



EQUAL EXCHANGE

Small Farmers. *Big Change.*



2007 ANNUAL REPORT

## OUR MISSION

Equal Exchange's mission is to build long-term trade partnerships that are economically just and environmentally sound, to foster mutually beneficial relationships between farmers and consumers and to demonstrate, through our success, the contribution of worker co-operatives and Fair Trade to a more equitable, democratic and sustainable world.

## OUR VISION

IN 20 YEARS WE WILL SEE...

a vibrant, mutually co-operative community of two million committed participants trading fairly one billion dollars a year in a way that transforms the world.

## OUR GUIDING PRINCIPLES

- Trade directly with democratically organized small farmer co-operatives;
- Facilitate access to credit for producer organizations;
- Pay producers a guaranteed minimum price that provides a stable source of income as well as improved social services;
- Provide high-quality food products;
- Support sustainable farming practices;
- Build a democratically-run co-operative workplace;
- Develop more environmentally-sound business practices.





## Small Farmers. Big Change.

In a year that saw revenue growth of 24%, we managed to dedicate significant time to analyzing the world around us. We looked at everything from the state of the planet, to the rising demand for local, to trends in Fair Trade, to the devastating impacts of the industrial food system.

At Equal Exchange, we buy from co-operatives of small-scale farmers who love what they do. And they want you to love what they produce. But the system is stacked against them. While corporations strengthen their grip on the food system, consumers and farmers lose. Consumers lose their connection to the land; farmers lose the land itself.

But it doesn't have to be that way. *Small Farmers. Big Change.* represents a path to bringing justice to the food system, and health to the planet. For example, if through our actions we can help farmers save their vital local ecosystem, or pass a trade bill that actually benefits small producers and workers instead of corporations, that would be change to be proud of.

In addition, we will be deepening partnerships with two pioneering Fair Trade organizations. Along with sister organizations and farmer co-operatives, Equal Exchange is a founding investor in Oké USA and

Liberation Nut Company. An affiliate of Agrofair in the Netherlands, Oké is attempting to build the first viable U.S. markets for banana and pineapple growers, while U.K.-based Liberation hopes to do the same with nut farmers. Both undertakings face extremely long odds - but then, that has a familiar ring to it, doesn't it?

The initiatives described here are both consistent with and driven by the 20 Year Vision adopted in 2006 by Equal Exchange's worker-owners. These are some of the building blocks toward "a vibrant, mutually co-operative community of two million committed participants trading fairly one billion dollars a year in a way that transforms the world."

In 2007, revenues increased to \$29.3 million. While all sectors grew in a healthy way, our Interfaith Program and private label sales were the primary drivers. After charitable contributions and worker-owner patronage disbursements, we realized a net income before taxes of \$1,098,231.

As always, we are grateful for the active engagement of our investors, customers and allies. We are counting on you to help shape the initiatives envisioned for the years ahead.

*Small Farmers. Big Change.* represents a path to bringing justice to the food system, and health to the planet.

written by  
ROB EVERTS and RINK DICKINSON  
EXECUTIVE DIRECTORS

*Above photos: (Left) Co-Executive Director Rob Everts tasting cacao from the pod with Jesus Laureano and Israel Pisetsky at the CACVRA co-operative in Peru. (Right) Co-Executive Director Rink Dickinson in South Africa with Hendrik Hesselman, a rooibos farmer and chairperson of the Heiveld Co-operative.*



INSTALLED IN 2007, OUR NEW ROASTER TRIPLED ROASTING PRODUCTION CAPABILITIES.



## A Big Year for Small Farmers

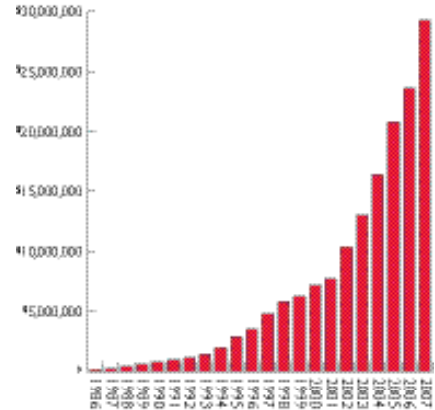
In 2007, the Sales team helped achieve nearly \$30 million in sales - a \$6 million increase over last year - which might prompt the question, "How the heck did they do it?" Within the answer lies the essence of the Equal Exchange Sales team: they are a group of exceptional people dedicated to small-scale farmers.

Consider that the Natural Foods team was short three people for most of the year, and that the Food Service team loaned one of their veterans to the Equal Exchange Espresso Bar in Seattle for three months. Consider further that there were four new worker-owner candidates learning how to participate at Equal Exchange, and then throw in a new National Sales Director who may have needed more help than all the others combined! But what could have been a troublesome year for the Sales Department turned out to be a year of strong growth for people, pounds and dollars.

Most importantly, the year provided an unusual opportunity for personal development and learning for many of the Sales team.

Natural Foods Sales Manager Cara Ross' work with Roche Bros. in Massachusetts was an exciting highlight. Cara and Roche Bros. - considered one of the premier small, privately-owned grocery chains in New England - were able to put together a wonderful program using our Direct Store Delivery (DSD) system. The account took off owing to each of the proverbial Four Ps of marketing: all of our *product* categories are represented (coffee, tea, chocolate bars, cocoa, and snacks); the *placement* of the products is at eye level and in ideal sections of the stores; we are *priced* competitively and our retails are fair; and the *promotional* schedule is in place and it's working. The tireless work of the entire Sales team was obvious during Fair Trade Month in October, when we

SALES GROWTH 1986-2007



had the largest single month of sales in Equal Exchange history. The Natural Foods team's new display for co-op and natural foods stores drove the activity to a new level and encouraged great conversations about the importance of going direct to customers, as well as the positive impact sales have on small farmers and their communities.

written by  
WELLS NEAL  
NATIONAL SALES DIRECTOR

### FEATURED SALES ACCOUNT

## Rodale, Inc.

A leading publisher of health, fitness and wellness materials, Rodale, Inc., joins Equal Exchange in furthering our commitment to small farmers around the world. Best known for such magazines as *Women's Health*, *Men's Health*, *Prevention*, and *Organic Gardening*, a major part of Rodale's mission has always been to promote environmental awareness and activism while practicing what it preaches. A model for change in the food service industry, Rodale's dining

halls are greatly subsidized because of their company-wide belief in organics, Fair Trade, and their commitment to fostering a more sustainable and just food system. Nowhere is this commitment more evident than in the sourcing for their employee dining services.

A longtime supporter of small-scale organics and agriculture in the U.S., it was a logical progression for Rodale to work with Equal Exchange in providing a full Fair Trade café program from small farmers around the world. In further support of this commitment was Rodale's decision to seek out and purchase only fairly traded bananas from

Equal Exchange partner, Oké USA.

"Rodale is always examining how we eat, how food is grown and prepared, and how to do it in a more sustainable way," said Leah Nichols, director of Dining Services. "We chose to work with Equal Exchange because your model of Fair Trade is authentic, and [you] care about quality - quality of purpose, quality of product, and quality of service."

written by  
IAN MCMILLAN  
FOOD SERVICE SALES REPRESENTATIVE

## Bringing Fair Trade Home

As the food system has become ever more globalized, with its control more concentrated among a shrinking list of large corporations, family farmers in North America face problems that are similar in many ways to our farmer partners in other countries. Between 1935 and 1997, the total number of farms in the U.S. fell from 6.5 million to 2 million. By 2003, there were just 1.9 million working farmers in the United States. Meanwhile, more than 50% of the revenue generated globally by food retailing is accounted for by just 10 corporations.

