Contents
Annual Report Fiscal Year 2007

1. Letter from Florence Reed
2. Field Report
3-9. Planting Hope, Restoring Forests, Nourishing Communities
   3. Feed the Future: Organic Vegetable Gardens
   3. Healthy Hearths: Wood-Conserving Stoves
   4. Seeds of Sustainability: Tree Planting
      Reforestation · Alley Cropping · Multi-Story Crops
   5. Teach a Child to Plant: School Programs
   5. Water Works: Irrigation Systems
   6. Mixing Magic: Composting
   6. Eco Sanitation: Composting Latrines
   6. Working Out of Poverty: Marketing
   7. Integrated Aquaculture: Rice Paddies
   7. Thinking Ahead: Saving Seed
   8. Counting Eggs: Chicken Coops
   8. Communities Taking Charge: Loan Funds
   9. Miraculous Methane: Biogas Digesters

10. Smaller World Trips
11. Donor Acknowledgments
12. Financial Statement
13. Board of Directors

Our Mission:
Sustainable Harvest International (SHI) is building a global network of local partners working toward environmental, economic and social sustainability. SHI facilitates long-term collaboration among trained local staff, farmers and communities to implement sustainable land-use practices that alleviate poverty by restoring ecological stability.

Sustainable Harvest International’s Annual Report Fiscal Year 2007 is a publication of Sustainable Harvest International (SHI), a 501(c)3 nonprofit corporation. The report is printed on recycled paper using soy based inks. All donations to Sustainable Harvest International are tax-deductible.
Dear Friends,

I am writing this letter on the 5th and last flight of my return trip from Central America; a trip that started at 3:30 this morning in Panama. Needless to say, I am exhausted. I am invigorated at the same time, though, from so many wonderful experiences on my trip.

First I was wowed by one of our new field trainers in Belize, Juan Cho. With help from the other local staff, he did an outstanding job leading a cacao grafting workshop for farmers and students from nearby Mayan villages. The workshop was held on Mathias Choc’s farm in Santa Elena village.

After four years of working with SHI, Mr. Choc has planted 6,000 cacao seedlings under the shade of native trees. In addition to all of the environmental benefits of the plantation (providing wildlife habitat, protecting the watershed and offshore reef, mitigating global warming, etc.), the organic cacao is starting to produce income for the Choc family and promises to provide more in the future. In fact, Mr. Choc is so convinced that he and his family will have a bright future on his farm that this winter will be the first tourist season that he stays on his farm rather than moving to the other side of the country to work at one of the tourist resorts. He says he will take advantage of the additional time with his family to plant another 4,000 cacao seedlings, and I have no doubt that he will.

Towards the end of my trip, I enjoyed sitting in front of the humble, mud-walled home of a farmer named Isabel in Bella Florida, Panama. He spoke quietly, but passionately with me about how after years of burning the land and using agro-chemicals, he is now convinced that organic farming is the best hope for the future of his family. As I looked, past his ginger plot down the neatly terraced hillside bursting with cilantro to the beds of celery carefully surrounded by a live fence to keep out the chickens, I was more convinced than ever of this fact too. I was doubly pleased that it was our young, female field trainer, Daysbeth Lopez, who is achieving these great results after many questioned whether a Central America woman could be successful at this work.

I hope that as you read the rest of this annual report, you too will become more and more convinced of the importance of SHI’s work and whatever you are able to do to keep it growing.

Happy Holidays,

Florence Reed
Founder & President
**Field Report**

**Fiscal Year 2007**

**Belize - 174,000 Trees!**

Sustainable Harvest International’s Belize program was started in 1999 and currently serves more than 225 families in the southern district of Toledo, with plans to expand to work with families on our waiting list in other impoverished areas of the country. Four field trainers work closely with Belize Program Director, Nana Mensah, who reports impressive totals for tree planting efforts in 2007. “We have worked with families to plant more than 174,000 trees during fiscal year 2007. These trees are restoring the land, holding the soil in place and providing food and income to the families we work with.”

