The Common Market
Social Impact Prospectus

An Invitation for Investment in Social Impact for Local and Regional Food Systems
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Overview

“Together, we can build health and wealth in urban and rural communities through strong regional food systems.”

This is a formal invitation for social investment in The Common Market’s national expansion. This is a true impact investment opportunity where grants and nominal interest loans will support new food infrastructure connecting and benefiting rural family farms and urban communities. Long term, return on investment will come as social benefit through the creation of vibrant regional food systems where interdependent urban and rural communities thrive through relationships that build the health and wealth of all people.

Thank you for considering this investment and partnership.

A farm pick up at Haynes & Sons Farm in Cullman, AL
The Common Market Annual Sales

The Common Market’s expansion to new regions, extension from its existing hub, and deepening of existing relationships in the next 5 years will catalyze significant growth in local and sustainable food sales. Increased demand for good food will drive impact in health, environmental, economic, and social outcomes throughout diverse communities across the US.

Customer Base

More schools, hospitals, and other customers will make sustainable and local procurement a regular habit and priority.

- Anchor Institutions
- Other Buyers

Meal Equivalents Distributed

Greater number of healthy meals in schools, hospitals, and homes.

- 2018
- 2022

Sustainable Acres Supported

Acreage under sustainable production will increase as producers grow their operations and The Common Market brings on new farmers.

- 2018
- 2022

Farm Jobs Supported

Increasing local food sales creates jobs and improves rural communities and economies.

- 2018
- 2022

Earned Income vs. Grants

Earned income grows to cut organizational reliance on philanthropy in half.

- Earned Revenue
- Philanthropic Reliance

Social Impact Return on Investment
Investment Proposal at a Glance

The Common Market, a 501(c)3 nonprofit social enterprise seeks investment partners to support the growth of its model nationally. The organization projects the need for a capital investment of approximately $25M to facilitate replication of its regional food aggregation and distribution operations, bringing the total number of major metropolitan areas to 11 being served by 5 regional hubs (bolded). This will include: New York, Philadelphia, Baltimore, Washington, DC, Atlanta, Birmingham, Houston, Dallas, San Antonio, Chicago, and potentially Miami.

The proposed mix of capital requested for the above expansion work over five years is 75% or more in grants and 25% or less in fixed rate, low interest loans or Program Related Investments (PRI).

We aim to achieve a) improved health outcomes for all communities served by our distribution networks; b) expanded regional economic opportunity within regional food system enterprises along a more transparent and fair value chain; c) increased economic viability of sustainable agriculture in small and mid-sized agricultural operations across the country; and d) increased adoption of environmentally sustainable agricultural practices among farmers.

### Proposed Uses of Growth Capital (Over Five Years):

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
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<tr>
<td>Program Support</td>
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<td>Operating Reserve Fund</td>
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<tr>
<td>Facilities Acquisitions</td>
<td>$4,945,000</td>
</tr>
<tr>
<td>Trucks</td>
<td>$2,611,000</td>
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<td>Facilities Improvements</td>
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<td>Equipment</td>
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<tr>
<td><strong>Total Growth Capital Uses</strong></td>
<td><strong>$25,001,649</strong></td>
</tr>
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### Current Commitments and Funding Gap:

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Committed Grants (2018-2022)</td>
<td>$5,581,100</td>
</tr>
<tr>
<td>Grants Applied for Under Consideration</td>
<td>$2,400,000</td>
</tr>
<tr>
<td>Loans in Process (Facility and Truck)</td>
<td>$3,645,000</td>
</tr>
<tr>
<td><strong>Total Committed/Pipeline</strong></td>
<td><strong>$11,626,100</strong></td>
</tr>
<tr>
<td><strong>Total Growth Capital Gap</strong></td>
<td><strong>$13,375,549</strong></td>
</tr>
</tbody>
</table>

While our total growth capital need over five years is projected to be $25M, we have firm or tentative commitments for approximately $11.6M of that total or ~47%. Because loans for hard assets make up 31% of existing commitments, The Common Market is looking for a higher proportion of the remaining $13.4M in funds to be structured as grants.
Invitation for Social Investment

May 2018

Prospective partner,

Few sectors offer the opportunity for broad, intersectional systems impact as food. Whether focused on the achievement of vulnerable children, public health outcomes, immigration, regional economies, water quality, racial equity, land conservation, or climate change- a targeted investment in regional food systems holds the potential for advancement across many priority systems simultaneously. Through ten years of operations and leadership, The Common Market has modeled the potential of vibrant, values-driven regional food systems through our role as a nonprofit aggregator and distributor of good food. By bridging the needs of urban consumers and rural producers, we improve food security, farm viability, and community and ecological health.

We are delighted to invite you consider this unique opportunity to support a network of strong regional food systems through a social investment in The Common Market. After launching in Philadelphia to serve the Mid-Atlantic region and successfully piloting the replication of our work in Atlanta, we are poised to partner in the launch or extension of our model nationally. We plan to grow our model of impact to nearly all of the ten largest metropolitan regions over the next five years. To do so, we seek to raise approximately $25M in grants and nominal interest loans. Partners have already committed nearly half of that value in grants and loans, leaving a $13.4M gap.

