



**WE
MUST
FEED
THE HUNGRY
EVERYWHERE.**

—Dan West

ANNUAL 2013 REPORT

 PASS ON
THE GIFT
HEIFER
INTERNATIONAL

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MISSION & VISION

Heifer International's mission is to work with communities to end hunger and poverty and care for the Earth.

We empower families to turn hunger and poverty into hope and prosperity—but our approach is more than just giving them a handout. Heifer links communities and helps bring sustainable agriculture and commerce to areas with a long history of poverty. Our animals provide partners with both food and reliable income, as agricultural products such as milk, eggs and honey can be traded or sold at market.

When many families gain this new sustainable income, it brings new opportunities for building schools, creating agricultural cooperatives, forming community savings and funding small businesses.

We envision a world of communities living together in peace and harmony and equitably sharing the resources of a healthy planet.

LETTER FROM OUR CEO



Dear fellow change makers,

This past year has been one of continuing transformation for Heifer. From the lives we've touched in the field to our staff and donors all around the world, we've all experienced this change together.

In the nearly 70 years of Heifer's history, 20.7 million families have achieved lives of self-reliance and sustainability. That means that more mothers and fathers are able to feed their children and that those children are healthy and able to go to school. It means that where once, whole communities were living in poverty—lacking adequate nutrition, income and resources—those communities are now strong and successful economies.

Though extreme poverty has been halved since 1990—progress for which we should be grateful for—it's still with us and still spreads at an alarming level. The United Nations cites 842

million people—that's one in eight, go to bed hungry every night. Ninety-eight percent of this population lives in developing countries.

But we can change this. Together, we have power over hunger and poverty.

Heifer has set three strategic priorities in place that will drastically increase our efforts with the heart of our mission ever present in all that we do, from project planning and implementation to impact and replication.

Our new strategy will deepen our relationship with staff, donors and project participants and create lasting, sustainable change so that one day no one will go to bed hungry.

We began work on a brand new website designed to better reflect our work, make giving easier and provide more information,

OUR THREE STRATEGIES:

- 1 Increase our impact exponentially—what we call “scaling up.”
- 2 Grow and diversify revenue.
- 3 Support and strengthen our core global operating systems.

more quickly. An investment was made in an Enterprise Resource Planning system that helps us better and more accurately manage all of our business processes, from accounting to project management to donations. It is a system that will increase efficiency and effectiveness and will provide critical system capabilities to be effective in today’s demanding environment.

Each of our projects now assist more than 1,000 families; some assist more than 5,000 and a few assist more than 100,000. Our dream is that this strategic plan in the next five, 10, even 20 years, will place millions more on a path free from hunger and poverty.

With focused determination and our continuing commitment to the 12 Cornerstones for Just and Sustainable Development, our collective progress continues and exponential impact is achieved. We directly and indirectly helped 2,140,263 families move out of poverty and into lives of self-reliance. Our reach is widening. And while our collective influence spreads, our impact grows.

Together, we also have made great strides here in the United States. We have refocused our efforts in community outreach and have deepened our engagement with congregations and schools, educating the public on poverty issues and activism and increasing awareness of Heifer’s work. Our network of vibrant and interconnected donors, volunteers and supporters is getting bigger every day and we thank them all for their support and generosity.



It has truly been an incredible year. My gratitude goes out to all of you, to our Board of Directors for its tireless support, to our dedicated and hard-working staff all over the world that have managed these changes with energy, courage and grace and lastly, to you, the change makers, realizing your power over poverty and the potential to generate sustainable change for better days and better lives.

Thank you!

Yours for a better world,

A handwritten signature in black ink that reads "Pierre U. Ferrari". The signature is written in a cursive, flowing style.

