

2012 ANNUAL REPORT

SERRV

a nonprofit organization

Dear friends,

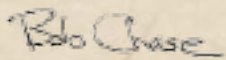
Though we continue to be challenged by difficult global economic conditions, I am pleased to report that 2012 was a year of improved financial results and broadening impact for SERRV.

We were able to increase our sales, reduce our inventory and debt and generate a meaningful surplus which will be invested in future growth. As a result of our closer partnership with MarketPlace: Handwork of India, another nonprofit fair trade organization, total revenues were well in excess of ten million dollars. Most importantly we were able to support many more families in their efforts to build sustainable lives.

Our purchases of fairly traded handmade and food products increased by more than 10% to \$3,673,170 in 2012 and we implemented a wide range of development projects which benefited many of our partners.

All of this was possible because of the ongoing support of our tens of thousands of customers, donors, volunteers, and supporters as well as an extremely dedicated staff and Board of Directors, for which we are extremely grateful.

Thank you,



Bob Chase
President/CEO
SERRV



Building a National Fair Trade Retail Network

In September 2012, more than 25 store managers and fair traders gathered in Madison, Wisconsin to attend our inaugural Retailer Retreat. Our goal was to offer practical support to retail store managers who are dedicated to building the market for fair trade here in the US. Based on the feedback received from participants, it was a resounding success!

We were grateful to work with friends and partners to make this event a success. Several sessions were facilitated by Candi Horton, an experienced store manager who volunteered her time and skills. The Executive Director of the Fair Trade Federation, Renee Bowers, talked about the broader fair trade movement in North America. And Pushpika Freitas, President of MarketPlace: Handwork of India, shared inspirational stories about the impact of fair trade on the women artisans they work with. We were also

fortunate to be joined by two designers from SERRV artisan partners in Asia. Swagata Ghosh of Sasha Fair Trade in India and Sunita Maharjan of ACP in Nepal added their unique perspectives on fair trade to the conversation.

The information was very useful to all of the participants and the evaluations were overwhelmingly positive. After attending, one manager said, "These were tools I knew I needed in my tool belt, I just didn't know how to use them effectively before." Another participant commented, "Great ideas that will help my store increase sales!"

Our 2nd Annual Retailer Retreat will be held September 22-25, 2013 in Madison, Wisconsin. We are already looking forward to it!

Development Highlights

Some of our 2012 projects:

Jewelry training in Africa

One of our partners, Delta Survie, is based in Mali and has been negatively affected by recent civil unrest. Due to the instability, designer Frederic Alcantara met with artisans for a product development workshop in neighboring Burkina Faso. This workshop resulted in a SERRV order of beautiful new jewelry pieces and vital income for the women artisans.

Building better websites in Nepal

SERRV's graphic designer traveled to Nepal to work with four of our partners on improvements to their websites so they will be more appealing to potential customers. She also led classes on photography, web layout, and design for all members of Fair Trade Group Nepal.

Learning about the US market

We welcomed Sushila Ashok and Sister Silvia Aranha from St. Mary's, India, a SERRV partner of over 20 years, for an educational visit on product design here in the United States. Sushila demonstrated her excellent embroidery skill for customers, volunteers, friends, and staff.

ArtisanWork re-launch

SERRV offers ArtisanWork.org as a free resource for artisans around the world. It features up-to-date information on product development, marketing, export documentation, and building a strong business. In 2012, we renovated this website to provide a more user-friendly experience, so it can better serve our worldwide partners.

Learn more at serrv.org/impact.

New Partnerships in 2012

SERRV welcomed two new Indian partners, Conserve and Noah's Ark, in 2012. Conserve strives to improve the lives of marginalized people living near landfills by building schools in their communities and providing income by upcycling waste materials into handcrafts. Noah's Ark responds to the needs of artisans who maintain traditional skills through employment and development projects. We also reconnected with La Siembra, a worker-owned cooperative in Canada that offers fairly traded, organic food from Latin America.

CONSERVE



NOAH'S ARK



LA SIEMBRA



People Supporting People

SERRV is committed to listening to our partners and helping them overcome the challenges of being a small business in a global market. Recently, VillageWorks in Cambodia approached us for help with product designs that would better serve the ever-changing popular trends in the US market. We were thankful to have experienced designer, consultant and educator, Frank Millero, on our board, who graciously volunteered his time to support this project.

Frank was joined by professional photographer Joseph De Leo, who is known for his work on cookbooks and high-profile magazines. Together, they traveled to Cambodia to assist VillageWorks with product development

and to document their work and life through photography and video.

Over the course of three weeks, Frank assisted VillageWorks to create new product samples, review design details, and develop new fabric ideas. He was able to develop 50 new product samples, some of which were launched on SERRV's website in fall 2012. Following the partnership, SERRV saw a noticeable jump in popularity of the newly redesigned product line. They went from having no products in our top sellers list to three! We are inspired by VillageWorks' progress in their product development and we are thankful for Frank's dedication to this project.

