



Appalachian Sustainable Development's 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 to healthy food.



LIVING BETTER. LOCALLY.

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It's hard to believe that 2016 is over. We were almost sad to see it go, as it was a really wonderful year for ASD. We were honored with large grants from the Appalachian Regional Commission and the USDA, and donations of various sizes from generous donors and corporate sponsors. We were also honored by the contributions of volunteers and supporters who gave their time to make a difference in the communities we serve. We appreciate each and every contribution – be it financial, talent or time!

One thing I have noticed in my time in the nonprofit sector is the ability and freedom – in fact, the necessity – to create, to push the envelope, to lead, to be fearless and tireless. This year we spent time as an organization positioning our staff and board to be able to lead, which begins with ensuring that we know where we are going, why we exist, who we serve and why. Clarity around these things not only makes us more efficient, it is quite liberating! Creating a culture of leadership at ASD also makes us more investable and better stewards of the investments people choose to make in our work to create more opportunities for Central Appalachians.

On behalf of ASD board and staff and the people we serve, thank you for investing in us. We look forward to working with you in 2017 and beyond and ask that you share your talents and passion with us as we create a thriving, healthy place where we can all Live Better. Locally!

Kathlyn Terry
Executive Director

Together, We Make One Great Team

Team Members

Gina Bishop
Appalachian Harvest Administrative Assistant

Katie Commender
Regional Marketing and Logistics Coordinator

Dale Craig
Seconds Project Coordinator

Sylvia Crum
Director of Communications & Development

Lydia Graves
Rooted in Appalachian Coordinator

Tracy Griffith
Farm to School Coordinator and Garden Box Manager

Anne Haynes
Director of Finance

Marty Huber and Jo Ann Detta
Healthy Families, Family Farms Coordinators

Lindsey Keen
Farmers Market Promotion Coordinator

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Tamara McNaughton
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Adam Pendleton
Appalachian Harvest Grower Manager

Gina Patrick
Administration and HR Manager

Deni Peterson
Learning Landscapes & GYO Manager

Robin Robbins
Appalachian Harvest General Manager

Kevin Rowe
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Appalachian Harvest Facility Manager

Kathlyn Terry
Executive Director

Mary Beth Tignor
AmeriCorps VISTA

Derrick Von Kundra
Local Foods Coordinator

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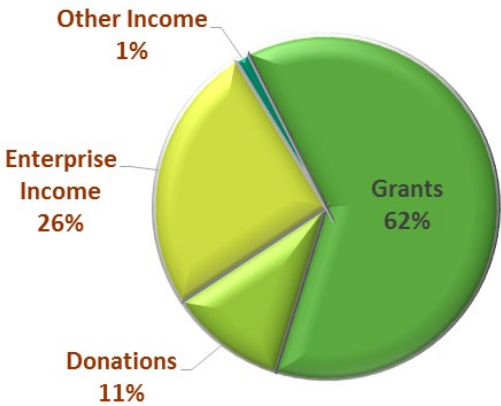
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Cassa Von Kundra
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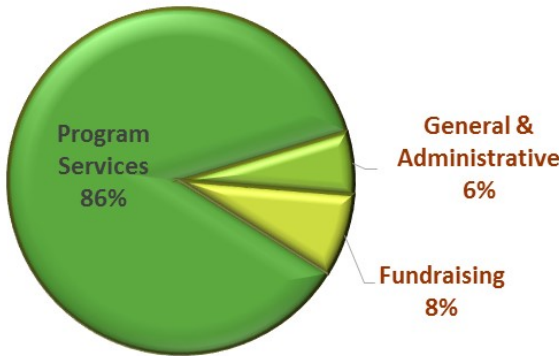
Financials: Statements of Activities and Position