Pierre U. Ferrari, President and CEO

ABOUT HEIFER



Dan West, 1944

Countries Where Heifer Works:

Americas

ARGENTINA* • BOLIVIA
BRAZIL* • CANADA • ECUADOR
GUATEMALA • HAITI
HONDURAS • MEXICO
NICARAGUA • PERU • USA

Africa

CAMEROON* • GHANA
KENYA • MALAWI
MOZAMBIQUE* • RWANDA
SENEGAL • SIERRA LEONE*
SOUTH AFRICA • TANZANIA
UGANDA • ZAMBIA
ZIMBABWE

Asia/South Pacific

BANGLADESH • CAMBODIA
CHINA • INDIA • INDONESIA*
NEPAL • PHILIPPINES
THAILAND* • VIETNAM

Central/Eastern Europe

ALBANIA* • ARMENIA
ESTONIA* • GEORGIA
KOSOVO* • LATVIA*
LITHUANIA* • MACEDONIA*
POLAND* • ROMANIA
SLOVAKIA* • UKRAINE

* denotes countries where
Heifer's projects are coming
to the end of their life cycle



Dan West, our founder, understood that we all have the potential to live our best lives. All we need is a little push.

West and his friends gave the first nudge in 1944 when their donated livestock left the U.S. They knew that their cows were going to help people who really needed it. What they didn't know is that this gift of livestock would create a ripple effect that began a movement that changed the face of the fight against hunger.

Out of that simple act grew an international nonprofit firmly planted in the idea that we are all responsible for each other. Helping others to help themselves has been an integral piece of our 70-year journey.

Today, we remain dedicated to our roots: that what is right and just is for every person on this Earth to have a future free from hunger and poverty.

Around the world, 2013







PASSING
ON THE GIFT



ACCOUNTABILITY



SHARING
& CARING



SUSTAINABILITY
& SELF-RELIANCE



IMPROVED ANIMAL
MANAGEMENT



NUTRITION
& INCOME



GENDER &
FAMILY FOCUS



GENUINE NEED
& JUSTICE

12 CORNERSTONES

FOR JUST AND SUSTAINABLE DEVELOPMENT

Heifer projects are built around the 12 Cornerstones for Just and Sustainable Development. These 12 principles serve as the foundation that guides single families and whole communities into lives of self-reliance. These mainstays of community development stimulate group wisdom and personal insights and keep hearts, minds and actions balanced, focused and productive. The core of those principles





IMPROVING THE
ENVIRONMENT



FULL
PARTICIPATION



TRAINING &
EDUCATION



SPIRITUALITY

is Passing on the Gift, allowing recipients to become donors. The evolution from gratitude to generosity is a powerful transformation.

For each animal given, families agree to pass on the offspring of that animal to another person in need. In Nepal, 13 generations of Heifer animals can be traced. On average, Passing on the Gift lasts for at least six generations, no matter the project.



CORPORATE PARTNERS

Danone is a multinational food-products company and a world leader in fresh dairy products. Since 2010 Heifer International and Danone have joined forces to design and launch together five projects to create agricultural cooperatives for smallholder families: three in Ukraine, one in Romania and most recently in fiscal year 2013, Danone agreed to help fund and co-manage the Yudaokou Holistic Community Development Project in China.

Garnet Hill has been a Heifer partner since 2009. In 2013, the company offered customers a chance to win a trip to the field through its "Pass on the Gift" in Peru sweepstakes to witness Heifer's work. The sweepstakes winners and Garnet Hill CEO Russ Gaitskill visited Heifer projects in Peru in August 2013. The company continues its successful "Shop with Heart" campaign, benefitting Heifer International.

Alpha Kappa Alpha Sorority is an international service organization that was founded in 1908 on the campus of Howard University in Washington, D.C. Supporting the platform of "Global Leadership Through Timeless Service" the AKA's 260,000 members raise funds for Ecuador and Kenya in over 978 chapters. Led by AKA president Caroline House Stewart, AKA members visited Heifer's project in the mangroves of Ecuador in June 2013.

