Creating a Stronger Future for Specialty Coffee
The Importance of Quality

The true measure of quality is in the cup, yet the vast majority of farmers have never tasted their own coffee. Without knowing the quality of their coffee, more often than not, many farmers receive far less than the potential value and the specialty coffee industry is losing out on the quality coffees needed to sustain its growth.

A strong future requires we do a better job identifying and differentiating quality coffees at origin and that we reward producers for these efforts. It also requires a commitment to quality that goes beyond words, one that is evident in the cup and one that will keep consumers coming back for more.

Because only quality is sustainable.
The Coffee Quality Institute (CQI) is dedicated to improving the quality of coffee and the lives of the people who produce it. CQI is a non-profit 501(c)3 organization.
CANADA
Q Graders | 1

MEXICO
Q Graders | 22

GUATEMALA
ICP | Asociación Nacional Del Café (Anacafe)
Q Graders | 16

EL SALVADOR
ICP | The Salvadoran Coffee Council
Q Graders | 33

COSTA RICA
ICP | Specialty Coffee Association of Costa Rica (SCACR)
Q Graders | 26

PANAMA
ICP | Federación Nacional de Cafeteros de Colombia
Q Graders | 89

UNITED STATES
Q Graders | 42

HONDURAS
ICP | Honduras Coffee Exporters Association (ADECAFEH)
Q Graders | 5

NICARAGUA
ICP | Asociación de Cafés Especiales de Nicaragua (ACEN)
Q Graders | 1

ETHIOPIA
ICP | Ethiopian Coffee Exporter’s Association
Q Graders | 25

BRAZIL
Q Graders | 8

KENYA
ICP | Coffee Board of Kenya (CBK)
Q Graders | 18

JAPAN
Q Graders | 58

TAIWAN
Q Graders | 1
The Significance of Our Work

We are the industry’s largest training and technical assistance provider. Through our work, we have helped tens of thousands of individuals along the coffee value chain to improve quality. We’ve taught thousands of people how to taste their coffee and identify quality. We developed the industry’s only professional accreditation program for coffee cuppers. We’ve worked in twenty-three countries and have partnerships with over twenty organizations that help us implement our work. We are building institutional capacity in coffee producing countries to raise the value and volume of quality coffee production. We are the only organization in the world doing the work to measure and standardize quality, creating a viable method of improving producer income.
The Success of Our Approach

We use the best of the best, drawing on individual expertise represented in our own industry. This approach is effective and brings us closer, fostering lasting business relationships.

Everything we do is replicable. We transfer knowledge so that the people receiving assistance can go on to teach others. Our work has a multiplying and lasting effect.

We find synergies. As a neutral third-party, we craft collaborative solutions that serve the entire industry and direct our development efforts in a way that benefits the greatest number of people.

MORE THAN 100 PEOPLE HAVE SHOWN THEIR COMMITMENT TO OUR MISSION, LOGGING 34,241 VOLUNTEER HOURS.
We owe much of our success to our Coffee Corps volunteers. Thank you!
The Coffee Quality Institute is the industry’s response to a need for a consolidated and consistent effort at developing origin countries. Through CQI, we as an industry have the opportunity to truly move the needle in terms of improving the lives of coffee producers.

- Ric Rhinehart, Executive Director, Specialty Coffee Association of America.
Making It Happen…the Q

The Q is an internationally recognized system for grading quality, defining the standards, business systems, and protocols that will lead to a more sustainable future for our industry.
This system works within the existing structure to identify quality coffees early and create value throughout the supply chain.
How Q Supports the Industry

More Efficient Sourcing | The Q is a common language for quality, providing valuable feedback to producers and serving to effectively identify and differentiate coffees. Using a picture to convey flavor profiles, samples are sent and cupped more selectively saving everyone time and money.

Making Quality Claims Credible | The Q is an independent, third party analysis of quality, serving as the industry’s only certification for quality. The Q puts meaning back into the word quality and gives roasters and retailers a simple and understandable method of communicating quality to its customers.
An independent, third party verification of cup quality producing a certificate that buyer’s can trust.
Building the Infrastructure

Q Grading System | An independent analysis of cup quality.

Licensed Q Graders | At the backbone of the Q Grading System, are Licensed Q Graders, professionally accredited cuppers.

Q Coffees | Coffees that meet a minimum threshold for quality that can then be sold and promoted as Q.
How It Works

- 1 -
Owner submits a sample to CQI or one of our in-country partners

- 2 -
Three Licensed Q Graders evaluate the sample

- 3 -
Scores are averaged and compiled into a Q Certificate or Technical Report

Details can be found at http://www.coffeeinstitute.org/q_grading_services.asp
A Circle of Sustainability

While this year’s efforts have been focused on the Q, we recognize the ongoing need for quality improvements at the farm and mill levels as well as for reinvestment in coffee communities. To complete the circle of sustainability, we’ve developed and manage two additionally important programs:

**Coffee Corps** | A volunteer-based program providing training and technical assistance at origin.

**Women in Coffee Leadership Program** | Understanding that women play an integral role in building strong coffee communities, this program is designed to develop a network of leaders who can manage reinvestment initiatives at origin.
## Financial Overview