Statement of Financial Position				
		2015	2016 (unaudited)	2016 % of Total
Assets				
Cash and Cash Equivalents	\$	33,905	\$ 213,713	16%
Receivables	\$	54,977	\$ 235,772	18%
Fixed Assets-Net	\$	944,457	\$ 862,290	66%
Total Assets	\$	1,033,339	\$ 1,311,775	100%
Liabilities				
Accounts Payable	\$	87,138	\$ 122,332	22%
Notes Payable	\$	366,913	\$ 398,815	73%
Other Liabilities	\$	30,372	\$ 26,241	5%
Total Liabilities	\$	484,423	\$ 547,388	100%
Net Assets				
Unrestricted	\$	422,108	\$ 447,317	59%
Temporarily Restricted	\$	126,808	\$ 317,070	41%
Total Net Assets	\$	548,916	\$ 764,387	100%
Total Liabilities and Net Assets	\$	1,033,339	\$ 1,311,775	
Statement of Activities				
		2015	2016 (unaudited)	2016 % of Total
Revenue				
Grants	\$	708,464	\$ 1,077,022	62%
Donations	\$	170,839	\$ 190,024	11%
Income from Enterprises	\$	388,172	\$ 439,670	26%
Other Income	\$	25,063	\$ 22,193	1%
Total Revenue	\$	1,292,538	\$ 1,728,909	100%
Expenses				
Program Services	\$	1,110,055	\$ 1,309,184	86%
General and Administrative	\$	78,073	\$ 89,411	6%
Fundraising	\$	123,377	\$ 114,843	8%
Total Expenses	\$	1,311,505	\$ 1,513,438	100%
Increase in Net Assets	\$	(18,967)	\$ 215,471	

2016 Revenue By Category



2016 Expenses By Category



2016 By The Numbers

Agriculture



\$2.1 Million
Sales For Regional Growers



76
Food Safety Certified Farms



13
New Organic Certified Farms



356%
Increase in Organic Sales

Food Access



\$37,000
Raised to Purchase Produce from Local Growers



144,000
Pounds of Produce Donated



74
Food Pantries Received Produce



13
Counties Received Produce

Youth

Teaching children where
their food comes from and
how they can benefit from
healthy eating habits



1,974

Students
Participated in
Food Tastings



1,579

Liked What
They Tried



16

New Gardens
Built

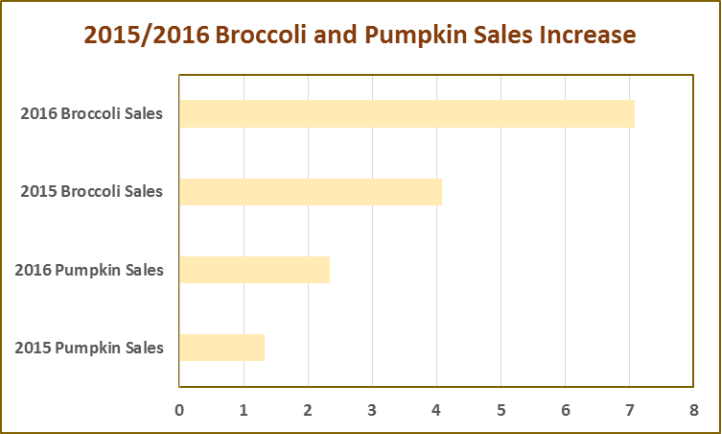
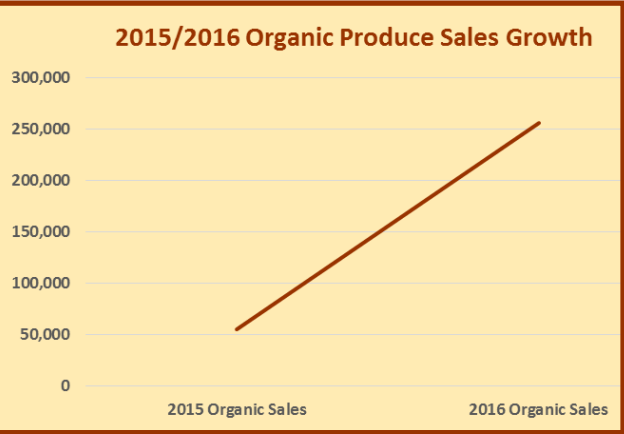
Another Exciting Year for Appalachian Harvest



ASD's food hub, Appalachian Harvest, had its best year ever in 2016 with sales of over \$2.1MM! Such great news for farmers in our region! In 2016 we welcomed 14 new farmers (including some who tried certified organic production for the first time). Appalachian Harvest supports both conventional and organic farmers, assisting all of them with access to markets, training, certification support, and connecting them to the vital resources they need to be successful.

