Greetings, Friends,

Fiscal year 2012 marked our 15th anniversary. Such a notable milestone prompted us to reflect on SHI’s humble beginnings with our first farmer, our first tree and our first acre of land in Honduras. Since then, SHI has expanded into four Central American countries and has surpassed 2,100 families served and 3.2 million trees planted. Grateful to have come so far, we couldn’t have done it without our donors and supporters.

But looking back on our past isn’t what drives SHI staff and partnering families every day. While we made great strides in our first 15 years, there is still more to do. We look forward to continuing our work together as we reforest more land, create more sustainable farms, and help more families nourish themselves with good food and a good living.

Thank you for supporting our achievements in FY12, and for inspiring us to keep our eye on the future of sustainability. Here’s to 15 more years and beyond!

Saludos,

Florence Reed
President and Founder

Renée Johnson
Executive Director

Annual Report
7.1.11 - 6.30.12
5 PHASES
The natural environment directly feeds the vitality of local communities. Honoring the relationship between culturally and ecologically sensitive development, SHI provides long-term assistance that fosters enduring local voices for sustainability:

Phase 1: Family Selection, Orientation, and Planning (9-12 months)
Select and prepare communities and families for the next five years of work, including work plans and trainings.

Phase 2: Introduction to Nutrition, Organic Farming, and Crop Diversification (18-24 months)
Improve family nutrition and secure food systems through crop diversification and sustainable farming techniques.

Phase 3: Advanced Crop Diversification and Introduction to Business (12 months)
Identify and implement farming practices to improve household income.

Phase 4: Identifying Markets and Strengthening Entrepreneurial Skills (12-18 months)
Increase income of participant families through the sale of produce and other goods in local and regional markets; focus on business skills and sustainable social and economic conditions.

Phase 5: Family Graduation (6 months)
Create and inspire self-sufficiency and community leadership while phasing out SHI’s direct assistance.

During each phase, SHI evaluates participant families and staff to determine program effectiveness and progress.

MISSION
Sustainable Harvest International provides farming families in Central America with the training and tools to preserve our planet’s tropical forests while overcoming poverty.

MILESTONES
Since 1997:
- 2,100 families served
- 16,000 acres sustainably managed
- 3,247,138 trees planted

In FY12:
- 882 active families
- 37 communities
- 3,247,138 trees planted
- 16,000 acres sustainably managed
- 2,100 families served

4 COUNTRIES: FY12 HIGHLIGHTS

**Belize**
- Planted more than 6,800 trees from at least 12 tree varieties, including mahogany, rosewood, crabao, sour sop, bilbi, and cacao.
- Formally or informally trained more than 300 non-participating community members.
- Provided more than 200 farming families with hands-on technical training in agroecology, food security, environmental conservation and business planning.
- Built and installed 58 wood conserving stoves in participant homes.

**Nicaragua**
- Planted 54,440 trees on approximately 200 acres.
- Worked with 122 participants in 26 communities.
- Established more than 50 agroforestry systems that include cacao, musaceae (bananas and plantains), coconuts, Inga sp. and hardwoods.
- Participants produced 3,400 liters of biofertilizer.

**Panama**
- Planted 8,422 trees on 133 acres (coffee, mahogany, Tabeuba sp., Alpinodora sp. and Poulsenia armata).
- Worked with 145 participants in 11 communities.
- On average, families produced 92% of the basic grains (corn, beans and rice) and 88% of the tubers (cocos yam, cassava, malanga, etc.) they consumed.
- 57 participant families began to commercialize products on a local level.

**Honduras**
- Planted 109,881 trees (maize de cacao, cacao, avocado, honduras cedar, guama, tamarind, breadfruit and more).
- Cultivated 880 acres on a permanent basis with no slash and burn.
- Worked with 37 communities and 410 participants.
- Provided 193 loans totaling $34,735.

Two daughters of Pedro Jal. Since working with SHI, Pedro feels “more empowered and self-confident.” He wishes to further diversify his milpa, improve soil fertility and create a viable farm that produces for his family as well as his community.

Marcos Alvarado, his wife Ana and their four children live in the coffee-producing community of Buena Vista, Honduras. Before working with SHI, Marcos dedicated little time to his farm since it didn’t generate the income necessary to raise his family. Instead, he worked for a nominal wage at someone else’s farm, far from his family. Now Marcos dedicates 100% of his time to his three-acre farm where he produces coffee, cardamom and a variety of fruit. During FY12, Marcos made over 22,000 lempiras from his coffee ($1,157), and another 21,000 lempiras from his cardamom ($1,105). “Working with SHI, I’ve learned how to feed my family while also generating income necessary to put my children through school. Last year, I was able to make home improvements with the extra money we earned. Without SHI’s support, we would not be living how we are living today.”

Dimas Guardado and his family in San Juanito, Panama: “I can say with reassurance, on behalf of my family, that SHI has been an opportunity that no doubt has given us light to think and act differently. We no longer burn or use chemicals or other pesticides. All our practices are environmentally friendly and we now have various vegetables, fruits, trees and grains. We believe that conventional farming destroys and poisons the soil, water, air and our produce. Today we can ensure income and healthy food all thanks to the support given to us by SHI.”