Equal Exchange is "Bringing Fair Trade Home" by partnering with small farmer co-ops, workers, consumers, and retailers in North America to build a vision for a more socially just, participatory and sustainable economic system that includes the domestic and local levels. Our Domestic Fair Trade products include Organic Tamari Roasted Almonds, Roasted Salted

Pecans, and Organic Dried Sweetened Cranberries, all grown by small-scale farmers in the United States.

We have also joined with other organizations in building a movement for Domestic Fair Trade. Equal Exchange is a founding member of the Domestic Fair Trade Association, along with farmer and consumer co-ops, farm-worker and civil-society organizations, and other processors and marketers.

In October, Equal Exchange co-sponsored a "Faces of Fair Trade: Uniting the Global and Local" tour to bring small-scale farmers from three different regions of the globe together to celebrate Fair Trade Month. The tour provided many opportunities for farmers, activists, Fair Trade Organizations, and consumers to build and strengthen relationships.

written by  
**ASHLEY SYMONS**  
MARKETING WRITER



*Bobby and Diann Johnson, pecan farmers and Southern Alternatives Agricultural Co-op members.*

**"I've got twin daughters, and they see the difference Fair Trade makes. They used to say, 'Y'all just work, work, work, but we don't see a profit.' Now, one of them is still reluctant to help on the farm, but the other one sees the profit, and she says, 'Mama, I think this is something that I might want to do.'"**

**DIANN JOHNSON**  
PECAN FARMER AND  
SOUTHERN ALTERNATIVES  
AGRICULTURAL CO-OP  
MEMBER

*Equal Exchange's snacks include Organic Tamari Roasted Almonds, Roasted Salted Pecans, and Organic Dried Sweetened Cranberries*



## Farmer Partner: CONACADO

*It was a successful year for Equal Exchange's chocolate products, which grew 27% to \$3.9 million in sales. We visited our partner, the National Confederation of Dominican Cacao Producers (CONACADO), to hear the farmers' stories and to expand our chocolate knowledge. This experience was incorporated into our sales and marketing work, especially in the launch of our beautiful new chocolate bar labels.*

Ten of us from Equal Exchange were weaving through the understory of Santos Moreno's cacao farm in April while visiting CONACADO, mesmerized by the football-shaped pods hanging off the trunks of the trees. We were enchanted, awed and inspired by our surroundings.

In 1988, the formation of CONACADO sparked a revolution in the Dominican cacao industry. The industry at the time was stacked against small-scale cacao farmers who were at the mercy of a major market low, with only the ability to produce lower quality cacao, while a handful of wealthy families controlled exportation. In the face of these vast challenges, 700 small-scale farmers began to collaborate to improve the quality of their cacao using fermentation techniques.

In turn, they were able to combine their resources,

improve their processing infrastructure, and look for new markets, bypassing the export oligarchy to sell directly to the international market.

Since that time, CONACADO has grown to an organization of more than 9,500 members, roughly a quarter of the cacao farmers in the Dominican Republic. They are now the largest organic cacao producer organization in the world, and they - a farmer-owned and controlled organization - are the alternative to the historically consolidated export industry. Equal Exchange is proud to partner and learn from a small farmer organization that has grown, overcome adversity, and created big change through the power of cacao.

*written by*  
**DARY GOODRICH**  
CHOCOLATE PRODUCT MANAGER

*Above photos: (Left) CONACADO's cacao is found in Equal Exchange chocolate bars. (Right) Osterman Ramirez, left, and Daniela del Rosario Manzueta, right, of CONACADO.*



## Farmer Partner: SOFA

*We continue to make progress on our small farmer tea program. This year, we visited our new farmer partners in Sri Lanka, launched a small line of origin-specific loose leaf teas, and grew the tea program 15% from 2006. We also worked on the development of our newest line, which will be available in the spring of 2008: large leaf teas packed in pyramid bags.*



On a trip to Sri Lanka in 2007, Tea Product Manager Deepak Khandelwal and Producer Relations Coordinator Phyllis Robinson visited the Small Organic Farmer Association (SOFA), one of Equal Exchange's tea

trading partners. Of all the tea groups in Sri Lanka on the Fair Trade register, SOFA is the only organization comprised of small farmers. The members of SOFA grow tea using organic and biodynamic standards. They collectively decide how to run their business and where to invest their profits. They currently receive high prices for their tea and spices, and reap many benefits from co-op membership, including water projects, youth leadership development programs, capacity-building and technical trainings, as well as new tea and spice plantings.

Why is it so important to support the only organization of small tea farmers in Sri Lanka? The country has a long history of colonialism and a tea industry composed almost entirely of plantations. While the conditions on some plantations may be better than others, it is inspiring to meet tea farmers who are running their own organizations, making decisions about all aspects of their business, seeing the impacts of those choices, and benefiting directly from the end results.

In just over 10 years, SOFA has grown tremendously. Its members are proud of their efforts to protect the environment and the fact that their organization is now a successful business. Equal Exchange looks forward to a long and deepening relationship with the members of SOFA.

*written by*  
**PHYLLIS ROBINSON**  
PRODUCER RELATIONS COORDINATOR

*(Left) Phyllis Robinson, left, with B.T. Somawathi, right, on a visit to SOFA. (Right) SOFA's tea is found in Equal Exchange's loose leaf teas.*





## Interfaith Program Connects to Bring Change

Equal Exchange, our faith partners and small farmer organizations around the world are engaged in an exciting collaboration to create change in the global food system while also protecting the environment.

As Equal Exchange's Interfaith Program continues to grow, so too does the support for farmer initiatives to improve their lives and protect the environment.

We currently have partnerships with organizations of nine different faiths and denominations, and revenue for our Small Farmer Fund program is generated through each of these partnerships with purchases of Equal Exchange products. For 2007, Equal Exchange contributed a total of \$142,585 in Small Farmer Fund grants to our faith partners.

This collaboration enables farmer organizations to strengthen their businesses, improve their livelihoods, and become more environmentally sustainable.

Two projects were funded by the Lutheran World Relief and the Presbyterian Church (U.S.A.) Small Farmer Funds in 2007.

Lutheran World Relief (LWR) is supporting Colombian coffee farmers of the ASPROCAFE Ingrumá

co-operative as they improve their organic coffee farms. During 2007, LWR Small Farmer Funds supported the co-operative's organic program, which provides families with funds to purchase chickens and other animals; create a nursery; renovate their farms with new, higher-yielding coffee trees; and prepare organic fertilizer.

Doña Ana Lucía Bañol, a member of ASPROCAFE Ingrumá, is proud of her organic farming: "You see my hands? They're covered in dirt. But they're no longer burnt from the chemicals. And my land? It's time to give back to the earth a part of what I take from the earth," she said.

Meanwhile, PC (U.S.A.) used their Small Farmer Fund to provide a \$10,200 grant in April to the coffee co-operative Tierra Nueva in Nicaragua. Called "Planting Trees for Life," the project focuses on planting coffee and citrus trees in two coffee farming communities in the Boaco region of Nicaragua. It also provides fuel-efficient cook stoves to 16 families. This project will increase biodiversity, improve incomes, and reduce deforestation in the region.