Last year Appalachian Harvest facilitated getting 89 acres of land certified for organic fruit and vegetable production. Some utilized the Appalachian Harvest Organic Growers Group, while others were guided to independent certification, but still using Appalachian Harvest as their consultant and primary market. In 2015 organic sales were under \$55K; in 2016 organic sales were over \$256K. Virginia has 259 certified organic operations (not all being vegetable Production) Tennessee has 41 and West Virginia has 13. Due to our efforts, VA will be gaining 9 additional organic farming operations, Tennessee 1, and West Virginia 3, thus far.

Why organic certification? One reason is pricing. Locally grown certified organic produce commands a much higher price, making it easier for farmers to make a profit. Tyler Maggard is a great example. Last year he grew produce for the first time ever. As one of 8 farmers who became certified through the Appalachian Harvest Organic Growers Group, ASD helped him obtain organic certification, learn proper food safety requirements, and assisted him with learning how to grow organic produce. The result? Tyler planted ¾ of an acre of organic acorn squash, earning over \$11K for his efforts and prompting him to plan to expand greatly in 2017!



Inmate Re-Entry Program Pilot

In 2016 Robbins Family Farm and ASD piloted an inmate re-entry program that involved 5 inmates from the Southwest Regional Jail working on Robbins Family Farm preparing 8 acres and two organic greenhouses for planting and production. Subsequently they planted, managed weeds and pests, and graded produce. All of them learned a great deal about farming, food safety and what it takes to grow product for wholesale markets. One inmate is actually hoping to grow produce on his grandfather's farm upon his release! They did a fantastic job, including pitching in to help out at the Appalachian Harvest food hub when farmers needed an extra hand. We were really pleased at the results of the pilot program and plan to expand it in 2017.

Farm Aid 2016



Our own Robin Robbins, General Manager of Appalachian Harvest, (shown left) at Farm Aid 2016 with John Mellencamp and Roger Garrett, Manager of Robbins' Family Farm (a supplier of organic produce to Appalachian Harvest). Robin and Roger were also featured in a video and were on stage with the whole Farm Aid team, including Willie Nelson himself! Also featured in the video were Appalachian Harvest growers Matt Smith and Cindy Laws. ASD/ Appalachian Harvest was 1 of only 3 organizations in VA to be featured. We are so proud of our farmers, especially Robin and Roger, and so grateful to Farm Aid for the support they provide to ASD and so many other organizations and farmers across the country!

← **Yes! That's John Mellencamp!**

Making an Impact for Farmers and Water Quality

As ASD's 3 year project promoting the use of multi-functional riparian buffers for stream protection and income generation came to a close, ASD brought this innovative approach to state agency personnel at an informational and working group session. On October 18th, state level representatives from several agencies including Virginia Natural Resource Conservation Service (NRCS), Farm Service Agency (FSA), and the Department of Forestry (DOF), along with the head of the National Agroforestry Center, came together in Charlottesville, VA to learn about ASD's work with riparian buffers, to promote this conservation practice and to discuss whether or not these buffers could be more fully integrated into existing environmental incentive programs. Partners from Virginia Tech and Penn State University and Pennsylvania Bureau of Forestry presented various aspects of multi-functional buffer design and function along with the ASD team.

Attendees learned about how native fruit and nut trees can be utilized in a buffer design to be grown for market production or personal consumption. These include pawpaws, persimmons (pictured below), hazelnuts, wild plum and elderberries. Riparian buffers are very important to diversifying farming operations. They provide protection for rich bottomlands along rivers and improve water quality.