Green Mountain Coffee Roasters Inc. (GMCR) is a leader in specialty coffee and coffee makers, recognized for its award-winning coffees and socially responsible business practices. GMCR has supported Heifer International projects since 2002. Over the years, the partnership has included projects in Guatemala, Honduras, Mexico, Nicaragua and Peru. Heifer and GMCR are committed to empowering individuals and families, helping coffee growers diversify their incomes and improve their diets, helping communities become more self-reliant, and protecting the environment through sustainable, agroecological practices. In fiscal year 2013, GMCR awarded new grants for CAFÉ SELVA in Peru and VIDA CAFÉ in Honduras.

Elanco Animal Health is a global, innovation-driven company that develops and markets products to improve animal health and food animal production in over 70 countries. Elanco, a division of Eli Lilly and Company, has supported several global Heifer International projects, and constantly looks for opportunities for its employees to use their passion and technical expertise to help Heifer support impoverished farmers and small communities in achieving food security and self-sufficiency. Elanco has partnered with Heifer since 2007.

QBE Foundation is the philanthropic, grant-making arm of Australia-based international insurance provider, QBE. For the second straight year, the foundation awarded Heifer an undesignated grant. The grant includes contributions received directly from QBE employees and a match, up to a cap level, by the foundation.

HEIFER'S IMPACT ON THE GROUND

2,140,263

Africa 613,962

Americas..... 271,563

Asia/South Pacific 783,039

Central and Eastern Europe 471,699

Total families assisted directly and indirectly in FY13



◀ **Heifer CEO and President Pierre Ferrari joined Former U.S. President Bill Clinton's Agricultural Mission to Haiti.** Clinton thanked Heifer International for its work in Haiti and stressed the importance of smallholder farmers. Heifer Haiti is working to establish goat-breeding centers to easily access goat products such as dairy and meat.

HEIFER PERU WORKS TO REDUCE THE "DIGITAL DIVIDE"

Lack of access to computers, internet and phones separates rural communities from the rest of the country—Heifer Peru designs projects to include an information and technology component in order to improve infrastructure in Heifer communities.

Yaaajeende Project ▶

Heifer Senegal and USAID are working together to improve food security in 26 communities.



◀ **Heifer Georgia** participated in a national advocacy campaign to decrease agriculture-related tax, resulting in the nullification of the value-added tax on local agricultural production and sale.

60,000
The empowering women farmers project in Nepal has engaged almost 60,000 of the targeted 138,000 families.

Beyond Hunger: A Place at the Table ▶

Held in Los Angeles, Calif., this event honored Mary Steenburgen and Ted Danson's commitment to Heifer's mission over the years and raised awareness on the plight of marginalized women and their families.

Alpha Kappa Alpha ▶

Twelve members of the Alpha Kappa Alpha sorority visited Heifer projects in Ecuador to witness firsthand how their donations have made an impact over the last three years.



Feast in the Field ▶

This unique "farm to fork" celebration raised funds and awareness for sustainable agriculture. The event benefited Heifer projects in the Arkansas Delta and Nepal and was held on the grounds at Heifer Village.



WORKPLACE GIVING

More than 300 workplaces in 49 states participated in Heifer's workplace giving program.

Board Meeting

Hosted by Heifer Nepal ►

"Being in the field and actually connecting with the people takes our work from being just work of the mind or brain to work of the heart."

—Longtime board member Charles Stewart



25%►

The Armenia Smallholder Farmer Project increased milk productivity by 25 percent in rural Armenian communities.



2,772►

Compared to 277 farm families at baseline, 2,772 farm families now have access to food—a 43 percent increase due to improved food security in Cameroon.



CORPORATE PARTNERSHIP SUMMIT

Heifer International hosted its first-ever corporate partnership summit. Beyond the Bottom Line: Creating Shared Value through Partnership brought together senior executives from Heifer's corporate partners, representatives from leading multinational corporations and Heifer leadership from across the organization.



Club de Madrid ►

Heifer welcomed former heads of state and government members as part of the Club de Madrid meeting in Little Rock, Arkansas. The larger event, organized by World Leadership Alliance, focused on solutions to gender inequality throughout the democratic world.



GLOBAL SYSTEMS DEVELOPMENT

Global systems rolled out in over 30 countries that will improve efficiency, increase transparency and lead to better information for decision making.

