Heifer Project International

Consolidated Financial Report and
Supplementary Information
June 30, 2024

Contents

RSM US LLP

Independent Auditor's Report

Board of Directors
Heifer Project International

Report on the Audit of Financial Statements

Opinion
We have audited the consolidated financial statements of Heifer Project International (the Organization), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, 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).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, 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.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information
Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating supplementary information is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual organizations and is not a required part of the consolidated 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 consolidated financial statements. The consolidating supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

RSM US LLP

Kansas City, Missouri
October 28, 2024

Heifer Project International

Consolidated Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	**$ 26,350,232**	$ 33,267,190
Restricted cash and cash equivalents	**16,018,627**	10,287,562
Accounts and interest receivable, net of allowance and discount	**9,890,878**	8,645,747
Grant reimbursements receivable	**532,665**	545,635
Prepaid expenses	**3,990,578**	1,995,309
Investments	**3,790,190**	3,101,138
Contributions receivable, net of allowance and discount	**476,304**	1,667,808
Interest in net assets of Heifer International Foundation	**195,943,610**	186,470,212
Property and equipment, net of accumulated depreciation	**42,575,814**	39,107,144
Right-of-use assets—operating leases	**2,532,292**	2,660,835
Total assets	**$ 302,101,190**	$ 287,748,580
Liabilities and Net Assets		
Liabilities:		
Accounts payable	**$ 8,196,364**	$ 6,704,289
Accrued expenses	**6,479,824**	5,749,072
Refundable advance	**11,745,869**	6,335,750
Line of credit—related party	**4,540,183**	2,615,017
Operating lease obligations	**2,889,275**	2,837,213
Total liabilities	**33,851,515**	24,241,341
Commitments and contingencies (Notes 7, 10 and 16)		
Net assets:		
Without donor restrictions	**66,612,751**	70,912,424
With donor restrictions	**201,636,924**	192,594,815
Total net assets	**268,249,675**	263,507,239
Total liabilities and net assets	**$ 302,101,190**	$ 287,748,580

See notes to consolidated financial statements.

Heifer Project International

Consolidated Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Contributions	$ 125,226,421	$ 3,130,044	$ 128,356,465
Federal government grants	2,319,370	-	2,319,370
Other grants	16,089,328	-	16,089,328
Educational programs	67,031	-	67,031
Promotional events and material sales, net of cost	87,657	-	87,657
Contributed nonfinancial assets	5,880,600	-	5,880,600
Other income	3,468,152	-	3,468,152
Change in interest in net assets of Heifer International Foundation	5,174,444	9,473,398	14,647,842
Net assets released from restrictions	3,561,333	(3,561,333)	-
Total revenues, gains and other support	161,874,336	9,042,109	170,916,445
Expenses and losses:			
Program services	118,881,082	-	118,881,082
Management and general	8,379,651	-	8,379,651
Fundraising	38,096,240	-	38,096,240
Total expenses and losses	165,356,973	-	165,356,973
Change in net assets from operations	(3,482,637)	9,042,109	5,559,472
Other changes in net assets:			
Foreign currency translation adjustment	(817,036)	-	(817,036)
Total change in net assets	(4,299,673)	9,042,109	4,742,436
Net assets, beginning of year	70,912,424	192,594,815	263,507,239
Net assets, end of year	$ 66,612,751	$ 201,636,924	$ 268,249,675

See notes to consolidated financial statements.

Heifer Project International

Consolidated Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Contributions	$ 125,015,000	$ 2,502,206	$ 127,517,206
Federal government grants	1,474,521	-	1,474,521
Other grants	17,969,011	-	17,969,011
Educational programs	196,670	-	196,670
Promotional events and material sales, net of cost	113,406	-	113,406
Contributed nonfinancial assets	11,704,283	-	11,704,283
Other income	2,104,868	-	2,104,868
Change in interest in net assets of Heifer International Foundation	3,761,833	3,411,064	7,172,897
Net assets released from restrictions	5,902,271	(5,902,271)	-
Total revenues, gains and other support	168,241,863	10,999	168,252,862
Expenses and losses:			
Program services	127,832,677	-	127,832,677
Management and general	8,566,586	-	8,566,586
Fundraising	38,765,495	-	38,765,495
Total expenses and losses	175,164,758	-	175,164,758
Change in net assets from operations	(6,922,895)	10,999	(6,911,896)
Other changes in net assets:			
Foreign currency translation adjustment	(1,077,490)	-	(1,077,490)
Total change in net assets	(8,000,385)	10,999	(7,989,386)
Net assets, beginning of year	78,912,809	192,583,816	271,496,625
Net assets, end of year	$ 70,912,424	$ 192,594,815	$ 263,507,239

See notes to consolidated financial statements.

