2011 Annual Report
IGNITING TRANSFORMATION
FAMILY + ANIMAL + INCOME → SELF RELIANCE → PASS-ON
DEAR FRIENDS AND PARTNERS
Here’s the story you know: Dan West was a Midwestern farmer who was in Spain during the Spanish Civil War providing aid. While handing out cups of milk to hungry children he thinks to himself that the families need “not a cup, but a cow.”

Here’s the story you may not know: Heifer has vowed to scale up its program impact as its number one priority. Using the same family-oriented, community-based development model, we will support our smallholder farmers to move from providing for themselves to feeding the world.

You also may not know that the smallholder farming families we have been working with for decades grow 70% of the food the world eats every day. Their health, their productivity, their care for the soil and the environment around them is simply critical to our future.

It is believed that we will need to double food production over the next two to three decades. We know and have proven that our values-based holistic community development model can dramatically enhance agricultural production for the benefit of all. The need for Heifer to reach more farming families as rapidly as possible is stark. We need to act now.

A new Heifer is beginning to emerge—one that pushes the limits of our imagination and turns these ideas into a reality. We are committed to NOT take the reasonable method of adapting to the world, but rather use the ingenuity of the people with whom we work to define a new standard. From Armenia to Cambodia to Nepal to the Horn of Africa to Bolivia to Haiti and the United States, we are crafting a new approach to strengthen more families and to increase their economic resiliency. We are still driven by the same mission; we still have the same finely-honed, well researched, impactful agricultural development model. Now we are going to push it to the next level. Never before have we aimed so high. We are challenging ourselves because the global situation demands it.

As you review this report, assure yourself that we are financially viable, but then look to the future. As we continue on this journey of change, we need your help! Every one of us has a role to play in the struggle against hunger and poverty.

Pierre U. Ferrari
President and CEO, Heifer International
Dan West, a conscientious objector, had a revelation during the Spanish Civil War: Refugees could not sustain themselves with cups of reconstituted milk, but they could with a cow. The concept was so simple it was revolutionary.

Out of that idea grew an international nonprofit organization. At almost every step of our 67-year journey, Heifer International has been revolutionary. A shipload of cows accompanied by “seagoing cowboys” leaves the United States bound for Puerto Rico during World War II. Not long after, Heifer sends animals, training and personnel to war-torn Germany and Japan and then later, behind the Iron Curtain in a gesture of peace.
To say “The Revolution Has Begun” might seem like old news, but it captures Heifer’s essence: **WE DO WHAT NEEDS TO BE DONE TO FEED THE WORLD’S HUNGRY, AND WE’RE REVOLUTIONARY, NO MATTER WHERE IN OUR HISTORY YOU LOOK.**

Today, we’re making our work bigger and spreading our thinking that an end to world hunger is possible and within our grasp.

Heifer upgrades India’s dairy industry in the “White Revolution.” Heifer begins sourcing livestock in-country, rather than transporting them internationally. Heifer furthers its commitment to care for the Earth during the “Green Revolution” when it builds a Leadership in Environmental Design Platinum-certified headquarters to demonstrate its commitment to a sustainable lifestyle.
The bovine
When Indiana farmer Virgil Mock agreed to donate three of his heifers to Dan West in 1944, he knew they’d ultimately get to struggling families in need of a gift of livestock. What the two men didn’t know was that these three heifers—Faith, Hope and Charity, who were on that first shipment to Puerto Rico—would change the world.

In 2011, a new generation honored the three heifers for the life-giving gifts they provided. In the first week of Heifer training, Humphrey and Mercy Mwananyanda learned about Heifer founder Dan West and the three original gift cows. For the Zambian couple, it only seemed right to name their new daughter Hope, her mother said.

The Mwananyandas are members of Kamisenga, a new Heifer self-help group in its first few weeks of training. Though they aren’t sure when they’ll receive their first dairy cow, the promise of the good yet to come sleepily stirs in Mercy’s arms.

“You have no idea what it will mean to us to soon have milk all year round,” Mercy Mwananyanda said. “If we have milk, we can sustain the family first. If we have more we can give to others in need and have some to sell.”

They are counting on the cows to provide nutrition, enough income so their children, including two orphans they took in, can go to school and to also meet family health needs. “With this offer from Heifer, I’ve got some hope, some vision,” Humphrey Mwananyanda said. “My prime hope is that I will sustain my family well and never go back to the past.”

Faith, Hope and Charity were the unwitting heroes of the Bovine Revolution. But the revolution has spread. Now, goats, sheep, water buffalo, bees, along with the rest of the Heifer menagerie, provide families the opportunity to feed their children, to clothe themselves against the cold, to build well-constructed homes, to start small businesses, and to educate the next generation who can break the cycle of poverty.
NEARLY 70 YEARS AFTER THAT FIRST SHIPMENT OF COWS, WEST’S SPIRIT AND DESIRE TO END WORLD HUNGER REMAIN. SINCE ITS INCEPTION, HEIFER HAS HELPED 15.5 MILLION FAMILIES IN MORE THAN 125 COUNTRIES MOVE TOWARD GREATER SELF-RELIANCE. WE WON’T STOP COUNTING UNTIL WE’VE REACHED EVERYONE IN NEED, AND THERE TRULY IS AN END TO HUNGER.

1940s
- The first shipment of 17 heifers leaves Mobile, Ala., and arrives in Puerto Rico
- Heifer sends thousands of cattle and horses to rebuild war-torn Europe
- Thousands of dairy goats go to postwar Japan
- First shipment of animals to U.S. farmers sent to Arkansas

1950s
- Half of the chickens in Korea are descended from Heifer hatching eggs supplied after The Korean War
- The 10,000th heifer is shipped to Germany

1960s
- A shipment of heifers is sent to Russia as a symbol of friendship during the Cold War
- In Ecuador and Bolivia, Heifer enters into first contracts with the Peace Corps
- First projects start in Africa

1970s
- World headquarters moves to Little Rock and Heifer Ranch is purchased
- Projects begin emphasizing participatory planning and including women in training and decision-making

Making History in the Nearly 70 years after that first shipment of cows, West’s spirit and desire to end world hunger remain. Since its inception, Heifer has helped 15.5 million families in more than 125 countries move toward greater self-reliance. We won’t stop counting until we’ve reached everyone in need, and there truly is an end to hunger.
1980s
- Heifer Ranch transitions from a livestock facility to a learning center
- Emphasis on agroecological farming techniques begins
- President Reagan confers President’s Award for Voluntary Action

2000–2009
- Heifer celebrates its 3 millionth Passing on the Gift in China
- Heifer International is honored with the Conrad N. Hilton Humanitarian Prize
- Heifer moves quickly to help survivors of the Asian tsunami begin the long road to recovery
- Heifer awarded $42.8 million from Bill & Melinda Gates Foundation for the East Africa Dairy Development Project
- Heifer helps communities in Sichuan Province, China rebuild after a devastating earthquake
- Heifer Village opens on Heifer International Campus, housing the Murphy Keller Education Center

1990s
- Heifer Foundation established to develop an endowment to support work of Heifer International
- Heifer develops variety of educational resources, including World Ark magazine, books, curricula and videos
- Central and Eastern Europe program starts after the fall of communism
- President George H.W. Bush gives Heifer the Presidential End Hunger Award
- Heifer named as one of the “Seven Ways to Change the World” by the National Peace Corps Association
- Heifer is awarded InterAction’s first Mildred Robbins Leet Award for the Advancement of Women for integrating women into field programs
- Urban Agriculture projects begin working with at-risk youth in major U.S. cities.