An online economic tool developed through ASD's work at Virginia Tech was shared as a means of showing the potential value of these alternative crops. The presentations were followed by questions and discussion with attendees about the idea and the means by which it could be promoted at the state level.

As a result, ASD will take part in offering a 2017 series of trainings on multifunctional riparian buffer design for agency personnel in the Mid-Atlantic region, along with members of the Northeast Mid-Atlantic Agroforestry Working Group.

Emerging Herb Hub



ASD's forest farming project has evolved and expanded in 2016, bringing new opportunities to forest landowners throughout southwest Virginia and northeast Tennessee. Through a partnership with the Appalachian Beginning Forest Farmers Coalition (ABFFC), ASD was able to offer quality training on cultivating and marketing forest herbs. On August 26-28, growers throughout the region gathered to attend an in-depth training session. The event brought together 45 attendees for learning, sharing and networking at the beautiful Cherokee Cove Retreat Center in Johnson County, TN (pictured below).

At the same time, the agroforestry team recognized the need and opportunity for aggregation of sustainably grown herbs, with the vision of the Appalachian Harvest food hub serving that function.

A forest farming needs assessment established the need for such services: 60% responded favorably for the need of an array of drying and processing equipment immediately or in the near future. With the need established, ASD was in a position to seek funding from the Appalachian Regional Commission's Power+ program as a part of the broader \$1.5 million food corridor project.

The funding will allow ASD to build an herb processing center in Duffield, VA, developing

an "herb hub" that local forest farmers can access to dry their herbs in a GAP and organic certified facility. Growers for the network will be able to plug into ABFFC programming and online resources including webinars, YouTube videos, and "ask the expert" forums.

Forest Farmer Training

In August, nearly 50 woodland growers of medicinal herbs attended a training session at Cherokee Cove campground in Johnson County, TN. Sponsored by ASD and the Appalachian Beginning Forest Farmers Coalition, the training offered a variety of expert speakers including Jeanine Davis (NC State) and Eric Burkhart (Penn State), a tour of the Herbal Ingenuity herb processing center in NC, and several plant ID walks. Topics included:

- Growing Woodland Medicinals 101
- Business Planning for Forest Farmers
- Processing Forest Medicinal Plants
- Commercial Plants and Market Trends
- Value-added Demonstration of Cherry Bark Syrup

The excellent turnout for this conference shows the interest that regional forest landowners have in utilizing their forests for income generating opportunities as well as the need for and interest in local medicinal herbs.



Central Appalachian Food Corridor

In 2016 ASD was the recipient of a \$1.5MM POWER+ grant from the Appalachian Regional Commission, the purpose of which is to develop a Central Appalachian Food Enterprise Corridor. The Corridor will impact rural communities by generating wealth for food and forest botanical producers and processors, creating jobs and strengthening small businesses in Central Appalachia. The project is intended to benefit formerly coal dependent communities and the communities that surround them.

While ASD was the recipient of this grant and is serving as the lead on the project, it wouldn't be possible without strong partners in other areas of Central Appalachia. The co-lead on this project is ACEnet, the Appalachian Center for Economic Networks (<http://acenetworks.org>), a community-based economic development organization serving the 32 counties of Appalachian Ohio. Other partners include Unlimited Future Inc., Refresh Appalachia, other non-profits and private industry partners such as Crook Brothers Produce which is providing distribution support.