HEIFER INTERNATIONAL BOARD OF DIRECTORS



Francine Anthony
Oakland, CA



Efrain Diaz Arrivillaga
Tegucigalpa, Honduras



Ben Cohen
Burlington, VT



C. Devendra
Kuala Lumpur, Malaysia



Susan B. Fulton
Bethesda, MD



Sandra M. Godden, DVM
St. Paul, MN



Susan Grant
Atlanta, GA



Dr. Don Hammond
Nyack, NY
Chair



Skirma A. Kondratas
Vilnius, Lithuania



June Kim
New York, NY
United Methodist
Committee on Relief



Dr. Johnson Nkuuhe
Kampala, Uganda



George Petty*
Versoix, Switzerland



C. Douglas Smith
Charlottesville, VA
Disciples of Christ
Immediate Past Chair



Charles Stewart
Little Rock, AR



Arlene Withers
Glendale, CA
Vice Chair



Jay A. Wittmeyer
Elgin, IL
Church of the Brethren



Norman Doll*
Mequon, WI



Franklin Ishida
Chicago, IL
Evangelical Lutheran
Church in America



Susan Sanders
Cleveland, OH
United Church of Christ

The Board focuses on the outward vision and long-term impacts of the organization. As such the Board develops broad values and policies, which are then operationalized by Heifer staff. The Chair and Vice Chair of the Board are elected by the Heifer International Board of Directors on an annual basis; the CEO is an employee of the Board. The full Board meets three times per year with various committees named to assist the Board in carrying out its duties and responsibilities.

Heifer International Foundation and Heifer International are separate nonprofit charitable organizations with distinct purposes. They work closely together to support a common mission while meeting the unique individual needs of donors. Heifer Foundation offers a variety of planned charitable giving instruments that provide individuals the ability to help themselves, their loved ones and a world in great need. Gifts to Heifer Foundation are invested in endowments that provide perpetual operating income and program revenue every year in the future for Heifer International.

EXECUTIVE LEADERSHIP



Pierre Ferrari
President and Chief
Executive Officer



Steve Denne
Chief Operating
Officer and Secretary
of the Board



Bob Bloom
Chief Financial Officer
and Treasurer



Rene Rockwell
Executive Office
Director and Board
Liaison



Cindy Jones-Nyland
Executive Vice
President Marketing
and Resource
Development



Hilary Haddigan
Director of Planning
and Enterprise
Effectiveness

FINANCIALS

2013 FISCAL YEAR Consolidated Expenses

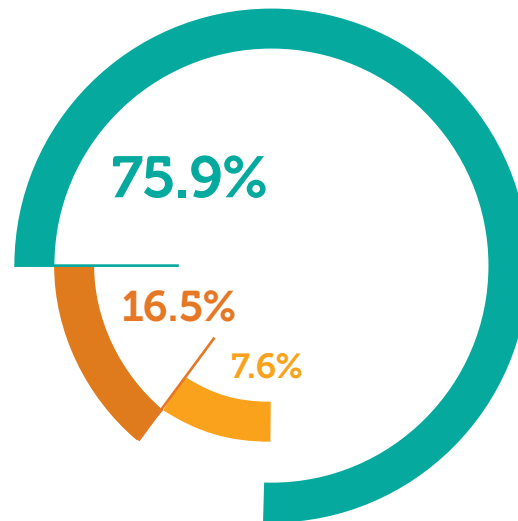
Program Services 76%
Support Services 24%