We envision a nation composed of vibrant regional food systems- where interdependent urban and rural communities thrive through relationships that build the health and wealth of all people. This social investment prospectus outlines our strategy and ability to work toward this vision and the essential role that your investment plays in facilitating our work. Through nine and a half years, we have delivered more than $20 million in food to Mid-Atlantic and Atlanta Metro communities. This investment in our growth will enable us to surpass $92 million in cumulative sales within five years. We will be thrilled to count you as a partner and to measure the return on investment in our work through societal impact within communities touched by local foods.

Sincerely,

[Signatures]

Haile Johnston  Tatiana Garcia-Granados
Chief Development Officer  Chief Operating Officer
The Problem—Why We Need Just Food Systems

In recent years, there have been great advances in the availability of healthy, local, and sustainably grown foods: the number of farmers markets have skyrocketed across the country, Community Supported Agriculures became popular, natural foods stores saw rapid expansion, and farm to table restaurants have proliferated. Unfortunately, these outlets for healthier food have been mainly reserved for affluent communities and consumers who have the income, time, and lifestyle to purchase and use local foods. Low-income communities continue to lack access to the best, healthiest food. It remains a challenge for models of healthy food access to scale into large interventions that are sustainable and significant for vulnerable populations. While there have been attempts to improve local and healthy food access in low-income communities through retail, challenges remain to increasing local and healthy food in all outlets where communities eat, including their schools and largest employers such as hospitals and universities. Despite their great potential for serving meals to low-income individuals every day, these anchor institutions face barriers to purchasing local foods. Even though local farms are in close proximity to urban institutions, their food could not be further away from the plates of people who need it most.

The high prevalence of chronic, diet-related illnesses—including obesity, diabetes, hypertension, and heart disease—in the United States represents a public health crisis in our communities in dire need of a response. Like most large cities, the Philadelphia region is plagued by high rates of diet-related illnesses and by food insecurity. According to the Public Health Management Corporation in the five-county Philadelphia region, 35.1% of adults are overweight and 27.6%
are obese, while 15.3% of children are overweight and 18.1% are obese. Within Philadelphia, 16% of residents have diabetes and 37.5% have a high blood pressure—higher than the region’s respective rates of 12.4% and 31%.

This health crisis is the product of a number of factors, but is largely caused by widespread poor diets. The USDA and US Department of Health and Human Services recommends eating 5 servings of fruits and vegetables a day, but most American do not come close to this. A majority of adults (52.7%) and 46.1% of children in the Philadelphia region ate less than three servings of vegetables and fruits on a daily basis in 2012, which is well below the recommended five servings per day. Meanwhile, in a 2013 report, the National Center for Chronic Disease Prevention and Health Promotion showed that among adults in Georgia, 41.9% ate fruits less than once a day, and 23.2% ate vegetables less than once a day, while the median intake of fruits and vegetables was 1.0 and 1.6 respectively. Meanwhile, 43% of adolescents reported eating fruits and vegetables less than once a day, with median fruit and vegetable intake being once a day. If the rates of diet-related illnesses are to decline, we will need to increase the consumption of fruits and vegetables, and therefore increase the accessibility of fresh fruits and vegetables.

These numbers do not reflect people’s preferences for food alone; over the last several decades, healthy food has become less available in American communities, especially in low-income communities. One of the central reasons that healthy fresh food has become less available is that American agriculture has changed dramatically, becoming industrialized and focused on unhealthy commodity crops used for processed foods. Furthermore, the regional food systems connecting the products of family farms producing healthy foods and people in America’s rapidly growing urban areas have broken down during the same period of time. Over the past several decades, the social and physical infrastructure bridging rural producers and urban consumers has deteriorated. Companies that used to have relationships with the regional farmers went out of business, were bought by larger corporations, or scaled up their operations and had to procure food from larger, geographically dispersed food chains. With the decline of locally oriented distribution relationships, regional farmers had to stop farming or adapt to shifting markets and participate in less beneficial brokerage contracts, produce auctions, or commodity markets. Despite the advantage of proximity to market, small and mid-size farmers near cities have had to match the wholesale scale and low prices required by these larger, transnational food chains. Without the ability to negotiate the price of their food and with operational costs constantly rising, it became harder to stay in business as a farmer. The number of farms in the US has declined from 5.4 million in 1950 to just over 2 million today, while the average age of farmers—56 years old—indicates a lack of new farmers to take over the profession.

At the same time as sustainable family farms are struggling for success, institutions and other wholesale buyers of food are struggling to meet their customers’ growing desire for good food—food that is healthy, sustainably grown, fair to workers, and affordable. Today, most small and mid-sized wholesale-scale farms simply cannot efficiently get their product to market. While many families can purchase such food at weekly farmers’ markets, wholesale buyers have different needs and requirements than individuals when it comes to procuring foods. These obstacles between farmers and would-be wholesale purchasers are hurting both groups and the region at large. Land and agricultural heritage are threatened, and the freshest and healthiest food is unavailable to the people who would most benefit from it.

