

SERRV INTERNATIONAL
ANNUAL REPORT 2005



A NONPROFIT ORGANIZATION
SERRV
INTERNATIONAL

 hope and justice with every purchase
a greater gift™

OUR MISSION

is to promote the social and economic progress of people in developing regions of the world by marketing their products in a just and direct manner.

Rising Sales Mark a Growing Impact

Each year brings its own challenges and rewards and 2005 was no exception. Certainly the highlight of the year was an 18% increase in overall revenues driven by a more than 34% increase in sales from our A Greater Gift, CRS Work of Human Hands, and LWR Handcraft Project direct mail catalogs.

Rising sales mean not just increasing income for low-income artisans and farmers throughout Africa, Asia, and Latin America. They also bring rising awareness among US consumers of the benefits of purchasing sustainably sourced products that promote an integrated human development agenda.

An unexpected late fall surge in orders tested both our systems and staff and made it clear that we need to strengthen our organizational infrastructure to prepare for a rising interest in fairly traded handcrafts and food products.

SERRV International offers a unique economic development program that allows struggling people in more than 35 countries to acquire the skills and experience to participate successfully in the global economy while earning a fair living from the work of their hands.

The growing impact and success of this program is only possible because of the committed support of tens of thousands of volunteers, donors, and customers in all 50 states who make our shared vision of a fairer economic system a reality.

Robert Chase

Robert S. Chase,
President/CEO, SERRV International

Artisans pictured on cover (left to right) are from Holyland Handicrafts - West Bank, TCRS - Tanzania, St. Mary's - India, Tara Projects - India, Trinity Jewellery - Kenya, UPA - Mexico

COUNTRY-BY-COUNTRY SNAPSHOT

The percent of total 2005 purchases are listed by country. While all SERRV partners receive general producer assistance, some receive special development attention in a given year. These projects for 2005 are indicated by country with icons:

\$ grant/loan ☺ distance product development § in-country product development () in-country training → organization visit

India	20.38%	\$ ☺ § →	Haiti	1.65%	\$ ☺
Ghana/U.K.*	11.75%		Mexico	1.61%	§ →
Peru	8.15%	☺	Pakistan	1.48%	
Philippines	5.37%	() ☺ § →	Argentina	0.80%	
Nepal	5.22%	() ☺ § →	Swaziland	0.76%	☺
Indonesia	4.47%	☺ § →	El Salvador	0.73%	☺
Chile	4.28%	\$ ☺ ()	Ecuador	0.70%	☺ →
Bangladesh	4.08%	\$ ☺ § →	Honduras	0.59%	
USA	3.99%	\$ ☺ § →	Costa Rica	0.53%	
Kenya	3.08%	\$ ☺ () § →	Tanzania	0.48%	☺ § →
West Bank	3.04%	☺ →	China	0.29%	☺
Guatemala	2.98%	\$ ☺ ()	Bolivia	0.22%	
Vietnam	2.62%	☺	Senegal	0.18%	
Uganda	2.49%	☺ § →	Bosnia	0.18%	☺
Cameroon	2.21%		Cambodia	0.05%	
South Africa	2.15%	→	Turkey	0.03%	
Sri Lanka	1.76%	☺			
Thailand	1.70%	\$ ☺			

* Ghanaian farmers produce the cocoa for and partially own the U.K.-based Divine Chocolate brand.

INCOME STATEMENT FOR 2005

Revenue	
Sales of fairly traded handcrafts & foods	\$8,563,858
Partial reimbursement of shipping costs	395,109
Contributions	188,899
Other non-operating income	<u>33,904</u>
Gross Revenue	\$9,181,770
Expenses	
Program Expenses:	
Payments to producers for goods sold	\$3,219,307
Program salaries & benefits	1,786,969
Postage & domestic shipping costs	947,938
Promotion	652,314
Payment of international shipping for producers	648,154
Occupancy including warehouse rent	387,720
Program supplies	232,402
Donations to partner organizations	157,519
Interest on advances paid to producers & inventory	126,192
Volunteer expense/contract labor	112,959
Miscellaneous program expenses	106,200
Travel	82,925
Consultants to assist producers/other services	75,221
Grants to producers/producer development	62,411
Telephone	47,443
Administration & Fundraising:	<u>617,260</u>
Total Expenses	\$9,262,934
Change in net assets	(\$81,164)

For a complete copy of our audited financial statements, please contact us at 410.635.8755.