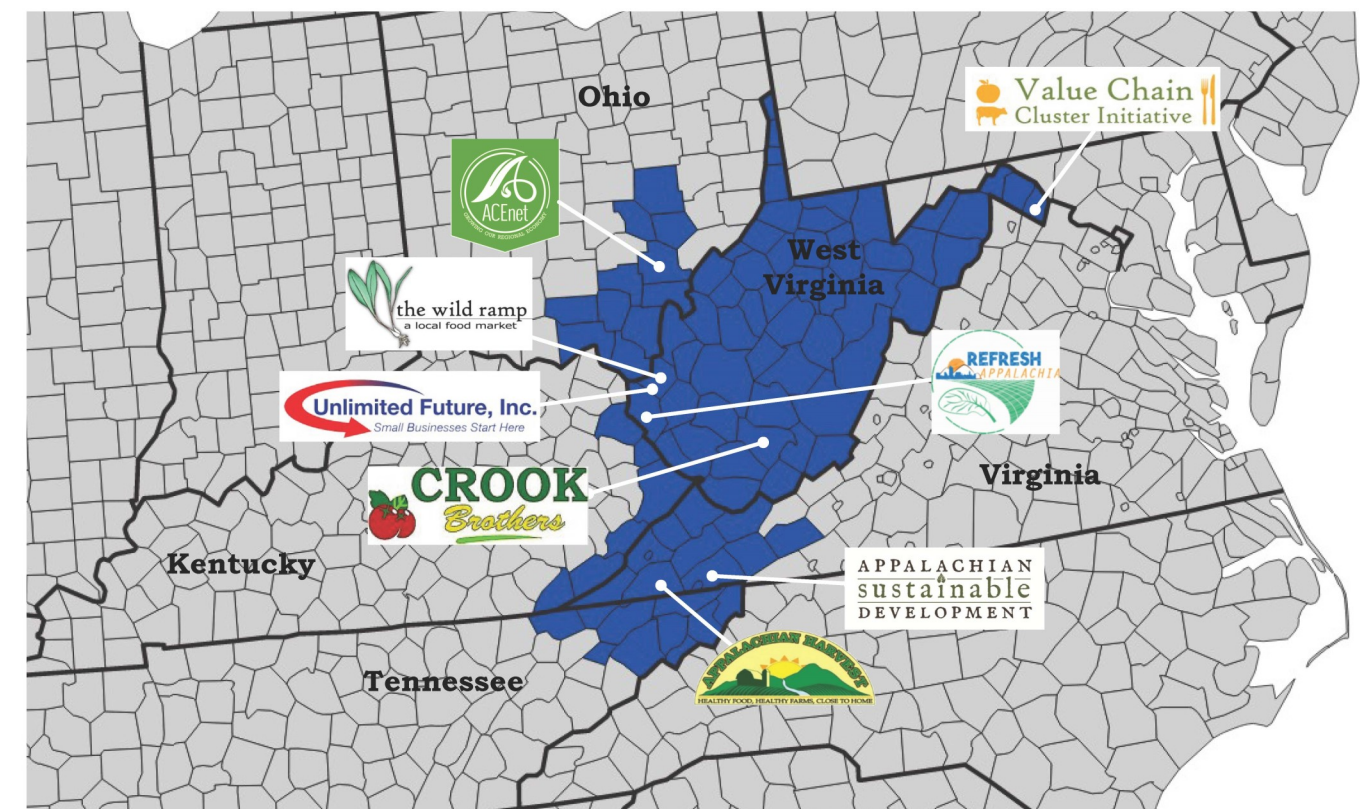
The Corridor project is making it easier to enter wholesale markets by providing key support and training to producers to increase production and create higher income opportunities. Partner organizations have formed a unique cross-state alliance that enables farmers and food entrepreneurs throughout Central Appalachia to participate in large wholesale markets along the east coast and in southern states.

While the specific footprint of the Corridor is still being developed, the map (below) shows the initial targeted areas.

Specific services offered by the Corridor include:

- Build farmer and food entrepreneur capacity by sharing wholesale best practices, food safety and organic certification training and audit support, grading training, etc.
- Provide assistance to local farmer support networks by sharing wholesale tools and training and facilitating train-the-trainer opportunities
- Connect aggregation and distribution infrastructure and services to move product affordably from remote rural areas to central hubs such as ASD's Appalachian Harvest food hub
- Identify appropriate, creative business models that involve sharing costs, knowledge and resources and include public-private partnerships

Corridor Target Areas and Partner Map



Food Systems and Agriculture

ASD is helping growers like Jeremy (featured in the article below) to be successful at farming through training, technical assistance and market access. This work is being funded by a POWER+ grant which ASD received from the Appalachian Regional Commission.