**Honduras - Successful Graduates!**

Sustainable Harvest Honduras is a local independent affiliate of Sustainable Harvest International and currently works with 548 families in 42 communities in the mountainous districts of Santa Barbara and Yoro. More than 250 of the families working with the SHI-Honduras program will soon be graduating from the program. Sustainable Harvest Honduras Executive Director, Yovany Munguia tells us, “These families have been working with SHI for more than 5 years and have seen success with the program. They are providing for themselves now. We will still be helping them with marketing and they will be teaching their neighbors what they have learned. With those families graduating successfully from the program we will be able to work with 250 new families that have requested assistance in the coming year.”

The Sustainable Harvest Honduras program has hosted many visitors and volunteers during fiscal year 2007. With volunteer support, work at the Florence Reed Demonstration Farm and Training Center in the western district of Santa Barbara continues to go well and recent workshops have included construction of eco-sanitation latrines, biogas digesters and crop diversification. Construction is also underway of a training center, field office and marketplace in Yoro.

**Panama’s Goal - Hands-on Support**

Sustainable Harvest International’s Panama program works with 164 families in the district of Anton and in Charges National Park. In fiscal year 2007, more than 100 acres of land were converted to sustainable uses through reforestation, sustainable agriculture and agro-forestry practices. The program reports there are literally hundreds more families that would like to work with SHI. “We are becoming well-known where we work,” reports Luis Escalante, who is managing the SHI Panama program, “and well-known for offering real hands-on alternatives rather than just words. That’s why so many communities, schools and families want our help, because we really do something to help them learn how to do these things themselves.”

**Nicaragua - Working from the Bottom Up**

Sustainable Harvest Nicaragua received its status as a local independent affiliate of Sustainable Harvest International this year. They are recognized by the Nicaraguan government as an official Nicaraguan non-profit organization. They have elected their own local Board of Directors and are working hard to expand the program to work with additional families in need. Program Director Marvin Gonzales said, “Responsibility has been given to the local field trainers to make decisions. Plans are made from the bottom up, according to what the farmers would like to do that will give good results.”

Sustainable Harvest Nicaragua currently works with 180 families on the remote Atlantic Coast and will be expanding the program to include 60 families in six communities in the Kukra Hill Region during the coming year.
I’m very happy to be working with Sustainable Harvest, because in a short time I have received a lot of knowledge and seeds. I have my vegetable garden with onions, carrots, okra, sweet peppers, hot peppers, cabbage, and squash.”

-SHI Belize participant, Teresa Coc from Golden Stream, District of Toledo

Proper nutrition is essential to good health, especially for children. Unfortunately, many children living in Central America are malnourished due to a lack of vital nutrients in their diets. These children live in places where most of the families fall below the poverty level. Fruits and vegetables are considered luxuries that only the wealthy can afford. In fact, in many of the villages where SHI works, over 75% of the families have never had access to even the most basic garden vegetables such as tomatoes and carrots. SHI provides seeds, training, and support to families desperate to grow nourishing produce to sustain themselves. **Now, over 90% of the families working with SHI have planted organic gardens.** Not only are the children getting the nutrition they need, the families are experiencing increased income as they are now able to sell excess produce in markets and to their neighbors.

Imagine breathing in smoke fumes equivalent to smoking eight packs of cigarettes per day, every day! In Honduras, women and children were breathing in that much smoke daily just from the open fireplaces they used for cooking and heating. Now, with SHI’s support, hundreds of families are being taught how to build and use simple Lorena stoves, which use chimneys to channel the smoke outside rather than into the room. In addition to improving the air quality in a home, the stoves are beneficial because they are constructed mostly of local materials, are easy to build, and reduce firewood usage by half. These stoves are greatly improving the lives of many families throughout Central America.
**Seeds of Sustainability:** **TREE PLANTING**

**REFORESTATION**

Costs: $25 plants 100 trees, $30 reforests 2 acres

Results: As trees are planted back onto the land, wildlife is returning, soil erosion is decreasing and vital water sheds are being protected.

In addition to empowering families by helping them improve their incomes and quality of life, SHI also seeks to preserve and restore the local environment. Restoring our tropical forests not only impacts local communities, but mitigates global climate change and prevents drought. Reforestation is one way to accomplish both of these goals. Our local field trainers provide families with the training, as well as seeds and other materials, needed to create nurseries. In the rainy season, when the seedlings are ready to transplant, our staff members help families plant the trees in ways that will truly make a difference on their farms, providing shade for crops like coffee, creating barriers for soil erosion, or protecting a local streambed.

