

# three avocados

a non-profit coffee company

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2013  
annual report

# Introduction

Thank you so much for your interest in Three Avocados and taking the time to reivew our annual report. I'll apologize upfront for a lack of fancy charts and graphs. We're not a big corporation, but we are a dedicated organization, working to make a difference in lives throughout the world.

Our goal with this annual report is to provide a level of transparency into our operation and to allow you to see where the dollars from your purchases go.

Please, review the following information and feel free to contact us with questions, comments, and, of course...orders!

Joe Koenig  
Founder



# How We Complete Projects

Each year, we work with an organization to fund projects with the proceeds from last year's sales. These are organizations that have people on the ground in Uganda and are properly staffed to successfully implement the projects.

With the funds from 2013, we have chosen to work with Compassion International through their Water of Life program. This program provides families with a long-lasting water filtration system that can be placed in their home and repeatedly used many times to filter water collected from nearby ponds, wells, streams, or other water sources to create clean, safe water.

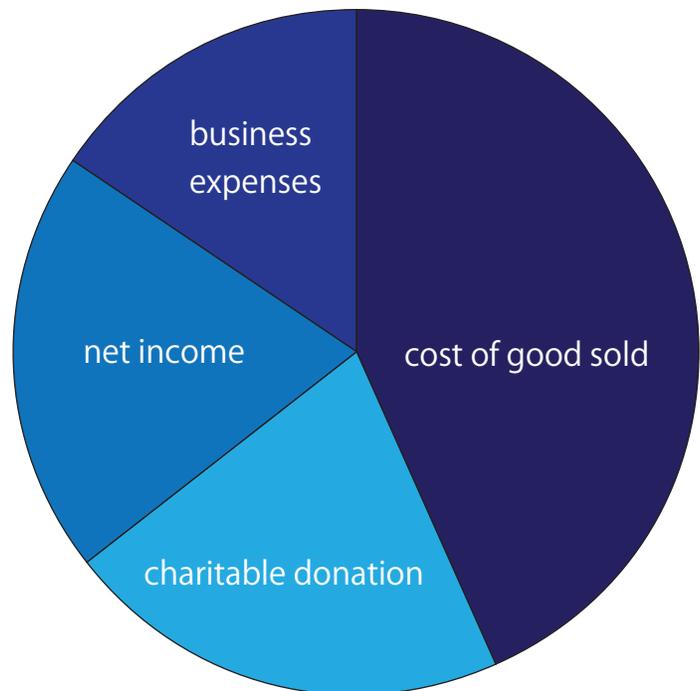
Through working with Compassion International, we will be able to provide clean water for life at a cost of about \$10 per person. Currently, each three to four bags sold accomplishes this. **Your morning coffee can easily provide clean water for at least one person for life!**

# Financial Information

January - December 2013

Total

Income	
Coffee Sales	19,343.25
Coffee Sales-Nicaragua	3,668.63
Coffee Sales-Uganda	20,178.90
Total Coffee Sales	\$ 43,190.78
Donations	388.00
Promotional Item Sales	47.90
Promo Sales-Uganda	1,979.68
Total Promotional Item Sales	\$ 2,027.58
Sales of Product Income	20.00
Shipping Income	1,556.65
Total Income	\$ 47,183.01
Cost of Goods Sold	
Coffee Bags	1,575.00
Coffee Roasting	1,225.85
Credit Card Fees-Paypal	1,461.96
Labels, incl printing	2,757.57
Raw Coffee Beans	6,205.88
Shipping Supplies	617.81
Shipping to customers	6,643.19
Total Cost of Goods Sold	\$ 20,487.26
Gross Profit	\$ 26,695.75
Expenses	
Charitable Contributions	10,000.00
Dues & Subscriptions	195.00
Insurance - Liability	667.00
Marketing Expense	3,854.34
Other General and Admin Expenses	1,482.43
Promotional	941.91
Software	159.33
Total Expenses	\$ 17,300.01
Net Operating Income	\$ 9,395.74
Other Income	
Other Income	20.00
Total Other Income	\$ 20.00
Net Other Income	\$ 20.00
Net Income	\$ 9,415.74



# Nicaragua

In 2013, we introduced a coffee from Nicaragua, with the profits being used to fund education in Nicaragua. You may notice in our projects that Nicaragua is absent this year. Fund collected for use in Nicaragua will fund projects in 2014. We are currently finalizing our partner in Nicaragua and will begin funding projects soon. Keep an eye out for the announcement!

## 501c3 Status

As of this writing, our initial application with the IRS for 501c3 status has been denied. We are still pursuing other options as we feel their decision is not fully justified. However, we have begun filing and paying corporate taxes for years past. Without a 501c3 status, donations to Three Avocados are not tax deductible and Three Avocados will have to pay corporate income tax as a C-Corp.

This does not change the status of Three Avocados as a non-profit organization, though, as 'non-profit' is defined at the state level during the incorporation process. Our original Articles of Incorporation remain intact and valid. As such, there are no shareholders, the organization cannot be bought or sold, no officer or director can take any profit from the organization, and, upon dissolution of the organization, any assets must be transferred to another non-profit.

While we find the denial of the 501c3 status a disappointment, it does not change our conviction in Three Avocados being founded as a non-profit organization. The non-profit structure still provides ample mechanisms to ensure that the true purpose of the organization always remains to help the less fortunate. As always, 100% of the profits generated by Three Avocados will continue to be used to provide clean water and education.