Jeremy Hyre Hickory Ridge Farm Independence, WV

As the Operations Manager for the Preston County Workshop Inc., a non-profit rehabilitation facility that employs people with and without disabilities, Jeremy is always looking for new meaningful work opportunities to help his employees become successful members of the community. After hearing about the corridor project, Jeremy founded Hickory Ridge Farm to create such an opportunity for his employees to engage in wholesale farming. As first year farmers, the corridor project offered Jeremy and his employees the training, support and resources they needed to grow hard squash for wholesale markets and expand their non-profit business. A total of 20 workshop employees were trained to work on the farm and at the workshop planting, harvesting, storing, grading and packaging hard squash.

Harnessing their newfound skill set, workshop employees were also able to offer storage, grading, and packaging services to other area farmers, which enabled them to scale up their farm businesses as well.

By modifying a wooden bin, the workshop was already creating for coal companies, they were able to build produce storage bins that other WV farmers purchased for hard squash storage. In total, the workshop and area farmers sold 144 cases of hard squash to wholesale markets in

2016 with plans for expansion in 2017. From wholesale production to new product lines and services, the corridor project can open many doors to help create or expand farm businesses.

Food Safety Training

Since the Central Appalachian Food Corridor's initiation in 2016, ASD and project partners offered food safety trainings and mock audits that doubled the number of Good Agricultural Practice (GAP) certified farmers in WV from 7 to 14. Five of these certified farmers were able to expand their markets and gross sales by growing hard squash for ASD's Appalachian Harvest food hub. The WV Department of Agriculture and WVU Extension also received "train-the-trainer" support for their newly developed Food Safety Task Force. This technical assistance helped build the capacity of WV agencies to support producers in GAP training and certification, a requirement for access to many wholesale markets.

ASD would like to thank Wythe Morris (pictured right) with AgCon Consulting for being an amazing partner and working with growers to help them obtain food safety certification. Thanks, Wythe! You are an asset to ASD and to the region!



Farm to School Success

The goal of this USDA-funded project was to increase the amount of local foods in school cafeterias to benefit community children as well as local farmers. ASD staff acted as a liaison between growers, distributors and nutrition directors in Bristol, VA, Bristol, TN, and Lee County, VA. Local strawberries, butternut squash, tomatoes and more were consumed in cafeterias at all three target sites. Through an organizational partnership, ASD was able to provide support through Grow Your Own to grow over 660 pounds of butternut squash at Emory and Henry College, which was then harvested by students of Learning Landscapes from E.B. Stanley Middle School, and used by Farm to School staff to make muffins for two elementary schools in Bristol, TN. The Farm to School project allowed ASD to establish connections among its Food Access programs to broaden impacts and deepen partnerships. Over the course of the USDA Farm to School grant, 1,974 students were invited to try garden fresh foods, and 1,579 of them liked what they tried! Thanks to this grant we were able to fully equip an outdoor kitchen which can be used for years to come to teach children how to prepare healthy meals at home.



Learning Landscapes

As a hallmark program of ASD, Learning Landscapes continues to change the lives of area youth. The divide between people and the living world is steadily increasing with the integration of technology into daily life and the growing demand to be "plugged in". Understanding the process from farm to fork at a conceptual level is distinctly different from the experience of growing and tending to a living plant. A garden beckons the naturally curious child into a green space of play. Add in the joys of dirt, water and eventually harvesting and the child is immersed in nature with a respect for what the earth gives. This is one small step to cultivating a generation of stewards for the earth and for us all.

