

In addition to its U.S. program and operations, the Organization's financial statements for the fiscal years ended June 30, 2021 and 2020, included activity for the 28 international entities listed above. As of June 30, 2021, the Organization was in the process of forming new legally separate entities in Kenya and Bangladesh.

Shared Wealth Ventures, LLC is a legally separate entity wholly owned by Heifer Project International that was formed in fiscal year 2018 to engage in impact investing that supports Heifer Project International's charitable mission. A secondary objective is to provide a reasonable financial return for investors. Shared Wealth Ventures, LLC uses a variety of investment vehicles to create impact, including loans, equity, convertible notes and guarantees.

In addition to the consolidated branch offices and LSEs, the Organization collaborates with other LSEs connected to the Organization by relationship agreements. These entities are excluded from financial consolidation by Heifer Project International management under ASC Subtopic 958-810. Under agreement, some of these entities carry the Heifer name, and all are involved in either project implementation using a shared Heifer model or funding of Heifer Project International projects, and in some cases, both. Common factors for each of these entities include formation as independent entities legally separate from the Organization, a largely independent governing board, and a relationship agreement with Heifer Project International. All such LSEs are encouraged to be self-supporting in their fundraising efforts and to be self-governing. The Organization does, however, work with these entities to solicit contributions to support projects. For the fiscal years ended June 30, 2021 and 2020, $597,360 and $583,072, respectively, of the Organization's expenses consisted of funding provided to these unconsolidated related entities.

Heifer International Foundation (the Foundation or HIF) is a financially interrelated organization established to build an endowment to generate ongoing support for Heifer Project International's mission, to educate people on how planned charitable giving supports Heifer Project International's mission, and to serve as a fiduciary for the Foundation's donors. Heifer Project International has economic interest in the net assets of HIF; however, the Foundation maintains separate control of its net assets through its own board of trustees. The Organization's limited representation on the Foundation's board does not rise to the level of control through a majority voting interest. The Organization records its interest in the net assets of the Foundation under ASC Subtopic 958-20, Not-for-Profit Entities—Financial Interrelated Entities.

Use of estimates: Preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions. Reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period, are affected by such estimates, and actual results could differ.

Cash and cash equivalents: The Organization considers all liquid investments with maturities of three months or less to be cash equivalents. The Organization occasionally maintains cash balances in excess of United States federally insured amounts. The Organization has not experienced any losses in such accounts.

Restricted cash: Heifer Project International maintains separate cash or cash equivalent accounts for amounts required by donor agreement to be separately held or amounts advanced by foundations, corporations or government agencies in advance of achievement of specific contractual restrictions.

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

Program-related investments: The Organization makes program-related investments (PRIs) through its wholly owned Shared Wealth Ventures, LLC subsidiary. These PRIs are comprised primarily of loans, guarantees of non-related-party debt, and equity investments, all made to further the Organization's charitable purpose by connecting farmers and farmer owned agribusinesses with access to capital, enabling them to achieve self-reliance more quickly. Additionally, the Organization works with financial intermediaries to build capacity and design loan products that provide loans to farmers on reasonable terms.

As of June 30, 2021 and 2020, the Organization's PRI loan portfolio was $3,955,952 and $1,984,279, respectively, included in accounts and interest receivable on the consolidated statements of financial position. Loans are measured at fair value at inception and are recorded net of discount (if a contribution element exists) or a reasonable loss reserve. The loss reserve is reviewed annually and adjusted if collectibility risk has significantly changed based on the Organization's understanding of the borrower's financial health and payment history. Costs of making loans are expensed as incurred, and no loss reserve has been recorded for the years ended June 30, 2021 and 2020. The Organization has provided loan guarantees of $8,381,835 and $1,630,860, of which loss exposure related to the guarantees is $5,239,658 and $866,967 as of June 30, 2021 and 2020, respectively. The PRI portfolio includes two equity investments valued at $473,000 and $200,000 as of June 30, 2021 and 2020, respectively, which are recorded within other assets on the consolidated statements of financial position.

Investments and investment return: The Organization's investments, primarily consisting of mutual funds and private equity, were $2,705,611 and $1,917,717 at June 30, 2021 and 2020, respectively. Investments in equity and debt securities having readily determinable fair values are carried at fair value. Private equity investments without readily determinable values are carried at fair value determined through the use of a valuation methodology undertaken by an independent third party. Investment return includes dividend, interest and other investment income, and realized and unrealized gains and losses on investments. In accordance with ASC Section 958-225-45-8, Not-for-Profit Entities—Income Statement, investment return is reflected in the consolidated statements of activities as net assets with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions. Investments are recorded within other assets on the consolidated statements of financial position as of June 30, 2021 and 2020. Net investment return is recorded within other income on the consolidated statements of activities for the years ended June 30, 2021 and 2020.