### Support and revenues

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-kind and volunteers contributions</td>
<td>$1,104,629</td>
<td>$2,916,310</td>
<td>656,471</td>
<td>1,047,387</td>
</tr>
<tr>
<td>Other contributions, grants &amp; support</td>
<td>562,797</td>
<td>1,231,598</td>
<td>2,026,441</td>
<td>1,769,479</td>
</tr>
<tr>
<td>Other income</td>
<td>108,818</td>
<td>23</td>
<td>308</td>
<td>814</td>
</tr>
<tr>
<td><strong>Total support and revenues</strong></td>
<td><strong>1,776,244</strong></td>
<td><strong>4,147,931</strong></td>
<td><strong>2,683,220</strong></td>
<td><strong>2,817,680</strong></td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program and project expenses</td>
<td>1,502,754</td>
<td>3,958,882</td>
<td>2,389,838</td>
<td>2,483,425</td>
</tr>
<tr>
<td>Administrative and general expenses</td>
<td>391,730</td>
<td>206,389</td>
<td>286,273</td>
<td>272,569</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>1,894,484</strong></td>
<td><strong>4,165,271</strong></td>
<td><strong>2,676,111</strong></td>
<td><strong>2,755,994</strong></td>
</tr>
</tbody>
</table>

### Summary of Net Assets

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets, beginning</td>
<td>304,030</td>
<td>321,370</td>
<td>314,261</td>
<td>252,575</td>
</tr>
<tr>
<td>Net assets, ending</td>
<td>198,921</td>
<td>304,030</td>
<td>321,270</td>
<td>314,261</td>
</tr>
<tr>
<td><strong>Increase in net assets</strong></td>
<td><strong>(105,109)</strong></td>
<td><strong>(17,340)</strong></td>
<td><strong>7,109</strong></td>
<td><strong>61,686</strong></td>
</tr>
</tbody>
</table>

Portion of every dollar in support and revenues directly supporting programs

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$0.85</td>
<td>$0.95</td>
<td>$0.89</td>
<td>$0.88</td>
</tr>
</tbody>
</table>

---

The Coffee Quality Institute is a non-profit 501(c)3 organization. All contributions are tax deductible to the extent allowable by law.
The Coffee Quality Institute would like to thank its sponsors for the 2007 Annual Luncheon.

Gold Sponsor
Anonymous ~ Friend of the Coffee Quality Institute

Silver Sponsors

Bronze Sponsors

Table Sponsors
Anacafé • Atlas Coffee Importers, LLC • Boot Coffee Consulting & Training • Boyd Coffee Company • CoffeeNetwork Condor Coffee Exporters • Deli-Café • Illy Caffe USA • Harry Kangis • List & Beisler • Mercon Coffee Group Affiliated Companies National Federation of Coffee Growers of Colombia • Nespresso USA • NuTrade • Paragon Coffee Trading Company Past Chairmen • PBideas • Peerless Coffee & Tea Company • Peet’s Coffee & Tea • Probat Burns Margaret Swallow • Unex Guatemala S.A. • CQI Staff

The Coffee Quality Institute would also like to thank the Bunn-O-Matic Corporation for their continued support.
“As an early sponsor, Curtis has been privileged to work with the Coffee Quality Institute, an organization dedicated not only to the increased excellence of coffee worldwide, but to the betterment of the lives of the people who produce it.”

- Kevin Curtis
Board of Trustees

Ellen Jordan Reidy, Chairperson, America’s Food Technologies, Inc.
Harry Kangis, Vice Chairman, Millstone Coffee, Inc. (Retired)
Herbert De Sola, Vice Chairman, Unex Guatemala, S.A.
David Boyd, Secretary, Boyd Coffee Company
Paul Fisher, Eight O’Clock Coffee Company
Salim Janna, Exportadora de Café Condor, S.A.
Juan Esteban Orduz, Colombian Coffee Federation, Inc.
Eduardo Esteve, Agroindustrias Unidas de Mexico, S.A.
John Stiles, Integrated Coffee Technologies, Inc.
George Vukasin Sr., Peerless Coffee Company
Ellen Rogers, Dunkin’ Brands, Inc.
James ‘Roy’ Davis, Jr., S & D Coffee, Inc.
Colman Cuff, Starbucks Coffee Trading Company

Q Advisory Council

Bruce Mullins, Chair, Coffee Bean International
Adam Kline, Atlantic Specialty Coffee
Craig Holt, Atlas Coffee Importers
Hiroshi Ideriha, S. Ishimitsu & Co.
Jason Long, Café Imports
Rafael Hernandez, Café Terruno
Randy Layton, Boyd Coffee Company
Yoshikatsu Ideguchi, Kanematsu
Stephen Leach, Diedrich Coffee

Staff

Ted R. Lingle, Executive Director
David Roche, Chief Technical Director
Tracy Ging, Director of Marketing and Communications
Mike Pomerleau, CPA, Director of Finance
Joan Uphoff, Coffee Corps Volunteer Coordinator
"I joined CQI in 1998 and as its current Chairperson, I am more committed and encouraged than ever about the tremendously positive impact we’re having on the supply chain and how we’re touching individuals all along the way. It is my firm belief that the work we’re doing now creates the crucial underpinnings that will ensure a lasting supply of quality coffee for our industry.

- Ellen Jordan Reidy, Chairperson, CQI"
CQI thanks America’s Food Technologies, Inc. (AMFOTEK®) for sponsoring this annual report. AMFOTEK specializes in coffee and tea based beverage product development and manufacturing. For more information, please call 800-824-9092.