

RSFquarterly

WWW.RSFSOCIALFINANCE.ORG

1002 O'Reilly Avenue
San Francisco, CA 94129
415.561.3900



Harvesting corn on the farm at the
Summerfield Waldorf School, an RSF borrower.

Photo credit: Miguel Salmerón

「how do you feed
a movement?」

► IN THIS ISSUE

2 LETTER FROM DON

3 Insights from joel solomon

ENTREPRENEUR-IN-RESIDENCE
JOEL SOLOMON SHARES HIS PERSONAL
STORY OF CHANGING THE WAY THE
WORLD WORKS WITH MONEY

4 food hubs

NAOMI STARKMAN DISCUSSES
EFFORTS IN THE SUSTAINABLE
AGRICULTURE COMMUNITY TO
BUILD A CRITICAL LINK BETWEEN
PRODUCERS AND CONSUMERS

6 feeding minds

HOW MEMBERS OF THE RSF
COMMUNITY ARE SECURING THE
FUTURE OF OUR FOOD SYSTEM
THROUGH EDUCATION

8 clients in conversation

JOHN ROULAC AND JESSICA ROLPH
DISH ABOUT SUPERFOODS AND THEIR
DUAL ROLES AS BOTH RSF INVESTORS
AND BORROWERS

INVESTING, LENDING, AND GIVING | INSPIRED BY THE WORK OF RUDOLF STEINER



FOOD & AGRICULTURE



EDUCATION & THE ARTS



ECOLOGICAL STEWARDSHIP



LETTER FROM DON

Making Choices in an Interdependent World

Dear Friends,

I hope this note finds you well!

These are intense times we're living in. It remains crystal clear to all of us at RSF that now is a moment when a significant shift is possible. How we invest, where we bank, what we buy at the store – millions of people are connecting the dots now, understanding at a deeper level that each decision has significant consequences in an interdependent world. I think each of us is asking ourselves more regularly, "Does this financial decision make me part of the problem or part of the solution?" And of course the answer is not always clear.

Food hubs are clearly part of the solution. In our Guest Essay, Naomi Starkman provides a report and clear outline of how food hubs are changing the way our food system operates, one community at a time. In addition to playing a critical role in food processing and distribution on a regional level, and supporting small family farmers, each food hub is also an important job creator.

Naomi tells us that a food hub, on average, creates 13 new high-quality jobs. Those are jobs at the food hub itself. But we also need to look at the positive cascade of job creation that happens when a food hub starts to gain traction in a local economy: their success can indirectly influence more jobs on the farms, at retail stores and restaurants that are focused on sustainable food, as well as at value-added product companies such as those that market local honey or local pickle relish.

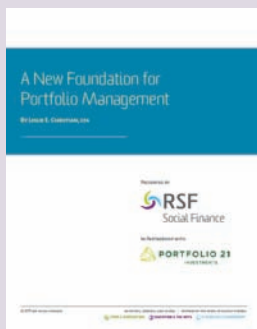
An important 2009 study from the Kauffman Foundation reports that a disproportionately high number of new jobs are created by small companies that are 2-5 years old. A majority of the 100+ existing food hubs fit into this category, and there are many more being formed as you read this newsletter. I can't think of a more potent symbol of what is needed today than a new form of company that is filling a critical niche role in building healthier, more diversified local economies based on sustainable agriculture and creating thousands of high-quality jobs at the same time.

Stay tuned to learn more about what RSF is doing to support the burgeoning local food and food hub movement. Please let me know if you are interested in working more closely with us in this area.

I also want to extend a hearty welcome to Joel Solomon, who introduces himself on the next page. Joel is one of the most important influencers in the field of social finance today, and we feel fortunate to have him working even more closely with us in the role of Entrepreneur-in-Residence!!

All the best to all of you,

Don



In partnership with Leslie Christian of Portfolio 21 Investments, we recently released *A New Foundation for Portfolio Management*. In this white paper, we offer new principles for creating an investment portfolio in a world of ecological limits and uncertainty. To read this paper, please download it from our website: <http://rsfsocialfinance.org/whitepaper2011>.