2010–PRESENT
- Jo Luck, as President of Heifer International, named the co-laureate of the World Food Prize
- Heifer responds to the earthquake in Haiti by helping residents rebuild
- Direct Marketing Association’s Nonprofit Federation names Heifer International Nonprofit Organization of the Year
- Heifer names Pierre Ferrari Chief Executive Officer
- Heifer announces its new approach: Beyond Subsistence, to scale up program impact
- Heifer makes commitment at 2011 Clinton Global Initiative Annual meeting to help tens of thousands of families in Haiti
Finding Hope in Albania

After the fall of communism in Albania, Andon Plaku and his wife, Klarita, were left with few opportunities. They received an old cow and just more than two acres of land from the “cooperative farm,” but it was almost impossible to support their family of four.

For 15 years the family struggled. Andon worked as an artificial insemination technician but they could not find a job for his wife. He did his best but the money he got from his job was not sufficient for their family, which had grown to include another child.

Many times Andon wasn’t even paid by his neighbors who often said they would pay later on when they would sell something from their farm. Everyone in the community was poor.

But in 2005 Andon had reason to hope. Heifer International gifted him with a pregnant Holstein heifer. Andon prepared everything to shelter the heifer and to feed it properly. He built a new stable according to the requirements of the specialists and participated in all trainings in the community.

The family was happy. The boys and their mother took care of the cow while Andon helped the neighbors as an AI technician. His cow was one of the best in the village; his stable was also a beautiful model, small but clean. Klarita finally had a job of her own and their children could go to school.

The cow produced seven gallons of milk per day. It was a miracle for their family to have so much to drink and even more to sell. After the first year, Andon passed on a young beautiful heifer to another family in need and the project continued to expand.

After six years, Andon has four cows. Two are the offspring of the original heifer donated by Heifer, and, after selling a male calf, he bought another heifer from his neighbors.

With more than 26 gallons of milk produced per day, Andon says he really considers himself a farmer. The increase in income has allowed the family to buy a new washing machine and a milking machine as the number of cows increases.

Now their oldest son is in university, which Andon and Klarita indicate is the ultimate success of their life and their farm. They hope their farm will get bigger and that in the future, after their sons finish their education, they can have a sustainable source of income and the chance that their parents did not have.
For quite some time, Heifer International has proclaimed to be unique among all the other nonprofit organizations working around the world. And we are. What sets us apart is our model. We only enter communities upon invitation. We train project participants extensively and on a host of topics that range from animal husbandry to gender equity. But what really sets us apart is our strategy of Passing on the Gift.® It’s an approach that has evolved over our nearly seven decades of work.

Recently Heifer has taken its proven model and scaled it to reach even more vulnerable people. As the world has become increasingly interdependent and globalized, and as hunger and poverty have reached unprecedented levels, the quest to end hunger and poverty requires supporting sound community-based work that builds social capital and business skills and knowledge that empowers the communities to take appropriate actions to achieve sustainability. There is also a global movement building coalitions of governments, the private sector, multilaterals, bi-laterals and foundations to find more effective solutions to end poverty and hunger, which creates new space for Heifer to forge partnerships with them. Scaling up program impact, expanding outreach to encompass other marginalized populations, and communicating impact rigorously and convincingly is the new global space for Heifer’s internal work.

Heifer International is committed to ending hunger and poverty while caring for the Earth, and to living its core values by transforming itself to be a more coherent, unified and stronger organization committed to providing deeper, more profound and sustainable impact through all its programs and projects.
SUSTAINABLE COMMUNITY DEVELOPMENT

Communities are the foundation of all Heifer projects. Whether it is a local group of people who are working together to improve their lives or a newly organized group coming together to address a pressing problem, these communities plan to change their future. In new projects, Heifer will retain this commitment to building communities while focusing work with the most vulnerable and marginalized populations who lack access to resources, services or opportunities, setting them on a path first to being less vulnerable and relatively food secure, and then to being resilient, sustainable and linked to markets.

When Heifer steps in, groups of at least 1,000 families are provided a values-based planning and management model to guide their development projects. The values-based planning and management model is founded on Heifer’s 12 Cornerstones for Just and Sustainable Development. The Cornerstones provide a meaningful context for Heifer’s efforts because they stimulate group wisdom and personal insights, and they keep the group’s actions balanced, focused and productive. As a result, the values-based model works in diverse settings for people with various levels of education and literacy. The model is highly participatory and emphasizes local ownership of the decision making process; commitment of local resources; participation of all people regardless of gender, ethnicity or religion; inclusion of traditional, indigenous knowledge; understanding that community development is a process; and outsiders as facilitators of change.
LIVESTOCK AND TRAINING

Through the values-based planning and management model, communities decide what types of animals and production systems they want, who should receive animals and the type of training required to make their project successful. Livestock provide high-quality protein in the form of milk, eggs or meat; capital assets, which can be used as collateral for loans; inputs such as milk, honey, eggs or wool for microenterprises; draft power that increases crop yields; manure to fertilize crops; pack power to transport water, firewood and people; and increased value and “living savings accounts” for project families.

Training and preparation for livestock often takes the entire first year of a five-year Heifer project. Typical training includes preparations for livestock, training in animal health and husbandry, integration of livestock into the ecosystem, improvement of the environment, gender and family roles, nutrition, leadership, small enterprise management and accountability. Families prepare to receive their animals by building shelters and planting fodder. Training continues as required after livestock is placed with families. In particular, participants learn about Passing on the Gift—when livestock recipients become donors, giving one or more of their original animals’ offspring, or the equivalent to another in need—and the importance of sharing work and resources equitably. When the offspring reaches an appropriate age, it is passed on, typically with ceremony and celebration, from one family to another.
**ASSET DEVELOPMENT AND TRANSFER**

Heifer projects succeed because project members receive assets that produce knowledge, food and income. When combined with the commitment to Pass on the Gift, the project becomes sustainable. Projects strive to build community assets in five areas:

- **Institutional assets**—Through Heifer projects, communities develop the technical skills to manage their resources, sustain the project, and build community leadership and governance structures.

- **Nutritional or Food Assets**—More food is accessible in the community. The group promotes effective utilization of food so all household members can meet nutritional needs.

- **Social Assets**—Groups integrate the Heifer Cornerstones into their daily work. Children have opportunities for education through increased family income. The community builds a bank of knowledge for itself and other communities. Noticeable progress is made toward gender equity.

- **Environmental Assets**—Environmental degradation lessens and groups work together to improve the environment. Community members may set up active conservation groups for natural resources.

- **Economic Assets**—Projects increase family income and savings. Livestock are transferred to others through Passing on the Gift which transforms recipients into donors, creating a community-supported asset-transfer system that continues when project support has ended.

