



2017 ANNUAL REPORT

APPALACHIAN

sustainable

DEVELOPMENT

LIVING BETTER. LOCALLY.

ASD is passionate about ensuring that rural communities can become viable once again and feels that agricultural strategies can play a key role in that transition.



LIVING BETTER. LOCALLY.

Since 1995, Appalachian Sustainable Development (ASD) has been working in Central Appalachia to further its mission to transition Appalachia to a more resilient economy and a healthier population by supporting local agriculture, exploring new economic opportunities and connecting people to healthy food. In the beginning, ASD focused exclusively on 15 counties in northeast TN and southwest VA, where 1 in 5 citizens are at or below the federal poverty line. Today our work has expanded to include partners in eastern WV

and KY and southeast OH. ASD collaborates with a variety of partners to significantly expand its impacts by leveraging the intersections between agriculture, economic development, community building and health. ASD uses 6 strategies to accomplish its work: closing the knowledge gap, increasing local food production, developing markets, increasing distribution of local agriculture products, engaging strategic partners, and researching/consulting and advising.



FROM THE DIRECTOR

As I reflected on ASD's work and impacts in 2017 I kept coming back to two words: opportunity and complexity. Though ASD's work is primarily about agriculture and how it can be used to grow economic opportunities and improve health outcomes, we know that developing our communities cannot be all about agriculture. That means finding partners who can bring the other talents, skills and resources to the table that are necessary for improving lives and communities. That makes for challenging work, but when you get it right, it can be transformative!

Throughout this annual report you will see examples of programs and projects that take quite a bit of explaining - because they are complex. Take, for example, the Appalachian Harvest Food Hub which had its best year ever in 2017. On the surface, it is logical and relatively straightforward. Appalachian Harvest provides farmers with aggregation and distribution services so that they can reach wholesale markets. But those services are not as straightforward as they may seem. What impact does post-harvest handling and appropriate temperature control have on produce shelf life and pricing? How do you manage temperatures appropriately when your farmers grow over 30 different crops and you do not have unlimited cooler space? What skills do farmers need in order to access large scale high end markets and who can train and offer

technical assistance to them? What certifications are required, what do they cost, and how do you make them affordable for small and medium scale farmers? How do you coordinate services and establish infrastructure that considers the topographically and geographically challenging footprint we serve? What is required to operate a tractor trailer? How do you navigate changes to requirements such as the new Electronic Logging Device requirements for trucks?

In short, there is little that is simple about ASD's work. But when you look at the entire puzzle, it is amazing how many opportunities there are in this nitty gritty, challenging work. At ASD we strive to take advantage of challenges and turn them into opportunities, often creating strong and lasting partnerships along the way.

We hope you are inspired by the great work that ASD and our partners have accomplished in 2017. As always, we are honored by the many wonderful partners and supporters who make all of these opportunities possible and who bear with us through the complexity. We know that without you none of this would be possible. Thank you.

A handwritten signature in black ink, appearing to read 'Kathlyn Terry'.

Kathlyn Terry
Executive Director



Third year conventional pumpkin farmers Hayden Lyons and Clifton Bishop

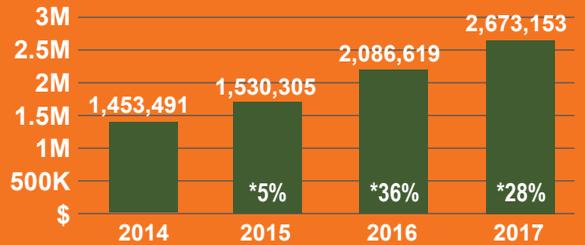
OPPORTUNITIES IN AGRICULTURE

APPALACHIAN HARVEST, ASD'S FOOD HUB: OVERALL GROWTH AND OPPORTUNITIES

2017 has been a record year for Appalachian Harvest's farmers. Appalachian Harvest reached \$2,673,154 in gross sales; including \$79,924 in trucking and backhauling income and also logged \$62,325 in volunteer matching hours. New opportunities with buyers have blossomed due to our consistent quality and presence at both dock and store level. This success has already secured additional demand for Appalachian Harvest supply for the 2018 growing season. The Appalachian Harvest staff provided technical assistance on topics that ranged from DOT compliance and securing backhauls to on-farm production support. These efforts produced 28%

growth compared to 2016's already incredible 36% growth. The two year combination is just a few thousand short of 5 million in gross revenue produced by the remote and rural Appalachian Harvest Food Hub in Duffield, Virginia.

