FROM THE President

Dear Agros Partner,

A single seed doesn’t appear to be much. But as the families we serve together know, a single seed represents a world of promise.

While Agros families watch the seeds they have cultivated grow and change, their lives are also changing in the process. They are transitioning from desperation to security, from powerlessness to independence, from hopelessness to confidence in the future.

That kind of change is what Agros is all about!

Since our founding in 1984, we have been committed to providing impoverished, landless families in Central America and Mexico the resources they need to make the greatest change imaginable - to lift themselves out of poverty once and for all.

But it’s not only the families we serve that have been growing and changing. Over the past few years, we’ve learned that Agros has the potential to improve the prospects for thousands of additional people trapped in poverty simply by extending economic development, training and market access beyond the boundaries of our individual villages, into adjacent regions. And we’ve learned we increase opportunities for success by involving more families in a village from the start, as we multiply possibilities for production, engage more entrepreneurial farmers willing to test new crops, and strengthen community leadership.

We discovered much of this potential through our work in the Ixil region of Guatemala. Here, farmers in Agros communities reached out to farmers in neighboring regions to build a successful coffee growing enterprise that’s raised the economic well-being of families throughout the area. Subsistence farmers with modest plots of land who typically migrate to earn a daily wage working on large farms, are now small business owners, growing crops like coffee (and snow peas!). Most exciting of all, this expanded reach has been accomplished with very modest additional investment from Agros.

Inspired by these results, Agros launched a strategic pilot project in 2011 with the aim of replicating the impact achieved in Guatemala in an entirely different country – Nicaragua. Our largest village to date, Tierra Nueva, in the Matagalpa region, is now home to more than 900 people. In the coming year, the community will begin to expand its reach to small farmers neighboring its borders, bringing hope and empowerment to hundreds of families through market access, credit and agricultural training.

These seeds of change make this an especially exciting time to be a part of the Agros mission. As a board member since 2007, I am privileged to serve now as President and CEO of this life-changing organization.

I look forward with you to the future, and to the many more lives that will be forever changed through your partnership with Agros. In the meantime, please take a moment to look through this Annual Report and savor the blessings made possible by your generous support and prayers during 2011.

Sincerely,

Don Manning
President & CEO
Our mission is to see rural poor families own agricultural land, attain economic self-sufficiency, realize their God-given potential, and pass on to future generations the values and resources that enable them to flourish.

Since 1984, Agros has helped thousands of people to overcome extreme poverty through a holistic program that combines the power of land ownership with economic development, education and training, and volunteer service teams that support the work and vision of hardworking families.

For nearly 30 years, Agros has successfully forged strategic partnerships with a variety of national and international development organizations. These alliances, along with the Agros in-country and U.S. staff, maintain a strong commitment to the accountability and success of Agros villages.

All Agros staff members outside of the U.S. are native to their respective countries and understand the cultural context in which they work. Agros’ genuine commitment to the rural poor has earned the trust of the people we serve.

Agros has been validated by some of the most influential organizations in international development, including the Inter-American Foundation and the United Nations Development Program. In 2008, the World Bank Development Marketplace recognized Agros for its solutions to poverty through a generous award at its global competition.

One of the only organizations in the world combining land ownership with holistic community development, Agros works for the poor:

- **100 percent** of Agros families become legal owners of their own land
- **100 percent** of families move from subsistence farming to producing at least three income-generating crops, enhancing nutrition and providing economic stability
- **Every family** secures housing, household water, and access to healthcare
- **Every child** gains access to primary school—for girls who might not otherwise, this is a significant first step towards future success
- **Families regain hope** for the future as the cycle of systemic poverty is broken
Of the 1.4 billion people worldwide who exist on one dollar a day or less, 70% live in rural areas across the developing world.

They are the extreme poor, unable to adequately meet the most basic life needs of food, clothing and shelter for themselves and their children.

In the Western hemisphere, Central America and parts of Mexico have been identified as places in urgent need of solutions to rural poverty.

Almost 64% of the rural population in these regions live below the poverty line.

We know that land and agriculture are keys to alleviating the plight of the rural poor.

