

Annual Report - Fiscal Year 2016

REAL PICKLES

Naturally Fermented & Raw



Co-op: Year Three Welcome to the third Annual Report for Real Pickles Co-operative! We hope you enjoy these highlights of our work for the fiscal year ending March 31, 2016.

A Year in the Life of a Community Business: Partnering with the community to build a better food system

Growing Fermentation

With the help of 2 community loan funds, we're making room to annually ferment

97,000

pounds of additional organic vegetables from Northeast farms! (see page 2)



Community Service Learning

We're collaborating with engineering students from UMass Amherst to develop ergonomic kitchen techniques and equipment. (see page 3)



New Local Ingredient

This year, we partnered with Old Friends Farm to bring you our newest product - Organic Turmeric Kraut! (see page 2)

Committed to Community

We are proud to report that we directed

1.25% of total sales

to mission-aligned community organizations this year. (see page 3)

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

Farmer profile: Kitchen Garden Farm

Sunderland, MA

Owners Tim and Caroline are food lovers and culinary masters. They are passionate about quality and flavor, both of which come through in all of the vegetables they grow, including uncommon cultivars carefully selected for optimal flavor. Their produce can be found at farmers markets, natural foods stores and restaurants throughout the region. We're so fortunate to be able to ferment their top quality vegetables for our products!

Caroline Pam and Tim Wilcox.



New Product: Turmeric Kraut!

We've long enjoyed using local ginger in our products, grown by the innovative farmers at Old Friends Farm in Amherst, MA. This year we've partnered with them to bring you our newest product... Organic Turmeric Kraut! Valued for its warm flavor and health-supporting properties, organic turmeric - combined with black pepper - brings new life to a traditional kraut recipe. A big thank you to Old Friends Farm for their pioneering work in bringing this tropical spice to New England farming!



2016 Good Food Award winners in the pickle category. (Dan is third from the left)

Good Food

Our Organic Garlic Dill Pickles received national recognition this January as tasty, authentic and responsibly produced. Addie Rose and Dan attended the Good Food Awards ceremony in San Francisco to accept Real Pickles' 4th medal, which was presented by chef Alice Waters. A passionate keynote was delivered by Carlo Petrini, founder of the Slow Food International movement. We are proud to be recognized with this award, and loved this opportunity to get to know some of our fellow pickle makers from across the country!



Investing in the food system...

infrastructure & financing

Building capacity: In March, we secured a loan from the Cooperative Fund of New England (CFNE) and PVGrows Investment Fund to build a second floor in our warehouse so that we can ferment an additional 175 barrels of Northeast-grown, organic vegetables at a time! The loan will also support an office expansion and upgrade to a high-efficiency heating system for our kitchen and offices. We are excited to partner with CFNE and PVGrows on these projects. Both organizations manage funds that offer individuals an opportunity to invest in great causes: co-operatives and a vibrant local food system!

Investment opportunities:

CFNE Loan Fund:

http://www.cooperativefund.org/investor_info

PV Grows Investment Fund:

<http://www.pvgrows.net/loan-fund/>

Pickle folks...

staff culture, job creation, compensation

Workforce leadership: We received a Workforce Development Leadership Award from the Franklin Hampshire Regional Employment Board this year for our “public spirit, being visible and active in the community.” The award was the first to a worker co-operative! We’re honored to be recognized for our work creating meaningful jobs in our community.

Creating a healthy workplace: We’ve been working with mechanical and industrial engineering students from UMass Amherst to develop new production techniques and equipment. Such service learning collaborations provide exciting opportunities to create new appropriate technology that supports small- and mid-size producers. The goals also include reducing physical strain for kitchen staff and improving overall efficiency. These projects are a great way to provide students with real world experience, contributing to the work of building a better food system!



Photo credit: Jim Gipe 2016

Rooted in community...

advocacy, engagement, building a new food system & economy

Follow the pickle dollars... We paid out over \$1 million to operate Real Pickles Co-operative last year.