We'd love to hear what you make of this. Please send your feedback and questions to news@rsfsocialfinance.org. Consider this your "letter to the editor".



 **INSIGHTS**

Joel Solomon, Entrepreneur-in Residence

Interview with Marta Abel, Communications Program Assistant

Joel Solomon, RSF's Entrepreneur-in-Residence, was born in Tennessee and as a young adult inherited "a significant but modest sum of money" from family wealth in the shopping mall industry. As a young man, he studied biodynamic gardening at the Farallones Institute in Northern California. These biodynamic principles affected him deeply and influenced his work with money.

Marta: How did you come to know and be involved with RSF?

Joel: I first knew of RSF because of my connection with Rudolf Steiner and biodynamics. As I got involved in the emerging movements around what's now known as impact investing and strategic philanthropy, RSF increasingly became visible. Mark Finser and others kept showing up in the same networks with people who were open to these broader ideas about money and finance.

As the field developed, RSF held its deep core values as the root of its work. That gained my attention because there's a side of impact investing which says, "Okay, this is a new way to make money," and unfortunately the values can become almost secondary.

Marta: What was your path from working in the field to working in finance?

Joel: One of the biggest lessons from biodynamics was whole systems thinking: that complexity, diversity, and lifelong attention to the soil as well as to larger energetic elements are essential for a healthy ecosystem. Initially, I inherited \$50,000 and I learned, through a friend, about a couple of guys who had a rural farm institute in New Hampshire. They were attempting to prove that small family farms still mattered, and they had a test product for a non-profit to start making yogurt in a super-healthy way, selling in their local community. Their names were Gary Hirshberg and Samuel Kaymen, the founders of Stonyfield Farm Yogurt. I thought it was a great idea, and with \$25,000 I made my first investment.

They decided that the non-profit sector was not going to be the place they could have the biggest impact with

their yogurt business, and they asked me to consider converting the loan into an equity investment in their company. The rest is history as they say. I learned a lot from them and that small investment.

Marta: And you invested the other half of your inheritance in what is now known as Hollyhock. By investing all of your initial inheritance in ways that aligned with your values and vision, you were essentially pioneering whole portfolio activation. Can you say more about this?

Joel: The intention of whole portfolio activation is to look at your entire resource base, not just at your charitable money, not just at a little piece of risk money you're going to call impact investing. Every check you write, every investment, can be looked at as an expression of your values.

Marta: What are you currently working on as RSF's Entrepreneur-in-Residence?

Joel: More people are looking to ground their money in a natural systems approach, so this is an opportunity to introduce RSF, to let people know about the products that RSF offers, and the high-touch involvement and engagement they can have with their investments. Also, as RSF looks at developing its next era of products to reach a larger audience, and to move larger amounts of capital towards this very sophisticated and deeply meaningful long-term social impact, I can work with the team in the creation, design, and implementation of a robust set of products.

The whole concept is to attract hundreds of millions

> Continued on page 10



GUEST ESSAY

Food Hubs: Restoring Historical Practice

By Naomi Starkman

During the 20th century, centralized forces made a long-lasting impact on the U.S. food system. An economic and social structure of common markets supplying food produced by local farmers was slowly and steadily dismantled as food production, processing and distribution consolidated into corporate agri-business. These changes, on a national scale, created fundamental market barriers for small and midsize farms. Today, Detroit's Eastern Market, first established in 1891, is a revitalized food hub, returning to the historical practice of actively offering processing and aggregation support to small and midsize farmers, facilitating relationships between local producers and institutional buyers, and strengthening Michigan's regional food system. Its evolution says much about the history of our food system and a transformation currently taking place across the country.

From the coasts to the middle of the country, people are seeking new ways to change and sustain the food system. Nationwide, consumer demand for locally grown food is growing exponentially. The number of farmers' markets is skyrocketing, Community Supported Agriculture (CSA) programs are on the rise, and restaurants, retailers, schools, and other institutions are seeking to source locally. What else will it take to transform our food system into one that delivers healthy, sustainable, affordable food for all?