Heifer Project International

Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	**$ 4,742,436**	$ (7,989,386)
Adjustments to reconcile change in net assets to net cash and cash equivalents (used in) provided by operating activities:		
Depreciation	**2,789,171**	3,956,970
Change in allowance for credit losses	**(45,085)**	844,440
Amortization of contribution receivable discount	**(32,681)**	(60,273)
Change in interest in net assets of Heifer International Foundation	**(14,647,842)**	(7,172,897)
(Gain) on disposals of equipment	**(165,867)**	(128,811)
Right-of-use assets—operating leases	**128,543**	(2,660,835)
Operating lease liabilities	**52,062**	2,837,213
Unrealized foreign exchange differences of fixed assets	**136,550**	265,468
Net realized and unrealized (gains) losses on investments	**(657,782)**	154,322
Stock donation	**(1,921,614)**	(1,590,845)
Proceeds from sales of donated stock	**1,922,603**	1,580,518
Changes in:		
Accounts and interest receivable	**(1,264,296)**	(1,889,317)
Grant reimbursements receivable	**12,970**	(36,949)
Prepaid expenses and other	**(2,027,528)**	222,179
Contributions receivable	**1,288,435**	1,903,150
Accounts payable	**1,381,946**	(2,007,347)
Accrued expenses	**730,752**	402,503
Refundable advance	**5,410,119**	(5,685,121)
Net cash used in operating activities	**(2,167,108)**	(17,055,018)
Cash flows from investing activities:		
Purchase of property and equipment	**(6,206,362)**	(3,259,011)
Proceeds from disposals of property and equipment	**87,967**	162,522
Proceeds from distributions from Heifer International Foundation	**5,174,444**	3,761,832
Net cash (used in) provided by investing activities	**(943,951)**	665,343
Cash flows from financing activities:		
Borrowings under line of credit	**1,997,141**	2,147,521
Principal payments on line of credit	**(71,975)**	(2,217,571)
Net cash provided by (used in) financing activities	**1,925,166**	(70,050)
Decrease in cash, cash equivalents and restricted cash	**(1,185,893)**	(16,459,725)
Cash, cash equivalents and restricted cash—beginning of year	**43,554,752**	60,014,477
Cash, cash equivalents and restricted cash—end of year	**$ 42,368,859**	$ 43,554,752

(Continued)

Heifer Project International

Consolidated Statements of Cash Flows (Continued)
Years Ended June 30, 2024 and 2023

	2024	2023
Supplemental schedules of noncash operating and investing activities:		
Purchases of property and equipment in accounts payable	**$ 110,129**	$ 34,735
Donation of stock	**$ 1,921,614**	$ 1,590,845
Right-of-use assets obtained in exchange for new operating lease obligations	**$ 370,650**	$ 56,002
Record assets and liabilities for adoption of Accounting Standards Codification 842:		
Right-of-use assets—operating leases (FY23)	**$ -**	$ 3,112,593
Operating lease liabilities (FY23)	**$ -**	$ 3,165,364
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	**$ 110,754**	$ 15,853
Cash paid during the year for operating lease liabilities	**$ 312,147**	$ 384,152
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	**$ 26,350,232**	$ 33,267,190
Restricted cash (assets restricted for long-term purposes)	**16,018,627**	10,287,562
Total cash, cash equivalents and restricted cash	**$ 42,368,859**	$ 43,554,752

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 nearly 80 years, Heifer Project International has invested in smallholder farming households and their communities 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 19 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, horticulture, seafood, spices and textiles.

Through relationships with governments, the private sector, small businesses, nonprofit organizations and other entities, Heifer Project International creates 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, with a growing share from institutional, philanthropic and other sources.

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.