At the end of every project, Heifer evaluates the extent of lasting change brought by the effort using a specific evaluation process. Based on the evaluation, successful projects may be continued or replicated in another community to broaden the impact.
As part of our new way of working, Heifer will also partner with governments, private sector organizations, other nonprofits, coalitions and networks to aid in delivering programs and services to the marginalized. While our projects now achieve the three levels of impact—below the ground, on the ground and above the ground—projects will work harder so that outcomes are more visible. The three levels of impact will include positive changes on social capital, gender equity, nutrition and income, economic development, environment, as well as individual and community transformation.
Over the past decade, Heifer has developed a process to analyze project impact and effectiveness. Guided by six Board-identified Ends, the process ensures that Heifer supporters, staff and volunteers can see that donations are used as productively as possible. The Ends statements are:

1. **Achieve sustainable income and food security, especially among the resource-poor and most marginalized families and communities where Heifer works.**

2. **Resource sharing at global, national and local levels, inspired by Passing on the Gift, is practiced by Heifer participants and is growing more widespread to address the environmental, economic and social crises facing the Earth today.**

3. **Environmental protection, restoration and conservation principles are understood and practiced.**

4. **Individuals and groups are educated and empowered to advocate for and create a socially and economically just and sustainable world.**

5. **Policies, practices and systems have been changed at local and global levels to foster community-wide food security, economic prosperity and environmental health.**

6. **Relationships Heifer develops with not-for-profit organizations, for-profit organizations and governments both foster and nurture Heifer’s core values as stated in the Cornerstones.**
Overall, the estimate of families assisted and impacts are in line with the general trend. Over the last year, Heifer was able to assist more than 1.9 million families directly and indirectly—up from 1.6 million in the previous year. Heifer’s contribution to impact is largely on track and in keeping with the overall trend. Additionally, government, major international non-governmental organizations and partner organizations continue to adopt the Heifer model; and Heifer’s education programs have produced beneficial impacts consistent with the Cornerstones and the Board Ends. The areas of environmental stewardship, managing Passing on the Gift expectations, and youth involvement were identified for further improvement.
Heifer’s third-party evaluations show notable improvements in the areas of livestock care and management, education and empowerment. For the last seven years, the Evaluation Center at Western Michigan University has conducted impact evaluations of Heifer’s country programs.

This year, evaluations addressed country programs in Albania, Nepal and Uganda. All three countries have long-standing programs and the overall findings for all three countries were highly favorable.

**IMPACTS ON INCOME**

Average gains in the past year in income and food due to Heifer projects as reported in household interviews were $3,803 for Albania, $572 for Nepal, and $1,456 for Uganda (based on exchange rates at the time of the evaluations). In 2009, according to the World Bank, annual per capita incomes for these countries averaged $3,808 for Albania, $427 for Nepal, and $490 for Uganda.

In all three countries most participating households experienced income gains due to their participation in the Heifer project. Most of the income gain experienced as a result of participation in a Heifer project can be traced to the animal gift a household received. Below shows the average gain in household income per animal gift by type of animal for the three countries evaluated in 2011.

### Average Income Gain in the Last Year Per Animal

**ALBANIA**

- 84 Cows = $4,738
- 33 Dairy Goats = $902
- 30 Bee Hives = $318

**NEPAL**

- 4 Cows = $1,854
- 16 Buffalo = $717
- 140 Goats = $215
- 2 Pigs = $97

**UGANDA**

- 42 Cows = $1,314
- 5 Bulls = $1,356
- 13 Dairy Goats = $687
- 11 Boer (meat) Goats = $1,170
- 13 Pigs = $999
- 12 Fish Ponds = $3,367
IMPACTS ON ASSETS
At the time the animal gift was received, the average household owned assets worth about $27,600 in Albania, $3,200 in Nepal, and $5,900 in Uganda. During the time between receiving an animal and the interview, households had gained additional assets (including health and education expenditures) averaging $5,609 in Albania, $1,765 in Nepal, and $3,400 in Uganda. Sampled projects had started, on average, about six and a half years before the evaluation in Albania and seven years before the evaluation in Nepal and Uganda, so households were likely to have had similar periods of time to accumulate assets.

AVG. ASSET GAINS PER ANIMAL

**ALBANIA**
- 84 Cows = $6,705
- 33 Dairy Goats = $1,323
- 30 Bee Hives = $1,270
- 4 Cows = $3,595
- 22 Buffalo = $3,480
- 140 Goats = $530
- 2 Pigs = $372

**NEPAL**
- Pigs were being introduced on an experimental basis in Nepal, where it is not customary to eat pork.
- 42 Cows = $2,960
- 5 Bulls = $942
- 13 Dairy Goats = $1,305
- 11 Boer (meat) Goats = $6,286
- 13 Pigs = $2,430
- 12 Fish Ponds = $6,541

**UGANDA**
- 4 Cows = $3,595
- 22 Buffalo = $3,480
- 140 Goats = $530
- 2 Pigs = $372
IMPACTS ON NUTRITION

The table below shows the averages of changes in food consumption by households interviewed based on a scale of 0 to 5. National surveys show that most Ugandans do not consume adequate calories, and according to the World Health Organization, from 2003 to 2009 among children less than six years of age, 19 percent in Albania, 49 percent in Nepal, and 38 percent in Uganda suffered from moderate or severe stunting due largely to nutritional shortfalls. Since most project participants in these countries begin with incomes well below the national average, the evidence of significant nutritional shortfalls in the reconstructed baseline (based on respondents’ reports of their families’ food consumption before they received an animal gift) is quite plausible.

The table below shows significant gains in consumption of staples, supplements and protein in Heifer projects for all three countries. For all three countries, even when allowing for measurement error, the evidence is compelling that most household members were at serious risk of under-nourishment when the household received their animal gift. It can be estimated that the Heifer projects prevented stunting for more than half the age 5-and-younger children in project households in Nepal and Uganda.

Evaluators attributed these health gains to increased household food production, better sanitation, as well as nutritional trainings conducted by the project. On this basis we can conclude that for every 100 families participating in Heifer projects in Nepal and Uganda, at least 50 children are likely to avoid stunting (compared to perhaps 8 children per 100 families in Albania).

Gains in income and assets are only some of the impacts from Heifer projects. These projects also promote gender equity, environmental sustainability, sanitation, improved nutrition, as well as values such as spirituality, sharing and caring and full participation, among others. Evidence of nutritional standards and asset ownership at the time the interviewed households received their animal gifts demonstrates that the projects are reaching many households that are truly in need.

Going forward, Heifer will strive to increase program effectiveness through the development of systems for performance measurement and project design, recognizing that the fulfillment of the mission begins with good project design. We will also document, publish and disseminate evidence of the impact of our work, to demonstrate the power of the Heifer Model, articulate its position on issues affecting vulnerable and marginalized populations and to influence pro-poor policy.
Nisha Pariyar and her husband Min Bahadur are Dalits, a sub-caste considered to be untouchable in the Nepali society. The couple and their two children had little. They lived in a hut on government land, and Min Bahadur did the traditional work of the Dalits—sewing clothes.

Nisha wanted to help out in the family’s work but was not allowed to do so. For her father-in-law, allowing his daughter-in-law to earn money was more unacceptable than living in poverty.

In 2006, Min Bahadur moved to Dubai in hopes of making more money, but the company that hired him found him unable to work due to weak lungs. The family had spent all they had to cover the expenses of visa processing, plane tickets and consultancy charges, so when Min Bahadur had to pay for his flight back home, the family plunged into debt.

But in January 2008, after joining a women’s self-help group, Nisha received two goats. She was determined to succeed so her children would have a better future.

The first year her goats had five kids. She sold three of them for 8,000 rupees and fulfilled her pass on requirement that year. The next year the nanny had four kids all of which she sold for 13,000 rupees. All told, after three years, Nisha made a total of 39,000 rupees from her goats.

Two years after joining the project, Nisha and her husband were able to buy a small plot of land and build a thatched-roof house with two rooms. They started a kitchen garden and are now growing enough vegetables that they are able to sell for 10,000 rupees every year.