APPALACHIAN HARVEST TOTAL SALES





GRAND OPENING OF THE APPALACHIAN HARVEST HERB HUB

2017 marked the official opening of the Appalachian Harvest Herb Hub. The Herb Hub makes it possible for forest farmers to bring product to wholesale buyers that meets state and federal food safety regulations, as well as USDA organic and Forest Grown Verification. Thanks to the invaluable assistance of our partners in the Appalachian Beginning Forest Farmer Coalition (ABFFC), we were able to navigate the complicated regulatory landscape and have in place Standard Operating Procedures for intake, processing, record-keeping, storage and sales. We also designed the set-up and procured equipment suitable for washing and drying the herbs.

One example of how forest farmers in southwest Virginia have directly benefited from ASD's involvement is in our work with Black Cohosh, a native medicinal plant with a high demand in the herbal industry, often used by herbalists to treat hormonal issues in women. With a relatively large rhizome, it is fairly easy to grow, making it a good candidate for a profitable forest farming operation, provided a premium price can be achieved. The conventional price for Black Cohosh is \$3-5/ dried pound, with 12-15 roots in each pound. With certification, it can be sold for \$20/pound and sometimes, significantly higher. There are a few things about Black Cohosh which make it tricky for beginning forest farmers to grow. In August, an ABFFC partner, Dr. Eric Burkhart with Pennsylvania State University, offered growers and ASD staff an intensive in Black Cohosh ID, use, propagation and management and assisted with the inspections for certification. Dr. Ryan Huish with UVA-Wise led a workshop on how

to prepare a pressed plant voucher specimen. Growers learned how to properly identify and propagate plants for a sustainable yield. This training was incredibly valuable and will be utilized in years to come.

As we began to explore and develop new markets, three growers were able to sell a total of 30 pounds of dried Black Cohosh root and 15 pounds of fresh root, along with 10 pounds of fresh Blue Cohosh root. The Herb Hub's newly installed root washer, rinse station, moisture meter and commercial dryer allowed the growers to efficiently process their herbs. They have plans in place to continue to sell their roots in coming years, monitoring population size and health annually. While these initial volumes may seem low, it is our goal to find ways to increase opportunities for growers to command high prices for their sustainably managed botanicals.

Bringing the Herb Hub to fruition in a single season is an achievement that we are very proud of and was made possible only by the numerous partners that were willing to step up and provide needed expertise and market connections and by the forest farmers who were willing to partner in this new effort.

“Thanks to Appalachian Harvest and Preston County Workshop, Hickory Ridge Farm has been able to go from just an idea to a GAP and Organic certified aggregation hub for north central West Virginia by providing training classes, consultation for our farm and hub for grading produce and growing information, and for securing grant money for a walk-in cooler to expand our process. We thank Appalachian Harvest for all their help and support!”

– Jeremy Hyre,
Hickory Ridge Farm



OPPORTUNITIES FOR DEVELOPING MARKETS

“Private industry distributors have been invaluable partners to corridor farmers. Without their strategic input and critical logistical support, WV and KY farmers would not be able to access wholesale markets along the east coast and the Central Appalachian Food Corridor would not exist.”