A key and often overlooked lever for capitalizing on this momentum is the infrastructure needed to help move food from where it is grown and processed to where it is consumed. Food hubs can help meet that need by offering key infrastructure support and facilitating market opportunities for smaller producers. "Food hubs are not a flash in the pan," USDA Deputy Secretary Kathleen Merrigan said recently. "They are incredibly innovative business models specifically addressing some

of our producers' most overwhelming challenges."

Across the country, food hubs are creating a direct connection between farmers and institutional customers, much like farmers' markets connect growers and consumers. They also provide a transformative opportunity for triple bottom line impact investing, by providing important growth opportunities for farmers, offering viable alternatives to large-scale consolidated markets and distribution, and revitalizing local economies. Food hubs realize an environmental outcome by

reducing food miles while their social outcomes are realized by delivering healthy, fresh, and often affordable food to the people who need it most.

"They are incredibly innovative business models specifically addressing some of our producers' most overwhelming challenges."

What is a Food Hub?

The USDA's working definition of a food hub

is "a centrally located facility with a business management structure facilitating the aggregation, storage, processing, distribution and/or marketing of locally/regionally produced food products." The USDA has identified over 100 existing food hubs and a preliminary sample survey reported that 75 percent are less than 10 years old, with large clusters appearing in the Midwest and Northeast. They offer organizational and production capacity across the supply chain to move local food into mainstream markets in an effective and cost efficient manner.

Food hubs facilitate market access for producers who sell to retail or wholesale market outlets that would otherwise be less accessible due to scale or location. They can provide wholesale and retail vending space and offer space for health and social service programs, community kitchens, and community meetings. Food hubs also play an important social equity role by increasing access to fresh, healthful, and local products in communities underserved by full-service food retail outlets. Over 40 percent of existing food hubs are specifically working in food deserts.

Average food hub sales are nearly \$1 million annually; the median number of small and midsize suppliers served by an individual food hub is 40, and, on average, each food hub creates 13 jobs.

Non-profit Driven Models

USDA data shows that nearly a third of food hubs are non-profit driven. Successful non-profit food hubs include California's ALBA Organics, Vermont's Intervale Center, Massachusetts' Red Tomato, and Pennsylvania's Common Market Philadelphia (CMP), which is funded via RSF's Program Related Investing (PRI) Fund.

CMP is a values-driven wholesale consolidator and local food distributor in Philadelphia. They support regional farmers while making healthy, local food accessible at a wholesale level to Philadelphia schools, hospitals and other large institutional clients. "Common Market is actively changing the distribution system for local food by creating a much needed link between local farmers and the urban marketplace," said Taryn Goodman, Senior Manager, Impact Investing at RSF.

Producer/Entrepreneur Driven Models

Some food hubs are the result of savvy producers and business entrepreneurs, many of whom have years of experience working in the food system. Examples include Good Natured Family Farms in Kansas, Tuscarora Organic Growers in Pennsylvania, New North Florida Cooperative, and Blue Ridge Produce in Virginia.

Two entrepreneurs recently started the Blue Ridge Produce food hub, noting that only seven percent of Washington, DC's \$16 million produce market was sourced locally. They raised private investment capital to create efficient and high-value markets, provide training and technical assistance (including food safety certification) to Virginia's smaller farmers, while increasing community access to healthful local food.

Retail Driven Model

Based largely on the food cooperative model, some retail stores have used their facilities and combined consumer support to launch successful food hubs, such as Wedge's Coop Partners in Minnesota and Weavers Way Coop in Pennsylvania.

La Montañita Coop is a community-owned, consumer cooperative in New Mexico. In addition to retail stores, La Montañita runs a regional Coop Trade Food Shed Project. It creates wholesale market opportunities, providing product pick-up and distribution, supply delivery service, and refrigerated storage for local farmers and producers. La Montañita also runs

a Cooperative Distribution Center, a facility which provides 10,000 square feet of refrigerated, frozen and dry storage space, for local producers.