Learning Landscapes had a very successful year:

6 beds built at YWCA giving TechGYRLS their first garden

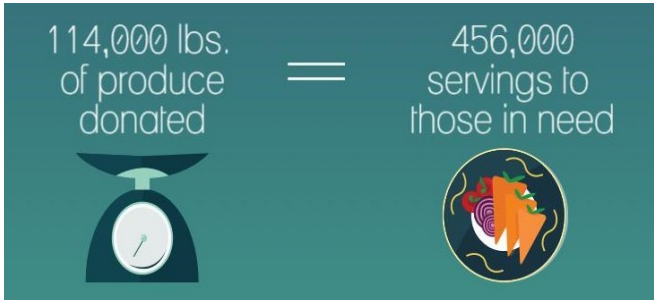
4 new beds added to Boys & Girls Club of Bristol, VA

6 new beds plus a strawberry pyramid at Girls Inc.



Healthy Families - Family Farms

This year Healthy Families - Family Farms donated 114,000 lbs. of fresh produce to Feeding America. The produce was distributed to 74 food pantries in 13 counties, resulting in 456,000 servings of fresh healthy food on the plates of those in need. Over \$37,000 was raised from 84 individuals, 5 churches and grants from Evangelical Lutheran Church in America and Appalachian Community Fund. That's good news for the pantries, and it's also good news for the local farmers that were paid with these funds for this portion of their crops that couldn't be sold wholesale to supermarkets.



In September, a fun and information-filled “Veggie Fest” was held at Ecumenical Faith in Action in Abingdon for food pantry participants. It was overflowing with delicious food tastings provided by Virginia Cooperative Extension. Everyone in attendance was given nutrition education handouts, bags of fresh produce and recipes. Participants were excited to receive health information and healthy food. Children were provided fun books about healthy eating from People, Inc. By partnering with other agencies, we increase our successes in encouraging healthy eating habits and providing access to good food for all.

Grow Your Own

Grow Your Own provides the education and resources necessary for individuals, families, and communities to embrace gardening as a means to supplement their grocery bill, their diet, and also their income. The program has three tracts: home gardener, community gardener, and market gardener. The market gardening tract of the program is becoming ever more popular as people are beginning to explore economic opportunities outside of traditional employment. In partnership with the Beginning Farmer and Rancher program, market gardeners learn business planning skills, marketing skills and an introduction to financial management. Ten gardeners selling at farmers markets were provided with training and resources, allowing them to earn a total of \$11,631.72. Since its inception in 2012, GYO has reached 3,405 people through direct and indirect channels of supplying produce or providing what is required to grow a garden. We're also steadily increasing the amount of produce grown by our participants and community gardeners through greater educational opportunities and community building.

Students with special needs from Abingdon High School once had a garden of their own on site, but after visiting the demonstration garden for Grow Your Own with it's hoop house and wash stand, the students decided to make the demonstration garden their own. These young people work once a week during the school year to plant, maintain and harvest food from the garden for the food pantry and for themselves. Students who once wouldn't dare eat a green bean, now eat green beans raw and those who were once afraid to dig into the dirt, find themselves digging through compost to find worms.



Supporting Our Farmers

At ASD we are always looking for ways to help farmers become more successful. Following are two different examples of the types of projects we worked on in 2016 to help make that happen.

Training Video Project

Videos have become a popular way of communicating and can be a very useful training tool in our region where the distance required to travel to a classroom training session can be prohibitive. Training also has a limited shelf life – farmers may attend training to learn how to grade product for wholesale in the off season and then not use that information for 2-5 months, at which point what they learned is often no longer clear. To ensure that farmers have timely access to the information they need to participate successfully in large wholesale markets, ASD received two grants to create videos that will help farmers reduce risk and be more successful.

The training videos were created to reduce risks for beginning and experienced specialty crop farmers in Central Appalachia who are exploring selling to large wholesale markets. Some videos also focus on organic growing methods. Each video is accompanied by a corresponding blog to provide growers with more information. The videos can be accessed through ASD's YouTube channel.