Basis of accounting: The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

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**
Kenya	Cambodia	Guatemala	
Nigeria LSE	Cambodia LSE	Haiti	
Malawi	India	Honduras	
Rwanda	India LSE	Mexico	
Senegal	India LSE Passing Gifts	Shared Wealth Ventures, LLC	
Tanzania	Korea (South) LSE		
Uganda	Nepal		
Zambia	Nepal LSE		
Zimbabwe*			

*Operations discontinued during fiscal year 2023

**Operations to be discontinued during fiscal year 2025

In addition to its U.S. program and operations, the Organization's financial statements for the fiscal years ended June 30, 2024 and 2023, included activity for the 27 international entities listed above. As of June 30, 2024, the Organization has established two other legally separate entities in Kenya and Mexico but have had no financial activity to date. Germany is in the process of discontinuing operations and will be closed in fiscal year 2025.

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 providing funding for Heifer Project International programs, 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 program activities. For the fiscal years ended June 30, 2024 and 2023, $720,279 and $786,376, respectively, of the Organization's expenses consisted of funding provided to Stichting Heifer Nederland.

Organization	Country
Heifer International Foundation (Note 4)	United States
Sichuan Haihui Poverty Alleviation Service Center	China
Heifer International Hong Kong Limited	Hong Kong
Stichting Heifer Nederland	Netherlands
Sahayatri	Nepal

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

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.

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, 2024 and 2023, the Organization's PRI loan portfolio was $7,529,706 and $6,242,286, 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 collectability 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 a loss reserve of $983,260 and $989,131 has been recorded for the years ended June 30, 2024 and 2023, respectively. The Organization has provided loan guarantees of $8,068,000 and $7,913,304, of which loss exposure related to the guarantees is $6,307,771 and $6,780,660, as of June 30, 2024 and 2023, respectively. The PRI portfolio includes two equity investments valued at $473,002 and $473,000 as of June 30, 2024 and 2023, respectively, which are recorded within investments on the consolidated statements of financial position.

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

Investments and investment return: The Organization's investments, primarily consisting of mutual funds and private equity, were $3,790,358 and $3,101,138 at June 30, 2024 and 2023, 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. Net investment return is recorded within other income on the consolidated statements of activities for the years ended June 30, 2024 and 2023.

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 $195,943,611 and $186,470,212 at June 30, 2024 and 2023, 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.

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. The Organization adopted ASC 326, Financial Instruments – Credit Losses, as of January 1, 2023, with the cumulative-effect transition method with the required prospective approach. The measurement of expected credit losses under the current expected credit loss (CECL) methodology is applicable to financial assets measured at amortized cost, which include receivables from dairy farmer business associations, advances to or collections by local banks providing DFBA financing and other trade receivables. An allowance for credit losses under the CECL methodology is determined using the loss-rate approach and measured on a collective (pool) basis when similar risk characteristics exist. Where financial instruments do not share risk characteristics, they are evaluated on an individual basis. The CECL allowance is based on relevant available information, from internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts. At June 30, 2024 and 2023, $624,501 and $587,002, respectively, remained in accounts receivable from the DFBAs, against which was recorded an allowance for credit losses of $444,633 and $419,598 for the years ended June 30, 2024 and 2023,respectively. The allowance for doubtful accounts was established using management estimates based upon repayment performance to date and other factors.

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

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 refundable advance. 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, 2024 and 2023, the Organization had $121,124,434 and $49,463,481, 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, 2024 or 2023.

Leases: In February 2016, the Financial Accounting Standards Board (FASB) issued ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities. The Organization adopted Topic 842 on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under ASC Topic 840, Leases.

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

The Organization elected the “package of practical expedients” under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases or (3) the initial direct costs for any existing leases. The Organization has not elected to adopt the “hindsight” practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on July 1,2022.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract, and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or July 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public entities to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate. The non-lease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

ASC Topic 842 includes a number of reassessment and remeasurement requirements for leases based on triggering events or conditions. The Organization reviewed the reassessment and remeasurement requirements and did not identify any events or conditions during the year ended June 30, 2024, that required reassessment or remeasurement. In addition, there were no impairment indicators identified during the year ended June 30, 2024 that required an impairment test for the Organization's right-of-use assets.

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.

Refundable advance: Refundable advance 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 of 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. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. 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.

Contributions of non-financial assets: In-kind contributions of media and broadcast time in the form of public service announcements were received during the fiscal years ended June 30, 2024 and 2023, with estimated values of $5,869,987 and $11,677,321, respectively and included within the contributed nonfinancial assets line item on the statements of activities. The estimated fair value was provided by an independent third party and then reviewed by management.

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

Unpaid volunteers make 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, 2024 and 2023. 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. GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization and has concluded that, as of June 30, 2024 and 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements.