**ALLEY CROPPING**

Alley cropping is a simple technique that SHI teaches farmers so they can restore nitrogen to the top layer of soil and use the same piece of land year after year to grow their crops. Nitrogen-fixing trees are planted between rows of such staple crops as corn and cassava. These trees have strong tap roots that carry nitrogen from deep in the earth up to the topsoil. They also can provide shade for crops like coffee. In the case of sun loving crops, such as corn (shown above), when the trees grow so tall that they are shading the crops, the farmer simply needs to cut them back. Each time these trees are cut back to a stump, the already established tap root allows the tree to grow back stronger than ever. The branches that are pruned can be used for firewood while the twigs and leaves can be left where they are to serve as natural mulch.

**MULTI-STORY CROPS**

Costs: $100 is all that it takes to establish a 5-acre agro-forestry plot. $40 plants an acre of multi-story cacao.

Results: More than 1,000 families working with SHI are adopting practices such as multi-story farming, which are bringing an end to the destruction of slash-and-burn farming. As farmers diversify their crops, they are enjoying improvements in family income, health and the natural environment.

SHI encourages biodiversity on the participating farms. This multi-story farm (above) in Nicaragua mimics a natural forest with an overstory of hardwood trees shading bananas, coffee and ginger – all of which thrive in the shade. The shade-loving crops flourish in this environment, while farmers greatly expand the overall productivity of their land. If the market value of one of their crops drops, just as the coffee prices have in recent years, they still have their other crops to fall back on for family income. *Plantations like these have been found to contain 90% of the biodiversity of bird species natural to the nearby forest.*

“I have the support of SHI with the work on my farm and am planting areas of my land with trees so that in the future I will not have to take trees from the forest for lumber. I also have started nurseries of cedar and mahogany with the objective of reforesting the area around my community’s watershed so that the water sources will be protected for future generations.”

-SHI Nicaragua Participant, German Lira
SHI helps families with basic irrigation for their agricultural plots. One of the irrigation systems that we use are small bucket kits for home gardens. The technology is straightforward and simple: a length of hose with holes punched into it (for water to drip out of) is placed along a row of the garden. One end of the hose goes into a bucket that has a hole cut into the bottom for the hose to enter. The bucket is set on a post or otherwise elevated, so that when water is poured into the bucket, gravity takes over and the water is pushed the length of the hose. This water drips out of the holes punched into the hose and directly feeds the plants being grown in the garden, and can be moved from row to row during the day. This cost-effective and time-saving method ensures that a garden is well-watered and conserves a great deal of valuable water and energy.

“**In June they harvested sweet chilies, tomatoes, cucumbers, radishes, cabbages, corn and beans. The children ate until they could burst and they brought [the vegetables] to their homes and ate with their parents and little brothers and sisters.”**

- Maynor Arita, Teacher at Rutilia del Carmen Pena School in Honduras

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“A **reliable system of drip irrigation for small gardens means improvements in what the gardens produce and less time caring for the garden. Water goes into the bucket that feeds the hoses, and all of the work is done. Then there is time for other chores, or just for spending time with children, or for children to spend time studying.”**

- Greg Bowles, Field Program Director
Homemade compost is a great alternative to dangerous and expensive chemical fertilizers. SHI’s local field trainers teach families how they can turn garden scraps, leaves, manure and other organic material into rich fertilizer for their crops. Worm composting (also called vermiculture) is a composting technique that SHI participants have used with great success. Red wiggler worms are added to family compost piles to help break down organic material. The castings that the worms create are rich in nutrients and beneficial micro-organisms. SHI participants are also making bocashi, compost made from fermenting a mixture of manure, coffee pulp, yeast, sugar cane stalks and soil. This mixture ferments and decomposes in just 15 days, at which point it is ready to use in gardens and tree nurseries.