Beneficial interest in assets held by HIF: Heifer Project International and HIF are financially interrelated entities with a common mission. HIF seeks private support for and holds net assets on behalf of Heifer Project International. HIF transfers assets to Heifer Project International when approved by HIF's trustees. Heifer Project International's interest in the net assets of HIF is accounted for in a manner similar to the equity method of accounting. The interest is reflected as an asset on the Organization's consolidated statements of financial position at an amount equal to HIF's net assets held for Heifer Project International. The Organization's overall interest in net assets of HIF was $197,029,344 and $139,041,713 at June 30, 2021 and 2020, respectively.

Accounts receivable: Accounts and interest receivable consist primarily of cash advances to various subgrantees (also referred to as project holders) of the Organization's country programs. These advances are made under letters of agreement executed for project funding and include detailed project budgets and requirements for programmatic and financial progress and routine reporting. As the project holders submit the required reports documenting the project spending, the advanced funds are then reflected in the consolidated statements of activities as program services expenses.

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

Accounts receivable also includes receivables from dairy farmer business associations (DFBAs) for project equipment procured by the Organization using the East Africa Dairy Development (EADD) investment fund, as well as advances to or collections by local banks providing DFBA financing. Under the agreement with the Gates Foundation, the EADD investment fund was established to provide a source of funding for initial procurement of chilling plant equipment, and funding for and then guarantee of loan financing to local farmer associations. At June 30, 2021 and 2020, $732,271 and $775,210, respectively, remained in accounts receivable from the DFBAs, against which was recorded an allowance for doubtful accounts of $519,426 and $529,788 for the years ended June 30, 2021 and 2020, respectively. The allowance for doubtful accounts was established using management estimates based upon repayment performance to date and other factors.

Contributions receivable: Contributions receivable are unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the net present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free rate applicable to the year in which the promise is received.

The Organization also receives conditional promises to give, which are not recognized as revenue or included in receivables until such time as the conditions are substantially met. Conditional promises may be given by foundations, corporations or government agencies desiring to partner with the Organization in project funding. Such funding arrangements may take the form of grant awards, contribution agreements, cooperative agreements, relationship agreements or memorandums of understanding. Common to each of these arrangements is that payments are contingent upon achieving significant monitored and reported progress in project implementation. Cash received in advance of achievement of the contractual requirements is reported as deferred revenue. While payments may be scheduled in accordance with a budget proposal, actual payments generally vary in timing and amount based upon the progress of project activities. As of June 30, 2021 and 2020, the Organization had $41,887,612 and $34,602,201, respectively, of outstanding conditional promises to give.

Property and equipment: Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method based on estimated useful lives of three to 20 years for vehicles, furniture, fixtures and equipment, and 10 to 40 years for buildings and land improvements. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

Long-lived asset impairment: The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended June 30, 2021 or 2020.

Accrued expenses: Accrued expenses include expenses incurred, recognized and unpaid at the end of the period, such as compensation and related taxes, interest on long-term debt, and service fees.

Deferred revenue: Deferred revenue consists primarily of payments made by foundations, corporations or government agencies in advance of achievement of specific contractual restrictions, and deposits made in advance for facility rentals.

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

Net assets: Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: These net assets are available for use in general operations and are not subject to donor restrictions or those net assets with donor restrictions that have been satisfied.

Net assets with donor restrictions: These net assets are subject to donor-imposed restrictions. These include net assets that are subject to purpose or time restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose has been fulfilled, or both.

Heifer Project International's net assets with donor restrictions include the Organization's interest in the net assets of HIF. While Heifer Project International's interest in the net assets of HIF is included in the Organization's financial statements, availability of this asset is limited by HIF bylaws and by HIF donor stipulation. HIF's net assets include amounts that donors have stipulated be used for specified purposes of Heifer Project International, as well as amounts donors have stipulated be held in perpetuity, with the income thereon to be used as specified by the donor. HIF accounts for endowments using the standards included in ASC Subtopic 958-205, Not-for-Profit Entities—Presentation of Financial Statements and the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which was adopted by the state of Arkansas in the 2009 legislative session.

Revenue: Heifer Project International follows ASC Topic 606, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer or promised goods or services to customers. Income generated from contracts with customers consist of produce and livestock sales, educational programs, and promotional event sales and are not considered to be Heifer Project International's main sources of support. These revenues are recognized when the corresponding event takes place or when control of the product or livestock is transferred to the customer.

Contributions: Contributions are recognized when cash, securities or other assets, or an unconditional promise to give are received. Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions, as are gifts having donor stipulations that are satisfied in the period the gift is received. The Organization also accounts for gifts received in response to designated mass market appeals as revenue without donor restrictions yet designated for the purpose disclosed in the fundraising appeal. Therefore, such gifts are used as intended, generally within the same fiscal year, yet without being classified as with donor-imposed restrictions as required by larger gifts accompanied by specific donor stipulation. Gifts received with a donor stipulation specifically limiting their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets without donor restrictions.