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.

Recently adopted accounting pronouncement: In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* which creates a new credit impairment standard for financial assets measured at amortized cost. The ASU requires financial assets measured at amortized cost (accounts receivable) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statements of operations as the amounts expected to be collected change. The Organization adopted ASU 2016-13 effective July 1, 2023. The adoption of ASU 2016-13 did not have a material impact 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, 2024 and 2023, the following financial assets are available to meet annual operating needs of the upcoming fiscal years:

	2024	2023
Financial assets:		
Cash and cash equivalents	$ 26,350,232	$ 33,267,190
Accounts receivable, net	609,032	1,380,337
Grant reimbursements receivable	532,665	545,635
Contributions receivable available for operations	85,011	1,235,011
Distribution from beneficial interest in assets held by HIF	5,338,117	5,173,261
	$ 32,915,057	$ 41,601,434

Heifer Project International has various sources of liquidity at its disposal, including cash and cash equivalents, and a line of credit. See Note 7 for information about the Organization's line of credit.

Note 3. Contributions of Non-Financial Assets

Contributed nonfinancial assets utilized in programs and activities for the years ended June 30, 2024 and 2023, are as follows:

Category	Utilization	Valuation	2024	2023
Agricultural	Development programs	Lower of cost or market or net realizable value	$ 10,369	$ -
Public service announcement (PSA)	Fundraising and public info	Market value of PSA from the service provider	5,869,987	11,677,321
Supplies	Development programs, general and administrative	Fair value provided by donor, lower of cost or market or net realizable value	244	26,962
Total			$ 5,880,600	$ 11,704,283

The above non-financial assets were utilized in operational and program activities consistent with donor restrictions, where applicable.

Note 4. 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, 2024 and 2023, consisted of the following:

	2024	2023
Due within one year	$ 93,860	$ 1,247,285
Due within five years	324,265	414,276
Due beyond five years	127,100	172,099
	545,225	1,833,660
Less:		
Allowance for uncollectible pledges	26,819	91,069
Unamortized discount	42,102	74,783
	$ 476,304	$ 1,667,808

At June 30, 2024 and 2023, one donor accounted for 76% and 55% of total contributions receivable, respectively.

Note 5. 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, 2024 and 2023, the Organization's overall interest in net assets of HIF increased (decreased) by $9,473,398 and $3,411,064, respectively.

Note 5. 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:

	2024	2023
Beginning balance, July 1	$ 186,470,212	$ 183,059,147
HIF distributions to Heifer	(5,174,444)	(7,614,562)
Undesignated bequests transferred to HIF	-	3,852,730
Heifer's change in interest in net assets to HIF	14,647,842	7,172,897
Net increase in Heifer's interest in net assets	9,473,398	3,411,065
Ending balance, June 30	$ 195,943,610	$ 186,470,212

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, 2024 and 2023, the Organization contributed bequest revenues of $0 and $3,852,730, 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, 2024 and 2023, of $195,943,610 and $186,470,212, 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, 2024 and 2023, HIF reported net assets without donor restrictions of $40,575,752 and $40,606,427, respectively, which are included as a portion of the Organization's net assets with donor restrictions balance.

Note 6. Property and Equipment

Property and equipment is carried at cost, net of accumulated depreciation, and at June 30, 2024 and 2023, consisted of the following:

	2024	2023
Land and improvements	$ 11,387,446	$ 11,379,429
Buildings	49,075,541	44,198,499
Vehicles	6,200,213	6,066,017
Furniture, fixtures, hardware and software	22,615,783	21,591,826
Construction in progress	641,589	1,414,230
	89,920,572	84,650,001
Less accumulated depreciation	47,344,758	45,542,857
	$ 42,575,814	$ 39,107,144

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 $3,288,364 and $3,956,970 for the years ended June 30, 2024 and 2023, respectively, of which $823,308 and $1,241,298, respectively, relates to the depreciation expense recorded by country programs and $499,193 and $507,760, respectively, relates to lease amortization. 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 13.

Note 7. Lines of Credit

The Organization has two revolving credit facilities with HIF. The available line of credit for operating expenses is the greater of $7,500,000 or 10% of the market value of the HIF total endowment, $18,973,240, 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, 2024 and 2023, 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 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 five draws totaling $1,997,141 and ten draws totaling $2,147,521 during the years ended June 30, 2024 and 2023, respectively. The Organization made repayments of $71,975 and $2,217,571 during the years ended June 30, 2024 and 2023, respectively. The outstanding balance as of June 30, 2024 and 2023, is $4,540,183 and $2,615,017, respectively.