"Some of our producers have new stoves with your help," said Jacobo Cisneros, a coffee farmer and member

of Tierra Nueva, to a delegation of Presbyterians and Equal Exchange representatives in January 2008. "Some of our producers were able to plant orange trees. Also, we have been helped with the new coffee plants. Previously, the producer had to do all of this. Thank you very deeply for your good will."

### Interfaith Program Partners 1996 - 2007

AMERICAN FRIENDS SERVICE COMMITTEE  
since 1999

CATHOLIC RELIEF SERVICES  
since 2007

CHURCH OF THE BRETHREN  
since 2002

LUTHERAN WORLD RELIEF  
since 1996

MENNONITE CENTRAL COMMITTEE U.S.  
since 2003

PRESBYTERIAN CHURCH (U.S.A.)  
since 2001

UNITARIAN UNIVERSALIST SERVICE COMMITTEE  
since 2001

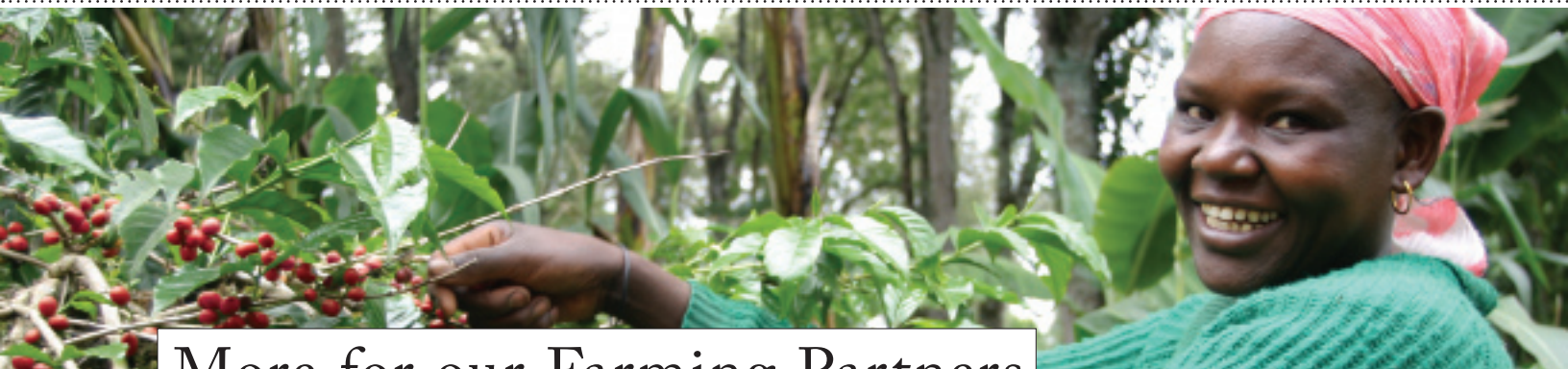
UNITED CHURCH OF CHRIST  
since 2004

UNITED METHODIST COMMITTEE ON RELIEF  
since 2002

*Above photos: (Left) Maria Teresa Cisneros in front of her new stove. (Right) The Cisneros family: Jacobo Jr., Maria Teresa, and Jacobo Sr. with Interfaith Program Manager Amy Wisehart in front of the Cisneros' home in the community of Filas Verdes, Nicaragua, one of the communities that benefited from the PC (U.S.A.)'s Small Farmer Fund grant.*

written by  
AMY WISEHART  
INTERFAITH PROGRAM MANAGER





## More for our Farming Partners

A cornerstone of the connection between Equal Exchange and our farmer partners is the business of buying and selling green beans, and the fundamental factor in that business is *price*. The commodity market for coffee has reached 11-year highs, while the U.S. dollar has decreased in value.

The big question is how much to pay a farmer. What percentage of that price remains in the hands of the farmer-owned organization? How much goes to the farmer? Who decides the answers to these questions?



In the Fairtrade Labelling Organizations International (FLO) system, the board of directors sets the rules and prices of trade. The FLO minimum price for coffee was set in the early 1990s, and since it lacked a review mechanism, never moved

again. Listening to our partners, we knew it was time to give farmers a Cost-of-Living Adjustment and someone needed to decide by how much.

### How much should we pay for coffee? How should the price change over time?

In the end, farmers working together with committed Alternative Trade Organizations (ATOs) advocated for, and ultimately won, change. We increased the minimum price for coffee, something that hadn't happened in more than a decade.

Was the increase enough? I think the answer is no, and we will continue to engage in dialogue with our farmer partners about their needs.

But, I am glad the price of coffee is higher than it has been in years, as this will provide a much-needed cash injection to farmer organizations that have been struggling during years of depressed prices and the falling dollar. Through all this, Equal Exchange and the Fair Trade community have been analyzing and deconstructing the different components that make up the final price for coffee, and still we are left with many questions that we will need to address in the coming years: How much should we pay for

coffee? How should the price change over time? What is the relationship to the value of currency? Should we tie the price to another currency or perhaps an index? Should ATOs be

providing 0% interest pre-harvest financing as part of the package to reduce costs for farmer organizations?

The market will fall again, coffee will trade at the minimum price, and we will still be left with these questions. The good thing is that in the last 12-20 months, we have demonstrated that together with small farmer organizations, we can make the change we want to see.

#### NEW EQUAL EXCHANGE GREEN ARABICA MINIMUM COFFEE PRICE SCHEME

Fair Trade Minimum Price	\$1.26/lb
Social Premium	\$0.10/lb
Organic Premium	\$0.20/lb

*\*effective June 1, 2007*

written by  
TODD CASPERSEN  
DIRECTOR OF PURCHASING

## Ed & Carole Grove

Ed and Carole Grove traveled to Nicaragua on a trip sponsored by Equal Exchange and Lutheran World Relief in January. "I had the benefit of the eyewitness experience to the difference Fair Trade makes in people's lives," Carole said. She and her husband initially became interested in Fair Trade as owners of Bagel Grove café in Utica, N.Y.

**"How you live has a direct impact on how others live. This is not theoretical; the difference is real."**

-Carole Grove



The Groves returned from their trip and began sharing what they learned and saw with others - more than 20 groups and congregations so far. They've also taught classes on Fair Trade at the Mohawk Valley Institute for Learning in Retirement.

Ed said the best payoff is the ripple effect. One example stands out in particular. "A teenager from a youth retreat - when it had seemed the kids were bored - went home and gave a special presentation on Fair Trade to her congregation," Ed said. "The feeling is that, just like Fair Trade in general, it can look like you're making so little difference or that it's so small and won't matter - but, it does!"

While the Groves recognize that the issues of Fair Trade are complex, they believe Equal Exchange offers the clearest solution. "We definitely feel that Equal Exchange is a company of great integrity," Carole said. "We always promote Equal Exchange as the best of Fair Trade choices."

*written by*  
**ASHLEY SYMONS**  
MARKETING WRITER

*Above photos: (Top) Angela Vendetti with farmer Don Wilfredo Herrera Mendoza during her trip to Nicaragua in 2005. (Right) Jill Fink with Eulalia Valdez Palomino, an employee of COCLA co-op in Peru. Palomino visited Philadelphia with a San Fernando co-op member and farmer, during a tour with Equal Exchange that included an event at Mugshots and a trip to the zoo, as seen here.*

# CREATING



## Jill Fink & Angela Vendetti

Jill Fink and Angela Vendetti started Mugshots CoffeeHouse & Café in Philadelphia, Pa., with the intention of serving only Fair Trade coffee, and have sold exclusively Equal Exchange since opening their doors in 2004.