– Katie Commender,
Appalachian Harvest's
Regional Marketing &
Logistics Coordinator



OPPORTUNITIES TO BRING RESOURCES BACK

FARMERS

6 in WV and 1 in KY
5 Organic certified
20 acres of winter squash
grown

FOOD HUBS

4 created in WV
43 jobs retained
\$17K leveraged private
investment

DISTRIBUTORS

3 in WV & 1 in PA
5 jobs retained
\$1400 leveraged private
investment

EXPANDING OUR REACH TO CREATE THE CENTRAL APPALACHIAN FOOD CORRIDOR

Our goal is to create sustainable jobs in local food production, aggregation and distribution in southeast Ohio, West Virginia, eastern Kentucky, northeast Tennessee and southwest Virginia, by connecting producers to large unmet wholesale demand and retail outlets searching for local products. In 2017, the Corridor offered the following services to farmers, food hubs and distributors:

- Production Training to 50 farmers
- Grading Training to 37 farmers/food hubs
- Organic Training to 10 farmers/food hubs
- Food Safety Training to 137 farmers/food hubs
- DOT Regulation Training to 2 new distributors
- Secured 92 potential seconds produce buyers

CONNECTING CENTRAL APPALACHIAN FOOD CORRIDOR PARTNERS TO APPALACHIAN HARVEST

(i.e. produce brokers, grocery store distribution
centers from Maryland to Georgia)

**2017 GROSS SALES IN NEWLY
DEVELOPED MARKETS**

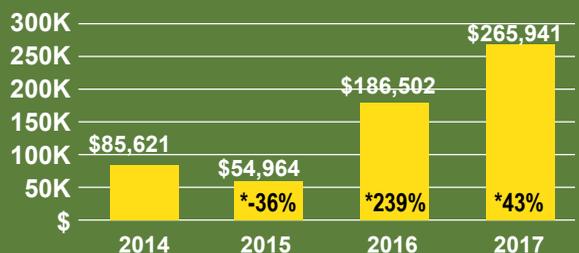
\$45,795.56



2017'S CERTIFIED ORGANIC GROWTH

The Appalachian Harvest Organic Grower's Group gave new and affordable opportunities to entry level vegetable producers from southwest Virginia across the Corridor Project footprint. Ten farms participated in the 2017 Organic Growers Group. A second year participant in the Appalachian Harvest Organic Grower's Group grossed \$107,795 on 3.5 acres of organic green bell peppers and he plans to expand in 2018. One young first year organic farmer used the Appalachian Harvest Food Hub education, training and curriculum to become independently Certified Organic. This young farmer grossed \$80,400 on 10 acres, his family's first year not producing tobacco in over four generations. They have already started planning to expand and diversify their organic crops for 2018's growing season. An experienced Certified Organic family farm in southeastern Kentucky was looking to diversify from CSA and farmers markets into wholesale markets. In 2017 they became GAP certified in order to sell their products through the Appalachian Harvest Food Hub. The farm grew 3 acres of hard squash (acorn, butternut and spaghetti) for markets we secured. They grossed \$24,700 and are looking to further expand their production capacity in 2018. This family farm can be served by us due to the funding provided by the Appalachian Regional Commission's expanded markets in the central Appalachian Food Corridor. Our buyers have never had the opportunity to purchase an organic winter squash from Appalachian Harvest in mid-August when pricing is prime. During 2017's growing season, the Appalachian Harvest Food Hub had the supply in both quality and quantity to earn farmers a delivered price of \$35 for 35 pounds of product. This was a price never experienced by our organic hard squash producers in prior years.

*2015 Organic Sales drop due to some Certified Organic producers ceasing operation rather than become GAP Certified. Subsequent years rebound is due to new producers recruited and trained to become both GAP and Organic Certified.