It was within this complex web of problems that The Common Market was founded, and seeks to make a major difference for regions across the country.
The Common Market Model

Mission and Objectives

The Common Market is a 501(c)3 nonprofit local food distributor with a mission to connect communities with good food from sustainable family farms. The organization strives to improve food security, farm viability, and community and ecological health. The Common Market was founded to empower, strengthen and connect two vulnerable populations: low income communities and local family farmers. The vision for The Common Market arose from the collective desire of “local-food” and “food-access” advocates to affect the distribution constraints of locally grown food, simultaneously improving the viability of local farms and the food security of vulnerable urban communities.

Target Population

The primary population targeted by The Common Market’s work are urban low-income communities and communities where access to healthy fresh food is scarce, hunger is high, and diet-related diseases are prevalent—most often communities of color due to historical and ongoing structural racism in the US.
With equal emphasis, the secondary population impacted by The Common Market are small farmers and their rural communities that have been excluded from market opportunities and who are struggling to keep their farms viable. African American and other minority farmers have especially faced exclusion from market opportunities and discrimination from government agricultural agencies until very recently. The Common Market’s model creates a mutually beneficial link between rural and urban communities to help both thrive. Its approach to local food distribution is informed by the need to serve people of all incomes and backgrounds to reach large enough economies of scale to make local food affordable to the communities that have traditionally lacked access.

The Model

The Common Market works to scale regional food systems through efficient aggregation and distribution infrastructure that connects farmers to fair and transparent markets while democratizing the accessibility of good food for all people. It provides an efficient delivery system for local institutions and retailers to procure from multiple farms throughout each region in which it operates. Most small and mid-scale farms simply cannot efficiently or affordably get their products to large scale markets, let alone promote those items to the end consumer. Each chapter of The Common Market provides transportation services for small and sustainable farmers via a fleet of refrigerated trucks, and aggregates their products in its warehouse. Chefs and cafeteria managers from across a metropolitan area can order the region’s freshest foods from multiple farms—including vegetables, fruits, grains, beef, poultry, eggs, dairy and a number of value-added products—and receive it safely and reliably in one wholesale delivery with one invoice.

Customers include public and private schools, colleges and universities, hospitals,
retailers, food cooperatives, community based organizations, workplaces, restaurants and value-added producers. The Common Market serves a wide range of institutions, but deliberately seeks out relationships with those that serve low-income and vulnerable populations, whose constituents are most at risk for diet-related illness. The Common Market also runs the Common Market Farm Share, a direct farm-to-consumer program in which The Common Market delivers fresh farm food to workplaces, community centers, and places of worship. At these sites, Farm Share members pick up eight different types of fruits and vegetables as well as a dozen cage-free eggs, and can also buy shares of locally produced cheese, yogurt, chicken, and bread. Even during the winter, The Common Market runs the farm share, adding local value-added products from jams and flours to hothouse-grown and winter storage crops.

When The Common Market began in 2008, there were only a few organizations in the US that were involved in local and sustainable food distribution, and even fewer had missions to specifically provide better healthy food access to low-income, urban communities. Over time, The Common Market has developed its operations and programmatic activity to efficiently address the needs of farmers and consumers. From how it vets farmers to how it tracks inventory, the organization has developed systems that ensure the food safety and quality that wholesale customers require, especially institutional food service customers who have strict food safety standards. While hundreds of wholesale “food hubs” have popped up in the last 5 years, The Common Market is unique among them for its depth of relationships with institutions—the knowledge and systems that allow The Common Market to do so make it well positioned to serve institutions serving low-income communities. are leveraging its relationships with national food service companies to open up the largely untapped institutional market for small and mid-size farms.
National Expansion

The Common Market aims to increase access and consumption of healthy foods in low-income communities, support sustainable local farmers, and grow equitable regional economies across the country by replicating its model in other metropolitan areas. We will work with local and regional producers and partners engaged in food systems, who can work with TCM to hit the ground running instead of having to reinvent the wheel.

Importantly, TCM’s national strategy calls for centralizing all administrative functions of the chapters, allowing the local chapter staff to focus on their core functions of supply chain development, distribution operations, and customer outreach without having to manage accounting, payroll, or other functions for which TCM already has staff and systems in place. The organization’s experienced staff will support and monitor chapter operations to ensure the highest levels of food safety, food quality, and service to our farmers and customers.

TCM will leverage its relationships with national funders, lenders, and its outstanding balance sheet to acquire the capital assets needed for new operations, including warehouse space with cold storage and trucks. As new chapters launch, they will use TCM’s brand, national reputation, and existing relationships with institutional food service companies to accelerate the growth of sales.

TCM’s expansion and regional operations are in service of achieving the organization’s long term goal to build vibrant regional food systems where interdependent urban and rural communities thrive through relationships that build the health and wealth of all people. TCM works toward a) improved health outcomes for all communities served by its distribution networks; b) expanded regional economic opportunity within regional food system enterprises along a more transparent and fair value chain; c) increased economic viability of sustainable agriculture in small and mid-sized agricultural operations across the country; and d) increased adoption of environmentally sustainable agricultural practices among farmers.