After her success with the goats, Nisha convinced her husband to let her participate in the sewing training provided by the government. After being involved in Heifer’s trainings, her husband felt that by working together they would be financially better off. He was confident in her abilities.

Nisha bought a sewing machine with a loan from the group fund. Both husband and wife started to sew and take care of the animals together. Her small shop that started from her house is now the most popular tailoring shop in the small village. Their monthly profit ranges from 15,000 rupees to 20,000 rupees (about $200-$250).

Only a few years ago Nisha was confined in her house, her potential limited by its walls. Belonging to a Heifer group has given Nisha a new platform from where she has achieved new heights.

Both Nisha and Min Bahadur are more confident about their children’s future. Nisha is more hopeful for her daughter. “The sky is the limit for her,” she says.
In 2006, The United Nation’s Food and Agriculture Organization published “Livestock’s Long Shadow,” which indicated that livestock-associated emissions constituted nearly 80 percent of all agricultural emissions—a direct contributor to climate change.

In response, Heifer launched a project with The Auburn University Department of Agronomy and Soils and Department of Fisheries and Allied Aquacultures in 2008 to determine the carbon sequestration potential of small farms in eight countries of the Americas, Africa, Central and Eastern Europe and Asia/South Pacific. Deemed the Heifer Healthy Hoofprint Project (HHH), the work has three objectives.

**To analyze soils from farms of Heifer beneficiaries around the world**

Soil analyses will document the effect these farms are having on global climate change. Year One soil samples will create a baseline of data, which will reveal the quantity of soil components and overall soil quality. This will be used to determine next steps for the farmers in order to improve soil quality in ways that increase carbon storage capacity and improve crop yields while protecting and restoring the food shed and watershed.

**To develop carbon budgets for participating farms, in order to empower farmers to utilize their livestock, crops and land in the most productive ways possible, thus increasing both income and ecosystem services**

Farm carbon budgets will equip farmers with the potential to trade carbon credits in current and future markets, therefore increasing farm income while protecting and restoring the environment.

**To develop training materials and workshops necessary to enhance farmers’ abilities to effectively utilize and manipulate their farm carbon budgets.**

Development of farmer resources, including the sustainable farming practice manual and accompanying training workshops will empower farmers to implement agroecological practices that increase livestock and crop production while promoting a healthy environment and improved water quality.
YEAR ONE ACTIVITIES
From August 2010 through May 2011, members of the Auburn University Heifer Healthy Hoofprint Team visited 23 farms and collected 402 soil samples from seven countries (Lithuania, Latvia, Estonia, Ecuador, Tanzania, Kenya and the Heifer Ranch in Arkansas, USA); made arrangements to collect rainfall and temperature data in the vicinities of the HHH participating farms; initiated laboratory analyses of 2010/2011 soil samples; prepared two farm surveys for HHH farmers in order to gather additional land use and farm practice data for carbon calculations, and to gather information on the participating farmers’ perception of watersheds and food sheds; and gave HHH project presentations.

In Lithuania, Latvia and Estonia, soil samples were collected from nine fields on eight farms, and at least one background sample was collected from each country. In Africa, 11 fields on six farms were sampled in Tanzania, and background samples were collected in the South and in the North; six fields on three farms were sampled in Kenya, and two background samples were collected. Six fields were sampled at the Heifer Ranch in Perryville, Ark., and one background sample was collected. Eight fields on four farms were sampled in Ecuador; two farms on the coast were sampled along with two farms in the highlands. Samples will be analyzed for carbon and nitrogen, as well as for nutrients, so recommendations can be given to the farmers to assist in soil management.

Arrangements were made to collect meteorological data in the vicinity of each farm sampled. In areas where meteorological data was not available farmers were supplied with rain gauges and thermometers, and instructed how to collect data using the instruments.

The Heifer Healthy Hoofprint Project is unique in that the project is working directly with subsistence farmers rather than commercial farmers. Subsistence farmers make up the majority of farmers around the world, and their actions directly affect the health and well-being of the world’s poor and underprivileged. HHH is positioning Heifer International to use this science-based approach to promote their efforts to protect and restore ecosystem services supplied by ecologically friendly sustainable farms around the world.
TRANSFORMING
THE
NEXT
GENERATION
CURRENT EXECUTIVE LEADERSHIP

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The Africa program assisted a total of 51,120 smallholder farm families in fiscal year 2011 (including 20,648 female-headed households) exceeding the target by some 20,000 families, and benefitting about 400,000 people.

The Africa program’s aggressive drive for institutional fund raising in the past five years now totals $9.2 million—$4,992,463 coming into headquarters and $4,274,279 received in-country. The Africa program continues to work hard on pursuing institutional funding opportunities.

The efficiency and quality of stewardship and general accountability continues to improve. The country programs have started integrating the Sustainable Livelihood modules in their strategic planning and project development. In order to consolidate program impact as well as ensure negative overhead growth, the Africa program restructured the Tanzania offices and reduced operations from four regional offices to two, reducing staff numbers from 34 to 18.

The East Africa Dairy Development (EADD) project assisted 28,000 smallholder dairy farmers in the past year. During this period from January to June, a total of 31.84 million liters of milk was delivered, earning farmers a sum of $11.04 million. The average pay out per/day/farmer in the three countries stood at $1.91 in Kenya, $3.88 in Rwanda and $2.91 in Uganda (averaging $2.80 daily compared to earnings of about or less than $1 per day pre-EADD).

Moving forward, two strategies are unfolding for EADD. First is to determine which portions of phase one of the project need to be brought to maturity for sustainability and a 12-18
months transition proposal with a budget developed. The second strategy is to develop the phase two proposal, starting with a comprehensive review of the status of the dairy industry in the two potential additional countries (Ethiopia and Tanzania).

**OTHER ACHIEVEMENTS – BEYOND MEAT AND MILK**

- Heifer was voted Best International NGO in April 2011 in Cameroon for its unparalleled success in poverty alleviation.

- Heifer Senegal was part of a consortium of organizations that won a $40 million grant from USAID to implement the Yajeende Agricultural Development Program in Senegal to improve the food and nutrition of 1,000,000 individuals in 100,000 households across 60 regional communities over 5 years.

- Heifer’s Smallholder Dairy Project is the first of its kind in Ghana and has since assisted over 350 households to acquire high quality dairy cows to improve nutrition and create jobs for supplemental income generation.

- Heifer Zambia contributed to the development of the National Livestock Act.

- Heifer Malawi lobbied for a smallholder dairy development fund that would access funds from a levy imposed upon all dairy imports.

- Heifer Malawi was asked by the University of Banda to participate in the development of a dairy curriculum.

- Heifer Tanzania contributed to the development of the Government Livestock Policy and is a member of the Tanzania Dairy Board.

- Heifer Uganda won the Environmental Award at the Pilot International Conference on Global Sustainable Development; the Value Addition Award under the theme of “Promoting Value Addition in Agricultural Production for Poverty Eradication” during the National Agricultural Exhibition; and the Gender Mainstreaming Award in the Biogas Sector.

- Heifer Rwanda is an NGO of choice by the government of Rwanda to implement livestock projects.
During the past year, the Americas program supported more than 22,000 families in their journey toward achieving sustainable livelihoods and food sovereignty. The program also developed 29 new projects that helped to expand Heifer’s impact and channel resources to new communities.

In January, the Americas program hosted the area vice presidents, the chief operating officer and former executive vice president of international programs in Honduras. As a result of this meeting, a new phase of the organization’s programmatic work was drafted and now serves as a foundation for planning and moving forward.