Program Services

International Development Programs 58.8%
Education Programs 17.1%

Support Services

Fundraising Support 16.5%
Management and General Support 7.6%



2012 FISCAL YEAR Consolidated Expenses

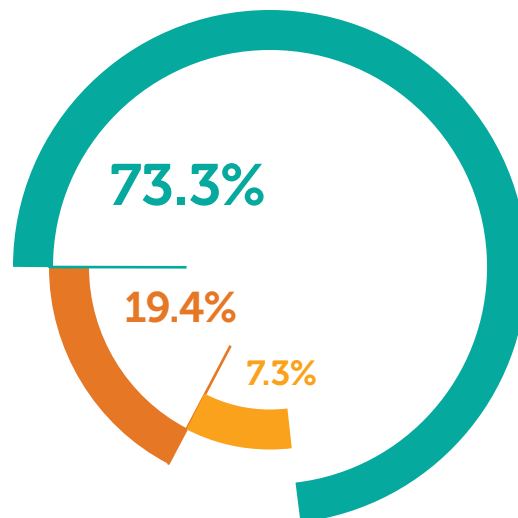
Program Services 73%
Support Services 27%

Program Services

International Development Programs 62.2%
Education Programs 11.1%

Support Services

Fundraising Support 19.4%
Management and General Support 7.3%



WHERE DOES MY GIFT GO?

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30, 2013 and 2012

Assets	2013	2012
Cash and Cash Equivalents	\$38,015,461	\$41,635,626
Restricted Cash	6,386,455	13,866,411
Accounts and Interest Receivable, Net of Allowance	3,499,379	4,335,076
Grant Reimbursements Receivable	8,882	52,267
Prepaid Expenses and Other	1,179,558	1,295,644
Investments	292,338	248,940
Contributions Receivable, Net of Allowance	887,836	917,629
Interest in Net Assets of Heifer International Foundation	65,835,131	59,372,181
Property and Equipment, Net of Accumulated Depreciation	51,317,507	53,220,193
Total Assets	\$167,422,547	\$174,943,967

Liabilities and Net Assets

Liabilities:

Accounts Payable	\$3,595,648	\$1,724,491
Accrued Expenses	3,642,922	3,355,329
Refundable Advances	660,932	440,322
Bonds Payable	15,430,000	16,445,000
Total Liabilities	23,329,502	21,965,142

Net Assets

Unrestricted	61,041,533	61,827,743
Temporarily Restricted	17,419,436	27,735,262
Permanently Restricted	65,632,076	63,415,820
Total Net Assets	144,093,045	152,978,825
Total Liabilities and Net Assets	\$167,422,547	\$174,943,967

Based on audited financial statements available on www.heifer.org.

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

Revenues, Gains And Other Support

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Contributions	\$93,816,559	\$11,645,863	\$-	\$105,462,422
Federal Government Grants	478,397	-	-	478,397
Other Grants	349,502	-	-	349,502
Investment Gain	21,153	-	-	21,153
Educational Programs	956,827	-	-	956,827
Promotional Events and Material Sales, Net of Cost	306,221	-	-	306,221
Other	1,379,205	-	-	1,379,205
Change in Interest in Net Assets of Heifer International Foundation	2,573,902	1,151,345	2,216,256	5,941,503
Net Assets Released from Restrictions	23,113,034	(23,113,034)	-	-
Total Revenues, Gains and Other Support	122,994,800	(10,315,826)	2,216,256	114,895,230

Expenses and Losses

Program Services	93,687,663	-	-	93,687,663
Fundraising	20,398,660	-	-	20,398,660
Management and General	9,376,878	-	-	9,376,878
Total Expenses and Losses	123,463,201	-	-	123,463,201

Change in Net Assets from Operations	(468,401)	(10,315,826)	2,216,256	(8,567,971)
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Other Changes in Net Assets

Foreign Currency Translation Adjustment	(317,809)	-	-	(317,809)
Total Change in Net Assets	(786,210)	(10,315,826)	2,216,256	(8,885,780)

Net Assets, Beginning of Year	61,827,743	27,735,262	63,415,820	152,978,825
Net Assets, End of Year	\$61,041,533	\$17,419,436	\$65,632,076	\$144,093,045

Based on audited financial statements available on www.heifer.org.