In the next five years, TCM aims to follow its pilot replication in Atlanta by launching third and fourth chapters in new regions in 2018 and 2020, respectively. Chapters will also extend beyond their central metropolitan areas to other cities and metros within their larger, multi-state regions. Each chapter works to grow sales and operations to a financially self-sustaining scale within three years of launching.
Impact – Return on Social Investment

Leading with Anchor Institutions

TCM’s impact strategy centers anchor institutions as key partners for reaching vulnerable communities. They are important and loyal engines of social services, economic development and mission driven projects that directly serve communities in need. They offer education, reduced price lunches, medical care, childcare, counseling services and employment. In many large cities they are major job creators, employing hundreds of thousands of people from different socioeconomic backgrounds, from doctors to janitors, teaching assistants to nurses, administrators to security guards. TCM aims to serve diverse communities by leveraging the purchasing power of anchor institutions as a means to a) reach the greatest number of vulnerable individuals served by institutional food service and b) sell large enough quantities of food to achieve a financially sustainable scale of operations.

TCM has had considerable success through this strategy in multiple institutional sectors:

- Healthcare—TCM partners with hospitals through a variety of programs and projects, including patient and cafeteria meals, monthly “superfood” promotions, hospital farm stands, and eldercare food procurement. TCM partnered with 50 healthcare institutions in 2017, moving almost $500,000 of local food. Since 2014, TCM with the Philadelphia Department of Public Health to convene the city’s hospitals together to adopt healthier nutritional standards and procurement practices through the Good Food, Healthy Hospitals initiative.

- Schools—TCM serves public schools and food service companies preparing meals for public schools, colleges and universities, as well as regional private schools. In the 2014-2016 school years, TCM partnered with 39 Philadelphia public schools to serve over 14,000 students participating in the free and reduced priced lunch program with local, fresh apples, creating over $700,000 in economic impact for Pennsylvania orchards. In the 2017-2018 school year, CMMA partnered with Revolution Foods to provide local food and daily distribution logistics for 10 public schools in predominantly low-income African American Philadelphia neighborhoods.
Democratizing Access to Good Food

By selling to a wide variety of wholesale customers, The Common Market can keep our prices affordable for customers with tighter purchasing budgets, often the customers serving low-income and minority populations.

The Common Market partners with community organizations (over 40 in 2017) to provide local food for their programming. These food access partnerships take many forms, from a mobile market to a food pantry to farm stands run by organizations with deep relationships within their communities to increase healthy food access to communities with high rates of diet-related illness and poverty. This strategy leverages the programming of established neighborhood based organizations—such as the East Park Revitalization Alliance in North Philadelphia—to local food grown by values-aligned farmers. By connecting organizations to source-identified high quality food in an affordable manner, The Common Market provides new opportunities for communities to build food sovereignty and control over their own food systems.

The Common Market operates a “Food Access Fund” in each region in which it operates as a tool to leverage philanthropic interest to expand low-income access to healthy local foods. Through the Food Access Fund, community based organizations that work with low-income communities—often communities of color—can receive a 25% discount off their wholesale food orders, effectively purchasing the food at cost. The fund allows each chapter to pay its farmers fairly while providing greater purchasing power to those with the greatest need for healthy food access.
### 2017 Customer-Side Impact

<table>
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<tr>
<th>Customer Type</th>
<th>CMMA</th>
<th>CMGA</th>
<th>CMMA Food Sales</th>
<th>CMGA Food Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>College and University</td>
<td>45</td>
<td>11</td>
<td>$528,737</td>
<td>$104,897</td>
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<tr>
<td>Community Organization</td>
<td>31</td>
<td>11</td>
<td>$114,172</td>
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<td>Corporate</td>
<td>12</td>
<td>3</td>
<td>$47,534</td>
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<td>Early Childhood Education</td>
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<td>Healthcare</td>
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<td>Private School</td>
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<td>Public School</td>
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<td>Wholesale Distributor</td>
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<td>Farm Share</td>
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<td><strong>2017 Totals</strong></td>
<td>430</td>
<td>105</td>
<td><strong>$4,136,403</strong></td>
<td><strong>$699,016</strong></td>
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</table>
Sustainable Farm Viability

The Common Market’s approach has had significant impact for its sustainable producer partners. In 2017, CMMA moved $4,136,403 of local food from 76 producers to 432 wholesale customers in the Philadelphia, DC, Baltimore, and New York metros. In Atlanta, CMGA sold $688,355 of local food from 39 producers to 107 wholesale customers. Between the single farmers it directly purchases from, the farmer cooperatives that it works with, and the farms that its processors and value-added producers source from, The Common Market supports at least 285 individual farms, according to 2017 producer survey responses.

The Common Market’s work with producers is leading to business growth and to improvements in sustainable growing practices. Many producers reported making changes to their methods or to their infrastructure and operations as a result of their relationship with The Common Market. The technical assistance provided to producers supports farmers in making these improvements. Procurement staff provide guidance on industry food safety protocols, and work with farmers to develop practical and affordable means of achieving those standards, which is essential for wholesale buyers. The Common Market addresses food safety concerns by supporting farmers in preparation for third party audits in Good Agricultural Practices (GAP). Additionally, The Common Market provides info to farmers about how customers would like products processed and packaged. The Common Market conducts crop planning each winter with farmers, based on our annual demand projections, which gives farmers greater assurance of market trends that allows them to confidently make investments in their business, and helps to insure financial success over the year.