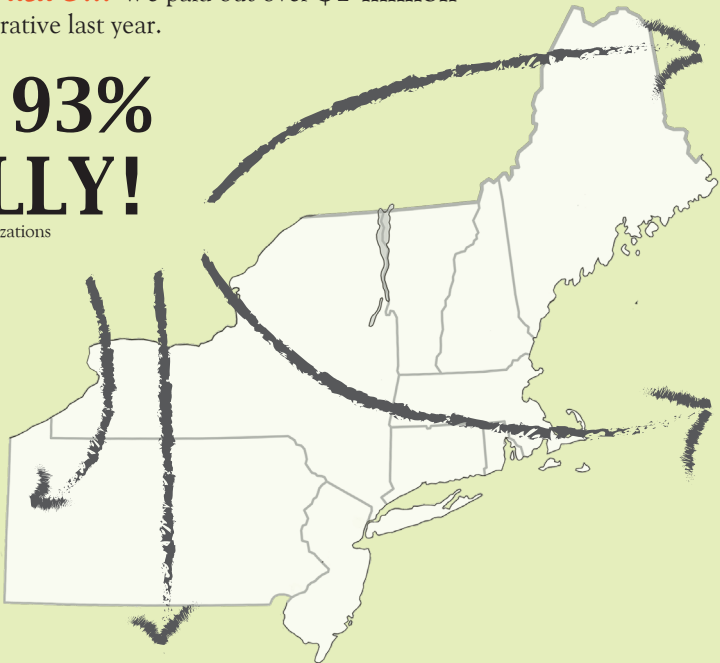
WE SPENT 93% REGIONALLY!

(paid to local/regional businesses and organizations and Real Pickles staff; excludes taxes)



Our Vendors!

Local, independent businesses, like Baker Office Supply in Greenfield, MA



Our Staff!
22 employees
8 worker owners



Our Farmers!

8 farms in Western MA & Southern VT



NEW ECONOMY
COALITION

Mission-aligned organizations!

1.25% of sales went to organizations in the form of charitable donations, sponsorships, food donations, and volunteer service

CISA
community
involved in sustaining
agriculture

NOFA
MASS

Northeast
Organic
Farming
Association



BFFs at BFF!

Fermentation Friends

Here's Addie Rose (right) at the Boston Fermentation Festival with our friendly fellow fermenters from Gracie's Garden, Hosta Hill, Micro Mama's, and Thirty Acre Farm. Fermentation festivals are sprouting up across the region in celebration of the vast possibilities in fermented food and ever-increasing public interest.

Sales report: We are pleased to report that we wrapped up our 2016 fiscal year with sales of over \$1.1 million, a 12% increase over the previous year and about \$40,000 above what we had projected. Our higher than expected sales are due in part to the strong launch in February of our Organic Turmeric Kraut, as well as significant sales growth for Organic Beets and Organic Garlic Kraut.

These results are particularly encouraging given the growing number of fermentation businesses in the marketplace with product lines similar to ours, ranging from small producers to nationally-distributed brands. Overall demand for fermented foods remains strong, and we're excited to see that our social mission of supporting local farms, regional food systems, co-operative economies and organic agriculture continues to resonate with consumers around the Northeast.



Felix Merkin, future employee and son of a past employee, enjoys an Organic Dill Pickle.

Financial report: FY'16 was another profitable year for Real Pickles, with net income at \$91,428 or 8% of sales.

In allocating our available FY'16 net income, we elected to keep over half in collective reserves to be permanently retained by the co-operative. The remaining net income was directed to worker-owners in the form of patronage dividends, with 75% retained for use by the co-operative. Our decisions to continue to build up our internal equity accounts (collective reserves and retained patronage) reflect the worker-owners' commitment to invest in the future of Real Pickles, thereby creating opportunities to pursue such goals as investing in facility infrastructure for expanded fermentation capacity, developing ergonomic production equipment, and paying living wages and benefits to our fantastic staff!

We agreed at our May board of directors meeting to pay the 4% target dividend to our preferred shareholders for FY'16. We are ever grateful to our investors for their role in Real Pickles' successful 2013 transition to a worker co-operative. The annual dividend represents the financial portion of the return on their investments. This annual report aims to provide highlights of the many social returns!

Our owners...

(L to R): Kristin Howard, Tamara McKerchie, Andy Van Assche, Brendan Flannelly-King, Heather Wernimont, Annie Winkler, Dan Rosenberg, Addie Rose Holland



Worker-owner: Tamara McKerchie

“ I love being a worker-owner at Real Pickles because it offers me the opportunity to further cultivate a mission I believe in. Having a voice in decision-making for the business is empowering, and allows me to deepen my connection to my workplace community. ”