Consumer Driven Models

The Oklahoma Food Coop began as a small buying club in 2003 with 20 local producers. On its opening day, it did \$3,500 worth of sales. By last year, the Coop had \$70,000 in monthly sales and 3,000 members purchasing from 200 Oklahoma-based producers. The organization manages storage space, a warehouse, owns several trucks, and has inspired other similar businesses in Nebraska, Iowa, and Massachusetts.

"Hybrid" Market Models

Detroit's Eastern Market and New York's Syracuse Regional Farmers' Market are two good examples of how hybrid markets can expand into food hubs. The Syracuse Regional Farmers' Market combines wholesale/retail space where growers and other merchants sell fresh products to businesses and individual customers. Detroit's Eastern Market continues to thrive as it offers a range of tenant services, including aggregation, distribution, processing, and new market opportunities.

"Virtual" Food Hubs

Virtual food hubs can lower the costs of access to local foods for both producers and consumers by automating

> Continued on page 11

NAOMI STARKMAN

is a founder and editor of Civil Eats. She is a food policy consultant to Consumers Union and others. Naomi co-produces Kitchen Table Talks, a local food forum in San Francisco, is a board member of 18 Reasons, a non-profit connecting community through food, and is on the Circle of Friends Council for the Community Alliance with Family Farmers. She served as the Director of Communications & Policy at Slow Food Nation '08 and has worked as a media consultant at The New Yorker, Vanity Fair, GQ and WIRED magazines. Naomi works with various clients on food policy and advocacy and is an aspiring organic grower, having worked on several farms.



CASE STUDY

Educating for the Future of our Food System

By Jillian McCoy, Communications Associate

At RSF, transformation is at the heart of our work. Lasting, high-impact solutions to our current social and ecological problems cannot be solved overnight. We constantly strive to expand our reach in working with innovative social and environmental entrepreneurs, educators, and activists. These leaders of today must make the way for the leaders for tomorrow. The health of deep, long-term solutions is dependent on passing the torch gracefully on to future generations.

Sustainable food and agriculture is a hot topic among people of all ages, but has become increasingly prevalent among a younger generation, which is calling for alternatives to big agri-business. Many members of the RSF community are attuned to this need, and are educating this next generation to change the face of food as we know it.

RSF recently made a new loan to the Summerfield Waldorf School & Farm which resides on a 32-acre campus in Sonoma County. Farming has always been an integral part of the school's operation. Not only was the founding community of parents deeply concerned with integrating land and natural systems into their

children's education, the land itself was purchased in an agreement with the Sonoma Land Trust, which required 16-acres of the property to be preserved for agricultural use. Today Summerfield is a thriving Demeter certified biodynamic farm.

Students learn farming and gardening practices from kindergarten through high school. All students spend time, weekly, working on different aspects of the farm. Each activity, rooted in stewardship of the land, brings the children closer to the natural world. In each of the grades, students are exposed to different aspects of farm work and these lessons are directly tied to classroom curriculum.

Through this experiential learning approach, students are connected to the land in learning a full spectrum of farming practices. They engage in the cultivation and harvest of crops, animal husbandry – the farm boasts sheep, cows, chickens, and rabbits – construction and maintenance of structures, and ultimately food preparation and processing – making cheese and butter from the cows they've milked, soaps and salves from the herbs they've grown, and preparing full feasts from the food they've harvested.

While the students directly contribute to farm operations through their study, a large portion of the work is led by a farm manager, an apprentice, and The Farm Guild – a group of parents, teachers, and volunteers who work on the land during the growing season, and convene a study group of Steiner's agricultural lectures during the off-season.

All of this work results in a regular, diverse, robust year-round harvest. Most of the produce is sold to the community through a CSA and weekly farm stand. Increasingly more produce is being incorporated directly into the school lunch program. The school



Students working in the garden at the Lakota Waldorf School.

Photo courtesy of the Lakota Waldorf School

also sells to local restaurants and the local Whole Foods. All proceeds from produce sales are returned to the school's general operating fund. While there is potential financial viability to the farming operation, the primary intention of the land remains as a gift and an educational resource for the students.