The Common Market is eager to create opportunities for sustainable family farms in new regions through national expansion. It looks forward to bringing the same success with farmer reach and impact that it has achieved in the Mid-Atlantic and surpassing its current accomplishments in every region in which it operates.

<table>
<thead>
<tr>
<th>Key Farm-Side Metrics</th>
<th>CMMA</th>
<th>CMGA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of direct producer vendors</td>
<td>76</td>
<td>39</td>
</tr>
<tr>
<td>Number of extended supply chain producers</td>
<td>229+ Farms</td>
<td>56+ Farms</td>
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<tr>
<td>Median farm size</td>
<td>115 Acres</td>
<td>32 Acres</td>
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<tr>
<td>Number of preserved acres</td>
<td>4,014+</td>
<td>995+</td>
</tr>
<tr>
<td>Number of acres</td>
<td>11,250+</td>
<td>2,700+</td>
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<tr>
<td>Number of farm jobs</td>
<td>839+</td>
<td>127+</td>
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<tr>
<td>2017 CM Food Sales</td>
<td>$4,136,403</td>
<td>$688,355</td>
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<tr>
<td>New 2017 Farmers</td>
<td>8</td>
<td>17</td>
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<tr>
<td>Average 2017 Producer Sales to The Common Market</td>
<td>$38,303</td>
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Profiles of Social Impact

Impact Profile - West Georgia Farmers Cooperative

Founded in 1966, in Hamilton Georgia, the West Georgia Farmers Co-op unites small, minority-owned farms throughout Harris County. Membership has varied over the years, declining to nearly a dozen growers in 2015. Before The Common Market Georgia’s launch in April 2016, it partnered with The West Georgia Farmers Co-op to coordinate local food procurement to the City Schools of Decatur during the 2015-2016 school year. During the early stages of the relationship, The Common Market Georgia provided technical assistance around wholesale market readiness, relaying institutional preference for product and packaging specifications, and giving ongoing support and feedback around procurement operations.

As The Common Market Georgia’s sales and distribution rapidly grew in its first few years, its purchasing from the co-op similarly scaled, and it has become a major market outlet for the growers. The co-op quickly became the leading producer for The Common Market Georgia, with sales quadrupling from $50,000 in 2016 to $205,000 in 2017. Due to the increased demand, the co-op has been able to add new members and its growers have been able to increase production. The partnership has demonstrated the success of The Common Market’s approach to increasing sustainable farm viability by improving access to fair and transparent wholesale market opportunities for small farms and African-American farmers who have historically been excluded from markets and USDA programs.
The Common Market partners with East Park Revitalization Alliance (EPRA) to address food access issues in the neighborhood of Strawberry Mansion in North Philadelphia. The Common Market was founded by residents of this community seeking healthy options in this food desert. The Strawberry Mansion neighborhood (zip code 19121) is primarily made up of African Americans (96%), with a median household income of $16,105. The 2016 Philadelphia Department of Public Health Community Health Assessment indicates that the Strawberry Mansion neighborhood—compared to other neighborhoods in the City—continues to have the highest levels of asthma, diabetes and obesity and the highest hospitalization rates for heart disease. The Common Market focuses much of its Philadelphia food access work on Strawberry Mansion because of the need described above, but also the strong foundation of health, nutrition, and food access work by EPRA.

EPRA cultivates community gardens in formerly vacant lots as a part of its environmental improvement and health promotion strategy. They sell the produce they harvest at their popular, community-based weekly farm stand. EPRA supplements Strawberry Mansion-grown produce with food purchased from The Common Market, allowing them to expand their impact and serve approximately 100 neighbors each week. Additionally, utilizing products from The Common Market allows EPRA’s farm stand season to extend. They can open their stand earlier in the spring, and remain open through Thanksgiving, ensuring Strawberry Mansion residents have access to fresh food more months of the year. The partnership has been a smash hit, with sales of local and sustainable food doubling from $8,000 in 2014 to $16,500 in 2018, encompassing produce, dairy, and value-added products from over 40 farms during that time.

“The quality of the produce and the pricing is what makes this market work... I want to stress that the variety of [The Common Market] produce and the fresh fruit is greatly appreciated by neighborhood folks,” says Suku John, EPRA’s executive director.

Community members also say that they love the convenience of the market, including its location, which is within walking distance for most patrons.

“Folks really look forward to the farm stand returning each spring,” says John, “[They] appreciate the access to fresh and affordable produce right in the heart of their neighborhood.”
The conventional poultry industry has long been criticized as one of the most exploitative sectors in agriculture.

- Birds are raised in crowded and dark pens, fed a diet that includes growth hormones and unhealthy amounts of antibiotics to prevent sickness from filthy and inhumane conditions.
- Chicken farmers have been forced into debt due to contracts with poultry corporations with outsized market share, a system often compared to sharecropping.
- Poultry processing workers—most often rural communities of color and immigrants—work long hours in extreme and unsafe working conditions with low pay.