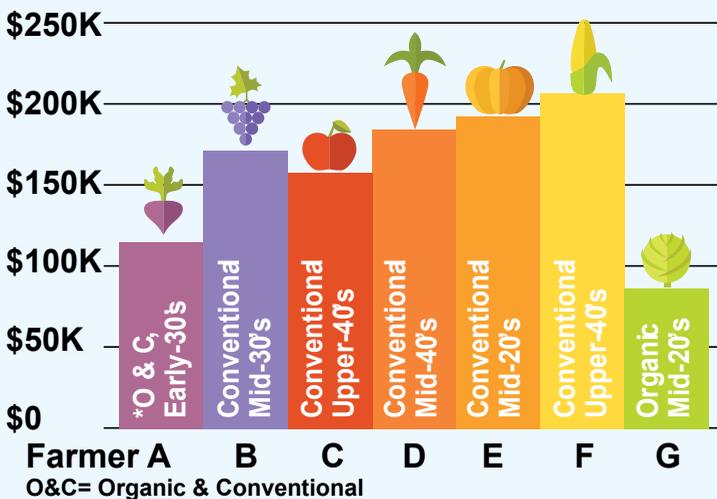


* % Increase or decrease over prior year



REDUCING THE AGE OF CAREER FARMERS

According to the USDA NASS, 2012 Census of Agriculture, there has been a 30 year trend of farmers' average age continuing to increase. Only 6% are under 35 years old, 61% are age 35 to 64 years old, and 33% are 65 and older. From 2007 to 2012, the older age group increased in number. Most statistics note the average age of the American farmer is 58.5 years old. We are pleased to report that the average age of the Appalachian Harvest Food Hub farmer is in the 35-43 year range, in contrast with the USDA's noted trend. In fact, several of our younger farmers are full time, making a living on their farms. We currently work with several farmers in their upper 20's who have a strong desire to develop their farm businesses into the sole source of their family income. Below are some exciting numbers:





OPPORTUNITIES TO ADDRESS FOOD INSECURITY

TEACH A FAMILY TO GARDEN

2017 marked ASD's 5th year as a Grow Appalachia partner site. Hundreds of community members young and old alike benefited from this program. Some received fresh vegetables at Faith In Action in Abingdon while others developed thriving market gardens that provided them with additional income. Since the beginning of the Grow Your Own program, over 34 tons of produce has been grown.

ASD cannot take credit for this accomplishment. It is the hard working, passionate gardeners in the program that have planted the seeds, combatted the weeds, and harvested the goodness of their work. All that ASD provides is education, technical support, tools, seeds, and an opportunity. We provide an opportunity to learn and in many cases re-learn the art of gardening. We are empowering families to help themselves by alleviating barriers like seed and plant costs, tilling access or canning classes.

In ASD's Grow Your Own program we are teaching people how to help take care of themselves and their families. We are giving people pride in themselves when they can put in an honest hard day's work and provide for their family while building the strength of their community".

Learning Landscapes – Agriculture education experiences made possible through collaborations and partnerships

Haynesfield: ASD worked with students to plant, tend, and eat from school gardens. Students learned how to plan a garden, the vital roles that worms play, how soil temperature affects germination, about plant health, harvesting and washing produce and how to cook using knives safely. This group met weekly: Mar. – May, Aug. – Oct.

Washington – Lee: Students participated in a 'Garden Club' after school learning how to prepare a garden bed for seeds and plants and mulching to ensure a weed-free start. Students and their parents also built low-tunnels so they could harvest lettuce, chard and broccoli into the winter months. This group met weekly: Mar. – May, Aug. – Oct.

Boys and Girls Club Bristol: In partnership with Central Presbyterian Church, Bristol, these students planted, tended and tasted from their raised bed gardens. Lowe's built a storage shed on site so students could cook in the shaded front porch and have tool storage. This group met bi-weekly: April – Nov.

YWCA TechGYRLS: ASD provided taste tests and training to staff to support garden planning, planting, maintenance, harvesting, heart-healthy cooking and their season extension efforts. This group met 4 times: Mar. – Oct.

Girls Inc: ASD staff coordinated a clean-up effort at the garden at the end of the season as well as provided training to staff to support garden planning, planting, maintenance, harvesting, heart-healthy cooking, and season extension.



“Grow Your Own has been an awesome experience for me, it has given me so much knowledge of how to garden, and given me the confidence to give it a try. I have so appreciated everyone’s willingness to answer questions and help in any way they can. Financially it has been a huge blessing, since we are just starting out in farming, we have so many expenses, and you all have helped us to get some tools we would not have otherwise been able to get, and the seeds and plants were a godsend for us to be able to have enough produce at the right time to sell.”