Recently retired farm manager, Perry Hart, led the pioneering effort to steward the land from a nearly bare plot to the robust farm it is today. He says that in 23 years of service there, his driving force was the children. "Coming out of the 1960's and the great social movements of the time, I was slightly disillusioned with my ability to drive change. It was in my time working at Summerfield, that I realized an amazing avenue for transformation. It's longer term and it is through the children – a good education that's rooted in a connection to the land is an incredibly powerful tool."

Taking this exposure to the land a step further, another RSF borrower and grantee, The Biodynamic Farming and Gardening Association, provides a rigorous educational program for aspiring farmers. The North American Biodynamic Apprenticeship Program combines two years of structured on-farm training and mentoring with a course of classroom study in biodynamics. In line with the increased recent interest in the sustainable food movement, the program reported record enrollment in 2011.

Program participants receive on-farm training at one or more of 30 mentor farms (US, Canada, Ecuador). In their first year, students are guided by a comprehensive skills checklist detailing over 100 skills in 9 categories – including plant cultivation and management, animal husbandry, and biodynamic preparations. In the second year, apprentices design and carry out their own independent project on one of the same farms. All along the way, students work closely with experienced mentor farmers deeply skilled in the art of biodynamics.

In addition to hands-on education, building a community of leaders is equally important in supporting the growth of these practices. Last year, the BDA launched a new project to create greater opportunities for engagement among the next generation inspired by biodynamics. The Biodynamic Initiative for the Next Generation (BING), brings these leaders together through regional and national events, local meet-ups, an e-newsletter, and a forthcoming social network platform. According to Robert Karp, Executive Director of the BDA, biodynamic farming addresses the need many young people are feeling to integrate spiritual, social and ecological ideals into their vocation. "The earth is in crisis; our whole culture needs healing and transformation. We need to do everything we can to



Apprentices in the NABDAP program receive a range of hands-on training working on biodynamic farms.

Photo courtesy of the Pfeiffer Center

help the next generation rise to this occasion."

While the inherent benefits of biodynamics are clear, we should not ignore pioneering educational efforts going on in other areas of the community. At the Lakota Waldorf School, a small organic gardening program is enriching the lives of children in the heart of the Pine Ridge Indian Reservation in South Dakota. In this community, there lies a strong need for nutrition education. Here, residents are struggling against disproportionately high rates of diabetes, heart disease, and obesity. Poor diet, lack of exercise, and limited access to fresh produce all contribute to this epidemic. In a land where at one time residents were entirely dependent and thriving on a healthy diet of native plants and lean meats, the need for improved nutrition and a reconnection to this land is urgently needed.

In 2010, the Lakota Waldorf School received a grant from the RSF Seed Fund to support the establishment of an organic school garden. The program was designed to incorporate the fundamentals of food growing and preparation into the early childhood curriculum. Together parents, students and teachers work to steward the land and share the harvest. As with the students at the Summerfield Waldorf School, the garden provides a strong curriculum for students to experientially learn about healthy eating habits and to engage with the natural world. The intention is that as the garden grows, students will develop a deeper understanding of ecological systems and their role in protecting the land.

The garden leadership has acknowledged that it will take several years to get the land to a place to produce regular successful harvests. The long-term plan is to plant a range of climactically appropriate complementary crops, traditionally cultivated by Native Americans. In community with teachers and parent volunteers, students will participate in the full cycle of food production: sowing seeds, transplanting seedlings, cultivating and maintaining crops, harvesting, and food preparation and preservation.



CLIENTS IN CONVERSATION

Jessica Rolph and John Roulac

Interview with Mark Herrera,
Client Development Manager

RSF borrowers HappyBaby and Nutiva are both rapidly growing natural foods companies. We thought it would be great to hear from their respective leadership, Jessica Rolph and John Roulac, who are also investors in the RSF Social Investment Fund (SIF). Mark Herrera, RSF Client Development Manager, recently sat down with them to discuss their work and their dual roles as investor-borrowers.

Mark: First, I want to ask you both about superfoods. Can you define what constitutes a superfood and how your company determines that?