Eco-Sanitation: Composting Latrines

Costs: An eco-sanitation latrine like the one Don Modesto is standing next to at his farm in Honduras costs approximately $115
Results: So far we have built two demonstration eco-sanitation latrines in Honduras and two in Belize. With additional funding we hope to help families build many more!

In the rural villages where SHI works, water contamination from human waste is a serious health threat. Families lacking the resources and training to build safe latrines have asked for SHI assistance and in April of 2007, we held workshops in Honduras and Belize on the construction of eco-sanitation toilets. We are working to give farmers the tools to turn this waste into a resource, keeping it out of the water, and using it safely and hygienically to rebuild the soils of their farms.

Working out of Poverty: Marketing

After SHI has assisted a family to meet their basic needs and grow their crops more sustainably, participants usually ask for assistance with marketing. Our local field trainers help the farmers to form cooperatives, find appropriate markets and add value to what they produce.
Integrated Aquaculture: **Rice Paddies**

SHI has helped farmers living near the Panama Canal improve their rice yields by 400% to 800% without having to cut down more forests, simply by teaching them to grow rice in paddies instead of using slash-and-burn practices. The rice paddies also serve as important wildlife habitat. Fish can be raised with the rice. The fish eat weeds and pests while naturally fertilizing the rice.

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**Killing Pests Softly: NON-CHEMICAL PESTICIDES**

SHI has been working with farmers to find alternatives to harmful and expensive commercially produced chemical pesticides. SHI participants are growing crops organically and sustainably on 3,140 acres.

By mixing natural ingredients such as hot peppers, cow urine, garlic, and soap, farmers are able to create powerful, yet nontoxic, homemade pest control substances. The farmers are saving money by using these inexpensive homemade alternatives, but more importantly, they are no longer exposing their families to the dangerous chemicals found in pesticides.

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**Thinking Ahead: SAVING SEED**

Sustainable Harvest International not only provides seeds to help families start gardens and new crops, our local staff members give farmers training to select, save and store seeds for the future. Saving seeds is a fundamental part of creating a sustainable farm that will continue to provide healthful produce year after year. SHI also assists communities to establish local seed banks. These banks save farmers funds while creating a diverse and healthy seed stock for the community.
In addition to growing crops, many farming families also keep small flocks of chickens. Not only do the chickens provide eggs, but they also produce manure that families can use to organically fertilize their fields. SHI provides some of the materials to build chicken coops or gallineros as well as the support and information the families need to turn their flocks into a sustainable part of their farms. Free range chickens that have a coop to roost in at night are less susceptible to diseases and predators, and they also provide more eggs.

“A chicken coop does not solve all of the nutrition needs of families, but eggs are an important source of protein for the families and a natural way for SHI families to eat better.”

-Mercedes Alvarez Regional Coordinator

Counting Eggs: **CHICKEN COOPS**

**COSTS:** $45 provides the technical support and training to build a family chicken coop.

**RESULTS:** Families are able to easily collect eggs for food and manure for fertilizer. SHI has helped 489 families construct chicken coops.

Communities Take Charge: **LOAN FUNDS**

In the rural villages where SHI’s assistance has been requested, there are no government or private institutions offering economically disadvantaged families financial assistance to establish and expand businesses. SHI’s Rural Loan Fund Program provides families with training and seed capital to start rural banks. The community members match the seed capital, set interest rates, establish lending criteria, originate and administer the loans. Since the loan funds are run by local people, rates are very reasonable, defaults are practically non-existent and return on capital is high. Every community member feels a real personal investment in the lending process.
In February, SHI staff held a workshop in Nicaragua to train families how they could harness methane gas. The digester is essentially a long plastic tube into which families pour water and manure mixed with other organic material. As the material within the digester decomposes in an anaerobic setting, methane gas is released. The gas can then be tapped and used for cooking. Methane cook stoves are used to prepare traditional rice and beans each day. Many women can cook for eight hours a day on the methane produced from her family’s digester. An added bonus is that the effluent from the biogas digester is also a powerful organic fertilizer.
Over 2,108,194 Trees Planted  More Than 1000 Families Working to Address the Issues of Poverty and Deforestation in Their Communities  23 Community Loan Funds Started  Local Extension Workers Helping Families in 91 Villages  Hundreds of Wood-Conserving Stoves and Chicken Coops Built  More Than 900 School Children Learning About Sustainable Agriculture in the Classroom  Farmers Using Natural Pesticides Instead of Harmful and Expensive Chemicals on Their Crops  Families Harvesting Fruits and Vegetables from Organic Gardens  More Than 60 Biogas Digesters Constructed

Thank you to our more than 1500 active supporters!