Diversified African palm plantation, El Panchón, Kukra Hill: Though African palm monocultures have decimated much of the countryside in and around Kukra Hill, SHI’s Nicaragua program is assisting those participants with African palm to diversify their landscape and transition to organic. Matilde Choc, a 66-year-old Kukra Hill resident, has given us light to think and act differently. She has also planted cassava, hardwood trees, fruits, plantains, and even staples like hardwood trees. She has also planted grasses where she can graze her cattle.

Cultivated 880 acres on a permanent basis with no slash and burn.
Thank You to Our Generous Supporters

We are deeply grateful to all of the individuals and institutional partners who supported our work with families in Central America. Your generous donations have led to the continued success of our programs, ensuring a healthier future for the planet and its people.

An (*) denotes Matching Gift Individuals or Corporations.

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We thank donors who have chosen to contribute monthly or quarterly via credit card or direct deposit. To become a sustainer, call Sustainable Harvest International at 207-669-8254.

Anonymous

We thank the following individuals and organizations who supported our work with donations of goods and services during Fiscal Year 2012. Your gifts helped maximize our resources.

IN-KIND GIFTS AND SERVICES

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SHI’s Smaller World Tours support farming communities in Central America by providing meaningful, community-based, service-learning experiences to current and future supporters of SHI. Volunteers work alongside local staff and SHI participant families on a wide range of projects that have a lasting impact on their communities. SHI participant families, as well as volunteers, find this unique exchange to be unforgettable and inspiring. SHI led eleven Smaller World Tours in 2012.

**Fiscal Year 2012**

**STATEMENT OF ACTIVITIES & CHANGES IN NET ASSETS**
**FOR THE PERIOD JULY 1, 2011 THROUGH JUNE 30, 2012**

**BOARD OF DIRECTORS**

**Chair**
David Borden*
Tony Barrington

**Vice Chair**
Joy Urban*

**Treasurer**
Terence Barr, Ph.D.*
Tony Marzolino

**Secretary**
Martha Copithorne, J.D.*

**Members**
Betsy Agle*
Charlotte Dougherty*
Eric Fernandez*
Charlie French, Ph.D.
Emily Fuller Hawkins
Carmenza Montague*
Robert Rice, Ph.D.*
Stephen Richards, Esq.* (Chair Jan.1, 2013)
Al Schwendtner*

**Non-Voting Members**

**Director Emeritus**
Mimi Becker, Ph.D.*
Jeff Clark, M.D.*
Ivor Freeman, F.C.A.*
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Leonard Seagren

*Current FY13 Board (All others are FY12 Board members no longer serving.)

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**REVENUES, GAINS, AND OTHER SUPPORT**

<table>
<thead>
<tr>
<th>Source</th>
<th>Unrestricted</th>
<th>Temporarily/Permanently</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$1,112,634</td>
<td>$488,667</td>
<td>$1,601,301</td>
</tr>
<tr>
<td>Contributions – Non-cash</td>
<td>56,717</td>
<td>540</td>
<td>57,257</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>1,064</td>
<td>-</td>
<td>1,064</td>
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<tr>
<td>Investment Income</td>
<td>1,117</td>
<td>-</td>
<td>1,117</td>
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<tr>
<td><strong>TOTAL REVENUES, GAINS, AND OTHER SUPPORT</strong></td>
<td>$1,171,532</td>
<td>$489,207</td>
<td>$1,660,739</td>
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<tr>
<td>Net Assets Released from Restrictions</td>
<td>435,283</td>
<td>(435,283)</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES, GAINS, OTHER SUPPORT, AND NET ASSETS RELEASED FROM RESTRICTIONS</strong></td>
<td>$1,606,815</td>
<td>$53,924</td>
<td>$1,660,739</td>
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</tbody>
</table>

**EXPENSES AND LOSSES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Unrestricted</th>
<th>Temporarily/Permanently</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Unrealized Loss from Investments</td>
<td>45</td>
<td>1,095</td>
<td>1,140</td>
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<tr>
<td>Loss from Sale of Securities</td>
<td>324</td>
<td>-</td>
<td>324</td>
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<tr>
<td>Program Expense</td>
<td>1,331,510</td>
<td>-</td>
<td>1,331,510</td>
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<tr>
<td>Management &amp; General Expense</td>
<td>105,875</td>
<td>-</td>
<td>105,875</td>
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<tr>
<td>Fundraising Expenses</td>
<td>169,514</td>
<td>-</td>
<td>169,514</td>
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<tr>
<td><strong>TOTAL EXPENSES AND LOSSES</strong></td>
<td>$1,607,268</td>
<td>$1,095</td>
<td>$1,608,363</td>
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</table>

**CHANGE IN NET ASSETS**

<table>
<thead>
<tr>
<th>Source</th>
<th>Unrestricted</th>
<th>Temporarily/Permanently</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in Net Assets</td>
<td>(453)</td>
<td>52,829</td>
<td>52,376</td>
</tr>
<tr>
<td>Net Assets, Beginning of Year</td>
<td>141,689</td>
<td>212,697</td>
<td>354,386</td>
</tr>
<tr>
<td>Net Assets, End of Year</td>
<td>$141,236</td>
<td>$265,526</td>
<td>$406,762</td>
</tr>
</tbody>
</table>

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