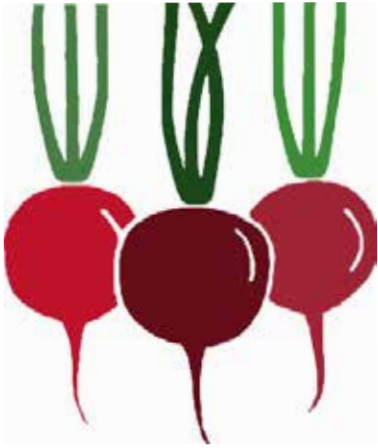


# Annual Report - Fiscal Year 2015



## REAL PICKLES

Naturally Fermented & Raw

**Co-op: Year Two in Review!** Welcome to the second Annual Report for Real Pickles Cooperative! We hope you enjoy these highlights of our work for the fiscal year ending March 31, 2015 (FY'15).

### What can a business do to build a strong local & regional food system?



**Source**  
locally & regionally!

**17 miles**

Avg distance of RP veggies Farm to Fermentation



**Sell**  
locally & regionally!

**131 miles**

Avg distance of RP product Fermentation to Fork



Photo: Candace Hope



Photo: K. Nicholas

### Our mission...

We are committed to promoting human and ecological health by providing people with delicious, nourishing food and by working toward a regional, organic food system.

## Product & supply...

farms, distribution, retailers

### Our region...



### Retailer profile: Cambridge Naturals

Cambridge, MA

Michael Kanter and Elizabeth Stagl have been selling high quality natural products at their store, Cambridge Naturals, since 1974. They are deeply committed to local, organic, fair trade, and community. For over a decade, they have featured Real Pickles products because of the health benefits and our commitment to regional, organic sourcing. They recently began an exciting process of passing the reins to the next generation: their daughter Emily and her husband Caleb. Michael serves on Real Pickles' advisory board where we benefit greatly from his wisdom and experience.



### Farmer profile: Atlas Farm Deerfield, MA

Atlas Farm has long had a reputation among the Real Pickles kitchen crew for delivering especially beautiful vegetables! Owned by Gideon Porth, Atlas Farm began supplying Real Pickles in 2004, and has grown to become one of our main suppliers of cabbage, cucumbers, Napa cabbage, and carrots. Farming on 85 acres in the Connecticut River Valley, Gideon is committed to "producing food in a way that will maintain biological diversity, support natural ecosystems, and keep the land productive for future generations".



**Good Food:** Our Organic Beet Kvass received national recognition this January along with 146 other products in 11 categories as "tasty, authentic and responsibly produced." The Good Food Awards recognize that truly good food is the kind that brings people together and builds strong, healthy communities. Hosted by chef Alice Waters, the ceremony was held in San Francisco and keynoted by renowned author Mark Bittman. Dan and Addie Rose received the award on behalf of Real Pickles and later hosted a get-together for our fellow winning pickle producers from across the country.



## Environmental impact...

energy & waste flow, efficiency & conservation

<b>95%</b>	<b>3%</b>	<b>2%</b>
composted	recycled	landfilled
60,200 lbs	1,700 lbs	1,200 lbs

Total Waste (FY 2015) = 63,100 lbs

**Waste report:** Excellent waste flow management is key to our commitment to minimizing environmental impact. We are proud to report that 95% of our waste was composted in FY'15, with only 2% going to landfill. Our compostables – cabbage cores, carrot tops – travel just 3 miles to Martin's Farm of Greenfield, MA. In business for 30 years, family-owned Martin's Farm turns local waste materials into top-quality compost approved for use on organic farms. It's gratifying to know that nearly all waste produced at Real Pickles is transformed into such an important agricultural resource for our local farmers and gardeners!

## Pickle folks...

staff culture, job creation, compensation

Worker-owner and staff education is an important piece of our strategic development here at Real Pickles. We know that by investing in our worker-owners' professional development and cultivating a staff that is knowledgeable and big-picture oriented, we are acting to secure our business and mission for the future.

At staff meeting, we annually run five different classes related to our co-op business and its mission. These classes are taught by worker-owners and are intended to provide an introduction for staff in their first year of employment as they consider ownership. The classes also help to remind and update current worker-owners on these important topics!