BALANCE SHEET AS OF 12/31/05

Assets	
Cash & Cash Equivalents	\$1,682,099
Accounts Receivable	1,016,451
Allowance for Doubtful Accounts	(43,910)
Inventory	1,476,746
Reserve for Obsolete Inventory	(100,000)
Advances to Producer/Partners	168,846
Prepaid Supplies & Misc Accounts	298,009
Equipment & Leasehold Improvements	<u>186,893</u>
Total Assets	\$4,685,134
Liabilities	
Inventory Financing Payable	\$1,835,048
Accounts Payable	443,792
Accounts Payable Inventory	88,027
Payable to Partner Organizations	148,310
FASB 106 Obligation	45,000
Notes Payable	541,000
Miscellaneous Liabilities	<u>34,541</u>
Total Liabilities	\$3,135,718
Fund Balance	\$1,549,416



"I am very happy for the orders which I get, especially from SERRV International, which has enabled me to improve the living standards of my family because we are paid promptly."

- Patrick Ombui Anchinga
Nyabigena Soapstone Carvers, Kenya

WHERE WE WORK



Percent of total purchases by country.

2005 ORGANIZATION ACHIEVEMENTS

- 90 producer partner groups with thousands of artisans and farmers employed
- \$3,337,918 worth of inventory purchased from producer partners
- 920,000 catalogs mailed to customers
- 60,102 orders processed and shipped
- 923,610 Divine Chocolate bars sold
- 7 grants to producer partners for sewing machines, looms, wood working equipment, digital cameras, and computer equipment
- 4 major trainings in production techniques and product development
- 2 long-term international volunteers working on-site at our partner groups
- 28 staff and consultant visits to artisan and farmer groups
- 1,652 donors contributing to our development work
- 4,112 volunteer-days supporting our New Windsor operations
- 1,128 A Greater Gift and partner program holiday sales held by churches with more than 5,000 volunteers involved



"Yesterday I was with the weavers in Santiago Atitlan, and when I told them we had received a big order from you and they would be working hard for many months, they broke out in spontaneous applause. Thanks."

-Deborah Chandler, Mayan Hands, Guatemala

2005 BOARD OF DIRECTORS

Charles Layman - Chair
John Kriek* - Vice Chair
Ivan Patterson - Treasurer
Lori Knepp* - Secretary
Jacqui MacDonald
Patti Crane*
Marsha Hoover

Howard Royer
Pushpika Freitas
Julie Danis
Ann Engelman**
Sally Keller**
Kimberly Grimes**
Robert S. Chase***

* Board term ended December 31, 2005. ** Board term began January 1, 2006.
*** Non-voting member.

GENEROUS CONTRIBUTIONS

We gratefully acknowledge the generous support of the following organizations through their loans or grants:

Calvert Foundation
Catholic Relief Services
Idyll Foundation
MMA Community Development Investments, Inc.

Volunteers are critical to our organization. Frank Kane and Marilyn Schirk (standing) and Ferne Steckman (seated) are a few who generously volunteered their time in our New Windsor location in 2005.



THANK YOU TO OUR SUPPORTERS

To the thousands of **ARTISANS AND FARMERS** with whom we partner, thank you for your continued hard work and enthusiasm for fair trade.

To our **WHOLESALE, CONSIGNMENT AND STORE CUSTOMERS** who incorporate fair trade into their business or mission work, and **INDIVIDUAL CUSTOMERS** who promote justice with their gift purchases, thank you for believing in our organization and our partners.

To our **PROGRAM PARTNERS** who advocate for fair trade and work to grow demand for the handcrafts and foods that create work for our artisan and farmer producers.

To our generous **DONORS AND INVESTORS** across the country, thank you for helping us further our work and the work of small-scale producers worldwide.

To the thousands of **VOLUNTEERS** who give their time in our New Windsor office, gift shop and warehouse and our Madison office, thank you for your dedicated support.

To the committed **BOARD OF DIRECTORS AND STAFF** for contributing your energy and skill to fulfilling our mission.



SERV INTERNATIONAL is a 501(c)3 nonprofit organization founded in 1949.

SERV is a member of the International Fair Trade Association and the Fair Trade Federation.

www.servv.org



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