Donated services and in-kind contributions: Gifts of land, buildings, equipment and other long-lived assets are reported as without donor restrictions revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as revenue and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

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

In-kind contributions of media and broadcast time in the form of public service announcements were received during the fiscal years ended June 30, 2021 and 2020, with estimated values of $7,020,029 and $2,400,377, respectively. The estimated fair value was provided by an independent third party.

Unpaid volunteers make significant contributions of their time, principally in fundraising activities and in the Organization's education programs. The value of these services is not recognized in the financial statements, since they do not meet certain applicable criteria specified under guidance issued under ASC Topic 958, Not-for-Profit Entities.

Grants and contracts: Support funded by grants is generally recognized as the Organization performs the agreed-upon services and incurs outlays eligible for reimbursement under the grant agreements. ASC Sections 958-605-15 through 958-605-55, Not-for-Profit Entities—Revenue Recognition, are applied in distinguishing contributions from exchange transactions and distinguishing between conditional and unconditional contributions. This funding is generally subject to contractual restrictions, which must be met through the incurrence of qualifying expenditures for specified programs. In applying this guidance, most grant funding is accounted for as exchange transactions.

Revenue from grants and contracts is recognized only when funds are utilized by the Organization to carry out the activity stipulated in the related agreement. Funds received under grants and contracts in advance of incurring the related expenses is reported as deferred revenue. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income taxes: The Organization is exempt from income taxes in the United States of America under section 501 of the Internal Revenue Code and a similar provision of state law. While Heifer Project International is a tax-exempt organization, the Organization is still subject to income tax on any unrelated business taxable income. No tax liability was required to be recorded for unrelated business income as of June 30, 2021 and 2020. Certain countries in which the Organization operates do not exempt charitable companies from taxes; therefore, the Organization may be subject to taxes in those countries. Shared Wealth Ventures, LLC, the Organization's wholly owned subsidiary, is considered a disregarded entity for tax purposes.

Functional allocation of expenses: The Organization's expenses have been summarized on a functional basis in the consolidated statements of activities. Costs are directly allocated to functional categories where a clear relationship exists. The Organization's international field offices exist for the direct mission purpose of international development project implementation and management. Accordingly, all costs incurred by field offices are considered programmatic for purposes of functional allocation classification as reported in the consolidated statements of activities. Other costs incurred at the Heifer Project International headquarters level are allocated among program, management and general, and fundraising categories, directly where such relationship is clear, and indirectly based on time studies, headcount and other ratable allocation methods. The Organization conducts activities that jointly serve its education program objectives as well as fundraising and general and administrative activities. These costs, which are not specifically attributable to a single function or activity (i.e., joint costs), are allocated among functional categories using systematic, consistently applied methods in accordance with ASC Section 958-720-55, Not-for-Profit Entities—Other Expenses—Accounting for Costs of Activities that Include Fundraising.

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

Transactions in currency other than the U.S. dollar: The U.S. dollar is the reporting currency for the Organization. The Organization has operations in countries other than the United States that are translated to the Organization's reporting currency. Transaction gains or losses are reflected in program services expense in the consolidated statements of activities. Gains or losses upon translation of field office activities to U.S. dollar reporting are reflected as a separate line item adjustment to change in net assets as reported on the consolidated statements of activities.

Recent accounting pronouncements: In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets,* addressing presentation and disclosure requirements for not-for-profit entities for contributed nonfinancial assets. The standard should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021 and interim periods with annual periods beginning after June 15, 2022. It will become effective for the Organization for the fiscal year ending June 30, 2022. The Organization is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective-interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU is expected to impact the Organization's financial statements, as the Organization has certain operating and land lease arrangements for which it is the lessee. In June 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842), Effective Dates for Certain Entities*, which delays the effective date of the new leases standard for nonpublic not-for-profits that have not yet issued their financial statements reflecting its adoption. Those entities may elect to adopt the new guidance for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. Therefore, this ASU will be effective for the Organization beginning with the fiscal year ending June 30, 2023, with early adoption permitted. The Organization is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

Note 2. Liquidity and Availability of Resources

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investments not required for annual operations. As of June 30, 2021 and 2020, the following financial assets are available to meet annual operating needs of the upcoming fiscal years:

	2021	2020
Financial assets:		
Cash and cash equivalents	$ 50,540,624	$ 38,997,102
Accounts receivable, net	813,722	1,030,227
Grants receivable	576,593	679,261
Contributions receivable available for operations	2,557,233	3,414,413
Distribution from beneficial interest in assets held by HIF	4,432,972	3,521,876
	$ 58,921,144	$ 47,642,879

Heifer Project International has various sources of liquidity at its disposal, including cash and cash equivalents, and a line of credit. See Note 6 for information about the Organization's line of credit.