Angela joined Equal Exchange on a January 2005 trip to visit coffee partners in Nicaragua. The trip gave both owners a renewed commitment to Fair Trade, and as a result, they sought additional ways to spread the Fair Trade message. Together with the other members of the Independents Coffee Cooperative in Philadelphia, they hosted a screening of "Black Gold" at a local public access station, which more than 200 people attended.

This year, they extended coffee services to the offices at the William Penn Foundation, taking the lead in encouraging progressive companies to use purchasing to showcase their values.

Fink and Vendetti, again in collaboration with the members of the Independents Coffee Cooperative, have facilitated a special relationship with the coffee farmers of the San Fernando co-op in Peru. In October, the co-owners welcomed Beltran Leguia Masias, a farmer from San Fernando, during an event at

their café, which created a space for farmers and consumers to meet and communicate face-to-face.

Mugshots is involved in a project with Independents to raise money for San Fernando to build solar dryers that will improve their coffee quality. "We're making a direct connection with San Fernando and we'd like



to tell their story and make it real for our customers," Jill said. She will be joining Equal Exchange on a 2008 trip to the co-op.

"Our customers' purchasing power is making a difference in the lives of farmers and their families," Angela said. "It's not just a cup of coffee."

*written by*  
**ASHLEY SYMONS**  
MARKETING WRITER

# Big Change

INSPIRED BY SMALL FARMERS,  
THESE ADVOCATES TOOK ACTION.  
AND SO CAN YOU.



*FCC's Interfaith Alternative Gift Fair*

## “It’s Only Fair”

At First Congregational Church of Montclair, N.J., we strive to give members of the community the information needed to make choices that embody respect and love for our neighbors in New Jersey, Mexico, India, and beyond.

We started “It’s Only Fair” in 2005 with the mission of promoting social and economic justice through Fair Trade. We began by serving Equal Exchange Fair Trade products during fellowship hour. We then sought ways to incorporate Fair Trade and economic justice into existing activities in our congregation and community. We organized two Fair Trade High Tea fundraisers (one for solar-powered radios for Kenyan tea farmers and another to raise money for orphans in Nigeria); and we’ve given out samples of Equal Exchange coffee, tea and chocolate at the local farmers’ market and other community events. For the past two years, we organized an Interfaith Alternative Gift Fair raising money for non-profits, as well

“We have found interesting and unexpected ways to learn how to shop ethically, live respectfully, and love our neighbors around the world.”

- Stephanie Sheerin

as selling Fair Trade products. Through all these efforts, we’ve raised more than \$20,000.

We have shown films and welcomed speakers to learn more about the power and beauty of collective action. We also held a Fair Trade Fashion Show - with one of the models carrying Equal Exchange coffee. Another event brought Equal Exchange co-director Rob Everts to FCC to speak to several congregations, an event that resulted in new collaborations and new Fair Trade programs.

By thinking outside the cup, FCC has found ways to take Fair Trade from coffee hour to social justice events to other congregations and even to the streets!

*written by*  
**STEPHANIE SHEERIN**  
VOLUNTEER COORDINATOR  
“IT’S ONLY FAIR”

*FCC Montclair participates in the UCC Coffee Project, a partnership between Equal Exchange and United Church of Christ Justice and Witness Ministries.*

“Even after we returned, I couldn’t stay away and I went back to Peru a few times. I can attest the trips can end up changing your life.”



**Bob Gerner**, owner of *Natural Grocery Company* in Berkeley and El Cerrito, Calif. Traveled with Equal Exchange to Peru in 2003 and subsequently became one of Equal Exchange’s top investors.

“This journey was richly informative, life-affirming, and life-changing. Names, songs, faces, new liveliness and relatedness are genuinely etched in my hands and heart.”



**Corey Mason**, high school Spanish teacher in Oakland, Calif. Traveled with Equal Exchange to Peru in August, and upon his return, encouraged his students to raise money for a Peruvian farming community through the sale of Fair Trade products.

“Once you have some knowledge of economic justice, capitalism and imperialism, you really opt for either despair or action.”



**Grace Cox**, member of the Olympia Food Co-operative in California. Traveled with Equal Exchange to Peru in 2003 and was inspired to help implement a Fair Trade apple program at Olympia.

*interviews by*  
**TOM HANLON-WILDE**  
WEST SALES MANAGER

"As I learned more about Fair Trade, I became concerned that we might be asking our children to sell products that children somewhere else in our world were suffering to make. Having American children benefit at the expense of Asian, African, or Latin American children just seemed wrong.

Simply by changing what we buy, we can really make a difference in people's lives. That is such a powerful and important message to me - one that I intend to keep on spreading. Thank you, Equal Exchange, for giving me this opportunity."

KIM BROWNING, STONEWALL ELEMENTARY SCHOOL PTA  
LEXINGTON, KY.



*Kim Browning and her children helped their school sell \$12,000 in Equal Exchange products - supporting small-scale farmers worldwide.*

## Raising Funds and Awareness

Equal Exchange now has a program that actively engages students in the Fair Trade movement. The Fair Trade Fundraising and Education Program allows schools and community groups to raise necessary funds, while also learning about Fair Trade.

The result of numerous requests from parents and educators, the Equal Exchange Fair Trade Fundraiser offers a socially responsible alternative to conventional fundraising sales. Tired of asking their kids to hock cheap items for new computer labs or playground equipment, parents have welcomed the Equal Exchange fundraiser as a refreshing new venture.

"There's nothing I'd rather sell than coffee and chocolate from Equal Exchange," said Margaret Wood, the

fundraising committee chair for the Philbrick School in Roslindale, Mass.

The program's educational value has also been appreciated. "I've heard more teachers talking about Equal Exchange and Fair Trade than ever before. We have all benefited from the education that has come from this fundraiser," said Kim Montgomery, a teacher at Westchester Academy for International Studies in Houston, Texas.

The 2006 pilot program consisted of 116 schools and grew to 201 in 2007. Parents are discovering the educational, social and environmental benefits of the Equal Exchange program, and schools using the program a second time are earning more money and are raising awareness in their communities. As fundraising continues to grow, Equal Exchange

**The fundraising program grew from 116 schools in 2006 to 201 in 2007.**

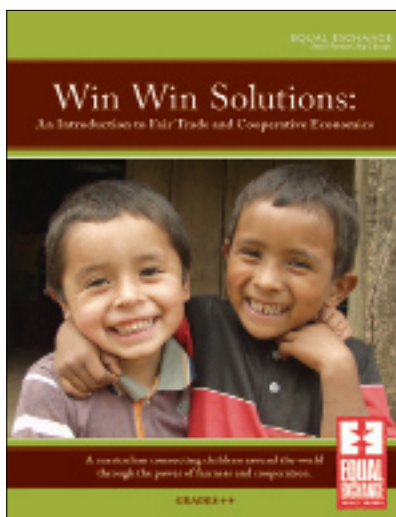
will offer more interactive resources, such as a pen-pal relationship between students in the U.S. and the Dominican Republic, bringing to life the lessons of Fair Trade, and supporting the work of parents, teachers and organizations committed to making a difference with their fundraising dollars.