Christy, market gardener

THE BOUNTY OF A GARDEN BOX

84 garden boxes were grown this year by a diverse group of northeast Tennessee and southwest Virginia families. 17 Garden Partners helped these gardeners by delivering plants, assisting with planting, and checking in to see how things were growing. Zucchini, tomatoes, summer squash, and herbs grown in these garden boxes provided the opportunity for these gardeners to enjoy fresh and healthy meals from May – October. Many of these Garden Box gardeners are limited in their food options and often rely on corner markets for their grocery shopping where fresh options are too financially restrictive or in most cases non-existent. The Garden Box Project provides the opportunity for committed individuals to access fresh produce just outside their doors, often producing more food than they can consume, which in turn feeds neighbors or is preserved for the winter months. Garden Box gardeners and their garden partners establish strong relationships that help create a sense of community around food and health.

HEALTHY FAMILIES-FAMILY FARMS

Long-term program coordinators Marty Huber and Jo Ann Detta re-re-retired this year leaving behind big shoes to fill. Anyone who had the pleasure of working with Jo Ann and Marty will understand the hole they left behind at ASD. Not only have they cared for and led a wonderful committee of dedicated volunteers, they have made huge impacts in our community.

- 2017 grand total raised was \$37,045.25!
- More than 100,000 pounds of produce were donated to Feeding America southwest Virginia again in 2017
- The 2017 Spring Garden Challenge was once again a big success. The *Friends of HFFF* matching funds raised more than \$3,000 as a match pledge helping the challenge bring in more than \$16k.
- Since 2004, more than 1 million pounds of nutritious seconds produce has been donated to area food banks/pantries



FUN LOOKING.  **SERIOUS SAVINGS!**

“My crop wasn’t as good this year, so I had more #2’s than usual. Fortunately, I found out that Appalachian Harvest has a program called “Practically Perfect” where they will buy some of my #2’s. Since I am not one to go sit at a Farmers Market to try and sell my #2’s, this worked out perfect for me and other farmers. It’s like a one stop drop for the farmer, as you can bring both #1’s, #2’s and extra food to donate to the Food Bank, all to the same place.

-Tyler Maggard, Dryden, VA

PRACTICALLY PERFECT

Area supermarket shoppers noticed something new in the produce aisles in 2017: Practically Perfect™ fruits and vegetables became available at approximately 30% discounted prices at 4 supermarket locations in southwest Virginia. These slightly larger or smaller cousins of garden-variety produce, not qualifying as #1 quality graded, complete with a whimsically illustrated marketing campaign, were launched as part of an ambitious plan between ASD and national non-profit partner, Wholesome Wave to simultaneously increase food access, provide additional income to farmers, boost local public health and reduce food waste.

Precise grading of produce harvests can mean some of the produce does not qualify as “#1 quality.” So-called imperfections – fruits and vegetables that are slightly larger or smaller than average - fall on the wrong side of USDA and grocery grading standards. As a result, produce farmers are unable to sell on average 40% of their crops as “#1 quality” – even when the outliers are perfectly delicious and nutritious. This “imperfect” produce takes the same amount of time, energy, water and expense to grow as the #1 quality, but often ends up remaining in the field or discarded.



FOUNDED: 1995
BUDGET: \$2.2 MILLION
FULL TIME EQUIVALENT: 16



COMMUNITY BENEFIT

SUSTAINABLE AGRICULTURE

Appalachian Harvest Food Hub

- Achieved \$2,673,154 in gross sales in 2017 (or 28% growth over 2016). For a total of \$15 million since opening in 2000.
- 1/3 of our farmers grow certified organic and 2/3 are conventional farmers
- Our farmers grow more than 30 different crops
- We sell to retailers/wholesalers who have access to more than 3,000 stores from Maryland to Georgia