By basing the work on the results of the Honduras meeting, the Americas programs were able to be the first area in submitting proposals, fulfilling new criteria, identifying potential partners to reach more than 1,000 families, increasing the coverage per country and at the same time finding additional funding sources to support the development implementation of these specific projects.

Heifer USA developed and received approval for a $12.5 million umbrella project to help end hunger and poverty in the United States. The project, Building Healthy Community Food Systems, will help organize and provide resources and support to local communities in the Arkansas Delta and Appalachia. This umbrella project includes an initial investment of $2.25 million to help build sustainable community food systems.
Heifer Honduras was selected as the recipient of a dollar-for-dollar match of $1.5 million to fully fund three projects:

- **Sustainable Food Systems in Copán and Lempira** will help thousands of poor families improve their nutrition and income through the placement of cattle, hens, fish, goats, sheep, rabbits, bee hives and fruit trees, along with training in their care.

- **Planting Seeds of Hope in Southern Honduras** will empower families in more than 90 communities by providing cattle, poultry, bees and seeds, along with training in their care.

- **Strengthening Rural Micro Enterprises in Honduras** will take place over a three-year period and help rural families transform their farms into small businesses by marketing surpluses of milk, homemade dairy products, honey, pollen, eggs and fish.

Heifer Haiti is moving forward with an umbrella project that includes value chains for different livestock and a commitment to the Clinton Global Initiative. Rural Entrepreneurs for Agriculture Cooperation in Haiti (REACH) is a five-year project that will contribute to the reconstruction of Haiti’s rural communities and strengthen the economic resiliency of 20,250 households by developing their existing livestock micro-enterprises. Not only will this project increase food security and income for thousands of families, but it will also lead to 300 full-time jobs through the establishment of breeding centers.

As the rural and urban population living in poverty continues to increase throughout the world, the Americas program continues to support smallholder farmers and rural micro-enterprises in achieving sustainable food systems.
The previous fiscal year saw the Asia/South Pacific (A/SP) program start a plethora of initiatives. The program mainstreamed Project Management Committees (PMCs) in all projects approved in fiscal year 2011 onward. The PMC is an informal body to connect Heifer, project partners and Self-Help Groups (project participants). The PMC makes decisions on project implementation on behalf of the respective groups and also shares achievements, best practices, and challenges faced in project implementation. Mainstreaming PMC in projects has significantly increased efficiency, effectiveness and transparency for all Heifer projects.

Starting in fiscal year 2011, A/SP programs have standardized the Community Animal Health Worker (CAHW) training curriculum across all country programs to ensure quality animal health and husbandry. In past years, there was great variation in the curricula, duration, content, methodology and selection of participants for CAHW trainings in the A/SP region. Heifer country program offices are now providing quality training, helping CAHWs to establish formal networks with government services for recognition and certification. The provision of standard veterinary kits and service fees from community members has helped the CAHWs go beyond basic service to establish small agro-vet businesses.

Beginning in 2009, A/SP began piloting a Values-Based Cooperative project in Nepal for the purpose of bringing Heifer graduate Self-Help Groups (SHGs) beyond subsistence and making them viable market players. During the past year, Heifer Nepal has seen extraordinary results from the values-based cooperative projects in Chitwan and Nawalparasi districts. Through these organizations, smallholder farmers are able to scale up income generating activities, leading to market led enterprise development activities. The co-op is the vehicle that supports them to add value to their products and connect to a more stable and profitable formal
market.

FARMERS’ FIELD SCHOOL
Heifer has a history of providing trainings to participating families on new technologies related to animal management for higher productivity. However, the adoption of such technologies varies. For that reason, Heifer Nepal piloted a unique Farmer’s Field School in one project so that participants can join in a participatory approach for learning improved goat management techniques, resulting in the adoption of improved methods and an increase in quality and quantity of production.

The outcomes are staggering. Farmers were able to produce goats weighing 55 pounds in only seven months, instead of the 18 months previously required. The average weight after one year was twice as high using the new method, and the average time from birth to both mating and kidding was reduced by more than 100 days. This means more generations and larger goats in less time, which translates into higher profits for farmers.

HEIFER’S NEW LSE IN SHANGHAI
Seeing Heifer’s work and successes in China, the city government of Shanghai recently invited Heifer to create a Legally Separate Entity (LSE) so that they could make donations. The LSE is piloting Read To Feed programs, increasing Heifer brand awareness in China, and building fundraising relationships with GOs, foundations and corporations.

BANGLADESH OFFICE OPENING
In assessing the strategic focus and areas in Asia with the greatest need, A/SP requested to open an office in Bangladesh, where already a number of successful projects were underway. A country director was hired and is doing the necessary preparatory work to establish the project office, including networking with local officials and project partners.
For Heifer’s Central and Eastern Europe (CEE) program, 2011 was an exciting year of realignment for the future. Through Heifer’s work in Central and Eastern Europe during the past two decades, the immediate issue of food insecurity has been reduced and families are able to make a small income selling to local markets. In many places, however, it has been difficult to move beyond subsistence. Many in the communities in which we work are still in a position of vulnerability, living with the constant stress of an uncertain future. If not connected to a larger, more stable market, people are at risk of falling backwards into food insecurity and more extreme poverty.

Therefore, a major programmatic focus of Heifer’s work in Central and Eastern Europe is the empowerment of rural communities and assisting the development of pro-poor value-chains and market linkages. Through the establishment of centralized hatcheries and the introduction of hybrid turkeys, for example, farmers in Georgia have almost halved the cost of production per pound of meat. Therefore, in the same backyard farm space, poultry farmers are now producing almost four times more meat and are in a better position to raise their incomes in a more sustainable manner.
EASTERN EUROPE

The CEE program is also addressing the **needs of youth** by providing a critical foundation for social and economic progress in rural areas. The loss of social capital through the migration of young and able-bodied people to cities and abroad continues to be an especially acute issue in Central and Eastern Europe. By building on the existing capacity of YES! Clubs in Armenia, the Young Agriculturists Network of Armenia project was launched to provide school-aged children in 22 rural youth clubs extracurricular vocational training and to equip them to be active and productive members of their community.

Heifer is in a unique position to leverage the generous donations of individuals with additional funding from like-minded corporations, governments, multilaterals and other NGOs—with the result being many more families impacted at an even deeper level. To that end, all new projects in Central and Eastern Europe are at least 50 percent **funded from sources other than Heifer International**. In the communities with which we work in Kosovo, the local municipalities are making significant contributions to the projects, making it possible for even more families to improve agricultural production and achieve a steady income. In Ukraine, Heifer expanded its partnership with Danone to build upon the successes of a first phase project to eventually link 1,000 additional smallholder dairy farmers to a stable market for their milk.

In order to consolidate resources to more efficiently and effectively reach a larger number of people in need, the Central and Eastern Europe program became more streamlined by winding down operations in Slovakia and Bulgaria.

With Heifer’s strategic presence in several of the recent EU member states, the country offices in Lithuania, Poland and Romania are poised to take advantage of opportunities to mobilize resources not only for the ongoing needs of the rural poor within those countries, but also for others beyond their borders. In 2011, the first project of this sort was realized when Heifer received a grant from Polish Aid for projects in Armenia and Georgia.
The Institutional Business Development Unit (IBDU) is a newly-created arm of the International Programs division that leads Heifer International’s accelerated efforts to scale up program impact by increasing revenue and support from institutional sources, such as bi-laterals, multilaterals, mega foundations and host governments. The IBDU will support and facilitate staff capacity building and strategic relationship management within country offices while developing best practices to prepare and position all other countries to implement effective grant strategies, as opportunities arise.