None of this would be possible without your support!

Small World Trips

A special thank you to the 67 people who took part in SHI’s Smaller World Trips in 2007. These volunteers assisted local families and staff with a wide range of important projects including a composting latrine workshop, wood-conserving stove construction, building biogas digesters, installing irrigation systems, planting gardens, building demonstration plots at our training sites and much more. We are very grateful for their support!

“Having supporters come to visit means so much. We are proud of all we have done and we want to share this work with you, for you to see important work you have made possible. Thank you for sharing in our work, our culture and our mission.”

Honduran Field Trainer Juan Carlos Sandres
Thank You!

LEGACY SOCIETY
Barbara Semrau, Mae Manney, Henry Smith, Joy & Steve Urban, Mary Weitzel & David Halfpenny, William R. Jackson, Jeanne Fossani, Kira Kilmer, Joanne Holman

$50,000+
Barbara and Cyrus Sweet, Louis Frenkel, *Myriad Media, William and Janet Jackson

$10,000 TO $49,999

$4,000 TO $9,999

$1,000 TO $3,999

*Gifts-in-Kind

Thank you! You make it all possible! We would like to send our sincere thanks to the more than 1,500 individuals and groups supporting our work with families and communities in Central America. Your generous donations and commitment have led to the success of our programs. Whether you are one of our hard-working volunteers or a financial supporter, your efforts have helped families in Honduras, Belize, Nicaragua and Panama implement sustainable techniques to support themselves, protect the environment and ensure a healthy future for their children. Thank you for Planting Hope, Restoring Forests and Nourishing Communities.
To the Board of Directors
Sustainable Harvest International
Surry, Maine

I have audited the accompanying statements of financial position of Sustainable Harvest International as of June 30, 2007 and 2006 and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Organization’s management. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of Sustainable Harvest International as of June 30, 2006, were audited by other auditors whose report dated December 12, 2006, expressed an unqualified opinion on those statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sustainable Harvest International as of June 30, 2007 and 2006, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Robert M. Sullivan, CPA
Blue Hill, Maine

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<th>REVENUES, GAINS, AND OTHER SUPPORT</th>
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<td>Net Assets, End of Year</td>
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*This item reflects normal brokerage commissions incurred upon the sale of gifts of stock.

A complete copy of Sustainable Harvest International’s financial statements may be obtained by contacting our office.
How are your funds put to work?

We are proud to report that 80% of the funds SHI receives are used for program expenses which pay for field training for more than 1,000 Central American families, educational materials, seeds, community loan funds and much more.

Where does the support for SHI’s programs come from?

The funding that makes SHI’s work possible comes from you, the individuals, foundations and businesses dedicated to environmental protection and poverty alleviation. Thank you for your support!

Volunteer Board of Directors

The SHI staff would like to offer our sincere thanks to our volunteer Board of Directors. The Board is made up of a diverse group of individuals whose time, talent and financial support contribute to the organization’s success!

Chair: Ron Poitras
Vice Chair: Jill Kammermeyer, Ph.D
Treasurer: Ivor Freeman, FCA
Secretary: Tony Barrington
Directors: Terence Barr, Ph.D., Mimi Becker, Ph.D., David Borden, Melissa Bride, Geoffrey E. Clark, M.D., Helen Coon, Rhett Currier, Esq., Samuel Kaymen, Diane Seagren, Esq., Florence Reed

Board members and friends at the base of a giant ceiba tree, Panama.
Sustainable Harvest International

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Planting Hope
Restoring Forests
Nourishing Communities

Photo credits: Mercedes Alvarez, Greg Bowles, Greg Field, Jon Hurst, Daysbeth Lopez, Samuel Kaymen, Sarah Kennedy, Bruce Maanum, Abraham Noe-Hays, Florence Reed