Appalachian Harvest Herb Hub & Agroforestry

- Nov, 2017=first sale of black/blue cohosh root
- Sold at over 10 times conventional price to national buyer
- 15 outreach events with over 200 participants
- 17 site visits to potential forest farmers

Central Appalachian Food Corridor

- Offered training to 50 farmers
- Grading training to 37 farmers/food hubs
- Organic training to 10 farmers/food hubs
- Food safety training to 137 farmers/food hubs
- DOT regulation training to 2 new distributors

FOOD ACCESS

Grow Your Own

- In the last 3 years, participating market gardeners have earned \$13k in income
- We have worked with more than 200 families who have grown 34 tons of produce since 2012 Garden Box Project
- 84 garden boxes in use through 2017

Healthy Families-Family Farms

- Raised \$37,045 in 2017
- We donated more than 100,000 pounds of seconds produce again in 2017
- Since 2004, we have donated more than 1 million pounds of seconds produce to area food banks/pantries

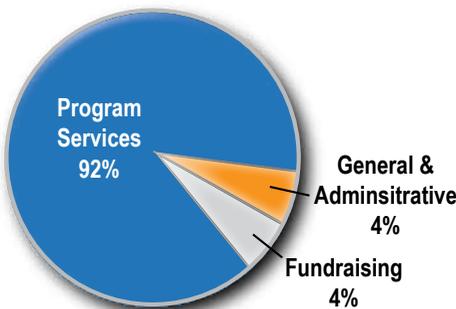
Practically Perfect

- Piloted in 4 supermarkets in low/moderate income communities in swva
- Seconds produce offered at 30% discounted pricing
- Increases food access, provides additional income to local farmers, boosts local public health and reduces food waste

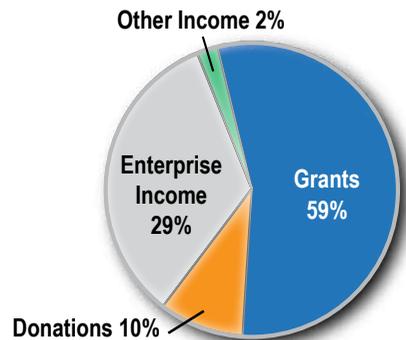
FINANCIALS: STATEMENTS OF ACTIVITIES AND POSITION

| Statement of Financial Position | | | | | |
|--|--|--|---------------------|---------------------|--------------------|
| | | | 2016 | 2017 (unaudited) | 2017 % of Total |
| Assets | | | | | |
| Cash and Cash Equivalents | | | \$ 213,624 | \$ 428,980 | 30% |
| Receivables | | | \$ 233,343 | \$ 178,404 | 12% |
| Fixed Assets-Net | | | \$ 858,385 | \$ 841,948 | 58% |
| Total Assets | | | \$ 1,305,352 | \$ 1,449,332 | 100% |
| Liabilities | | | | | |
| Accounts Payable | | | \$ 132,318 | \$ 165,600 | 25% |
| Notes Payable | | | \$ 398,815 | \$ 301,887 | 45% |
| Other Liabilities | | | \$ 26,241 | \$ 201,615 | 30% |
| Total Liabilities | | | \$ 557,374 | \$ 669,102 | 100% |
| Net Assets | | | | | |
| Unrestricted | | | \$ 475,766 | \$ 484,886 | 62% |
| Temporarily Restricted | | | \$ 272,212 | \$ 295,344 | 38% |
| Total Net Assets | | | \$ 747,978 | \$ 780,230 | 100% |
| Total Liabilities and Net Assets | | | \$ 1,305,352 | \$ 1,449,332 | |
| Statement of Activities | | | | | |
| | | | 2016 | 2017 (unaudited) | 2017 % of Total |
| Revenue | | | | | |
| Grants | | | \$ 1,076,728 | \$ 1,337,015 | 58% |
| Donations | | | \$ 163,403 | \$ 241,417 | 11% |
| Income from Enterprises | | | \$ 464,287 | \$ 653,140 | 29% |
| Other Income | | | \$ 26,433 | \$ 39,129 | 2% |
| Total Revenue | | | \$ 1,730,851 | \$ 2,270,701 | 100% |
| Expenses | | | | | |
| Program Services | | | \$ 1,343,592 | \$ 2,052,263 | 91% |
| General and Administrative | | | \$ 81,622 | \$ 94,693 | 4% |
| Fundraising | | | \$ 106,575 | \$ 91,492 | 5% |
| Total Expenses | | | \$ 1,531,789 | \$ 2,238,448 | 100% |
| Increase (Decrease) in Net Assets | | | \$ 199,062 | \$ 32,253 | |