ASD is very thankful to have received grants from USDA Risk Management Agency and Southern Risk Management Education Center to make this project possible. We are also deeply grateful to VA Cooperative Extension and the farmers who have provided us with their time and expertise to make these videos a reality. Please visit our YouTube channel to see more!

Practically Perfect Project

In November of 2016 with funding from a USDA grant, ASD and Wholesome Wave (www.wholesomewave.org) hired one individual each with complementing backgrounds to collaborate on a three year project. The project will create a market for the 40% falloff of local produce called "seconds" by industry standards. Knowing this low cost produce was as equally nutritious as the #1 graded product, it just needed a brand and plan. With a project plan in place to enter the 2017 summer market at three retail test stores in SWVA, a marketing company was chosen and the brand development was started. Selling the farm seconds will create an additional revenue stream for Appalachian Harvest's GAP certified farmers and make low cost produce available to families in need. The campaign will also attract children to eat more produce with creative cereal aisle marketing. After the third year of test and development with ASD, the project will be copied, put into a toolbox and taken national to other food hubs by Wholesome Wave. Here at ASD, we think a program that can help farmers while also helping families eat healthier is "Practically Perfect". Stay tuned in 2017 for more exciting news!



Food Systems and Agriculture

The long-term goal of ASD's Beginning Farmer and Rancher Project is to improve opportunities for beginning farmers and ranchers to establish and sustain viable agricultural operations in Virginia through the development and enhancement of innovative educational programs and networks. To reach our goal, we have focused on topics such as mentoring, curriculum development, and whole farm planning.

Camille Cody, Serenity Knoll Farm - Jonesborough, TN

Camille Cody, a native of Western North Carolina, currently manages Serenity Knoll Farm in Jonesborough, TN, which cultivates an acre of Certified Naturally Grown vegetables, fruits, flowers, and herbs. With an educational background in Holistic Nutrition and Sustainable Agriculture, she has worked on several different farms across the country and internationally, and teaches cooking and herbalism workshops in the off-season.


She is currently managing someone else's farm, but submitted a business plan for Taproot Farm which she hopes to be operating in the near future. Taproot Farm will be a Certified Naturally Grown small scale diversified produce farm focusing on using sustainable methods of cultivation and production. Her mission is to grow a diverse array of nutrient-rich, high-quality produce as sustainably as possible and to connect with a variety of local customers in order to build and enhance a local food system.

She was the winner of our 2016 Whole Farm Business Plan Challenge. The Challenge consisted of six webinars where participants learned about business planning, financial needs assessment, forms of incorporation, record keeping, and other business related topics. The webinars have been archived and are available for viewing on the VA Beginning Farmer and Rancher Coalition website at <http://vabeginningfarmer.alce.vt.edu/webinar/Archive.html>.




Rooted in Appalachia: 2016 Roadshows

Rooted in Appalachia Road Shows were created to promote local farmers markets, local food and farmers across Northeast TN and Southwest VA. We traveled to 16 different farmers markets in 2016. Each show consisted of cooking demonstrations, giveaways, drawings, customer surveys, and kids activities.



Road Show 2016




Vendor Stats

77% of vendors said they were comfortable providing sales data to their market manager

*Managers estimated that they have 173 vendors attending their markets on average

136 vendors returned surveys resulting in a 79% participation rate



Customer Stats

Customers typically shop their local farmers market 1 time per week mainly for the vendors and fresh foods

On average, farmers market shoppers spend \$1-\$20 per visit

Word-of-mouth is the most common way customers find out about their local farmers market

Double Dollar Program: SNAP/EBT recipients can double their money to be spent on fresh fruits and vegetables at local farmers markets. In other words, \$25=\$50.

12 participating farmers markets across northeast TN and southwest VA distributed \$14,092.95 in SNAP incentives during the 2016 season.

"Our attendance doubled the day of our show".

Tom Wynn
Rural Retreat Farmers Market

"Everything about the Road Show was great and all the activities that came along with it. We learned a lot as well in just participating in it. Look forward to this year's."

Shirley Smith
Big Stone Gap Farmers Market