Note 3. Contributions Receivable

Contributions receivable are considered restricted as to timing, since the funds from such contributions are not available for use until received by the Organization. Contributions receivable at June 30, 2021 and 2020, consisted of the following:

	2021	2020
Due within one year	$ 2,557,233	$ 3,414,413
Due within five years	3,133,933	5,693,266
Due beyond five years	316,354	401,365
	6,007,520	9,509,044
Less:		
Allowance for uncollectible pledges	300,376	475,452
Unamortized discount	249,461	401,750
	$ 5,457,683	$ 8,631,842

At June 30, 2021 and 2020, one donor accounted for 75% and 74% of total contributions receivable, respectively.

Note 4. Interest in Net Assets of Heifer International Foundation

The Organization recognizes revenue for its change in interest in net assets of HIF after first taking into consideration the effect of any HIF distribution transactions during the year, as well as Heifer Project International transfers to the HIF endowment. The Organization accounts for distributions from HIF to Heifer Project International as asset transfers, decreasing the Organization's interest in the net assets of HIF. Conversely, transfers by Heifer Project International to the HIF endowment are recognized as increases to Heifer's interest in net assets of HIF. During the years ended June 30, 2021 and 2020, the Organization's overall interest in net assets of HIF increased by $57,987,631 and $2,717,384, respectively.

Note 4. Interest in Net Assets of Heifer International Foundation (Continued)

The components of Heifer Project International's net increase in interest in net assets of HIF are summarized in the following table:

	2021	2020
Beginning balance, July 1	$ 139,041,713	$ 136,324,329
HIF distributions to Heifer	(3,521,876)	(1,648,899)
Undesignated bequests transferred to HIF	1,116,570	-
Heifer's change in interest in net assets to HIF	60,392,937	4,366,283
Net increase in Heifer's interest in net assets	57,987,631	2,717,384
Ending balance, June 30	$ 197,029,344	$ 139,041,713

The Organization and HIF both receive contributions in the form of testamentary bequests wherein Heifer Project International is named beneficiary, which, unless otherwise restricted by the donor, are accounted for as contributions without donor restrictions to Heifer Project International and may, at the Organization's discretion, be transferred to HIF. For the years ended June 30, 2021 and 2020, the Organization contributed bequest revenues of $1,116,570 and $0, respectively, to the HIF endowment. Heifer Project International's contributions to the HIF endowment are recorded through the Organization's interest in net assets of HIF. The Organization recognizes that such transfers to the HIF endowment do not meet the FASB's definition of a contribution as per ASC Section 958-605-20, since Heifer Project International is ultimately the beneficiary of the transfers. However, they do qualify as donor-restricted additions to HIF's endowment under the legal standards of UPMIFA as codified in Arkansas Code Annotated (ACA) §28-69-801 and following, especially ACA §28-69-802 and §28-69-804 (along with the Uniform Law Comments thereto). As required by law, HIF recognizes these transfers as donor-restricted increases to its permanent endowment fund, and thus, its net assets with donor restrictions. To ensure a meaningful financial statement presentation, Heifer Project International management has elected to retain HIF's net asset with donor restrictions classification for these funds in recognizing the Organization's change in interest in net assets of HIF.

The Organization's net assets with donor restrictions reflect the Foundation's net assets with donor restrictions that are to be held and invested in perpetuity, with the income thereon to be used as specified by the donor.

The Foundation recorded total net assets at June 30, 2021 and 2020, of $197,029,344 and $139,041,713, respectively, which make up a portion of Heifer Project International's net assets with donor restrictions.

In accordance with ASC Section 958-205-45, Losses of an Endowment Fund, the Foundation records investment losses on net assets with donor restrictions against net assets without donor restrictions, which may result in a net negative net asset without donor restrictions balance recorded by HIF. The Organization applies a net negative HIF net asset without donor restrictions balance against its own net assets without donor restrictions. However, Heifer Project International records a net positive HIF net asset without donor restriction balance as donor-restricted, which in essence recognizes that these assets remain unavailable to the Organization until authorized for distribution by the Foundation's donors and board. For the years ended June 30, 2021 and 2020, HIF reported net assets without donor restrictions of $25,952,703 and $11,918,546, respectively, which are included as a portion of the Organization's net assets with donor restrictions balance.

Note 5. Property and Equipment

Property and equipment is carried at cost, net of accumulated depreciation, and at June 30, 2021 and 2020, consisted of the following:

	2021	2020
Land and improvements	$ 11,412,702	$ 11,590,841
Buildings	43,659,895	44,929,111
Vehicles	5,254,453	5,680,164
Furniture, fixtures, hardware and software	20,077,016	19,364,035
Construction in progress	380,839	388,434
	80,784,905	81,952,585
Less accumulated depreciation	40,228,733	38,874,758
	$ 40,556,172	$ 43,077,827

Heifer Project International capitalizes acquisitions of property and equipment with consideration to thresholds for useful life and amount. The Organization's capitalization thresholds vary by type of asset and location, with minimum amounts ranging between $5,000 and $10,000 and minimum useful lives between three and five years.