John: Super is a relative term. But generally, the practical definition is a food that is very nutrient-dense. Iceberg lettuce would be on one end of the spectrum of having nominal nutritional density, whereas, coconuts or chia seeds would be on the other in terms of being rich in particular important qualities, whether it's antioxidants, healthy fatty acids, etc.

Jessica: To John's definition, these are very nutrient-dense and they're also high in antioxidants. On a pound-per-pound basis you're going to get a lot of micronutrients from a real variety of fruits and vegetables.

Mark: Can you say more about specific superfoods that are part of your product mix?

John: Our three main superfoods are hemp, coconut, and chia. Our newest is chia, which is an ancient food that was native to the Aztec people that seemed to have disappeared until the past couple of years. It's very rich in omega-3; more so than any plant source. It has the rare ability to absorb nine times its weight in water, so it's very beneficial as a soft fiber source that's excellent for people's health.

Jessica: One of the wonderful things that our two brands have in common is that we also use a strain of chia, which is Salba. We use it in our HappyTot products. On a pound-per-pound basis it has more calcium than whole milk, more magnesium than broccoli, and more omega-3 than salmon. It also has great fiber—more than flax—and more antioxidants than blueberries.

John: I got involved with hemp before chia and coconut because it was a plant that I really wanted to see commercialized for environmental reasons—as a fiber substitute for cutting trees and a sustainable yield in rotation with other crops. Then I added coconut. At the time, a lot of people were asking me, “Where do you get this good coconut oil that you're using?” I sensed the market opportunity; it was a product that was hard to obtain and needed some championing.

Chia was similar. It was hard to find organic chia at a good price. We came in and shifted the market dynamics, so that more of the chia now being sold is organic and at a better price point because of what we're doing.

The other thing that ties our three products together, hemp, coconut and chia, is that all three have been essentially attacked, ignored, or demonized by economic and political forces during some period of time in their history. Coconut has 5,000+ years of use. I always laugh when the dairy industry says, “You can't call a non-dairy product milk.” I think they were producing coconut milk before they were making cow's milk. I don't know if that counts in the hallways of the FDA though.

Mark: So in a way your businesses have introduced game changers. Is that fair to say?

Jessica: Yes. Our foods that incorporate the supergrain have been really driving a lot of our growth. We find that even if parents don't know the whole history of a specific superfood, they really identify with the nutritional benefits and they really want to incorporate it into their toddlers' diets.

Mark: You both have gotten a lot of great press and recognition lately. Can you tell us more about your

strategy for branding and company growth, while retaining your core values and your mission?

Jessica: I would say it's interrelated because our mission and our vision are to change the way that infants, toddlers and children are fed in this country. We work to address some of the issues that plague our country, like obesity and the lack of nutrient dense foods in children's diets. So for us, scale is actually a really valuable thing. It means that we can get our mission and our vision out to the world; the bigger the better, in terms of being able to share and communicate what we care about, and make a difference in these children's lives.

We want to be accessible to families, not just to shoppers at the coop or the farmer's market, but also places where people are in stores everyday buying their groceries.

We want to make sure that kids are getting the taste of real fruits, vegetables and whole grains in their diets early on so that they develop a lifelong preference for good foods. We think that taste buds are determined in the very earliest stages of life. The more you can incorporate whole foods into their diets, the bigger difference you can make.

Mark: Then you have to take even greater care with the brand when you are growing and are more visible than when you're smaller and less well known?

John: Exactly. At Nutiva, our core mission is nourishing people and the planet. We work to do that in a variety of ways. One of the things we're probably most proud of is that we donate one percent of our sales to non-profit groups promoting sustainable agriculture.

The recipients range from those working to help to grow industrial hemp in America and putting on events and educating people, to planting fruit trees in disadvantaged areas throughout California, to sponsorships like Bioneers and other organic farming conferences.

Mark: How do you keep that community engagement and leadership when this world has more and more choices in healthy organic foods?

John: We directly engage with our customers. We have the Nutiva recipe club, where we request for people to share their recipes. We've received over 100 very high quality recipes which we then post on Facebook. We're going to start turning that into a Facebook app and contest shortly. We sell solutions, not products. And we look at the people who buy our products, not necessarily just as our customers, but more as our fans and our community.