The World Bank has identified land as a vital asset for the poor that provides an important foundation for economic and social development.

According to the International Fund for Agricultural Development, investing in smallholder agriculture is one of the most cost effective ways to reduce poverty, and save and improve lives.

Yet few resources are going to support the agriculture sector in developing countries or to assure the poor have access to assets that are keys to sustainable development.
Support at every step:

**The Agros Response**

**Land Ownership**
Work with families to **identify and purchase agricultural land** on credit and use their payments to purchase land for other new communities.

**Community Organization**
Help families define a vision for a new community and **develop the local leadership** required to create a self-sustaining, thriving community.

**Passing on the Blessing**
Give other communities **the opportunity to own land** through repaid loans and empower them to dream of a brighter future for their children.

**Community Education & Training**
Create opportunities for adequate healthcare, education, adult literacy and spiritual growth.

**Sustainable Economic Growth**
Develop agricultural production and support income generating activities through micro-credit loans and technical training.

**Housing & Infrastructure**
Implement community and individual construction projects such as **houses, irrigation systems, latrines, and community centers**.
Founded in 2000, Trapichitos is an Agros village located in Guatemala’s Ixil region. An ideal region for coffee cultivation, the families of this village worked together to grow high quality coffee.

In 2003, Craig Holt, Founder and President of Atlas Coffee Importers visited Trapichitos to formalize an agreement to buy the community’s coffee directly. In time, the market for Trapichitos coffee grew, and it became difficult for the farmers to produce enough coffee to meet the growing demand.

To help the entrepreneurial families from Trapichitos meet the demand, Agros Guatemala enlisted small farmers from nearby Agros villages, and areas adjacent to Agros communities, to partner in their coffee enterprise. Production steadily increased, and during 2011, a total of 442 families cultivated more than 793 acres of coffee. Working with Agros staff and Atlas, the families have learned how to produce enough high-quality coffee to meet Atlas’ expanding customer base.

Today, this region-wide coffee initiative has boosted income and raised the standard of living for the families involved. Families that once migrated out of the area to find work are enjoying the benefits of a growing economy in their region. Through a partnership developed by Agros Guatemala, private industry and local government, new roads have been built in the region, opening up market access for small farmers, and a brand new secondary school is bringing opportunities for education and a bright future to the next generation.

Today, Trapichitos coffee is enjoyed by customers across the United States, and the families behind the coffee are enjoying new hope for a future free from poverty.
The dramatic success experienced by families in the Ixil region of Guatemala inspired Agros to formalize and test the concept of regional development in the other countries where we serve the rural poor. In 2011, Tierra Nueva, a new Agros village based on a regional development model, was launched.

Tierra Nueva is located in Nicaragua’s Matagalpa region, close to three other Agros villages. The community, with 150 families, is Agros’ largest yet. With the proximity of other villages, training can be combined for greater efficiency, region-wide agricultural cooperatives can be launched, and the greatest possible commercial marketing opportunities can be pursued.

Our hope is that just as in the Ixil region, the villages in this area can work together to raise the standard of living for many more families than one Agros village alone could serve. Like a single seed with the potential to produce countless fruit, Tierra Nueva is an exciting beginning to the multiplication of Agros’ harvest. A harvest of families empowered to forever break the cycle of rural poverty.
In 2011, the following milestones were reached:

- **Two new Agros communities** launched, serving 1690 new people
- **9,940 total people** living in 42 Agros communities, with hope and new prospects for the future
- **71 families** became proud land owners for the first time, repaying land loans in 2011
- **Nine Agros communities** graduated from direct support, bringing the number of self sustaining communities to 23
- **850 small farmers** boosted productivity and income in regions surrounding Agros villages with help from Agros
- **700 women entrepreneurs** were equipped and empowered through Women’s Community Banks
  - 36 total Women’s Community Banks
  - $132 average loan
  - 99% repayment rate

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**2011 at a Glance**

Your faithful partnership helped make Agros International’s fiscal year 2011 (July 1, 2010 – June 30, 2011) successful in empowering families of rural Mexico and Central America to rise above poverty. Here are some highlights of the year made possible by your caring support.