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2012

Revenues, Gains And Other Support

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Contributions	\$85,178,060	\$16,019,397	\$-	\$101,197,457
Federal Government Grants	411,519	-	-	411,519
Other Grants	-	8,543,428	-	8,543,428
Investment Loss	(2,267)	-	-	(2,267)
Educational Programs	1,346,770	-	-	1,346,770
Promotional Events and Material Sales, Net of Cost	312,599	-	-	312,599
Other	579,706	-	-	579,706
Change in Interest in Net Assets of Heifer International Foundation	(2,355,506)	(1,156,199)	3,926,963	415,258
Net Assets Released from Restrictions	27,334,353	(27,334,353)	-	-
Total Revenues, Gains and Other Support	112,805,234	(3,927,727)	3,926,963	112,804,470

Expenses and Losses

Program Services	84,820,582	-	-	84,820,582
Fundraising	22,359,441	-	-	22,359,441
Management and General	8,475,785	-	-	8,475,785
Total Expenses and Losses	115,655,808	-	-	115,655,808

Change in Net Assets from Operations	(2,850,574)	(3,927,727)	3,926,963	(2,851,338)
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Other Changes in Net Assets

Foreign Currency Translation Adjustment	(813,245)	-	-	(813,245)
Total Change in Net Assets	(3,663,819)	(3,927,727)	3,926,963	(3,664,583)

Net Assets, Beginning of Year	65,491,562	31,662,989	59,488,857	156,643,408
Net Assets, End of Year	\$61,827,743	\$27,735,262	\$63,415,820	\$152,978,825

Based on audited financial statements available on www.heifer.org.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Years Ended June 30, 2013 and 2012

Operating Activities	2013	2012
Change in Net Assets	\$(8,885,780)	\$(3,664,583)
Adjustments to Reconcile Change in Net Assets to Net Cash		
(Used in) Provided by Operating Activities:		
Depreciation	3,110,348	4,076,712
Change in Allowance for Bad Debts	(318,825)	866,292
Change in Interest in Net Assets of Heifer International Foundation	(5,941,503)	(415,258)
(Gain) Loss on Disposals of Equipment	(90,963)	214,463
Net Realized and Unrealized Gains on Investments	(18,392)	(8,895)
Stock Donation	(1,748,990)	(1,224,484)
Changes in:		
Accounts and Interest Receivable	1,154,521	708,300
Grant Reimbursements Receivable	43,385	369,582
Prepaid Expenses and Other	116,086	93,301
Contributions Receivable	29,793	30,254
Accounts Payable	1,871,157	(347,373)
Accrued Expenses	287,593	43,651
Refundable Advances	220,610	(242,488)
Net Cash (Used in) Provided by Operating Activities	(10,170,960)	499,474
Investing Activities		
Purchases of Investments	-	(222,292)
Proceeds from Sales of Investments	1,723,984	1,452,875
Purchase of Property and Equipment	(1,348,712)	(2,344,928)
Proceeds from Disposals of Property and Equipment	232,014	98,533
Net Change in Restricted Cash	7,479,956	824,000
Proceeds from Distributions from Heifer International Foundation	1,465,703	1,403,536
Contributions to Heifer International Foundation	(1,987,150)	(2,449,367)
Net Cash Provided by (Used in) Investing Activities	7,565,795	(1,237,643)
Financing Activities		
Principal Payments on Bonds Payable	(1,015,000)	(985,000)
Net Cash Used in Financing Activities	(1,015,000)	(985,000)
Decrease in Cash and Cash Equivalents	(3,620,165)	(1,723,169)
Cash and Cash Equivalents, beginning of year	41,635,626	43,358,795
Cash and Cash Equivalents, end of year	\$38,015,461	\$41,635,626
Noncash Operating and Investing Activities		
Reclassification of Property and Equipment to Accounts Receivable	\$-	\$2,253,705
Donation of Stock	1,748,990	1,224,484
Purchases of Property and Equipment in Accounts Payable	-	114,192
Supplemental Cash Flow Information - Interest Paid	\$586,295	\$622,852



**A LIFE IS
NOT IMPORTANT
EXCEPT IN THE
IMPACT IT
HAS ON
OTHER LIVES.**

—Jackie Robinson



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www.heifer.org