Depreciation expense amounted to $3,575,931 and $3,383,983 for the years ended June 30, 2021 and 2020, respectively, of which $836,297 and $864,712, respectively, relates to the depreciation expense recorded by country programs during the current and previous fiscal year. Costs, including depreciation expenses, incurred at the country-office level are included in program services costs from grants and field operations as disclosed in Note 12.

Note 6. Lines of Credit

The Organization has two revolving credit facilities with HIF. The available line of credit for operating expenses is the greater of $8,000,000 or 10% of the market value of the HIF total endowment, $18,605,322, with draws against this line of credit to have a maximum repayment term of three years and accrue interest at an agreed-upon rate no higher than the prime rate. During the years ended June 30, 2021 and 2020, there were no draws made under this line of credit agreement and, therefore, no interest was paid to the Foundation.

The Organization entered into a new revolving line of credit agreement with HIF during 2018 that is only available to the Organization for use in connection with the impact investments made by Shared Wealth Ventures, LLC. The available line of credit is $7,500,000 and draws against the line accrue interest at 3%. The Organization made eight draws totaling $622,632 and 12 draws totaling $1,898,721 during the years ended June 30, 2021 and 2020, respectively. The outstanding balance as of June 30, 2021 and 2020, is $2,582,628 and $2,059,996, respectively.

Note 7. Notes Payable and Long-Term Loans

Notes payable: In April 2020, Heifer Project International entered into a Small Business Administration (SBA) Paycheck Protection Program (PPP) unsecured loan with Southern Bancorp for $4,049,200. The Organization applied for loan forgiveness for the total amount of the loan in July 2021. The loan bears interest at a fixed rate of 1.0% with interest payable monthly starting on the date the SBA remits the loan forgiveness to the lender. Any portion of the principal not forgiven is due April 28, 2022.

Subsequent to year-end, the PPP loan was forgiven in full by the lender. The SBA may audit any PPP loan at its discretion until the end of the required document retention period for the loan. For the Organization's PPP loan, this period is 6 years, measured from the date the Organization applied for forgiveness.

Long-term loans: In November 2018, the Organization entered into a five-year unsecured loan agreement with HIF for $5,655,000. This loan was used to redeem revenue bonds that financed the Organization's capital improvements. The loan bears interest at a fixed rate of 3.50% with semiannual interest and principal payments of $622,688 through December 1, 2023.

As of June 30, 2021 and 2020, the remaining principal balance for the HIF loan was $2,952,900 and $4,062,643, respectively. Annual maturities of loans payable as of June 30, 2021, are due as follows:

Years ending June 30:	
2022	$ 1,149,829
2023	1,191,363
2024	611,708
	$ 2,952,900

Note 8. Net Assets

Net assets with donor restrictions: Net assets with donor restrictions at June 30, 2021 and 2020, are restricted for the following purposes:

	2021	2020
Subject to expenditure for specified purpose:		
Sustainable projects	$ 6,268,377	$ 2,476,226
Promises to give, the proceeds from which have been restricted by donors for:		
Sustainable projects	5,133,145	8,000,000
	11,401,522	10,476,226
Subject to the passage of time:		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	321,741	1,509,044
Not subject to spending policy or appropriation:		
Beneficial interest in assets held by HIF	197,029,344	139,041,713
	$ 208,752,607	$ 151,026,983

Note 8. Net Assets (Continued)

Net assets released from restrictions: Net assets were released from donor restrictions after incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows during the years ended June 30:

	2021	2020
Satisfaction of purpose restrictions:		
Sustainable projects	$ 2,626,204	$ 2,476,208
Promises to give, the proceeds from which have been restricted by donors for:		
Sustainable projects	1,763,014	751,116
	4,389,218	3,227,324
Expiration of time restrictions	251,734	524,716
	$ 4,640,952	$ 3,752,040

Note 9. Revenue from Contracts with Customers

Significant changes in deferred revenue for the years ended June 30, 2021 and 2020, are as follows:

	2021	2020
Deferred revenue, beginning of year	$ 11,590,699	$ 13,148,048
Increases in deferred revenue due to cash received during the year	19,255,911	17,358,799
Revenue recognized	(12,313,005)	(18,916,148)
Deferred revenue, end of year	$ 18,533,605	$ 11,590,699

Note 10. Operating Leases

The Organization has entered into noncancelable operating leases expiring in calendar years 2022 through 2031 representing leases for office space. Future minimum lease payments at June 30, 2021, were as follows:

	U.S. Offices	International Offices	Total
Years ending June 30:			
2022	$ 286,727	$ 318,923	$ 605,650
2023	291,435	160,042	451,477
2024	298,721	72,478	371,199
2025	306,189	-	306,189
2026	313,844	-	313,844
Thereafter	1,661,316	-	1,661,316
	$ 3,158,232	$ 551,443	$ 3,709,675

Rental expense for all Heifer Project International U.S. operating leases was $254,826 and $181,191 for the years ended June 30, 2021 and 2020, respectively. Many of the Organization's international country offices lease office space, for which rental expense amounted to approximately $607,000 and $792,000 for the years ended June 30, 2021 and 2020, respectively.