**Regional Impact**

Income generation is improving immensely for hundreds of families living in regions surrounding Agros villages in Guatemala. Agros is equipping these families with agricultural training, access to local markets and credit, and forming women’s community banks in their areas, improving the quality of life and future prospects for thousands more. Small farmers earned $680 net income per family raising snow peas, and $933 growing coffee. In rural poor communities where the average income is less than $1.25 a day, Agros’ regional projects are going far to help families earn a fair wage, ensure food security and provide a sustainable economic platform for ongoing business ventures and innovations.

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Welcome to Two New Villages

Two new Agros villages were launched in 2011. Sumalito, in Guatemala, and Tierra Nueva, in Nicaragua, have welcomed a combined total of 260 new families to Agros. Tierra Nueva alone has the potential to improve economic prospects for hundreds of additional families in neighboring regions, through training, market access, productive partnerships and community banking.

As a learning organization, Agros is constantly refining our efforts to reach more people than ever before. These two villages, building upon Agros’ historical success in working with larger villages, are serving as pilots for our new regional development model. Tierra Nueva alone has the potential to impact hundreds of additional families in the region with opportunities to improve their lives.
Congratulations to Graduating Villages

This fiscal year, 9 villages graduated from Agros’ direct support. That means, they have developed to a point that they can continue on the path toward self-sufficiency without our continued financial and training investment.

Many families in these villages have already repaid their land loans and now legally own their land parcels. Other families continue to make payments on their loans and look forward to joining their neighbors as proud landowners.

<table>
<thead>
<tr>
<th>Support Level</th>
<th>Total Villages</th>
<th>Acres of land</th>
<th>People Served</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supported by Agros</td>
<td>19</td>
<td>7,116</td>
<td>5,548</td>
</tr>
<tr>
<td>Self-Sustaining</td>
<td>23</td>
<td>3,589</td>
<td>4,392</td>
</tr>
<tr>
<td>Total</td>
<td>42</td>
<td>10,705</td>
<td>9,940</td>
</tr>
</tbody>
</table>

Jose and Maria, Nueva Primavera

José and his wife, Maria, joined the Agros village of Nueva Primavera in 2007. Before that, José worked as a day laborer on large farms near his community of Cocola. However, work was available only six months of the year, and the pay was only about $1.30 per day. The family suffered in deep poverty.

Today, the story for José, Maria and their six children is different. With the sale of their most recent coffee and cardamom harvests, the family was able to pay off their land debt. And Maria, just as hard-working as Jose, is a proud member of the Women’s Community Bank, raising turkeys and ducks, and managing the family garden.

José is the ideal person to serve as vice-president of the Community Development Council. The success he and and Maria are achieving is truly an inspiration for all.
Agros International is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code; contributions to Agros International are tax-deductible.

Because Agros receives pledges for village support that extend over multiple years, temporarily restricted funds may show significant surpluses in years when support is pledged or deficits in years when pledges are paid and funds are used in village development.

Agros International’s audited financial statements are available upon request.

**Operational Results for FY2011**

**Sources of Revenue in FY 2011:**

- **Individuals:** 70%
- **Churches:** 10%
- **Foundations:** 12%
- **Other Income:** 3%
- **Businesses:** 5%

**Operative Revenues FY11**

- Unrestricted gifts: 1,493,150
- Gifts & other revenues released from restrictions: 3,092,936
- In-kind contributions: 14,220
- Other income: 56,735
- **Total Operating Revenues:** 4,657,041

**Operative Expenses FY11**

- Program: 3,042,976
- Resource development: 914,471
- Administration and general: 291,593
- **Total Operating Expenses:** 4,249,040

**Summary of Total Income FY11**

- Operating revenues: 4,657,041
- Temporarily restricted gifts and other revenues: (175,193)
- Permanently restricted gifts: 36,050
- **Total Income:** 4,517,898

**Net Assets at June 30, 2011 FY11**

- Unrestricted net assets, invested in land & equipment: 417,267
- Unrestricted net assets, designated for land purchases: 120,314
- **Other unrestricted net assets:** 482,842
- Temporarily restricted net assets: 3,375,151
- Permanently restricted net assets: 1,396,572
- **Total Net Assets:** 5,792,146
Agros is deeply grateful for the support of our program partners, both national and international, which extend the impact and reach of our development efforts. All countries benefit from partnerships with local government, universities, churches, hospitals and businesses in addition to the partners mentioned.