Photo courtesy of Joseph de Leo

Total 2012 Purchases Listed by Country

AFRICA

Ghana & Germany	\$716,475
Kenya	\$68,844
Cameroon	\$57,836
Swaziland	\$47,912
Ghana	\$32,651
Uganda	\$15,032
Mali	\$9,725
Rwanda	\$8,880
Madagascar	\$3,640

MIDDLE EAST/EASTERN EUROPE

Palestine	\$103,701
Bosnia	\$3,075

ASIA

India	\$633,600
Vietnam	\$217,668
Indonesia	\$171,814
Nepal	\$145,823
Bangladesh	\$131,788
Philippines	\$93,852
Pakistan	\$27,081
Cambodia	\$25,349
Sri Lanka	\$11,458
Thailand	\$4,288
China	\$3,728

NORTH AMERICA

USA	\$158,663
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LATIN AMERICA

Peru	\$154,471
Haiti	\$124,882
Mexico	\$37,458
Chile	\$23,744
Ecuador	\$13,651
Guatemala	\$8,243
El Salvador	\$3,083

Note: The amounts shown are the sums of spring and fall purchase orders and are not calendar-year based.

Balance Sheet as of 12/31/12

ASSETS

Cash and Cash Equivalents	2,034,142
Accounts Receivable	729,727
Allowance for Doubtful Accts	(15,433)
Inventories	1,162,670
Reserve for Obsolete Inventory	(75,000)
Advances to Producer/Partners	404,781
Prepaid Supplies & Misc Accts.	205,737
Equipment & Leasehold Improvements	<u>56,503</u>
Total Assets	4,503,127

LIABILITIES

Inventory Financing Payable	2,000,390
Accounts Payable	416,694
Accounts Payable Inventory	12,176
Payable to Partner Organizaitons	107,223
FASB 106 Obligation	21,982
Notes Payable	833,000
Misc Liabilitites	<u>98,254</u>
Total Liabilities	3,489,719

Fund Balance 1,013,408

Total Liabilities and Net Assets 4,503,127

For a complete copy of our audited financial statements, please contact us at 410.635.8755 or email kellie.jones@serrv.org.

Income Statement as of 12/31/12

REVENUE

Sales of fairly traded handcrafts & foods	9,762,648
Partial Reimbursement of Shipping Costs	823,725
Contributions	208,207
Other Non Operating Income	<u>39,003</u>
Gross Revenue	10,833,583
Credit card, bank fees and other cost of sales	192,306
Contract Services	639,028
Payments to producers for goods sold	<u>3,673,170</u>
Net Revenue	6,329,079

EXPENSES

Program Salaries & Benefits	1,813,807
Postage & Outbound shipping costs	1,274,182
Payment of international shipping for producers	464,192
Promotion	498,431
Occupancy including warehouse rent	374,438
Program Supplies	324,404
Consultants to assist producers/other services	153,970
Interest on advances to producers & inventory	120,696
Donations to Partner Organizations	114,131
Misc program expense	69,991
Volunteer Expense/Contract labor	72,363
Telephone	30,761
Travel	58,344
Grants to producers/producer development/special projects	<u>66,353</u>

Subtotal Program Expense 5,436,063

Administrative & Fundraising 752,679

Total Program & Adminstrative Expense 6,188,742

Change in net assets 140,337

We couldn't do it without you!

We express our sincere appreciation to the following individuals and organizations who helped make 2012 a successful year.

Our Artisan and Farmer Partners Your resilience, creativity, product quality, and enthusiasm in spite of the adversities you face is exceptional!

Our Customers Your continued support of our organizational mission and our partners is what make everything we do possible.

Investors Thank you to the Shared Interest Society of the UK, the Calvert Foundation, and especially all of our SERRV Loan Fund investors for your loans which support our fair trade work.

Donors We appreciate your willingness to share your precious resources. Your support allows us to serve low income and marginalized people where it is often difficult to do business.

Catholic Relief Services, Lutheran World Relief, and the United Methodist Committee on Relief Thank you for the way you support economic empowerment through fair trade.

Volunteers Thanks to thousands of you for giving your time and dedication in our New Windsor and Madison facilities, and at stores and in churches across the country.

Board of Directors and Staff Thank you for the time, energy, enthusiasm and skill you bring to our daily work and to setting the course for the future.



2012 Board of Directors

Marsha Hoover - Chair

Colin Crawford - Vice Chair

Brad J Hamrlik - Treasurer

Pushpika Freitas - Secretary

Lucas Caldeira

Julie Danis

William Gordon

Tom Green

Jacqui MacDonald

Tim McElwee

Frank Millero

Robert Chase (*non-voting member*)

OUR MISSION

to eradicate poverty wherever it resides by providing opportunity and support to artisans and farmers worldwide

SERRV began working in 1949 to generate income for refugees in Europe after World War II.

For over 60 years, SERRV has supported more than 150 unique artisan and farmer groups, representing more than 100,000 individuals.

Today we work with 68 community-based organizations in 32 countries.



www.serrv.org 1.800.423.0071

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