*written by*  
**KELSIE EVANS**  
FUNDRAISING COORDINATOR

## Fair Trade Curriculum

*written by*  
**ASHLEY SYMONS**  
MARKETING WRITER

Equal Exchange and collaborators created "Win Win Solutions," the first-ever curriculum to focus on Fair Trade and co-operative economics, as an educational tool to accompany the successful fundraising program. The curriculum launched in late 2007 and has received positive feedback from teachers, parents and children. "What we've discovered is how much children care," said Organizing Director Virginia Berman, who led the project. "Kids don't think the world needs to operate with other children going to bed hungry. It's wonderful and refreshing to work with children who won't accept that as the norm; who prefer the norm to be about fairness. Giving children the tools, helping them see themselves as problem solvers - even regarding big problems - is consistent with what Equal Exchange strives to do." The curriculum targets children in grades 4-9 and is available on the Equal Exchange Web site.





"My children's ages are 7, 5, 3 and 1. I talked to them several times before the 31st about what Fair Trade meant and the fact that there are people, even small children, in other countries suffering as a result of injustice. By the end of [Halloween] night, my oldest was the one saying, 'We have some Fair Trade chocolate and information for you.' He wasn't told to do it; he chose to. It is good to talk with our children about how the world is not so perfect, and present to them, in tangible ways, how they can help people being treated unfairly."

ANNA MORRISON, DURHAM, N.C.  
REVERSE TRICK-OR-TREATING PARTICIPANT

## Reverse Trick-or-Treating

In 2000, journalists, NGOs and State Department officials began publicizing the problem of child slavery on cacao farms in Ivory Coast, source of 40% of the world's cacao. Subsequently, under pressure from U.S. legislators, the largest cocoa processors and chocolate manufacturers signed the Harkin-Engel protocol, promising to create a global certification system to root out the problem by July 2005. However, the deadline came and went with little progress made. The related problem of chronically low incomes for cacao farmers was similarly neglected.

Working with many of our allies (including La Siembra, Global Exchange, the International Labor Rights Forum, and many faith-based groups), Equal Exchange created a nationwide Reverse Trick-or-Treating

public education campaign.

We designed, printed and shipped 35,000 informational cards that described the problem, introduced the Fair Trade alternative, and carried a mini Fair Trade organic chocolate. All the participating organizations, but

especially Global Exchange, recruited interested families, schools and places of worship to distribute these cards in their communities.

Very quickly, groups in more than 300 cities and towns answered the call. On Halloween, these groups, which included thousands of individual families (see sidebar), completed the campaign by handing out the cards, adding this little "reversal" to their normal trick-or-treating fun.



written by  
RODNEY NORTH  
PUBLIC RELATIONS

## Get Involved

- ASK FOR EQUAL EXCHANGE PRODUCTS AT YOUR LOCAL SUPERMARKET, FOOD CO-OP OR CAFÉ
- SERVE EQUAL EXCHANGE COFFEE DURING SOCIAL HOURS AT YOUR PLACE OF WORSHIP
- RAISE MONEY FOR YOUR SCHOOL OR ORGANIZATION WITH THE EQUAL EXCHANGE FUNDRAISING PROGRAM
- TELL YOUR FRIENDS AND FAMILY ABOUT EQUAL EXCHANGE
- VISIT US ON THE WEB AT [WWW.EQUALEXCHANGE.COOP](http://WWW.EQUALEXCHANGE.COOP)

## Awards

AND MEDIA HITS IN 2007



"45 SOCIAL ENTREPRENEURS WHO ARE CHANGING THE WORLD"

The 2008 Social Capitalist Awards, Fast Company, December 2007

"BEST OF BALLARD: COFFEE SHOP"

Ballard News-Tribune, October 2007

Equal Exchange Espresso Bar in Seattle, Wash.



"RAISING MONEY, RAISING CONSCIOUSNESS"

Feature in *Rethinking Schools*, Winter 2007



WORLDBLU LIST OF MOST DEMOCRATIC WORKPLACES™ 2007

"MEET THE NEW BOSS(ES)"

Feature in *Boston Magazine*, September 2007

To see these and other media hits, please visit

<http://www.equalexchange.coop/in-the-media>



## Grassroots in the Twin Cities

The three of us that make up the Minnesota team can say without hesitation that this is one of the best places to be for making big change. In March, we set up our office in a space leased from Co-op Partner's Warehouse (CPW), which is centrally located between Minneapolis and St. Paul. Owned by The Wedge Community Co-op, CPW distributes local produce and more to co-ops throughout the Upper Midwest. We are piggybacking Equal Exchange products on CPW trucks that are already going to our customers in Minnesota, Iowa and Wisconsin, and are supporting a unique co-op-owned distribution system while eliminating the need for another truck route.

At the grassroots level, we are actively sharing Equal Exchange's

mission with an aggressive outreach program. We sponsored a leg of the "Faces of Fair Trade" tour with the goal of finding new venues and combining the efforts of local co-op shoppers and Interfaith Program partners.

When we co-hosted a showing of the movie "Black Gold" with the Oromia Student Union, we had no idea where that evening would take us. The movie features the Oromia Coffee Farmer's Cooperative Union, the co-op Equal Exchange buys its Ethiopian beans from. After the movie and some lively discussion during which folks shared their personal connections to Oromia and coffee farming, we learned that it would make a world of difference to this community if we highlighted the identity of the co-op and the land the coffee grows on. When they saw that

we were listening and open, Arfasse Gameda (see sidebar) and several others lead an inspired campaign that enlisted the local and international Oromo community to encourage Equal Exchange to update the name of our Ethiopian coffee in the Twin Cities to Organic Oromian.

The Twin Cities is also home to the Local Fair Trade Network (LFTN), of which we are an active part. In one sense, LFTN aims to do for the local food system what Equal Exchange pioneered with coffee farmers. As we continue to develop our Domestic Fair Trade program, we can't wait to collaborate with LFTN and other small-scale farmer advocates to make big change a reality.

*written by*

**SCOTT PATTERSON**  
MINNESOTA PROGRAM DIRECTOR

*Photos: (Above Left) Scott Patterson at the Minnesota State Fair. (Above Middle) Dana Welch preparing for Big Change. (Above Right) Nicki Christie, left, of Bloomingfoods Co-op in Bloomington, Ind., and Dana Welch, right, at an event in Indiana. (Below) Arfasse Gameda, left, and Equal Exchange's Joe Riemann, right, at the Brian Coyle Center in Minneapolis.*



"I was skeptical of Equal Exchange and the whole Fair Trade process. I didn't believe the farmers of the Oromia Coffee Farmers Cooperative Union (OCFCU) were really benefiting ... but the amount of time Joe [Riemann] has spent with the Oromo community in Minneapolis helped me to build trust in the relationship that Equal Exchange has with the farmers in Oromia. Equal Exchange is not looking at the profit margin first; they look at how they can make positive and practical changes in people's lives.

...[T]he Oromo community is learning about Equal Exchange and realizing that the more we support Fair Trade, the more we are positively affecting the lives of the farmers back home."

**ARFASSE GEMEDA**  
YOUTH ORGANIZER, OROMO COMMUNITY OF MINNESOTA

# Best Wishes, Kristin and Erbin

## KRISTIN HOWARD

10 YEARS - SALES DEPARTMENT

Sometimes change appears momentous, but people closest to the event can describe dozens of contributing factors that resulted in a visible outcome. After 10 years at Equal Exchange, Kristin Howard's small steps led her to change both her home and her work. But rather than a "departure from" Equal Exchange, Kristin's efforts over the past decade constitute a "movement toward" a new lifestyle for her and, for Equal Exchange, a core growth strategy.