Note 11. Retirement Plans

The Organization sponsors two defined contribution retirement plans: a 403(b) plan and a nonqualified offshore retirement plan. All U.S.-based employees are eligible for the 403(b) plan. Certain country directors and other staff who are based in international countries are participants in the nonqualified offshore retirement plan. During the 2021 and 2020 fiscal years, a 3% employer contribution was made to the 403(b) plan as well as an employer match contribution of 2% for every 1% the employee contributed, up to a maximum of 4%. A 10% contribution was made to the nonqualified offshore retirement plan during both the 2021 and 2020 fiscal years. All contributions are based on the gross salaries of each participant in the plan. The Organization's contributions to the retirement plans were $919,894 and $1,513,920 for the years ended June 30, 2021 and 2020, respectively.

Note 12. Functional Expenses

The Organization classified expenses functionally for the years ended June 30, 2021 and 2020, as follows:

	2021			
	Program Services	Management and General	Fundraising	Total Expenses
Program costs—grants and field operations	$ 44,631,594	$ -	$ -	$ 44,631,594
Salaries and wages	11,234,674	2,752,156	5,011,713	18,998,543
Payroll taxes	872,751	189,516	386,307	1,448,574
Retirement plan contributions	517,072	113,268	218,259	848,599
Other employee benefits	1,175,726	280,191	481,868	1,937,785
Other personnel expenses	1,187,717	33,473	152,320	1,373,510
Volunteer expenses	36,098	-	-	36,098
Travel	163,128	4,642	53,629	221,399
Conferences and meetings	12,152	3,564	3,468	19,184
Occupancy	772,037	191,783	167,302	1,131,122
Equipment—minor purchases, rentals maintenance	748,478	355,483	361,997	1,465,958
Supplies	327,650	24,177	272,187	624,014
Printing and other media expense	3,563,990	29,455	4,133,830	7,727,275
Marketing and promotion expense	10,743,825	187,972	1,801,089	12,732,886
Accounting and audit fees	77,466	263,075	26,731	367,272
Legal fees	104,426	125,773	51,582	281,781
Other professional and consulting fees	6,070,285	245,372	18,773,996	25,089,653
Property and casualty insurance	177,751	226,832	78,661	483,244
Communications charges	373,310	149,605	189,952	712,867
Postage, shipping and freight	3,374,170	45,382	4,193,360	7,612,912
Depreciation	1,798,593	440,697	500,344	2,739,634
Interest expense	-	40,519	-	40,519
Other expenses	2,060,404	535,257	1,711,202	4,306,863
Total expenses and losses	$ 90,023,297	$ 6,238,192	$ 38,569,797	$ 134,831,286

Note 12. Functional Expenses (Continued)

	2020			
	Program Services	Management and General	Fundraising	Total Expenses
Program costs—grants and field operations	$ 52,045,901	$ -	$ -	$ 52,045,901
Salaries and wages	12,139,727	3,416,851	4,440,101	19,996,679
Payroll taxes	889,560	250,380	325,137	1,465,077
Retirement plan contributions	755,397	182,049	258,967	1,196,413
Other employee benefits	1,255,015	319,726	456,931	2,031,672
Other personnel expenses	515,505	41,955	391,750	949,210
Volunteer expenses	60,569	-	-	60,569
Travel	1,008,442	118,174	193,746	1,320,362
Conferences and meetings	274,185	14,905	26,277	315,367
Occupancy	766,535	267,576	233,034	1,267,145
Equipment—minor purchases, rentals maintenance	551,326	363,109	465,594	1,380,029
Supplies	319,947	30,711	54,552	405,210
Printing and other media expense	3,703,679	73,273	3,287,256	7,064,208
Marketing and promotion expense	6,552,105	116,494	1,735,758	8,404,357
Accounting and audit fees	172,773	178,663	126,608	478,044
Legal fees	115,307	104,975	44,679	264,961
Other professional and consulting fees	4,505,389	247,664	6,924,238	11,677,291
Property and casualty insurance	677,055	327,757	577,411	1,582,223
Communications charges	359,522	163,345	220,568	743,435
Postage, shipping and freight	4,154,571	99,986	3,789,234	8,043,791
Depreciation	1,607,212	420,005	492,054	2,519,271
Interest expense	74,576	58,382	46,427	179,385
Other expenses	1,223,298	298,882	1,579,964	3,102,144
Total expenses and losses	$ 93,727,596	$ 7,094,862	$ 25,670,286	$ 126,492,744