Note 8. Net Assets

Net assets with donor restrictions: Net assets with donor restrictions at June 30, 2024 and 2023, are restricted for the following purposes:

	2024	2023
Subject to expenditure for specified purpose:		
Sustainable projects	$ 316,775	$ 1,478,735
Proceeds which have been restricted by donors for:		
Sustainable projects	5,228,655	4,471,865
	5,545,430	5,950,600
Subject to the passage of time:		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	147,884	174,003
Not subject to spending policy or appropriation:		
Beneficial interest in assets held by HIF	195,943,610	186,470,212
	$ 201,636,924	$ 192,594,815

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:

	2024	2023
Satisfaction of purpose restrictions:		
Sustainable projects	$ 1,183,112	$ 2,735,358
Proceeds which have been restricted by donors for:		
Sustainable projects	2,346,738	3,135,430
	3,529,850	5,870,788
Expiration of time restrictions	31,483	31,483
	$ 3,561,333	$ 5,902,271

Note 9. Revenue from Contracts with Customers

Significant changes in refundable advances for the years ended June 30, 2024 and 2023, are as follows:

	2024	2023
Refundable advance, beginning of year	$ 6,335,750	$ 12,020,871
Increases in refundable advance due to cash received during the year	9,591,223	4,615,221
Revenue recognized	(4,181,104)	(10,300,342)
Refundable advance, end of year	$ 11,745,869	$ 6,335,750

Note 10. Operating Lease Commitments

The Organization leases office space under operating lease agreements that have initial terms that vary by location. Some leases include one or more options to renew, generally at the Organization's sole discretion, with renewal terms that can extend the lease term. In addition, certain leases contain termination options, where the rights to terminate are held by either the Organization, the lessor or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the Organization will exercise that option. The Organization considers a number of factors when evaluating whether the options in its lease contracts are reasonably certain of exercise, such as the length of time before option exercise, expected value of the leased asset at the end of the initial term, importance of the lease to overall operations, lessor relationship, costs to negotiate a new lease and any contractual or economic penalties. The Organization's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Operating lease cost	$ 615,445	$ 837,035
Short-term lease cost	561,768	377,173
Total lease cost	$ 1,177,213	$ 1,214,208

Total rent expense for operating leases was $615,445 for the year ended June 30, 2024.

The following table summarizes the annual operating lease obligations, respectively by year:

	U.S. Leases	International Leases
Years ending June 30:		
2025	$ 280,673	$ 770,878
2026	287,690	302,840
2027	294,882	70,072
2028	302,254	50,824
2029	309,811	25,412
Thereafter	613,460	-
Total lease payments	2,088,770	1,220,026
Less imputed interest	213,066	206,455
Total present value of lease liabilities	$ 1,875,704	$ 1,013,571

For operating leases, the weighted average remaining lease term at June 30, 2024 is 5.8 years and the discount rate varies by country.

Note 11. Retirement Plans

The Organization sponsors two defined contribution retirement plans: a 403(b) plan and a nonqualified offshore retirement plan and 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 2024 and 2023 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 2024 and 2023 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 $1,750,429 and $1,339,337 for the years ended June 30, 2024 and 2023, respectively.

Note 12. Functional Expenses

The Organization classified expenses functionally for the years ended June 30, 2024 and 2023, as follows:

	2024			
	Program Services	Management and General	Fundraising	Total Expenses
Program costs—grants and field operations	$ 64,480,389	$ -	$ -	$ 64,480,389
Salaries and wages	13,916,138	3,501,308	6,172,103	23,589,549
Payroll taxes	1,018,639	244,149	482,611	1,745,399
Retirement plan contributions	848,622	233,212	409,815	1,491,649
Other employee benefits	1,411,303	350,872	614,285	2,376,460
Other personnel expenses	755,040	16,721	178,726	950,487
Volunteer expenses	14,186	-	-	14,186
Travel	1,691,664	220,825	412,477	2,324,966
Conferences and meetings	473,569	22,108	70,778	566,455
Occupancy	788,583	154,352	254,529	1,197,464
Equipment—minor purchases, rentals	1,050,653	561,351	1,102,549	2,714,553
Supplies	394,540	36,472	55,920	486,932
Printing and other media expense	3,435,310	618	5,807,573	9,243,501
Marketing and promotion expense	9,572,428	224,701	1,760,580	11,557,709
Accounting and audit fees	112,965	297,289	201	410,455
Legal fees	119,885	149,579	29,025	298,489
Other professional and consulting fees	11,241,174	634,376	13,907,398	25,782,948
Property and casualty insurance	174,137	380,673	15,079	569,889
Communications charges	245,487	166,412	172,651	584,550
Postage, shipping and freight	2,637,138	12,441	4,458,973	7,108,552
Depreciation	1,892,328	216,344	356,384	2,465,056
Interest expense	144	102	22	268
Other expenses	2,606,760	955,746	1,834,561	5,397,067
Total expenses and losses	$ 118,881,082	$ 8,379,651	$ 38,096,240	$ 165,356,973