Jessica: Our brand loyalty comes from the authenticity and purity of our food and the innovation that we continue to drive in the industry. We also have 50 moms who work for us across the country and are involved in their local communities. It's a great program for parents who want to be working, but who do not want to pay for childcare or leave their children behind and go to an office. We work with these parents to get out in the community and they get involved with events

> Continued on page 10

JESSICA CROLICK ROLPH


is Founding Partner and COO of HAPPYFAMILY. Jessica's career includes working for the greater good in non-profits and government. She was a member of the Full Circle Fund, a Bay Area philanthropic organization, and worked with Lance Armstrong's business agent to develop the concept for a Lance Armstrong branded food line. Jessica also worked onsite at the national office of Whole Foods Market in Austin, Texas. She has served as a member of the RSF Board of Trustees since 2006. Jessica was awarded the Park Leadership Fellowship, to Cornell University's Johnson School of Business, and received her MBA from Cornell in 2004. Jessica lives in Boise, Idaho with her husband Decker and welcomed their first HAPPYBABY, Leland, in 2010.

JOHN ROULAC

is Founder and CEO of Nutiva. From the age of three, John was blessed to spend his summers playing among the tide pools and forests of the Pacific Northwest. When a truck driver dumped nuclear waste nine miles from the Roulac home, John began his central life journey—to study natural systems and discover practical solutions to pressing environmental challenges. John has been a passionate advocate of holistic living for more than twenty years, working in the areas of whole foods, natural healing, organic farming, forestry, water and energy conservation, recycling and composting, and hemp agriculture. Founding Nutiva was a natural extension of John's dream of a society that places people above profits.

“Joel Solomon, Entrepreneur-in Residence”
continued from page 3


of more dollars towards this very important set of principles about how money is used in the world, what its real meaning is, and what its relationship is to the holder of wealth and to the people that it impacts. It's really about realigning with natural systems in a healthy way. And if we just use that principle, and we

look to people like Rudolf Steiner and others to learn how to build out the human infrastructure part of that, then future generations have a chance to enjoy what we're enjoying on the planet. 

> “Educating for the Future of Our Food System”
continued from page 7

This project is helping to prepare the next generation of Lakota children to sustain a revitalized, healthy food system on a number of levels. It addresses a breadth of socioeconomic and health challenges using awareness and action to improve health outcomes, strengthen the curriculum and school program, and perhaps, most importantly, renew the cultural legacy of the Lakota children.

At RSF, we value the correlation between quality

of food, agricultural practice and the cultivation of a human connection with natural processes. In educating the next generation, this work strengthens the direct connection between understanding and managing food growth and the increased capacity to lead resilient communities of the future. 


> “Clients In Conversation”
continued from page 9

like Stroller Strides and local parenting groups. They do local taste tests and are involved in fairs and other community events.

Mark: Both of you are unique, in that you're both part of the RSF borrower community, and you're also both SIF investors. I was wondering if you could talk a little bit about what that means to you.

John: I've been a big fan of RSF and have watched the organization grow over the last ten years or so. When I heard RSF had a program for helping entrepreneurs build a company, I was excited. It's been a very good partnership. Nutiva would not have been able to grow as fast as we have without RSF's partnership and support. So, we take seriously the faith that RSF has demonstrated in funding us and we're very appreciative.

Jessica: We have found that our relationship with RSF has been so vital to our business. It's a unique opportunity to align the capital structure of our business with our values. Prior to working with RSF we were working with a more traditional, factoring banking relationship and it was effective, but there wasn't that transparency, that connection that working with RSF offers.

Once I discovered the organization I was really excited to be involved. I realized that the lending dollars are actually made up of individuals like myself, John, and other people who really believe in the organization and want to further good in the world. Those funds that I'm investing in an RSF account are loaned to additional companies and further the work that RSF does. So it's a beautiful full circle experience to be both a borrower and an investor. 

> “Food Hubs: Restoring Historical Practice”
continued from page 5

the sales process. Internet-based food hubs offer the advantage that both producers and customers can carry out a transaction at any time. With the growth in Web based services, examples include Locally Grown, Local Dirt, Local Orbit, and Market Maker.