**EAST AFRICA DAIRY DEVELOPMENT PROJECT**  
**Country:** KENYA, RWANDA, UGANDA  
**Amount:** $42.85 MILLION  
**Donor:** THE BILL & MELINDA GATES FOUNDATION

**UGANDA DOMESTIC BIOGAS PROGRAM**  
**Country:** UGANDA  
**Amount:** $5.7 MILLION  
**Donor:** SNV NETHERLANDS, HIVES NETHERLANDS

**UKRAINE MILL COMMUNITIES PHASE 1**  
**Country:** UKRAINE  
**Amount:** $2.7 MILLION  
**Donor:** DANONE ECOSYSTEM FUND

**THE YAJEENDE AGRICULTURAL DEVELOPMENT PROGRAM**  
**Country:** SENEGAL  
**Amount:** $1,465,027  
**Donor:** USAID AND COOPERATIVE LEAGUE OF USA (CLUSA)

Heifer also continued long-term partnerships with international organizations that share a common mission. These relationships include Bóthar, Ireland; Send a Cow, United Kingdom; Heifer Hong Kong; Heifer Nederland (Netherlands); and Heifer South Africa, The Bill & Melinda Gates Foundation; VIVA Ireland, CIDA/Jane Goodall Institute; Belgian Technical Cooperation; Plan International and Oxfam-GB.
The key to all successful Heifer projects is education. And educating those at home is just as important in the quest to end hunger and poverty as it is to the families receiving gift animals. Heifer’s education programs in the United States create a network of people across the nation who become ambassadors for a better world. These people return to their own communities to make a difference, and further, create invaluable support as volunteers, donors and change agents in support of the smallholder farmers who are at the core of Heifer’s development work.

In 2011, Education focused on providing high-impact programming. Education impact is measured by an annual survey of program participants who report changes in their own behavior and the influence they’ve had on others to change their behavior by taking one or more of the following actions:

- Caring for the Earth
- Being a Responsible Consumer
- Encouraging Others to Change Behavior
- Encouraging Others to Take Social Action
- Volunteering
- Donating

In 2011, a total of 534,079 people participated in Heifer education programs. Of those participating, more than one-third reported taking social action. In addition to quantitative data, numerous first-hand accounts and anecdotal reports demonstrated a positive review of education program.

The previous year saw Heifer’s Education program recognized as a Top 10 Development Assistance program at the U.S. Summit on Global Citizen Diplomacy. Heifer has 1,837 Community and Residential Volunteers providing education programs and community engagement fundraising events for our benefit. Looking forward, Education will strive to reclaim lapsed relationships with congregations; ramp up work with college and university students; and continue to build our community volunteer base of support.

Our family’s life has really changed as a result of my time at the farm. We found a local dairy where we now buy all of our milk. And we joined a CSA just over a mile from our house.

—LEARNING CENTER PROGRAM PARTICIPANT

I find myself cutting my meals in half to avoid throwing away food. I also do more chores around the house. Overall, this trip has definitely changed the way I look at things. It has been the trip of a lifetime and I will cherish everything I have learned from it.

—LEARNING CENTER PROGRAM PARTICIPANT
Heifer International’s Marketing and Resource Development division is the bridge between donors and beneficiaries. The division is split into six departments: Branding and Communications, Donor Services, Donor Analytics, Management and Reporting, Donor Engagement, Internet Marketing and Philanthropy.

BRANDING AND COMMUNICATIONS
Building the Heifer brand and effectively communicating with staff, donors and the public about Heifer’s mission are the priorities for the Branding and Communications department. The teams that fall under this department include Communications, Creative Services, Social Media, the World Ark magazine and Public Relations.

DONOR ENGAGEMENT
A major channel through which Heifer reaches donors is direct marketing. This team drafts and mails acknowledgement inserts, appeals, brochures and a variety of other mechanisms to engage donors, as well as running our monthly sustainer program, Friends of Heifer. The team’s annual gift catalog has consistently provided the majority of Heifer’s revenue.

DONOR ANALYTICS, MANAGEMENT AND REPORTING
The primary role of Donor Analytics is to provide strategic leadership and support to internal customers by providing guidance in acquiring, growing and retaining donors, including groups of donors and individual donors.

DONOR SERVICES
Donor Services is often the literal voice of Heifer. Any time a donor calls with thoughts, questions or concerns, it is the Donor Services team who helps answer. This team also receives and processes donations and maintains Heifer resources for external audiences.
INTERNET MARKETING
The Internet Marketing team provides strategic direction for Heifer’s global digital presence. This team curates content for the web and other digital channels, creates email newsletters, maintains heifer.org, optimizes Heifer websites for search engines, promotes Heifer through digital advertising and is responsible for all public facing fundraising functionality online. The team uses emerging technology to communicate Heifer’s mission to new audiences.

PHILANTHROPY DEPARTMENT
The Philanthropy teams drive diversification of income sources by building and maintaining relationships with corporations, foundations, major donors and international partners.

During the past year, Heifer’s Corporate and Foundation Relations team continued with several partnerships, including Elanco, Green Mountain Coffee, Danone (the parent company of Dannon) and Walmart Foundation.

WALMART contributed $341,000 to help 700 women in the Peruvian highlands. This initiative is part of Walmart’s broader efforts to improve economic opportunities for women around the world.

GREEN MOUNTAIN COFFEE ROASTERS (GMCR) approved new proposals for Guatemala and Mexico aiming to increase food security totaling just more than $1 million.

The DANONE ECOSYSTEM FUND signed an agreement to develop agricultural service cooperatives in Southern and Central Ukraine.

ELANCO ANIMAL HEALTH, a division of Eli Lilly and Company, is fully funding a project in the Copperbelt province of Zambia, which will assist 6,210 families over the next four years.

GARNET HILL, a New Hampshire-based premium women’s online and catalog apparel retailer donated $20 for every order of Eileen Fisher merchandise of $200 or more, up to $50,000.

ALPHA KAPPA ALPHA, the historic African-American sorority, launched its four-year commitment to Heifer to raise money for projects in Ecuador and Kenya.

Other partnerships with FARM JOURNAL MEDIA, SAVANNAH BEE and ORGANIC VALLEY continued through fiscal year 2011.
The Finance and Administration division, under the direction of the Chief Financial Officer and Treasurer, serves Heifer’s mission with particular focus on stewardship and the Heifer Cornerstone of Accountability. Operational excellence is a driving goal of this division, which includes Facilities Management, Finance, Human Resources and Information Technology.

**FACILITIES AND SITE MANAGEMENT**
The Facilities department maintains and operates all Heifer facilities located in and near Little Rock. Facilities also manages Heifer properties in Ceres, and Huntington Beach, Calif., Washington, D.C.; Goshen, Ind., Chicago, Ill., and asset protection for all Learning Centers. The goal for Facilities Management is to maximize efficiencies and minimize costs in all aspects of our operations.

**FINANCE**
Finance is responsible for monitoring all financial activities and for providing financial information to support strategic decision-making. Global accounting, risk management, financial planning, budgeting, forecasting, treasury management and internal and external reporting support this effort.