Note 12. Functional Expenses (Continued)

	2023			
	Program Services	Management and General	Fundraising	Total Expenses
Program costs—grants and field operations	$ 64,845,209	$ -	$ -	$ 64,845,209
Salaries and wages	15,093,269	3,652,223	6,132,013	24,877,505
Payroll taxes	1,121,811	252,197	469,485	1,843,493
Retirement plan contributions	783,261	179,605	307,721	1,270,587
Other employee benefits	1,401,850	339,502	554,607	2,295,959
Other personnel expenses	650,827	62,199	217,660	930,686
Volunteer expenses	55,244	700	-	55,944
Travel	1,980,985	138,315	355,833	2,475,133
Conferences and meetings	204,602	23,827	45,154	273,583
Occupancy	830,877	275,463	237,611	1,343,951
Equipment—minor purchases, rentals maintenance	677,525	474,193	404,341	1,556,059
Supplies	460,547	35,393	64,418	560,358
Printing and other media expense	3,759,851	109,919	6,269,200	10,138,970
Marketing and promotion expense	15,617,980	263,838	2,223,297	18,105,115
Accounting and audit fees	275,286	336,867	3,740	615,893
Legal fees	183,190	155,227	44,350	382,767
Other professional and consulting fees	12,265,741	578,483	13,943,048	26,787,272
Property and casualty insurance	181,733	280,471	88,181	550,385
Communications charges	259,842	166,961	194,507	621,310
Postage, shipping and freight	2,854,005	69,099	4,815,836	7,738,940
Depreciation	1,913,468	386,150	416,054	2,715,672
Interest expense	1,861	14,184	10	16,055
Other expenses	2,413,713	771,770	1,978,429	5,163,912
Total expenses and losses	$ 127,832,677	$ 8,566,586	$ 38,765,495	$ 175,164,758

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, 2024 and 2023, the costs of conducting these appeals included a total of $12,203,460 and $13,141,826, 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 13 and were allocated as follows:

	2024	2023
Fundraising	$ 7,441,517	$ 8,111,174
Educational programs	4,761,943	5,030,652
	$ 12,203,460	$ 13,141,826

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 at acquisition cost when acquired. 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, 2024 and 2023.

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, 2024 and 2023, cash balances totaling $11,643,495 and $10,501,631, respectively, were held by banks in foreign countries, and property and equipment with a net carrying value of $2,910,474 and $3,164,922, 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. The Federal Deposit Insurance Corporation (FDIC) provides coverage for certain accounts up to $250,000. The Organization places its cash and cash equivalents in deposits with regulated financial institutions and, at times, some deposits may be in excess of the FDIC insured limit.

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.

Note 17. Subsequent Events

The Organization has evaluated subsequent events for potential recognition and/or disclosure through October 28, 2024, the date the consolidated financial statements were available to be issued.

