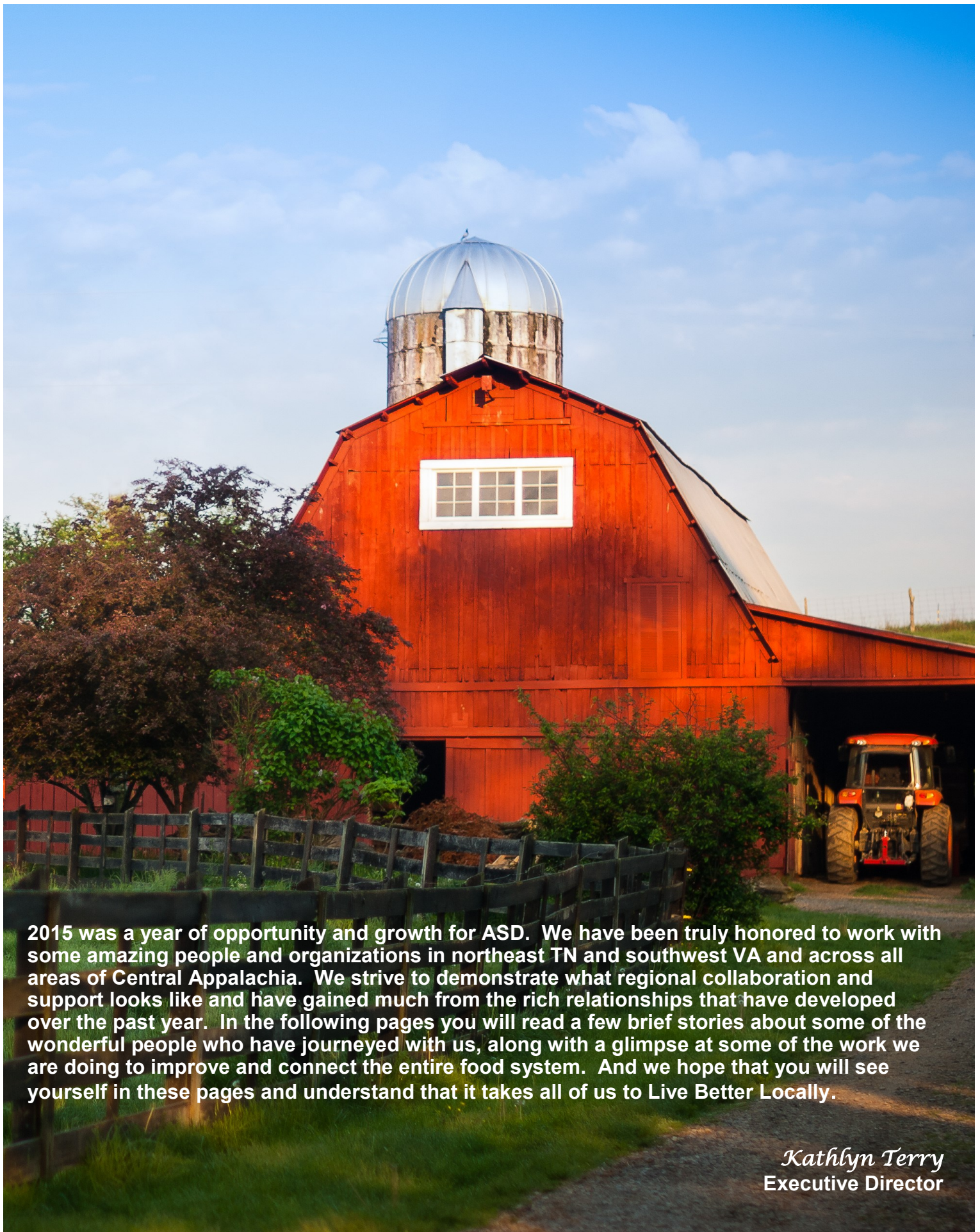




2015 Annual Report



LIVING BETTER. LOCALLY.



2015 was a year of opportunity and growth for ASD. We have been truly honored to work with some amazing people and organizations in northeast TN and southwest VA and across all areas of Central Appalachia. We strive to demonstrate what regional collaboration and support looks like and have gained much from the rich relationships that have developed over the past year. In the following pages you will read a few brief stories about some of the wonderful people who have journeyed with us, along with a glimpse at some of the work we are doing to improve and connect the entire food system. And we hope that you will see yourself in these pages and understand that it takes all of us to Live Better Locally.