Many of the poultry industry’s problems are results of industry concentration and fierce pressure to lower prices. The Common Market has worked to create an alternative supply chain from the conventional poultry industry. By building institutional and wholesale demand for healthier and sustainable birds, The Common Market created the opportunity for independent and small poultry processors to establish a stable foothold in the poultry market, and move toward better production practices.

Since Locust Point’s change in practices, The Common Market has become a main supplier of this year-round staple item for many institutions and retailers, replacing conventional chicken on the plates of thousands of consumers. Its marketing support has paid off for Locust Point and its growers as well, as sales grew from $26,000 from 26 customers in 2014 to $200,000 from 85 customers in 2017. Regional food systems development and marketing is successfully shifting market demand to ethical and sustainable meat.
The Common Market has been an early leader in the nation’s growing Farm to Early Childhood Education (ECE) movement, supporting the procurement of healthy local foods through a variety of creative partnerships with ECE providers.

As part of its work in North Philadelphia, The Common Market Mid-Atlantic began a partnership with Norris Square Community Alliance, a community development corporation, to supply local food to four of its Head Start centers. With a grant from the GSK Foundation, The Common Market set up the “Food Access Fund,” a fund that allows The Common Market to provide wholesale food orders at cost to low-income community-based organizations, while still paying a fair price to local farmers. Not only did the fund allow the Head Start programs to offer over 700 children per week with a wide variety of healthy local foods, including meat and dairy in addition to produce, it also contributed to their federal requirement to raise 20% of their overall budget from development activities, since the difference between what they paid and the true cost of food was recognized as an in-kind donation.

In Georgia, The Common Market is a member of the Farm to ECE Learning Collaborative, a group of organizations working to connect early care and education providers to locally grown, healthy foods; increase nutritional awareness among young children; promote the development of local gardens at early care and education programs; and engage families around issues related to child nutrition. With the support of the W.K. Kellogg Foundation, Collaborative partners include Quality Care for Children, Georgia Organics, Little Ones Learning Center, and Voices for Georgia’s Children.

Since it began serving New York, The Common Market Mid-Atlantic partners with the Bedford Stuyvesant Restoration Corporation (BSRC), the nation’s first Community Development Corporation, to connect with institutions and community organizations in Brooklyn that are interested in local food procurement. Among several priorities, BSRC focuses on addressing health disparities by promoting access to healthy, affordable foods and encouraging physical activity. Their staff have engaged their network of service providers and agencies throughout Bedford Stuyvesant and Brooklyn, helping us meet excited ECE sites looking for access to better quality and healthier food for child meals. During our first year in New York, we distributed a wide variety of local produce, dairy, and proteins to five sites serving approximately 500 children from low-income Brooklyn families.

“NSCA has been able to establish a farm-to-plate connection thus increasing the amount of fresh and locally grown foods it serves to over 700 children. The partnership with Common Market has also given NSCA the impetus to consider developing an initiative which integrates nutrition and (agriculture education) gardening into the regular Head Start curriculum.”

Yoshiko Yamasaki, Deputy Director for Family, Health and Community Partnerships of Norris Square Neighborhood Association
The Common Market provides local farm food to 10 School District of Philadelphia (SDOP) schools in partnership with Revolution Foods, a private food service provider that is contracted by the SDOP to provide nutritious school meals in schools as part of a 3-year pilot project. The contract for the 10 schools became possible after years of advocacy to improve the standard of food for meals at schools with satellite kitchens. In 2017, SDOP released an RFP for food service management that The Common Market partnered with Revolution Foods to bid on. The target entities of this program are schools with high percentages (90%+) of students eligible for free or reduced lunch. The 10 schools are mainly located in North Philadelphia, serving predominantly African-American communities in and around Strawberry Mansion, where The Common Market was founded.

In the 2017-2018 school year, The Common Market Mid-Atlantic provided distribution services to the schools, delivering Revolution Foods-made meals daily. The Common Market also worked with Revolution Foods to introduce more local products into their meals, including whole and sliced apples (which are more palatable for elementary students), frozen vegetables that can extend the reach of local food into the winter when the cold weather limits local food availability, and other healthy options that can work for their budgets. This partnership helped The Common Market improve the quality of Philadelphia school meals and generate over $150,000 in local food sales during the 2017-2018 school year.
Farm to Hospital food procurement presents an enormous opportunity to improve public health, model healthy eating behaviors, and shift institutional food service towards supporting the regional communities using healthcare services. Despite this opportunity and a high degree of mission alignment, it is notoriously difficult to shift healthcare food procurement behaviors, as hospitals often cut food service budgets as they look for ways to create savings. And like other institutional sectors, food service management companies are contracted to manage most hospital cafeterias, and supply chain approval for smaller vendors such as The Common Market can be a challenge.