**EL SALVADOR**

Midwives Association of Suchitoto and El Salvador • The Millenium Development Goals Alliance of El Salvador • Suchitoto Hospital • National Center of Agricultural Transfer • Education Ministry • Committee of the Reconstruction of Communities in the area of Suchitoto • Miramonte Baptist Church • Help in Action • CAESS • Alcadia Municipal Government • Help in Action • ADESCO • Foundation for the Cooperation and Community Development of El Salvador • Rescue Team Commandos

**GUATEMALA**

CORAGRI • Association of Development Organizations • Hope and Life Development Association • Save the Children • Hope and Life Development Association • National Literacy Committee • Conalfa • Ixil Area Health • Nebaj Cooperative • Technical Coordination Administration • Smile Foundation for Children • Foundation for Productive Development • Training and Modernization Institute • Highland Institute of Technology • National Forest Institute • Institute for the Training of Experts in Natural Resources • National Hospital of Nebaj • Agros Ixil Village Growers Association • Guatemalan Exporters Association • National Coffee Association • Coffee Cooperatives Association of Guatemala • Atlas Coffee • CEMACO • Community Development Council • National Literacy Committee • COUNISA • CROWN BEES • El Pical Roasting Company • Development Institute of Rafael Landiver University • Fray Domingo de Vico Institute • Kinder Not Hilfe • Ministry of Agriculture, Livestock, and Food • Cotzal Municipality • Nuclear Family Educational Development Institute • SIESA • USAID Guatemala • University Del Valle • Womens Enterprise International

**HONDURAS**

American Bird Conservancy • Child Fund • COHORSIL • CODESSE • Dirección de Ciencia y Tecnología Agrícola • FAO • Heifer International • Santa Barbara Project • Honduran Red Cross Network • Hospital Evangelico • Institute of Professional Formation • PROSEC • Plan Honduras ONG • FINTRAC REDES • Secretary of Agriculture and Livestock • Coffee Institute • Programa Mundial de Alimentos Educarodos • Aldea Global • Entrenamiento y Desarrollo de Agricultores • FUCHOSO • USAID • XOCO

**MEXICO**

South Border Secondary School • Cristóbal Obregón Health Center • Institute of Tropical Agriculture • Experimental Poultry and Farmyard Production Cooperative Villaflor • Coffee Commission • Technology Institute • Desarrollo, Género y Ciudadanía • Compassion Mexico • National Institute for Forestry, Agriculture and Livestock • National Council on Educational Development • Secretary of Federal Public Education • Municipal of Villaflores • Institute of Intercultural Studies and Investigations • Jobel Group • Business Conjugates S.C. • Mexico Business Foundation, A. C.

**NICARAGUA**

Programa de Manejo Integrado de Plagas en América Central • Instituto Nicaragüense de Tecnología Agropecuaria • Instituto de Desarrollo Rural • Engineers without Borders • Chiles de Nicaragua • Ministerio de Education • Agencia de Desarrollo Alemán • Centro de salud de Cantimplora • Agencia de Desarrollo Alemán • INTUR • Ministerio de Education • Atlantic • Administracion Nacional de Oceanos y Atmosfera
Thank you to our Village Partners for FY 2011

**El Salvador**
- El Milagro • Holy Trinity Lutheran Church
- La Esperanza • Bellmont Cabinet Company
- Nuevo Renacer • River West Church
- San Diego de Tenango • University Presbyterian Church

**Guatemala**
- Batzchocolá • Liberty Road Foundation • Morse Family & Friends • Austin Family & Friends
- Belén • Epiphany Parish
- La Bendición • First Presbyterian Church of Bellevue • Mercer Island Covenant Church
- La Providencia • St. Joseph’s Parish Families & Friends
- Nueva Primavera • Microsoft Employee Network
- San Nicolás • Friend of Agros
- Trapichitos • First Presbyterian Church of Boulder • Morse Family & Friends • Ringoen Family Foundation