Kathlyn Terry
Executive Director

Food Access

In 2015, 803 volunteer hours were recorded from 115 volunteers in support of our food access programs.

Healthy Families - Family Farms

129,004 lbs.
of produce
donated



516,016
servings to
those in need



Learning Landscapes



70 food tastings
with 1,613 kids



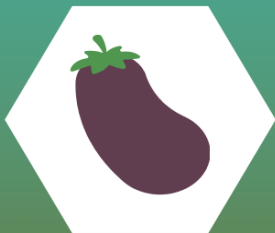
1,008 students
learned in 12
school gardens



1,800 lbs. of
produce eaten or
taken home

Grow Your Own

Over 14,000 lbs. of
produce harvested



295 benefited from
home gardens



45 workshops trained
723 attendees



Food Access

We are all aware that while some feel the state of the economy is improving, our region has been hard hit by coal and power-plant declines and many struggle to make ends meet, making ASD's Food Access programs more important than ever. Our goal for these programs is to meet people where they are and help them move along a continuum as appropriate for their desires, skills and abilities, ultimately resulting in more reliable access to fresh, healthy food.

A wonderful example of this work can be found in Abingdon, VA where each week during the school year growing season, a yellow school bus pulls up to the ASD training garden and kids pour out. They come with smiling faces, eager to work. They plant, harvest, pull food from the garden, wash, sort, weigh and record weights before taking it to the Food Pantry in the building next door. Whether they're weeding or using hoes and shovels, they are always working together to accomplish the day's job of running an organic garden. These kids are students from Abingdon High School. All are part of the Special Education program. Their teacher and support staff love what the garden is able to teach their students: working together as a team, staying on task, asking questions when the task isn't clear, and using their bodies to do physical activities. They're learning the soft skills required to communicate, as well as valuable life skills including how to grow food, some of which they've never seen before, like kale, eggplant, asparagus, or purple potatoes. By growing new foods they've been encouraged to eat new foods, which to the surprise of their teachers and parents, they like!

Last year, special education students took their new skills to the Abingdon Farmer's Market where they set up a market table and sold bunches of carrots, winter squash, broccoli and kale during several fall Tuesday market days. This was an enjoyable experience that taught them how to interact with customers as well as the business basics of selling products.

During the winter months they also enthusiastically travel to Virginia Highlands Community College to seed flats of vegetables for 50 people with home-based gardens, provided by ASD's Grow Your Own program (funded by Grow Appalachia) and the 85 households growing vegetables through ASD's Garden Box Project. They help to count, organize and pot hundreds of seedlings. Working in the garden and the greenhouse has given these young adults new skills and opportunities and a chance to give back to their community. This work has led several students to seek admission to the horticulture program in the future.

Austin...a success story



With red hair and blue eyes, Austin stands nearly 6 feet tall with big hands and lanky limbs. He is working the soil through the sift, working in water and filling flats. When he tires of bending over the wheelbarrow, he flips over a bucket and takes a seat, but continues to work. Mrs. Farmer, his teacher from Abingdon High School, asks him what he likes about working at the greenhouse. Without looking up he answers, "It's really fun. It keeps me out of trouble". In the past, Austin mentioned that in his family, he's considered the "mean one". Hearing him talk so much is out of character. He is usually stern and anxious to do all of the heavy lifting and most of the manual labor. He likes to work hard. Surprisingly, he continues even though the questions stop, "I help more at my garden at home now, and I've learned I have to plant seeds in winter so I can plant them [transplants] in the spring." Then almost as an after thought, "I learned I like to eat kale."

In 2015, nearly 1,800 pounds of produce were harvested by Austin and other kids like him. It isn't just about food. They're learning about life cycles, self-sufficiency, and healthy eating habits.

"I like working in the garden. I like to give the food to the pantry so people that need it can come and get it. I really liked picking things."

Austin

Food Systems and Agriculture

America Needs More Young Farmers

Did you know the average age of a farmer in the U.S. is 58.5?

At ASD we're working to lower that number with programs that are supporting new farmers in a number of ways.

Two examples include:

- Ten beginning farmers are taking a stringent class to create business and marketing plans for their farms.
- A newly formed network of farmers is supporting peer-to-peer learning and mentoring with farm visits to strengthen their success collectively.