### Annual Staff Classes

- Real Pickles' Social Mission
- Co-op Finances
- Real Pickles' History
- Bylaws & Governance
- History of Cooperatives



## Rooted in community...

advocacy, engagement, building a new food system & economy

**Building the New Economy** As part of our mission to build a better food system and economy, Real Pickles continues to build public awareness about the social benefit of our new worker cooperative structure and the innovative community investment tool we used to fund our transition.

Our first anniversary as a co-op saw excellent press coverage on our transition and investment campaign. "Let's Make a Dill!" was the cover story in the Valley Advocate, and a great story ran on New England Public Radio. Even a story in Bloomberg Businessweek covered our direct public offering! (See our "News" webpage for links.)

In addition to our press, Kristin spoke at the VT Employee Ownership Conference, Dan spoke at the New Economy Coalition Conference in Boston, and we continued to give advice to organizations and businesses around the country exploring worker-ownership and community capital-raising.

**rCredits** Real Pickles continues to support the development of rCredits, an innovative new local currency system here in western Massachusetts. Working with the rCredits organizers, we devised a system for employees of member businesses to optionally receive a portion of their pay in local currency. In FY'15, over half of the Real Pickles staff received some of their pay in rCredits, totalling \$14,000! Those rCredits are then spent at local businesses, which also sell Real Pickles products, thus completing the currency circle! For more information on the rCredits mission, see: <http://commongoodfinance.org>.

### Raising Community Capital

Real Pickles hosted a highly successful public event on "Raising Community Capital for a New Economy" in June 2014. Our featured speaker was Jenny Kassin of Cutting Edge Capital in Oakland, CA, a pioneering attorney working to help small, mission-oriented businesses raise capital from their communities - including Real Pickles in 2013! We also brought together a dozen local food and farm entrepreneurs for a roundtable discussion with Jenny to explore using community financing to support their own mission-driven businesses.



U.S. Rep. Jim McGovern (right) and USDA Undersecretary Ed Avalos (left) visited our facility last August as part of a food system tour of Western MA.

**Sales report:** In the final week of our second fiscal year as a cooperative, Real Pickles surpassed a big threshold...\$1 million in annual sales! FY'15 ended with our total income at \$1,013,188. This represents a continuation of the double-digit, year-over-year sales growth that Real Pickles has experienced every year since its inception in 2001. Our volume sales increase for FY'15 was 18% over the previous 12-month period.

While sales climbed for most Real Pickles products in FY'15, it was increased demand for our kimchi that had the biggest impact on our overall sales growth. We sold over 50% more kimchi in FY'15 than in the previous year. Our two best-selling products have long been sauerkraut followed by dill pickles. With the recent surge in kimchi sales, we are now selling more kimchi than dill pickles for the first time ever. Looking ahead, we anticipate that demand for raw fermented vegetables will continue to grow, especially in natural foods stores (where our products are primarily sold). Even as we see more producers entering the market, we expect our sales will continue to grow, as well.

**Financial report:** FY'15 was a profitable year for Real Pickles, with net income at \$124,924, or 12% of sales. We're proud to have reached this level of profitability in our second year as a cooperative. At our May 2015 board of directors meeting, we decided to pay the target dividend of 4% on our preferred shares for FY'15. Our strong net income also contributed to excellent cash flow. Higher inventory levels were maintained in FY'15 (to support larger sales volume) without increasing our debt load, and we expect the same for FY'16. We continued to build our future financial capacity as a cooperative by allocating over half of our available net income to collective reserves, and by choosing to retain 75% of allocated patronage in the business. The retained patronage will be paid out to worker-owners down the road; until then, it represents the worker-owners' growing financial investment in Real Pickles Cooperative's future.



Andy washes carrots from Winter Moon Farm in Hadley, MA

## Our newest worker-owner: Heather Wernimont

“ My work at Real Pickles has felt meaningful and engaging since Day One. Now that I've become a worker-owner, I'm deepening my involvement in work I really care about, while also realizing my dream of becoming a small business owner. ”



## Our staff...

Back (L to R): Wylie Earp, Tamara McKerchie, Brendan Flannelly-King, Shannon Dry, Ben Walker, Ashlyn Bristle, Heather Wernimont, Dan Rosenberg, Kristin Howard, Craig King, Jr., Andy Van Assche, Addie Rose Holland, Aaron Falbel. Front: Annie Winkler, Gina Shvartsman, Rebecca Mokey, Heather Glista, Greg Nichols.