Although Kristin played a significant role in dramatic sales growth (sales grew six-fold during her tenure), the beauty of Kristin's influence lies in its subtlety. Without grand fanfare, Kristin was instrumental in keeping our most loyal customer base - consumer food co-operatives - at the center of our attention, and she's been a reliable presence at national food co-op gatherings. More than 40 co-op staff members have experienced Fair Trade firsthand thanks to Kristin's leadership on delegations to Chiapas and Nicaragua. She also led Equal Exchange to formalize the concept that a retailer's engagement with small farmer issues is just as valuable as their purchases.

At home, as Kristin internalized what she promoted at work, she moved from apartment life with potted herbs on the porch to cultivating a half-acre garden. She served three years with her state's chapter of the Northeast Organic Farming Association. She spent many weekends getting dirty, weeding heirloom tomatoes or moving the chicken tractor.

Without declaration, Kristin has committed herself to incrementally improving the sustainability of her family's lifestyle. While their move to western Massachusetts means we will miss her, we celebrate her resolution to live in a community consistent with her values. It's only natural.

*written by*  
JESSIE MYSZKA  
DIRECTORA OF DISTRIBUTION

## ERBIN CROWELL

12 YEARS - MARKETING DEPARTMENT, INTERFAITH PROGRAM, DOMESTIC FAIR TRADE PROGRAM

Late in 2007, Erbin Crowell, one of our most senior and influential worker-owners, and the one with the Johnny Cash/"Man-In-Black" wardrobe, left Equal Exchange to join our friends at The Cooperative Development Institute, where he's now helping to create and grow co-ops across the Northeast.



*Kristin Howard and Erbin Crowell with their son, Elias.*

I first met Erbin in 1995, just after he started at Equal Exchange. I was hoping to do the same, and as the newest of the 12 staff, Erbin showed me around the then tiny warehouse/office in Stoughton, Mass. It only took about three minutes.

Today, with 100+ people in six states, you can barely read all our names in three minutes, and the speed and quality of that growth has a lot to do with Erbin.

I say "speed" because of all Erbin did to help us thrive as a business. He was, in chronological order: a sales person; our graphic designer and first Webmaster; the director of Marketing; the creator and director of our unique Interfaith Program; the dreamer, creator and manager of our Domestic Fair Trade program, and much more. Erbin also held many important elected and committee roles, including seven years on our board.

I say "quality" because Erbin actually did even more to shape the *character* of our work than he did to grow the *scale* of our work. Expanding our trade with farmers was critical, but so was nurturing the vitality of our co-op, increasing the depth of our commitment to other co-ops, and strengthening ties between the public and farming communities. And I have countless e-mails, meeting minutes and by-law proposals from Erbin to prove it.

Erbin's contributions will continue to influence Equal Exchange's work for years to come, and we look forward to the great things he'll accomplish in the co-op community.

*written by*  
RODNEY NORTH  
PUBLIC RELATIONS

# Our Business Model: It *is* Business and it *is* Personal

You might be familiar with the oft expressed sentiment, "It's nothing personal, it's just business." We beg to differ. It *is* personal; our business is about *people*. Below are five vital elements to our business model, each of which helps bind us to this principle.

## 1 - 100% FAIR TRADE

But you already knew that.

## 2 - WORKER-OWNERSHIP

Equal Exchange is a worker co-operative; a one-person, one-vote economic democracy. Every worker-owner invests thousands of dollars in the co-op and shares in our profits and losses. Because our worker-owners are closer to the mission than anyone, putting voting control in their hands keeps us on track.

## 3 - FIXED PRICE SHARES

We need outside capital to grow, but we don't want capital growth to be our only goal. So our shares are a fixed price. These shares earn dividends, typically 5%, and can be sold back to the company. No one is getting rich here, but our outside investors have allowed us to grow the co-op and change the world - and we've paid them dividends for 18 straight years.

## 4 - EXTREME COMMUNITY

Many talk a good line on community, but we like to crank it up and practice what you might call "Extreme Community." Every Equal Exchange worker-owner spends a week meeting and working with farmers. The salary range at our worker co-operative is limited to four to one. We also donate and reinvest 10% of earnings in the co-op and non-profit communities.

## 5 - NO SELLING OUT

Companies sometimes set out to do good, but then comes an offer that's hard to refuse and they sell to a large conventional corporation. Equal Exchange's bylaws are different; they require that if the co-op is sold, all proceeds after investors are paid back are then distributed to other Fair Trade organizations. There is no possibility of windfall riches, so there's no motivation to sell out. As a result, our energies focus on advancing our mission, and we attract employees, supporters and investors with similar goals.

*written by*  
ALISTAIR WILLIAMSON  
CAPITAL COORDINATOR

## Contribution to the Equal Exchange Mission

	2007	2006
Gross sales	\$29,370,480	\$23,639,456
<b>FAIR TRADE COMMITMENT</b>	<b>2007</b>	<b>2006</b>
Total Fair Trade Purchases	\$11,676,645	\$9,612,264
Above Market Prices (Coffee Only)	\$509,170	\$629,347
Fair Trade Premium (Coffee Only)	\$495,014	\$247,483
Small Farmer Funds	\$142,585	\$131,658
Advance Payment Facilitated	\$2,375,230	\$2,072,070

## ALLOCATION OF INCOME

	2007	2006
Revised Income*	\$1,363,886	\$1,146,491
Charitable Contributions	\$5,296	\$80,410
Class B Shareholder Dividends	\$213,888	\$173,147
Member Patronage Dividends	\$260,359	\$113,659
Taxes	\$435,000	\$415,000
Retained Earnings (Reinvested)	\$449,343	\$364,275

\*In order to show allocation of profits, "Revised Income" is "Income Before Taxes" plus "Charitable Contributions" plus "Member Patronage Dividends."





# Report from the Board

There's a proverb: "The best time to plant a tree is 20 years ago. The second best time is now." In 2006, we marveled at what our founders planted back in 1986 and how Equal Exchange has grown and thrived. That made 2007 "Year One" of our second 20 years and guided by our 20 Year Vision, we began to plant a new forest.

As the Board, we are responsible for keeping Equal Exchange focused on achieving this vision through the everyday turbulence of distraction,

## OUR VISION

IN 20 YEARS WE WILL SEE...

**a vibrant, mutually co-operative community of two million committed participants trading fairly one billion dollars a year in a way that transforms the world.**

success and failure. We judge our plans on their ability to deliver on each line of that vision. We have invested in Oké USA to help directly build the mutually co-operative community. A new office

in Minnesota brings us face-to-face with more people - that's more opportunity to turn consumers into committed participants. Tripling our roasting capacity enabled growth that added \$5.7 million more fairly traded dollars.

All are steps toward our vision, but will this transform the world? If we keep planting, it surely will.

*written by*  
**ALISTAIR WILLIAMSON**  
BOARD CHAIR

*Above photo: The board of six worker-owners and three outside directors meets with the co-executive directors.*

SMALL FARMERS.

BIG CHANGE.

# Financial Report

*written by*  
**BRIAN ALBERT**  
FINANCE DIRECTOR

We've seen several recurring themes over the past few years: steady sales growth, increased inventory and ever-increasing amounts of pre-harvest financing. These statements apply again for 2007, but there is one significant change: our Cost of Goods Sold has increased as a percentage of sales from the historic 60% range to approximately 64%. This resulted from increased prices paid to small farmers and a change in our product mix. Anticipating smaller margins, we were able to reduce operating expenses by 3.5% (as a percentage of sales), generating a level of profitability consistent with our mission and goals.