There is a lot of energy around the burgeoning local food system in northeast TN and southwest VA and in all areas of Central Appalachia where ASD is seen as a leader because of our 21 year history of work in the sector. Following are just a few of the highlights from 2015.

ASD is a steering organization for the **Central Appalachian Network** which joined with the Appalachia Funders Network on a USDA Rural Community Development Initiative grant that covered 5 states in Central Appalachia. As a member of CAN, ASD served as the lead in northeast TN and southwest VA. A strong team of leaders designed a regional meeting, held in October 2015, that brought over 80 individuals together to identify needs in our community. The intent was for the work to be continued through highly engaged Working Groups that were comprised of members of the community. We are happy to report that 3 of those Working

Groups (Food & Health, Food Production, and Policy & Economic Development) are doing great work and moving collaborative strategies forward! It has been very gratifying to see such strong collaboration across state lines and sectors.

Through the very hard work of our staff, our food hub, Appalachian Harvest, has reduced its dependency on grant funding from 37% in 2012 to 8.75% in 2015! Due to our staff's expertise in distribution and ability to access large scale east coast markets for Central Appalachian farmers, Appalachian Harvest has been the recipient of a Value Chain Development Intermediary grant award as well as matching funds from the One Foundation and CoBank. Our goal with this project is to expand our efforts to align and connect existing and emerging food hubs to make the entire regional food system stronger and to provide opportunities for remote Central Appalachian farmers. The work began in late 2015 and we are very excited about what the future holds for Central Appalachian farmers and food system developers.

Pawnee...EBT at her farmers market



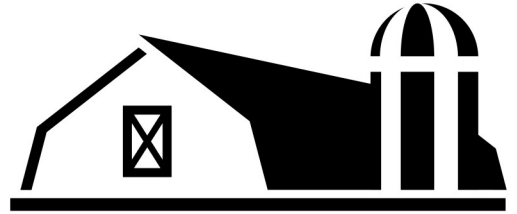
"The Tazewell Farmers Market numbers for our first year using the EBT program were surprisingly good. It increased our market, overall, and we learned a great deal from our experience. Now with the basics out of the way, it is our hope to expand our program through outreach and education to make it even more successful for the coming market

season. The Four Seasons YMCA, who partners with us, was most impressed with what we've accomplished. Thanks for all the help from the great staff at ASD, especially Tamara McNaughton. We couldn't have done it without you!"

**Pawnee Jewell, Manager
Tazewell Farmers Market**

Food Systems and Agriculture

ASD received a USDA Farmers Market Promotion Program grant which is allowing us to do some exciting things with farmers markets in our region including Road Shows to 14 markets, promotion and exciting events at the Road Shows, an online food guide and much more. Stay tuned in 2016 for more details!



Appalachian Harvest Revenue Generated:

\$1,789,704 in 2015

\$10,434,329 since 2001



The VA Department of Agriculture and Consumer Services has long been a supporter of ASD through its Specialty Crop grants. In 2015 one of those grants allowed us to train 286 farmers on food safety certification. Farmers selling through the Appalachian Harvest food hub have been required to be on track for obtaining food safety certification since 2011. The process that ASD and its partners (VT Extension and AgCon Consulting) developed has proven to be extremely effective. To date, 100% of those who have been mock audited as a part of this training process have passed their actual USDA GAP (Good Agricultural Practices) audit! In 2015 we were able to expand this work to include farmers and farmer support organizations from outside of VA, including hosting a 2.5 day workshop in Duffield, VA for 24 people from MS, AL, WV and VA. One of the attendees from WV became only the 8th farmer to be GAP certified in all of WV!

Neal and Rusty...their farm story

Neal began farming in 2013 with his friend Rusty Campbell. They own and operate Spring Ridge Farm in Damascus, Virginia. Spring Ridge Farm grows organic produce for three of ASD's programs, Grow Your Own, Rooted in Appalachia and Appalachian Harvest. Neal and Rusty couldn't be more appreciative of the support they've received from Robin Robbins, Chick Fish, Sylvia Crum, Tamara McNaughton and Deni Peterson. Returning to Appalachia in 2003 from Virginia Tech, Neal believes that it's never been more important to practice sustainable agriculture. Though they both come from multi-generational tobacco farming families, Neal and Rusty currently practice organic sustainable biodiversity in their farming.