Note 13. Allocation of Joint Costs

The Organization conducts activities that include requests for contributions, as well as program and management and general components. Those activities include combined educational campaigns and fundraising solicitations through appeals, which include solicitations, as well as educational material that further a nonfundraising, educational program mission of the Organization. For the years ended June 30, 2021 and 2020, the costs of conducting these appeals included a total of $10,638,455 and $9,336,528, respectively, of joint costs, which are not specifically attributable to particular components of the activities. These joint costs are included in printing and other media expense, marketing and promotion expense, and the postage, shipping and freight line items within the functional expense tables presented in Note 12 and were allocated as follows:

	2021	2020
Fundraising	$ 5,847,105	$ 4,478,971
Educational programs	4,791,350	4,857,557
	$ 10,638,455	$ 9,336,528

Note 14. Disclosures About Fair Value of Financial Instruments

ASC Topic 820, Fair Value Measurements, defines fair value as the estimated amount at which financial assets or liabilities could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Topic 820 requires certain assets and liabilities to be presented within the fair value hierarchy. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs by requiring that the most observable inputs be used when available. The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1: Valuations are based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2: Valuations are based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Fair values are determined through the use of models or other valuation methodologies.

Level 3: Valuations are based on inputs that are unobservable and significant to the overall fair value measurement. These inputs into the determination of fair value require significant management judgment or estimation.

The following methods were used by management to estimate the fair value of financial instruments:

Cash and cash equivalents and restricted cash: The carrying amount is a reasonable estimate of fair value due to the short-term nature of these assets.

Accounts and contributions receivable: Receivables expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free rate applicable to the year in which the promise is received. For short-term receivables, the carrying amount is a reasonable estimate of fair value due to the short-term nature of the balances.

Accounts payable: The carrying amount is a reasonable estimate of fair value due to the short-term nature of these liabilities.

Program-related investments: Program-related equity investments described in Note 1 are carried on the consolidated statements of financial position at estimated fair value. The Organization has valued these investments, acquired in the fiscal year ended June 30, 2021, at acquisition cost. Subsequent valuation will be at net asset value (NAV) per share as a practical expedient. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

Investments: Investments described in Note 1 and included in prepaid expenses and other are carried on the consolidated statements of financial position at estimated fair value. A significant portion of the investment assets are classified within Level 2 because they are private equity securities that are not available for sale and do not have readily determinable fair values. The fair values are determined by a Market Approach valuation analysis conducted by an independent third party. Accordingly, these investments are classified by management as Level 2 assets in the fair value hierarchy as of June 30, 2021 and 2020.

Note 15. Significant Estimates and Concentrations

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

Assets maintained in foreign countries: The Organization maintains significant assets in the countries in which it operates. These assets generally are composed of cash and property and equipment that are used in programs. At June 30, 2021 and 2020, cash balances totaling $11,426,860 and $6,685,976, respectively, were held by banks in foreign countries, and property and equipment with a net carrying value of $2,206,844 and $2,632,742, respectively, was held by foreign program offices.

Cash balances that are held in the denominations of the foreign country are subject to valuation adjustments based on exchange rates in effect at any given time. These cash accounts are not insured by the Federal Deposit Insurance Corporation and may not be insured by any other means. Transfers of funds back to the United States may be restricted due to local market conditions or the laws governing such transactions in the country where the assets are maintained.

Note 16. Contingencies

Legal: The Organization is a party to certain legal proceedings arising in the normal course of business. Management believes the ultimate outcome of pending legal matters will not be material to the financial condition and future operations of the Organization. Liability insurance is maintained as coverage against risks arising in the normal course of its business.

Grants: The Organization has received grants for specific purposes that are subject to review and audit by the grantor. Such audits could lead to a request for reimbursement to the grantor for expenditures disallowed under the terms of the grant. Organization management believes the disallowances, if any, will be immaterial to the financial statements.

COVID-19: On March 11, 2020, the World Health Organization declared the outbreak of novel coronavirus (COVID-19) as a global pandemic. In many of the countries where Heifer Project International operates, economies have ceased or limited operations for long or indefinite periods of time. The resulting disruptions have included travel bans, lockdowns, quarantines and other actions to control the spread of the virus. The impact on Heifer Project International's operations have included challenges in implementing some of the Organization's programmatic activities and, at the same time, allowed the Organization to address broken supply chains for its small holder farmers through alternate interventions. Overall, COVID-19 has not had a material impact on the financial results.

Note 17. Subsequent Events

The Organization has evaluated events that occurred after October 25, 2021, the date the financial statements were issued. See Note 7 for PPP loan forgiveness.