Supplementary Information

Heifer Project International

Consolidating Statement of Financial Position
June 30, 2024

	Headquarters	Africa	Asia	Americas	Europe	Eliminations	Total
Assets							
Cash and cash equivalents	$ 16,001,978	$ 5,461,837	$ 3,664,347	$ 1,166,751	$ 55,319	$ -	$ 26,350,232
Restricted cash	16,018,627	-	-	-	-	-	16,018,627
Accounts and interest receivable, net of allowance and discount	7,370,100	1,087,230	343,344	1,090,204	-	-	9,890,878
Intercompany account receivable	8,083,308	3,995	-	352,262	-	(8,439,565)	-
Grant reimbursements receivable	273,284	168,190	82,378	8,813	-	-	532,665
Prepaid expenses	2,811,723	693,520	82,545	402,790	-	-	3,990,578
Investments	3,715,440	-	-	74,750	-	-	3,790,190
Contributions receivable, net of allowance and discount	467,455	-	8,849	-	-	-	476,304
Interest in net assets of Heifer International Foundation	195,943,610	-	-	-	-	-	195,943,610
Property and equipment, net of accumulated depreciation	39,740,675	1,235,884	759,657	861,503	-	(21,905)	42,575,814
Right-of-use assets—operating leases	1,832,293	664,858	35,141	-	-	-	2,532,292
Total assets	$ 292,258,493	$ 9,315,514	$ 4,976,261	$ 3,957,073	$ 55,319	$ (8,461,470)	$ 302,101,190
Liabilities and Net Assets							
Liabilities:							
Accounts payable	$ 3,602,945	$ 1,236,390	$ 918,432	$ 2,438,597	$ -	$ -	$ 8,196,364
Intercompany accounts payable	8,071,300	267,219	890,958	105,266	-	(9,334,743)	-
Accrued expenses	2,644,602	1,818,329	686,912	1,327,346	-	2,635	6,479,824
Refundable advance	8,098,424	2,627,199	401,156	616,546	-	2,544	11,745,869
Line of credit	4,540,183	-	-	-	-	-	4,540,183
Operating lease obligations	1,875,705	973,476	40,094	-	-	-	2,889,275
Total liabilities	28,833,159	6,922,613	2,937,552	4,487,755	-	(9,329,564)	33,851,515
Net assets:							
Without donor restrictions	61,788,410	2,392,901	2,038,709	(530,682)	55,319	868,094	66,612,751
With donor restrictions	201,636,924	-	-	-	-	-	201,636,924
Total net assets	263,425,334	2,392,901	2,038,709	(530,682)	55,319	868,094	268,249,675
Total liabilities and net assets	$ 292,258,493	$ 9,315,514	$ 4,976,261	$ 3,957,073	$ 55,319	$ (8,461,470)	$ 302,101,190

Heifer Project International

Consolidating Statement of Activities (Without Donor Restrictions)
Year Ended June 30, 2024

	Headquarters	Africa	Asia	Americas	Europe	Eliminations	Total
Revenues, gains and other support:							
Contributions	$ 125,157,450	$ 21,776,493	$ 15,208,176	$ 12,013,446	$ 32,814	$ (48,961,958)	$ 125,226,421
Federal government grants	1,547,590	-	59,756	712,024	-	-	2,319,370
Other grants	4,499,888	6,108,744	2,971,196	2,509,500	-	-	16,089,328
Educational programs	67,031	-	-	-	-	-	67,031
Promotional events and material sales, net of cost	87,657	-	-	-	-	-	87,657
Contributed nonfinancial assets	5,880,600	-	-	-	-	-	5,880,600
Other	3,270,235	35,779	61,116	101,022	-	-	3,468,152
Change in interest in net assets of Heifer International Foundation	5,174,444	-	-	-	-	-	5,174,444
Net assets released from restrictions	3,561,333	-	-	-	-	-	3,561,333
Total revenues, gains and other support	149,246,228	27,921,016	18,300,244	15,335,992	32,814	(48,961,958)	161,874,336
Expenses and losses:							
Program services	106,454,616	26,881,867	18,793,757	15,512,191	804	(48,762,153)	118,881,082
Management and general	8,379,651	-	-	-	-	-	8,379,651
Fundraising	38,096,240	-	-	-	-	-	38,096,240
Total expenses and losses	152,930,507	26,881,867	18,793,757	15,512,191	804	(48,762,153)	165,356,973
Change in net assets from operations	(3,684,279)	1,039,149	(493,513)	(176,199)	32,010	(199,805)	(3,482,637)
Other changes in net assets:							
Foreign currency translation adjustment	9,127	(426,709)	(129,987)	41,582	(580)	(310,469)	(817,036)
Total change in net assets	(3,675,152)	612,440	(623,500)	(134,617)	31,430	(510,274)	(4,299,673)
Net assets, beginning of year	65,463,562	1,780,461	2,662,209	(396,065)	23,889	1,378,368	70,912,424
Net assets, end of year	$ 61,788,410	$ 2,392,901	$ 2,038,709	$ (530,682)	$ 55,319	$ 868,094	$ 66,612,751