"The next decade will determine the sustainability of our planet and it's the responsibility of all of us to do our part."

**Neal Reid
Spring Ridge Farm**



Forestry and WoodRight



WOODRIGHT
Build with Character

WoodRight is a social enterprise that was started to help secondary Appalachian wood product manufacturers bring more work and income to their businesses, workers, and communities while being mindful to protect the forests upon which they all rely. WoodRight has continued its

focus shift to work with processing partners to create and promote aesthetically unique hardwood building products. WoodRight continues to offer its character-rich Conservation Grade products, and has had 545 building professionals complete a continuing education course, both online and in person, where they learned how the wood building products they specify and purchase affect the forests from which they were derived.



The StakWood Three Dimensional Wood Wall Cladding product has continued to be refined in the hopes of more widespread distribution, including direct sales on Amazon.com, as well as brick-and-mortar retailers. A full suite of seven StakWood-specific trim profiles has been created in order to cover a wide range of installation scenarios. Further, a couple of different finish options are being developed in the hopes of creating more widespread appeal.

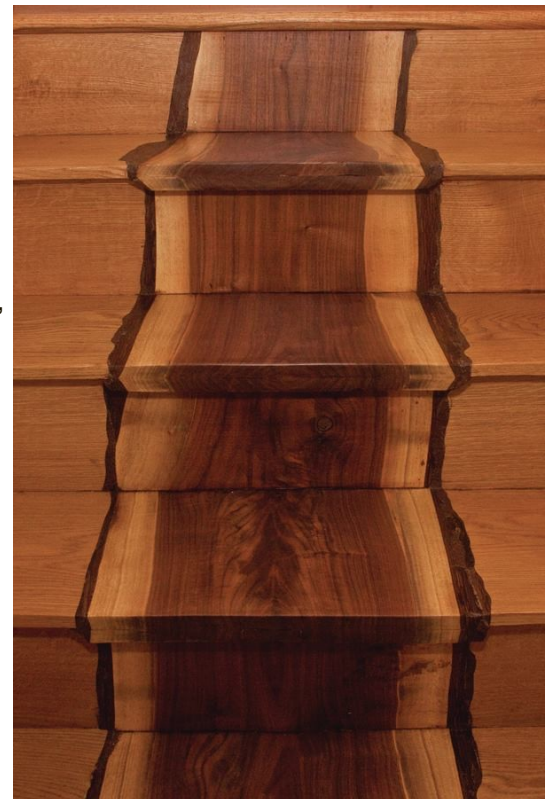
In an effort to more narrowly define WoodRight's market segmentation as one that goes beyond just an unlimited array of commodity-styled, but "green" wood building products, we are establishing our focus on interior

surfaces (i.e. floors, ceilings, walls, counter tops, stairs, and risers). Moreover, in an effort to continue to create a creative brand, and to diversify our product focus beyond, but still including StakWood, we are developing several new "signature" products that we can call our own.

"Waterfall stairs", variations on StakWood such as the brick layout and the ShadowPlanks black background configuration, a re-examination of the WaveForm Series wall and ceiling claddings, and unique solid flooring possibilities such as wormy/Ambrosia maple and "Denim Oak" (blue stained) are some example of some of potential "signature" products in the pipeline. One new product line offering that gained traction in its first quotation is a higher-end engineered flooring offering. This flooring is crafted in Kentucky, is the thickest in the market, has the thickest wear layer in the market, and premium construction.

A final area of emphasis has been surface treatments (e.g. wire brushing) and pre-finishing. Amazing effects can be created with surface treatments and finishes. In order to have some initial tertiary processing capabilities, we have obtained a larger storage and processing space in the Doors and More Homecraft warehouse beside NAPA Auto Parts off of Exit 14. This move also allows us to use existing Doors and More employees on a contract basis when they are underutilized in their primary positions with Doors and More.

Finally, WoodRight was honored with a three-page write-up in the "U.S. Builder's Review 2015 GreenBuild Edition" publication. The Publisher, True Line Publishing, LLC, was the official media sponsor of GreenBuild and the publication was available to building professionals and construction executives both in person at the GreenBuild event in D.C., as well as to its numerous online subscribers.