**HUMAN RESOURCES**
The Human Resources department is responsible for leading Heifer’s human capital strategy focused on recruiting, developing, engaging and rewarding our global talent to achieve Heifer’s mission. We welcome all passionate individuals who want to use their skills, talents and resources for ending global poverty.

**INFORMATION TECHNOLOGY & SERVICES**
The Information Technology & Services department (ITS) is committed to providing excellent service and strives to improve enterprise systems to increase employee productivity, efficiency and mobility. ITS supports the work of all divisions and endeavors to improve global systems to gain a 360-degree view of its constituent relationships and programmatic work.
Eve Mpaata is an indomitable woman. Unlike many others in Jinja, eastern Uganda, Eve was well educated and worked for her father before marrying and starting a family of her own.

One of her favorite things to do was to interact with women involved in projects with the National Council of Women, which sought to help women increase income, improve home hygiene and form bonds between women in the community. Eve eventually served as the group’s Secretary and later became Chairperson.

As her work with women progressed, Eve realized women living with AIDS needed their own group. Eve said by the late 1990s, AIDS had stigmatized many women, especially those who had lost their husbands to the disease, and women scared to tell others they were living with the disease.

So Eve started the Jinja Women HIV/AIDS project in 2002. Upon the formation of this group, women were encouraged to live a positive life, and they became “confident and hopeful,” Eve said.

“Personally, I used to counsel them on positive living and too, directed them where they could access services for HIV/AIDS infected people,” she said.

Because of Eve’s tireless efforts to create more opportunities for the women in her group, she managed to link this group to the area member of parliament who later connected her to Heifer International Uganda. The Jinja Women HIV/AIDS Heifer project officially began in 2004.

Since then, Eve has continued to serve as a tireless advocate and mobilizer. The project has a total membership of 262 beneficiaries including 50 men and 212 women; some of the members are HIV/AIDS positive and others are child-headed families. The project has so far assisted 223 households, which have received 118 original gifts of in-calf heifers and passed on the gift to another 106 households.

As a result of a number of different income generating activities, group members have improved income and nutrition. Children, especially the girls, now also go to school. Eve also helped the group organize themselves into milk collection centers to enable farmers to collect their milk together for easy marketing under the East Africa Dairy Development (EADD) project.

Under Eve’s leadership, this group has hosted several visitors wanting to see the positive change the group has caused and learn more from the testimonies and experiences of the supported families.
The majority of Heifer supporters are individuals who become engaged in Heifer’s mission through grassroots fundraising efforts. These donors learn about Heifer through a direct mail program, our website, community and educational programs, as well as through personal contact with staff and volunteers. In fiscal year 2011, these individuals contributed more than 61 percent of Heifer’s total income, creating a link between small donors and small farmers. Businesses and organizations are the second largest sector contributing to Heifer, with 11 percent of donations during the same period. More than 13,000 businesses give their staff the opportunity to support Heifer via workplace giving with corporate matching. Some corporations work with Heifer’s Corporate Relations team, committing to significant multi-year support, sometimes supporting entire projects.

Government and Institutional Support contributed 15 percent of revenue for fiscal year 2011. It was a significant gain for Heifer, as grants giving was up from just one percent in fiscal year 2010. Institutional Development and Grants acquisition is a priority for Heifer moving forward, and we are actively pursuing donors in this area. As Heifer is also focusing on scaling up the impact we have in the field, it will be necessary for us to secure funds from diverse sources. The most notable examples of grants that are helping Heifer achieve a larger impact are the $42.8 million multi-year grant from the Bill & Melinda Gates Foundation for the East Africa Dairy Development project that Heifer received in 2007, and is reaching nearly 300,000 families. Work is currently under way to secure funding to take the project into its second phase. Other grants to help hasten change for larger numbers of families, like one from Danone Ecosystems to help more than 3,000 families gain access to dairy markets in Ukraine, were made to Heifer in fiscal year 2011.
CONTRIBUTIONS: 83%
GRANTS & OTHER: 17%

Contributions:
- 61% Individuals
- 11% Businesses & Organizations
- 6% Congregations
- 5% Revenues raised by Country Offices

Grants:
- 15% Government & Institutional Support

Other Revenue:
- 1% Educational Programs
- 1% Other

Ratios above exclude the change in interest in net assets of Heifer International Foundation.

CONTRIBUTIONS: 90%
GRANTS & OTHER: 10%

Contributions:
- 67% Individuals
- 12% Businesses & Organizations
- 7% Congregations
- 4% Revenues raised by Country Offices

Grants:
- 7% Government & Institutional Support

Other Revenue:
- 1% Educational Programs
- 2% Other

Ratios above exclude the change in interest in net assets of Heifer International Foundation.
IMPACT, NOT OVERHEAD

There is a movement in the nonprofit sector to pay more attention to the impact of the work being done aside from the percentage spent to achieve that impact. It is Heifer’s goal to ensure at least 75 percent of spending goes to our programmatic mission. We know that the percentage of expenses that go to program costs compared to the percentage of expenses that go to administrative costs is a common indicator of efficiency. Heifer has always strived for fiscal efficiency and accountability. Despite that, in comparison to some other development organizations, our overhead number is larger than some and smaller than others. For Heifer, the story behind our numbers is about the time and effort Heifer puts into training, and, when a project is nearing its final stages, into follow-up.

TRAINING AND PREPARATION FOR LIVESTOCK TYPICALLY TAKES AN ENTIRE YEAR. OFTEN, BENEFICIARIES RECEIVE TRAINING IN SIX OR SEVEN DIFFERENT TOPICS TO PREPARE THEM FOR THE GIFT OF AN ANIMAL. ADDITIONALLY, HEIFER WORKS FOR TWO YEARS AFTER A PROJECT’S COMPLETION TO MONITOR AND EVALUATE WHAT CHANGES ARE HAPPENING IN OUR PROJECT COMMUNITIES THROUGH OUR OWN EVALUATION PROCESS.

So while our overhead might be a little higher, our impact is substantially higher, as well. For example, governments, major international non-governmental organizations and partners continue to adopt the Heifer model furthering our work in communities not directly touched by a project.

Heifer also works to minimize administrative and fundraising costs. This can be a challenge since the majority of support comes from small, individual donations. Reaching out to millions of donors individually can be expensive. On the other hand, those donors who respond to Heifer tend to give more, and for longer periods than donors to other organizations. But Heifer continually strives for cost savings and efficiency improvements to maximize programmatic funding.
CONSORTIUM EXPENSE – FISCAL YEAR 2011

PROGRAM SERVICES: 73%
SUPPORT SERVICES 27%

Program Services:
61.0% International Development Programs
12.2% Education Programs

Support Services:
20.3% Fundraising Support
6.5% Management & General Support

CONSORTIUM EXPENSE – FISCAL YEAR 2010

PROGRAM SERVICES: 74%
SUPPORT SERVICES 26%

Program Services:
60.4% International Development Programs
13.3% Education Programs

Support Services:
19.8% Fundraising Support
6.5% Management & General Support
### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2011 and 2010