Supplementary Information

Heifer Project International

Consolidating Statement of Financial Position
June 30, 2021

	Headquarters	Africa	Asia	Americas	Europe	Eliminations	Total
Assets							
Cash and cash equivalents	$ 39,063,764	$ 3,606,007	$ 3,218,212	$ 4,574,245	$ 28,396	$ -	$ 50,490,624
Restricted cash	24,324,917	-	-	-	-	-	24,324,917
Accounts and interest receivable, net of allowance and discount	4,769,360	244,224	822,792	355,237	-	-	6,191,613
Intercompany account receivable	4,167,571	21,301	5,675	-	-	(4,194,547)	-
Grant reimbursements receivable	133,451	153,209	215,968	73,965	-	-	576,593
Prepaid expenses and other	3,835,407	230,515	85,252	114,736	-	-	4,265,910
Contributions receivable, net of allowance and discount	5,457,683	-	-	-	-	-	5,457,683
Interest in net assets of Heifer International Foundation	197,029,344	-	-	-	-	-	197,029,344
Property and equipment, net of accumulated depreciation	38,349,328	1,037,160	396,852	922,732	-	(149,900)	40,556,172
Total assets	$ 317,130,825	$ 5,292,416	$ 4,744,751	$ 6,040,915	$ 28,396	$ (4,344,447)	$ 328,892,856
Liabilities and Net Assets							
Liabilities:							
Accounts payable	$ 4,797,335	$ 279,623	$ 874,840	$ 2,320,884	$ -	$ -	$ 8,272,682
Intercompany accounts payable	4,173,760	14,910	5,675	-	-	(4,194,345)	-
Accrued expenses	2,458,488	1,322,157	640,084	865,746	-	-	5,286,475
Deferred revenue	15,149,671	1,787,790	152,315	1,441,285	-	2,544	18,533,605
Notes payable and long-term loans	7,002,100	-	-	-	-	-	7,002,100
Line of credit	2,582,628	-	-	-	-	-	2,582,628
Total liabilities	36,163,982	3,404,480	1,672,914	4,627,915	-	(4,191,801)	41,677,490
Net assets:							
Without donor restrictions	72,214,236	1,887,936	3,071,837	1,413,000	28,396	(152,646)	78,462,759
With donor restrictions	208,752,607	-	-	-	-	-	208,752,607
Total net assets	280,966,843	1,887,936	3,071,837	1,413,000	28,396	(152,646)	287,215,366
Total liabilities and net assets	$ 317,130,825	$ 5,292,416	$ 4,744,751	$ 6,040,915	$ 28,396	$ (4,344,447)	$ 328,892,856

Heifer Project International

Consolidating Statement of Activities (Without Donor Restrictions)
Year Ended June 30, 2021

	Headquarters	Africa	Asia	Americas	Europe	Eliminations	Total
Revenues, gains and other support:							
Contributions	$ 122,017,241	$ 11,502,409	$ 10,584,011	$ 11,694,490	$ -	$ (33,055,960)	$ 122,742,191
Federal government grants	235,387	175,472	-	-	-	-	410,859
Other grants	9,498,716	3,638,120	1,846,464	3,990,818	-	-	18,974,118
Educational programs	44,640	-	-	-	-	-	44,640
Promotional events and material sales, net of cost	66,561	-	-	-	-	-	66,561
Other	1,470,807	195,828	31,027	126,956	-	-	1,824,618
Change in interest in net assets of Heifer International Foundation	2,405,306	-	-	-	-	-	2,405,306
Net assets released from restrictions	4,640,952	-	-	-	-	-	4,640,952
Total revenues, gains and other support	140,379,610	15,511,829	12,461,502	15,812,264	-	(33,055,960)	151,109,245
Expenses and losses:							
Program services	83,881,051	14,472,409	9,811,429	14,884,156	1,460	(33,027,208)	90,023,297
Management and general	6,238,192	-	-	-	-	-	6,238,192
Fundraising	38,569,797	-	-	-	-	-	38,569,797
Total expenses and losses	128,689,040	14,472,409	9,811,429	14,884,156	1,460	(33,027,208)	134,831,286
Change in net assets from operations	11,690,570	1,039,420	2,650,073	928,108	(1,460)	(28,752)	16,277,959
Other changes in net assets:							
Foreign currency translation adjustment	(39,114)	(58,437)	(34,803)	315,225	1,915	3,005	187,791
Total change in net assets	11,651,456	980,983	2,615,270	1,243,333	455	(25,747)	16,465,750
Net assets, beginning of year	60,562,780	906,953	456,567	169,667	27,941	(126,899)	61,997,009
Net assets, end of year	$ 72,214,236	$ 1,887,936	$ 3,071,837	$ 1,413,000	$ 28,396	$ (152,646)	$ 78,462,759