The Common Market Georgia’s partnership with Morrison Healthcare has been an incredible demonstration of the Farm to Hospital opportunity, proving that local food adds value to the mission of hospitals and hospital food service. Starting in 2016, The Common Market Georgia began distributing to Scottish Rite Hospital, which was served by Atlanta-based Morrison’s. Once Morrison’s headquarters found out about the local Farm to Hospital procurement partnership, their corporate team approved The Common Market Georgia to distribute to Morrison’s other hospital accounts in metro Atlanta. Soon, one hospital partnership grew to a dozen. At several hospitals, Morrison’s promoted a monthly local “super food” item in their meals, and showcased their partnership with The Common Market. At other hospitals, Morrison chefs purchased a variety of local produce and grocery items through The Common Market Georgia. Morrison’s grew its commitment to local food from $43,000 of sales in its first year of purchasing to $102,000 in its second year.

Marketing has been key to success for the partnership. Morrison’s has been enthusiastic about telling the stories of local farmers to hospital guests and have demonstrated their commitment to local and sustainable procurement by showing their commitment in the cafeteria. The Common Market worked with Morrison chefs to develop farmer profiles, banners, table and POS displays featuring the local farms that Morrison accounts purchased from, which the chefs say have been very popular.
The Common Market seeks approximately $25M to support its growth and national expansion plans over the next five years. This level of investment will allow the organization to establish operations in nearly all of the ten largest metropolitan regions and grow operations in each location to self-sustaining scale. While the most optimal capital mix for the required investment would be 100% grants, the organization has the capacity to pay back loans with interest to support its growth. The Common Market deploys debt only to purchase revenue facilitating assets, such as trucks and warehouse, and for its line of credit to bridge its payables and receivables. This line of credit allows the organization to pay its farmers quickly (7-14 days), supporting their financial viability while The Common Market waits to be paid by its customers over longer terms.

Five-year budget projections suggest that the organization could deploy a capital mix of 75% grant and 25% loans to meet its anticipated need for assets, line of credit expansion, operating subsidy of new and existing locations, and the creation of a reserve fund.

Since their first sale in the summer of 2008, TCM has moved over $20M of local items to hundreds of customers throughout the Mid-Atlantic and Metro Atlanta, GA. They have moved food from over 120 small and mid-sized sustainable farms to over 400 public schools, private schools, hospitals, eldercare communities, colleges and universities, grocery stores, supermarkets, workplaces, community organizations, restaurants, cafes, and value-added producers. Their customers range from national food service companies, such as Sodexo, that do not normally procure from local farms and vendors, to community-owned co-ops, quickly growing healthy restaurant groups to neighborhood farm stands in North Philadelphia, Washington, DC, and at transit stations in Atlanta, GA. By selling to a wide variety of wholesale buyers, CM can keep their prices affordable for customers with tighter purchasing budgets, often the customers serving their target populations. The organization calculates that it has made Over $33M in direct community investment since its founding. This includes food purchases, investments in assets, staff compensation, and other organizational expenses.
Outcomes: By scaling our model across the country, there are organization-wide outcomes that we are trying to achieve and regional level outcomes embedded in each chapter. At the national level:

• Establishment of a financially viable and values driven network of chapters which creates an alternative to the dominant food system.
• Reform of institutional food service, especially those that serve under resourced communities.

At the regional level:

• Creation of farm-to-institution connections that provide both increasing access to urban markets for small and mid-sized sustainable farms, and procurement of better tasting and healthier food in urban institutions, particularly in schools serving low-income neighborhoods.
• Development of financially sustainable regional operations that generate the vast majority of their budgets from earned income.
• Expanded regional economic opportunity within regional food system enterprises along a fairer and transparent value chain.
• Improved health outcomes for all communities served by our distribution network.

Measuring Success

We will measure the success of our outcomes through our sales, procurement, and financial data. We aim for distribution operations of each chapter be profitable within three years, and will track each chapter’s finances to ensure our viability. Increases in sales to institutions will tell us whether they are changing their procurement practices, and whether their customers are consuming more healthful foods. Our sales data will also indicate the degree to which we are creating regional economic opportunities for local farmers, and our procurement data will show us our economic impact for rural communities. Key metrics for our success include the amount of food we distribute each year, the number wholesale customers we serve, the number of institutions that we serve, and the number of farms from which we source. There are many other metrics that we track to measure our success, but these are the most indicative of our success at achieving our organizational outcomes.

Revenue Growth, Decreased Grant Reliance

Since its 2008 launch in Philadelphia, TCM has experienced 55% compound annual growth, reaching $4.2M in sales to Mid-Atlantic buyers in 2017 and approximately $1.2M in the first two years of operations in GA. The growing collective of affiliated regional entities has ambitious goals of sustaining high growth in existing markets while continuing to replicate to new markets, one each in 2018, 2020, and 2022. Consolidated historic and budgeted sales projections are as follows, alongside projected grants revenues and new Chapter launch plans. While the organizational budget is expected to grow rapidly, The Common Market anticipates decreasing grants reliance over time. The Common Market still projects a three-year breakeven window for its new chapters and a positive consolidated net income over the next 5 years.
# Pro Forma Growth Plan