2017 EXPENSES BY CATEGORY



2017 REVENUE BY CATEGORY



2017 ASD BOARD

Michael Archdeacon
Jim Baldwin
Dr. Theresa Burriss
Vice-Chair
Bree Cassidy
King University Honorary Student Board Member
Dr. Heather Champney
Dr. Paul Conco
Maranda Demuth
John Gifford
Secretary
Antoinette Goodrich
Jake Harris
Chair
Edd Hill
Dr. Steven Hopp
Beenish Kamran
East Tennessee State University Honorary Student
Board Member
Jim Maxwell
Katie Morrell
Dr. Deb Slawson
Connie Thomas
Jonathan (JT) Thomas
Cassa Von Kundra
Treasurer

ASD STAFF

Gina Bishop, DOT Compliance Coordinator
Katie Commender, Program Manager
Dale Craig, Director of Operations
Sylvia Crum, Director of Communications and
Development Angie Vanover, Director of Finance
Jo Ann Detta, Healthy Families - Family Farms
Coordinator
Lindsey Felty, Program Manager
Anne Haynes, Outgoing Director of Finance
Marty Huber, Healthy Families - Family Farms
Coordinator
Emily Lachniet, Program Manager
Chelsea Lee, Administrative Assistant
Tyler Maggard, Re-Entry Inmate Supervisor
Tamara McNaughton, Program Manager
Kevin McNew, Food Hub Assistant
Michelle Morgan, Program Manager
Jody Myers-Bott, Financial Assistant
Gina Patrick, Administration and HR Manager
Adam Pendleton, Food Hub Manager
Robin Robbins, Appalachian Harvest Food Hub
General Manager
Jennifer Roop, Program Manager
Kathlyn Terry, Executive Director
Angie Vanover, Director of Finance
Derrick Von Kundra, Local Food Coordinator
Adam Watson, Compliance and Grower Manager

Thanks to these talented, local photographers for sharing their fine work:

Sarah Laughland is a photographer & actress, who has fallen in love with Appalachia and its local farming community. In addition to lifestyle and branding photography, she's the writer of a blog entitled Abingdon: Meet the Locals, where she interviews local farmer's market vendors and creates a photographic journey about why community and "keeping it local" is so important to them. Find Sarah on Instagram @sasslaffy and on her website at sarahlaughlandphotography.com.

Jess Myer is a photographer who grew up in the arts hub of Asheville, NC before relocating to southwest Virginia for college. She loves chronicling the adventures of her friends through photography; in addition to dance and portrait photography, she hopes to one day break into the world of capturing whitewater kayakers and other adventure sport athletes. Her portfolio can be found at jessicamyers.weebly.com.

Lidany Rouse is a portrait and lifestyle photographer based in northeast Tennessee. Lidany works predominantly in the medium of photography, but likes to include graphic design in her surreal photo manipulation pieces. Lidany's photographs have been published in a large variety of media ranging from magazines, advertising and the publications of Inspire- Digital or Not Fine Art Photography magazine, Plough to Pantry magazine, and more. Lidany's contact info is hello@allamericanportraits.com.

Special thanks to Jeannie Miller of Jeannie Miller Design for designing this year's annual report.



Our mission is to transition Appalachia to a more resilient economy and a healthier population by supporting local agriculture, exploring new economic opportunities and connecting people with healthy food.



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