**Villa Hortencia** • Eaglemont Entertainment • Chapel Hill Presbyterian Church

**Villa Linda** • Douglas Family & Friends • Trace Bundy Family & Friends

**Xeucalvitz** • Mennonite Church Eastern District Conference • Franconia Mennonite Conference • Law Offices of Steven G. Lingenbrink • Shilshole Development

**Honduras**
- Brisas del Volcán • Amigos Bidwell • Bidwell Presbyterian Church
- Nuevo Amanecer • Brumbaugh and Bergstrom Families & Friends • Bethany Presbyterian Church
- Bella Vista • Lake Grove Presbyterian Church • Rowan Family & Friends • Weibling Family • Ludeman Capital Management

**México**
- Espinal Buena Vista • St John Vianney Parish Families & Friends • St Bridget Church Families & Friends • St Joseph’s Parish Families & Friends
- Nueva Ilusión • St Joseph’s Parish Families & Friends • McLaughlin Family • World Bank Development Marketplace
- Nueva Palestina • Apple Physical Therapy • Johnson Family • Jack and Alex McMillan
- Nuevo San Pedrito • Cross Sound Church
- Santa Fe Ajké • Sammamish Presbyterian Church • Moulton Family & Friends • World Bank Development Marketplace

**Nicaragua**
- El Edén • Berg Andonian, Inc. & Friends, WA • Luke 12:48 Foundation
- Futuro del Mañana • Burdick, Rinearson and Schroedl Families
- Norwich • Norwich Family Group
- San José • Friend of Agros • Greenwood Christian Church • Ulrickson Network
- San Marcos del Belén • Fisher Family & Friends
- Luz del Mañana • Andrews Family & Friends • Jernberg Family & Friends • The Rodman Foundation • O’Donnell Foundation
- Nueva Esperanza • Genie Industries • Luke 12:48 Foundation • Nyblad Orchards • Friends of Nueva Esperanza
- Tierra Nueva • Peter Hawkins Dobberpuhl Foundation

We are deeply grateful for the many thousands of families and individuals that these partnerships represent.
Agros received support from the following foundations during fiscal year 2011

Anderson Family Foundation
Andrew R. and Dorothy L. Cochrane Foundation
Atkinson Foundation
Colson Family Foundation
David and Carol Myers Foundation
The Family Home Foundation
Fidelity Charitable Gift Fund
Global Giving Foundation UK
GlobalGiving Foundation
Hayman Family Trust
The Hesed Foundation
International Foundation
James Fish Family Foundation
The Joshua Green Foundation
Juniper Foundation
The Larson Family Charitable Foundation
Liberty Road Foundation
The Lopus Foundation
Lucky Seven Foundation
Luke 12:48 Foundation
McMillan Family Foundation
The Mennonite Foundation
Miriam Landy Charitable Corp
Morgan Stanley Smith Barney Global Impact Funding Trust
M.J. Murdock Charitable Trust
National Christian Foundation Seattle
The O’Donnell Family Charitable Foundation
Peter Hawkins Dobberpuhl Foundation
Richard and Joan Ringoen Family Foundation, Inc.
The Rodman Foundation
Lee and Stuart Rolfe Family Foundation
Schwab Charitable Fund
The Seattle Foundation
Seattle International Foundation
Stewardship Foundation
Mark and Susan Torrance Foundation
The Valencia Foundation
Waterstone
The Frederick and Margaret L. Weyerhaeuser Foundation
Vanguard Charitable Endowment Program
Vista Hermosa Foundation
WaterStone
Whatley Foundation

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Director of Finance and Operations
Kathie Delph
Director of Resource Development
Kevin Pepper
Director of Programs

Field Leadership

Joel Martinez
Regional Program Director
Kira López
Regional Credit & Economic Development Director
“I am committed to working the land because the land is what allows me to provide for my family. And I will continue to work hard, because owning the land will fulfill my biggest dream for the future.” – MARIO, EL EDÉN, NICARAGUA