Last year, Portland Oregon’s Ecotrust launched Food-Hub, a farm-to-table online matchmaking service, which has grown to more than 2,000 users. In addition to farmers, the service provides connections for livestock producers, fisherman, and vintners to sell wholesale. Food-Hub has received over \$250,000 in USDA support and Deborah Kane, Ecotrust’s Vice President for Food and Farms, has been recognized as a “Champion of Change” by the White House for successfully creating infrastructure support for local farmers to expand their market opportunities.

Investment Opportunities

In order to build a successful food hub, start-up capital is often needed to renovate facilities for aggregation, storage, packing, light processing, and distribution. In addition, working capital is necessary for business management systems to coordinate supply chain logistics. Financial support is also needed for enterprise development training and technical assistance to increase grower capacity to meet wholesale buyer requirements.

“As with any infrastructure-heavy project, a food hub will likely require several different forms of capital to launch successfully,” said Elizabeth Ü, Founder and Executive Director of Finance for Food, and author of the forthcoming book, *Finance for Food: A Sustainable Food Entrepreneur’s Guide to Raising Mission-Aligned Capital*. Ü noted that a food hub might need to structure a variety of points of entry to appeal to potential investors, who may have different risk tolerances, time horizons, and investment amounts.

“A little creativity can go a long way; in addition to USDA grants and traditional loans, there are several innovative investment models that food entrepreneurs are using to raise capital, including revenue-sharing agreements, advance sales, and crowdfunding,” she said. “The challenge is finding a good fit between investment terms and the values of both the food hub management and each investor.”

The USDA sees food hubs as ripe investment opportunities and is currently funding nearly 30 percent of the food hubs it surveyed. Preliminary analysis shows that food hubs have great economic potential and are a sound investment. The USDA is preparing a more comprehensive resource guide for food hubs to be released later this year. The guide will feature a mix of government and non-government resources available for food hub development.

For now, according to those most closely following the development of food hubs, it’s too early to speculate as to whether they are financially viable over the long run, but many see them as a social investment in a unique, alternative business model. “As a social enterprise, food hubs are critical and an integral part of our social investment,” said Jim Slama, Founder and President of Family Farmed, a non-profit dedicated to expanding the production, marketing, and distribution of locally grown food. “The movement’s got the talent to take something old and make it new again.”

Food hubs are an emerging business concept in current local food system investment strategies and they are gaining significant traction very quickly. Cities like Los Angeles and Baltimore are investigating how to weave food hub development into their strategic food policy plans. New York State recently passed legislation to enhance distribution of local foods to the state’s institutional buyers using food hub models. A recent meeting of the Sustainable Agriculture and Food Systems Funders that featured a dedicated panel on food hub development attracted a packed house. In each situation, both private and public funders are eagerly exploring how food hubs as business models can have broad economic and social impacts. As food hubs continue to grow and serve wholesale and institutional markets across the country, so will their ability to build stronger regional food systems.

For more information, review the work of the National Food Hub Collaboration at www.wallacecenter.org. 

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San Francisco, CA
www.slowmoney.org

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10/30/11-11/2/11
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<https://se-alliance.org/annual-summit>

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San Rafael, CA
www.bioneers.org

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11/3/11-11/6/11
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Investors' Circle Fall (sponsor)

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Philadelphia, PA
www.investorscircle.net

Opportunity Green Business Conference

11/10/11-11/11/11
Los Angeles, CA
<http://www.opportunitygreen.com/>


Social Venture Network Fall Conference

10/27/11-10/30/11
Philadelphia, PA
www.svn.org


Green Festival

11/12/11-11/13/11
San Francisco, CA
<http://www.greenfestivals.org/sf/updates/>

WHAT'S AHEAD

The next *RSF Quarterly* theme is Education & the Arts and it will be published in January 2012. We like hearing from you! Send any comments on this issue or ideas for the next to jillian.mccoy@rsfsocialfinance.org, call 415.561.6156 or  Find us on Facebook

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