## Income Statement

	2007	2006	2005
Total Sales	\$29,370,000	\$23,639,000	\$20,779,000
Cost of Sales (coffee/tea/chocolate, roasting, packaging, shipping)	\$18,335,000	\$14,165,000	\$12,701,000
Operating Expenses (marketing, sales, administration, education)	\$9,217,000	\$7,946,000	\$6,621,000
Other Expenses (primarily interest on loans)	\$720,000	\$576,000	\$466,000
Total Costs	\$28,272,000	\$22,687,000	\$19,788,000
Income Before Taxes	\$1,098,000	\$952,000	\$991,000
Taxes	\$435,000	\$415,000	\$415,000
Shareholder Dividends	\$214,000	\$173,000	\$120,000
Annual Retained Earnings (reinvested in the business)	\$449,000	\$364,000	\$456,000

# Audited Financial Statements

These financial statements are extracts from the Audited Financial Statements of Equal Exchange, Inc. for the years ending December 31, 2006 and 2007. This independent audit was conducted in accordance with auditing standards generally accepted in the United States of America by the firm of Morris and Morris P.C., Certified Public Accountants of Needham Heights, Massachusetts.

## BALANCE SHEETS ASSETS

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
<b>CURRENT ASSETS:</b>		
Cash and Equivalents	\$381,497	\$480,150
Accounts Receivable - Trade, Net of Reserve for Possible Uncollectible Accounts of \$50,000 in 2007 and 2006	1,973,098	1,569,117
Notes Receivable - Other	34,174	10,500
Inventories	8,193,630	6,983,311
Prepaid Expenses, Advances in Inventory, and Other Current Assets	766,611	282,652
Prepaid Income Taxes	-	98,886
Deferred Income Tax Asset	<u>77,000</u>	<u>75,000</u>
<b>TOTAL CURRENT ASSETS</b>	<u>11,426,010</u>	<u>9,499,616</u>
<b>PROPERTY AND EQUIPMENT, at Cost</b>	9,093,099	7,803,903
Less: Accumulated Depreciation and Amortization	<u>(1,781,198)</u>	<u>(1,306,619)</u>
	7,311,901	6,497,284
<b>DEFERRED FINANCING COSTS</b>	49,794	64,154
<b>NOTES RECEIVABLE - OTHER</b>	151,326	100,000
<b>OTHER ASSETS</b>	<u>281,188</u>	<u>128,233</u>
<b>TOTAL ASSETS</b>	<u>\$19,220,219</u>	<u>\$16,289,287</u>

## BALANCE SHEETS Continued LIABILITIES AND STOCKHOLDERS' EQUITY

### CURRENT LIABILITIES:

Notes Payable - Lines-of-Credit  
Mortgages and Other Notes Payable, Current Portion  
Capitalized Lease Obligations, Current Portion  
Accounts Payable - Trade  
Accrued Expenses and  
Other Current Liabilities  
Patronage Rebates Payable

### TOTAL CURRENT LIABILITIES

MORTGAGES AND OTHER NOTES PAYABLE,  
Non-Current Portion

CAPITALIZED LEASE OBLIGATIONS,  
Non-Current Portion

DEFERRED INCOME TAXES

COMMITMENTS AND CONTINGENCIES

### TOTAL LIABILITIES

### STOCKHOLDERS' EQUITY:

Preferred Stock; Authorized 299,800 Shares;  
Issued and Outstanding, 175,939 Shares in 2007  
and 165,985 Shares in 2006

Common Stock; Authorized 200 Shares;  
Issued and Outstanding, 85 Shares in  
2007 and 81 Shares in 2006

Less: Common Stock Subscriptions Receivable  
Retained Earnings

### TOTAL STOCKHOLDERS' EQUITY

TOTAL LIABILITIES AND  
STOCKHOLDERS' EQUITY

## STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

SALES

COST OF SALES

GROSS PROFIT

OPERATING EXPENSES

INCOME FROM OPERATIONS

OTHER (EXPENSE) INCOME:

Interest Expense  
Charitable Contributions Expense  
Interest Income

INCOME BEFORE INCOME TAXES

PROVISIONS FOR INCOME TAXES:

Current  
Deferred

NET INCOME

RETAINED EARNINGS, Beginning of Year

Less: Preferred Stock Dividends

RETAINED EARNINGS, End of Year

THE PASSING OF

## A Co-op Hero

We're sad to report the passing of Jim O'Connor, Jr., a great friend of Equal Exchange and the co-op movement. Jim, an accountant, helped keep the books at Equal Exchange from its early days up until this past year when he became ill. Rink Dickinson, co-founder of Equal Exchange, said he couldn't imagine the organization reaching its present size or stability without Jim's assistance - building and strengthening Equal Exchange's financial systems every step of the way. For 35 years, Jim assisted in launching and maintaining dozens of New England co-ops and community-based organizations, including the Boston and Cambridge food co-ops. Those who worked with Jim will cherish the memory of his dry wit, gentleness and commitment to the co-op world.



*Jim O'Connor, Jr.*

## STATEMENTS OF CASH FLOWS

Dec. 31, 2007      Dec. 31, 2006

\$4,022,153	\$3,006,846
319,677	200,001
420,470	250,328
1,079,240	1,219,767
660,063	661,840
<u>418,205</u>	<u>228,036</u>
6,919,808	5,566,818
3,259,969	3,238,671
1,572,897	866,058
404,000	292,000
-	-
<u>12,156,674</u>	<u>9,963,547</u>
4,829,986	4,564,605
232,555	222,165
(68,064)	(80,755)
<u>2,069,068</u>	<u>1,619,725</u>
<u>7,063,545</u>	<u>6,325,740</u>
<u>\$19,220,219</u>	<u>\$16,289,287</u>

Dec. 31, 2007      Dec. 31, 2006

\$29,370,480	\$23,639,456
<u>18,335,411</u>	<u>14,164,991</u>
11,035,069	9,474,465
<u>9,216,529</u>	<u>7,946,163</u>
<u>1,818,540</u>	<u>1,528,302</u>
(737,131)	(515,617)
(5,296)	(80,410)
22,118	20,147
<u>(720,309)</u>	<u>(575,880)</u>
1,098,231	952,422
325,000	250,000
<u>110,000</u>	<u>165,000</u>
<u>435,000</u>	<u>415,000</u>
663,231	537,422
1,619,725	1,255,450
<u>(213,888)</u>	<u>(173,147)</u>
<u>\$2,069,068</u>	<u>\$1,619,725</u>

Dec. 31, 2007      Dec. 31, 2006

### CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received from Customers	\$28,966,499	\$23,513,467
Cash Paid for Operating Expenses	(28,647,767)	(22,827,787)
Interest (Paid) Refunded, Net	(737,131)	(515,617)
Income Taxes Paid	(133,202)	(551,149)
Interest Received	<u>22,118</u>	<u>20,147</u>
Net Cash (Used for) Operating Activities	<u>(529,483)</u>	<u>(360,939)</u>

### CASH FLOWS FROM INVESTING ACTIVITIES:

Cash Paid for Investments	(153,360)	(105,864)
Cash (Advanced) Collected on Notes Receivable - Other, Net	(75,000)	(90,000)
Cash Paid for Purchase of Property and Equipment	(44,950)	(914,238)
Cash Paid for Deferred Financing Costs	-	<u>(6,289)</u>
Net Cash (Used for) Investing Activities	<u>(273,310)</u>	<u>(1,116,391)</u>