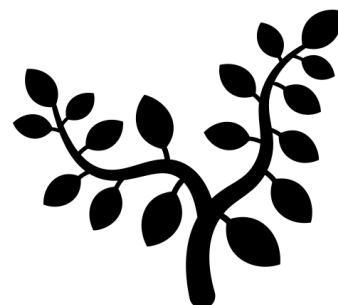
Forestry and WoodRight



A hard packed gravel road winds along the North Fork of the Holston River through a picturesque valley leading to August Salmon's and Julianne Michaels' Willow Bend Farm. August and Julianne have lived and worked at this farm for the last several years, making innovative use of the gently sloping pasture, bottom-land, and forested hills.

August and Julianne have a diverse operation, organically growing and selling vegetables to local farmers markets and through ASD's Rooted in Appalachia program. An online presence allows them to sell a variety of products, including inoculated shiitake mushroom logs, duck eggs for crafts, plant cuttings, sun-chokes and more. They are in the process of refining their business model through ASD's Beginning Farmer and Rancher Program.

This year, they've expanded their production of unconventional products by planting a riparian buffer along their section of the North Fork. ASD is spearheading an effort to encourage farmers to plant native fruit and nut trees that have potential for commercial production along waterways. This benefits August, Julianne, and newborn baby Oakley, who will have a mix of persimmons, hazelnuts, elderberries, blueberries, black raspberries, and more growing along the river for years to come. Funded by the Natural Resources Conservation Service's Conservation Innovation Grant, and in partnership with the US Fish and Wildlife Service, this idea builds on traditional riparian buffers, increasing the income potential of this conservation practice.



**7.8 acres of fruit
and nut trees
planted**

August and Julianne...their farm dream



"ASD has been an invaluable resource in developing our farm.

The edible riparian buffer, distribution through Rooted in Appalachia and the business planning assistance have all been instrumental in achieving our goals. We look forward to many years of working with ASD."

**August Salmon & Julianne Michaels
Willow Bend Farm**

Financials: Statements of Activities and Position

	2014	2015 (unaudited)
Revenue		
Grants	\$ 607,386.00	\$ 708,464.00
Donations	\$ 220,876.00	\$ 194,270.00
Income from Enterprises	\$ 363,558.00	\$ 385,049.00
Other Income	\$ 17,688.00	\$ 24,881.00
Total Revenue	\$ 1,209,508.00	\$ 1,312,664.00
Expenses		
Program Services	\$ 1,114,717.00	\$ 1,137,305.00
General and Administrative	\$ 113,570.00	\$ 114,403.00
Fundraising	\$ 62,067.00	\$ 78,558.00
Total Expenses	\$ 1,290,354.00	\$ 1,330,266.00
Increase in Net Assets	\$ (80,846.00)	\$ (17,602.00)
Assets		
Cash and Cash Equivalents	\$ 114,270.00	\$ 32,868.00
Receivables	\$ 51,691.00	\$ 55,003.00
Fixed Assets - Net	\$ 864,951.00	\$ 944,885.00
Total Assets	\$ 1,030,912.00	\$ 1,032,756.00
Liabilities		
Accounts Payable	\$ 65,725.00	\$ 76,906.00
Notes Payable	\$ 367,644.00	\$ 374,481.00
Other Liabilities	\$ 29,660.00	\$ 31,088.00
Total Liabilities	\$ 463,029.00	\$ 482,475.00
Net Assets		
Unrestricted	\$ 456,251.00	\$ 442,109.00
Temporarily Restricted	\$ 111,632.00	\$ 108,172.00
Total Net Assets	\$ 567,883.00	\$ 550,281.00
Total Liabilities and Net Assets	\$ 1,030,192.00	\$ 1,032,756.00

Together, We Make One Great Team

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Tamara McNaughton

Sustainable Agriculture Program Manager

Kevin McNew

Appalachian Harvest Facility Assistant

Michelle Morgan

Learning Landscapes and Grow Your Own Assistant

Jody Myers-Bott

Financial Assistant

Adam Pendleton

Appalachian Harvest Facility Manager

Gina Patrick

Administration and HR Manager

Deni Peterson

Learning Landscapes & GYO Manager

Robin Robbins

Appalachian Harvest General Manager

Kevin Rowe

WoodRight Business Development Manager

Kenny Stewart

Appalachian Harvest Facility Manager

Kathlyn Terry

Executive Director

Derrick Von Kundra

Local Foods Coordinator



*The mission of Appalachian Sustainable Development is to
grow food, communities and opportunities to build a thriving Appalachia.*



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