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2011</th>
<th>2010</th>
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</thead>
<tbody>
<tr>
<td>Cash and equivalents</td>
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<td>$38,443</td>
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<tr>
<td>Restricted cash</td>
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<td>Accounts and interest receivable</td>
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<td>Grant reimbursement receivable</td>
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<td>Prepaid expenses and other</td>
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<td>1,899</td>
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<td>Investments</td>
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<td>1,811</td>
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<td>Contributions receivable</td>
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<td>578</td>
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<tr>
<td>Interest in net assets of Heifer International Foundation</td>
<td>57,911</td>
<td>46,120</td>
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<tr>
<td>Property and equipment, net of accumulated depreciation</td>
<td>57,519</td>
<td>59,954</td>
</tr>
<tr>
<td>Total assets</td>
<td>$180,140</td>
<td>$161,735</td>
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<table>
<thead>
<tr>
<th>LIABILITIES</th>
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<tbody>
<tr>
<td>Accounts payable</td>
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<td>$1,887</td>
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<tr>
<td>Accrued expenses</td>
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<td>3,625</td>
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<td>Refundable advances</td>
<td>683</td>
<td>371</td>
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<td>Long-term debt</td>
<td>17,430</td>
<td>18,380</td>
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<td>Total liabilities</td>
<td>$23,497</td>
<td>$24,263</td>
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<table>
<thead>
<tr>
<th>NET ASSETS</th>
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<tbody>
<tr>
<td>Unrestricted</td>
<td>$65,491</td>
<td>$63,102</td>
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<tr>
<td>Temporarily restricted</td>
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<td>18,725</td>
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<td>Permanently restricted</td>
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<td>55,645</td>
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<tr>
<td>Total net assets</td>
<td>$156,643</td>
<td>$137,472</td>
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<tr>
<td>Total liabilities and net assets</td>
<td>$180,140</td>
<td>$161,735</td>
</tr>
</tbody>
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Based on Heifer’s audited financial statements, which are available upon request.
## REVENUES, GAINS AND OTHER SUPPORT

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<thead>
<tr>
<th>Source</th>
<th>UNRESTRICTED</th>
<th>TEMPORARILY RESTRICTED</th>
<th>PERMANENTLY RESTRICTED</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>Contributions</td>
<td>$91,444</td>
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<td>$105,796</td>
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<tr>
<td>Federal government grants</td>
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<tr>
<td>Other grants</td>
<td>5</td>
<td>18,529</td>
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<td>18,534</td>
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<tr>
<td>Investment Return</td>
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<td>362</td>
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<tr>
<td>Educational programs</td>
<td>1,472</td>
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<td></td>
<td>1,472</td>
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<tr>
<td>Promotional events and material sales, net of cost</td>
<td>330</td>
<td></td>
<td></td>
<td>330</td>
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<tr>
<td>Other</td>
<td>774</td>
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<td>774</td>
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<tr>
<td>Change in interest in the net assets of Heifer</td>
<td>4,737</td>
<td>872</td>
<td>3,844</td>
<td>9,453</td>
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<tr>
<td>International Foundation</td>
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<tr>
<td>Net assets released from restrictions</td>
<td>20,815</td>
<td>(20,815)</td>
<td></td>
<td></td>
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<tr>
<td>Total revenues, gains and other support</td>
<td>120,381</td>
<td>12,938</td>
<td>3,844</td>
<td>137,163</td>
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## EXPENSES AND LOSSES

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<tr>
<th>Expense</th>
<th>UNRESTRICTED</th>
<th>TEMPORARILY RESTRICTED</th>
<th>PERMANENTLY RESTRICTED</th>
<th>TOTAL</th>
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<tr>
<td>Program services</td>
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<td>86,137</td>
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<td>Fundraising</td>
<td>23,848</td>
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<td>23,848</td>
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<tr>
<td>Management and general</td>
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<td></td>
<td></td>
<td>7,621</td>
</tr>
<tr>
<td>Total expenses and losses</td>
<td>117,606</td>
<td></td>
<td></td>
<td>117,606</td>
</tr>
<tr>
<td>Change in Net Assets, current year</td>
<td>2,775</td>
<td>12,938</td>
<td>3,844</td>
<td>19,557</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>(386)</td>
<td></td>
<td>(386)</td>
<td></td>
</tr>
<tr>
<td>Total change in net assets</td>
<td>2,389</td>
<td>12,938</td>
<td>3,844</td>
<td>19,171</td>
</tr>
</tbody>
</table>

Net Assets, Beginning of Year: 63,102

Net Assets, End of Year: $65,491

Net Assets, End of Year: $31,663

Net Assets, End of Year: $59,489

Net Assets, End of Year: $156,643

*Based on Heifer's audited financial statements, which are available upon request.*
## CONSOLIDATED STATEMENT OF ACTIVITIES

For fiscal year ended June 30, 2010

### REVENUES, GAINS AND OTHER SUPPORT

<table>
<thead>
<tr>
<th>Description</th>
<th>UNRESTRICTED</th>
<th>TEMPORARILY RESTRICTED</th>
<th>PERMANENTLY RESTRICTED</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$98,711</td>
<td>$7,571</td>
<td></td>
<td>$106,282</td>
</tr>
<tr>
<td>Federal government grants</td>
<td></td>
<td></td>
<td></td>
<td>421</td>
</tr>
<tr>
<td>Other grants</td>
<td>12</td>
<td>8,332</td>
<td></td>
<td>8,344</td>
</tr>
<tr>
<td>Investment Return</td>
<td>207</td>
<td></td>
<td></td>
<td>207</td>
</tr>
<tr>
<td>Educational programs</td>
<td>1,569</td>
<td></td>
<td></td>
<td>1,569</td>
</tr>
<tr>
<td>Promotional events and material sales, net of cost</td>
<td>428</td>
<td></td>
<td></td>
<td>428</td>
</tr>
<tr>
<td>Other</td>
<td>1,069</td>
<td></td>
<td></td>
<td>1,069</td>
</tr>
<tr>
<td>Change in interest in the net assets of Heifer International Foundation</td>
<td>(3,207)</td>
<td>3,778</td>
<td>3,963</td>
<td>4,534</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>17,409</td>
<td>(17,409)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total revenues, gains and other support</strong></td>
<td>116,619</td>
<td>2,272</td>
<td>3,963</td>
<td>122,854</td>
</tr>
</tbody>
</table>

### EXPENSES AND LOSSES

<table>
<thead>
<tr>
<th>Description</th>
<th>(in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td>83,741</td>
</tr>
<tr>
<td>Fundraising</td>
<td>22,506</td>
</tr>
<tr>
<td>Management and general</td>
<td>7,408</td>
</tr>
<tr>
<td><strong>Total expenses and losses</strong></td>
<td>113,655</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>(in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in Net Assets, current year</td>
<td>2,964</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>(594)</td>
</tr>
<tr>
<td>Other Adjustments (South Africa LSE Deconsolidation)</td>
<td>(918)</td>
</tr>
<tr>
<td><strong>Total change in net assets</strong></td>
<td>1,452</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>(in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Assets, Beginning of Year</td>
<td>61,650</td>
</tr>
<tr>
<td><strong>Net Assets, End of Year</strong></td>
<td>$63,102</td>
</tr>
</tbody>
</table>

### Notes

Based on Heifer's audited financial statements, which are available upon request.
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. HEIFER’S UNIQUE COMMUNITY DEVELOPMENT MODEL DIRECTLY ASSISTED MORE THAN 360,466 FAMILIES LAST YEAR WITH GIFTS OF ANIMALS, TRAINING AND PASSING ON THE GIFT. IN ADDITION, MEMBERS OF 529,885 MORE FAMILIES RECEIVED SPECIAL TRAINING THAT INCLUDED SUSTAINABLE FARMING TECHNIQUES. AND ANOTHER 1,017,380 FAMILIES RECEIVED SIGNIFICANT BENEFITS INDIRECTLY.