### CASH FLOWS FROM FINANCING ACTIVITIES:

Cash Advances (Re-payments) on Notes Payable - Lines-of-Credit, Net	1,015,307	1,482,835
Proceeds Received from Issuance of Preferred Stock	279,705	626,047
Proceeds Received from Dividend Reinvestment	132,276	110,065
Proceeds Received from Common Stock Subscriptions	40,781	37,885
Cash Paid to Reduce Capitalized Lease Obligations	(301,715)	(236,738)
Preferred Stock Dividends Paid	(213,888)	(173,147)
Cash Paid to Redeem Preferred Stock	(146,600)	(15,777)
Cash Paid to Reduce Mortgages and Other Notes Payable	(84,026)	(297,044)
Cash Paid to Redeem Common Stock	(17,700)	(16,500)
Proceeds Received from New Long-Term Debt Borrowings	-	200,000
Net Cash Provided by Financing Activities	<u>704,140</u>	<u>1,717,626</u>

### NET (DECREASE) INCREASE IN CASH AND EQUIVALENTS

(98,653)      240,296

### CASH AND EQUIVALENTS, Beginning of Year

480,150      239,854

### CASH AND EQUIVALENTS, End of Year

\$381,497      \$480,150

### RECONCILIATIONS OF NET INCOME TO NET CASH (USED FOR) OPERATING ACTIVITIES:

Net Income	<u>\$663,231</u>	<u>\$537,422</u>
Adjustments to Reconcile Net Income to Net Cash (Used for) Operating Activities:		
Depreciation and Amortization	648,794	521,210
Changes in Assets and Liabilities:		
(Increase) in Accounts Receivable - Trade	(403,981)	(125,989)
(Increase) in Inventories	(1,210,319)	(1,404,601)
(Increase) in Prepaid Expenses, Advances for Inventories and Other Assets	(483,959)	(198,369)
Decrease (Increase) in Prepaid Income Taxes	98,886	(98,886)
(Increase) Decrease in Deferred Income Tax Asset	(2,000)	21,000
(Decrease) Increase in Accounts Payable - Trade	(140,527)	241,300
(Decrease) Increase in Accrued Expenses and Other Current Liabilities	(94,689)	161,489
Increase (Decrease) in Accrued Income Taxes Payable	92,912	(202,263)
Increase in Accrued Patronage Rebates Payable	190,169	42,748
Increase in Deferred Income Taxes Payable	<u>112,000</u>	<u>144,000</u>
Total Adjustments	<u>(1,192,714)</u>	<u>(898,361)</u>
Net Cash (Used for) Operating Activities	<u>\$(529,483)</u>	<u>\$(360,939)</u>



## 2007 EQUAL EXCHANGE STAFF

BRIAN ALBERT  
 MIKE ALLEN  
 JUVENAL ALVES  
 RON ARM  
 RAFAEL AVILES  
 TERINA BARNES  
 DAVID BATES  
 SARAH BELFORT  
 VIRGINIA BERMAN  
 PHIL BERRY  
 LIANE BLAD  
 TERRY BOISCLAIR  
 STEVE BOLTON  
 ALISON BOOTH  
 PETER BUCK  
 JOAO CARDOSO  
 BETH ANN CASPERSEN  
 TODD CASPERSEN  
 DIA CHENEY  
 ANN CHERIN  
 DAN COBB

BRIAN CROUTH  
 ERBIN CROWELL  
 MIKE CUMMISKEY  
 AARON DAWSON  
 ANTONIO DELGADO  
 JOHN DEPINA  
 VICTOR DEPINA  
 JIM DESMOND  
 RINK DICKINSON  
 DOMINGOS DO ROSARIO  
 RICK DOUGHTY  
 JOE DRISCOLL  
 KELSIE EVANS  
 ROB EVERTS  
 JIM FELDMANN  
 MICHELLE FORD  
 JONATHAN FREEDMAN  
 CARLOS GOMES  
 MIGUEL GONZALEZ  
 GARY GOODMAN  
 DARY GOODRICH

TOM HANLON-WILDE  
 LISA HARRIS  
 BRIAN HENRY  
 KEVIN HOLLENDER  
 KRISTIN HOWARD  
 MEGHAN HUBBS  
 DONNA HUNT  
 JEANNE HUNT  
 KEVIN JONES  
 SUZANNE KELEHER  
 DEEPAK KHANDLWAL  
 WENDY KHUU  
 HOPE KOLLY  
 WAYNE KRITZMAN  
 DANIELLE LAFOND  
 THOMAS LUSSIER  
 ROXANNE MAGNUSON  
 RENIE MARSH  
 IAN MCMILLAN  
 SHARYN MCWILLIAMS  
 LYNSEY MILLER

GLADYS MINAYA  
 MIKE MOWRY  
 JESSIE MYSZKA  
 WELLS NEAL  
 RODNEY NORTH  
 BRIAN O'CONNELL  
 KEITH OLCOTT  
 MARGARET O'NEILL  
 SCOTT PATTERSON  
 DEEYA PAVELLE  
 MEGHAN PFEIFFER  
 KARIN PICARSKI  
 RICHARD POOLE  
 ELIOT RAMOS  
 NICK REID  
 JOE RIEMANN  
 PHYLLIS "FELICIA" ROBINSON  
 DAN RONY  
 CARA ROSS  
 LISA RUSSELL  
 JOSÉ SANCHEZ

ADAM SCHAEFFER  
 SUSAN SHAW  
 RICK SHEPARD  
 SUSAN SKLAR  
 MARK SOUZA  
 DANIEL STEINBERG  
 FORREST SUTTON  
 ASHLEY SYMONS  
 L.J. TAYLOR  
 JOAQUIN TEIXEIRA  
 MARIO TEIXEIRA  
 ANNA UTECH  
 LISA VALDEZ  
 DANA WELCH  
 ALISTAIR WILLIAMSON  
 AMY WISEHART  
 LILLA WOODHAM  
 TOM ZALOCHA

**Editors:** Ashley Symons & Ann Cherin; **Designers:** Liane Blad & Julianne Gilpin

**Photo Credits:** Brian Albert, p. 5 CONACADO; Erbin Crowell, p. 4; Gary Goodman, front cover products, p. 2, pps. 3, 4, 5, 11 products, p. 15, back cover; Olaf Hammelburg, front cover portraits, inside cover, p. 14; Melanie Hardison, p. 6 group; Deepak Khandelwal, p. 5 SOFA, p. 1 Rink; Sala Lewis, p. 7; Jimney Northmond, p. 1 Rob; Joe Riemann, p. 12 Dana; Anne Rother, p. 16; Ashley Symons, p. 8 Jill; Dana Welch, p. 12 Scott; Amy Wisehart, p. 6 farmer.

**Special thanks to the following contributors for the use of their photos:** Kim Browning, Grace Cox, Bob Gerner, Ed & Carole Grove, Kristin Howard, Corey Mason, Anna Morrison, Stephanie Sheerin, Angela Vendetti.

EQUAL EXCHANGE | 50 UNITED DRIVE | WEST BRIDGEWATER | MASSACHUSETTS | 02379 | [www.equalexchange.coop](http://www.equalexchange.coop)

Printed on 100% recycled material, 100% post-consumer waste, processed chlorine-free paper using soy inks.