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<tr>
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<th>2018</th>
<th>2019</th>
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<tr>
<td>Grants &amp; Income</td>
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<td></td>
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<tr>
<td>Facilities Grants + Rental Income + CAM</td>
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<td>$565,797</td>
<td>$407,728</td>
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<tr>
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<td>Debt Service</td>
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<td>Acquisition Loan (interest only)</td>
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This prospectus covers the national activities The Common Market and its expansion to new regions. However, social investors and philanthropists that are interested in impact within a specific region are invited to partner with a chapter of The Common Market. Social investment for individual chapters will spur greater local food systems activity and new opportunities to improve the viability of sustainable agriculture and serve the healthy food access needs of low-income vulnerable communities within a specific region. Currently, The Common Market serves:

- Greater Philadelphia
- New York City and Northern New Jersey
- Greater Baltimore
- Washington D.C. and the Capital Region
- Greater Atlanta
- Houston

Though each chapter aims to reaching financially self-sustaining distribution operations within 3 years of its launch, each chapter will continue to need a degree of philanthropic subsidy to support overhead and programmatic activity essential to effective management and achieving its charitable mission and outcomes. For example, even though The Common Market’s Mid-Atlantic operations became financially self-sustaining in 2013, 15% of The Common Market’s total budget, including food distribution operations, was funded from revenue from grants and donations. These expenses included programmatic activity with community organizations, technical assistance to institutions, technical assistance to farmers, professional fees and services, and training and professional development for The Common Market staff in order to provide the best level of services to The Common Market’s partners and food system stakeholders.

Investment in specific chapters of The Common Market, to be used exclusively by the local chapter for projects within its given region, is encouraged. Each chapter has unique investment needs, which if met, will create significant impact within their region.
• **The Food Access Fund**—Each chapter maintains a Food Access Fund, which allows community organizations serving the most vulnerable communities to order local food at cost, giving them greater purchasing power and the ability to access wholesale quantities of food. Each chapter has created creative partnerships with organizations within their region, from neighborhood farm in Philadelphia to fruit and vegetable prescription boxes in Atlanta. The Food Access Fund leverages philanthropic donations to spur multiply the impact of food access programming and partnerships.

• **Infrastructure**—Needs for infrastructure depend on the circumstances and growth stage of each chapter. For example, in Georgia, there is currently a need for a new refrigerated box truck and the construction of a freezer to accommodate frozen products such as meat. In the Mid-Atlantic, investment is needed to build out refrigerated space from its current space to the loading docks, which would create a continuous cold chain and accommodate the increasing inventory from new Maryland and New York producers. These projects could not only increase each chapters’ efficiency, but also unlock explosive growth in distribution capacity and the number of partners that each chapter of The Common Market is able to serve. Social investment in these opportunities will improve each chapter’s financial viability and capacity to create impact faster.

• **Agricultural Technical Assistance**—While small and mid-size farmers face universal challenges in the US, each region’s farmers have their own history, their own set of circumstances based on the environmental conditions of land, soil and water, and unique community dynamics. This, of course, is what makes local food so important—the unique backgrounds from which it is grown and takes its shape and flavors. Farmer needs are also unique. For instance, in Georgia, to achieve racially equitable supply chains and rural prosperity, there is a need to provide culturally appropriate wholesale readiness training for African American farmers. In the Mid-Atlantic, small and mid-size farmers need assistance with financing farm equipment and infrastructure that will make local food more competitive with conventional foods at major supermarkets. In Texas, produce growers need access to resources and training on food safety in order to achieve compliance with the Food Safety Modernization Act. Investment in each CM chapter’s ability to provide technical assistance and resources to its region’s farmers will improve the financial viability of sustainable agriculture and increase its adoption as local food market opportunities grow.
Risks and Risk Management

External Risks

1. Food Service Company Market Control—the institutional food service management sector is highly concentrated—according to Farm to Institution New England, 47% of all hospital kitchens, 21% of all university and college cafeterias, and 11% of school district cafeterias are contracted out to one of three multinational corporations: Compass Group, Sodexo, or Aramark. The Common Market has spent years working with institutional kitchens managed by these companies, and has had a meaningful degree of success at formally entering into their supply chains. However, these companies will not consider The Common Market to be a “preferred vendor” without The Common Market offering them rebates, which are effectively kickbacks for doing business with each company that The Common Market would need to absorb or pass onto farmers. FSMCs do not make rebate transactions transparent to their clients, which makes it impossible for institutions to understand the real cost behind the price of cafeteria food and management. Even though rebate programs for contracts that use federal funds have been considered illegal in US court of law, they are a widely used industry practice. If food service management companies refuse to buy from The Common Market for its refusal to enable such an exploitative middle-man practice, it will eliminate opportunities to reach vulnerable consumers and communities that are served by institutions contracting with FSMCs. The Common Market is working within an ecosystem of organizations that are fighting back against opaque and dubious practices by pushing institutions towards better contracting practices, such as including requirements for local, sustainable, fair, or “real” food procurement.

2. Global Trade and Price Points—our model makes local food more competitive with food from global supply chains, but if changes in global commodity markets and trade agreements between the US and other nations drop the price of international commodities to new lows, it could become harder to sell local food to wholesale customers. Even though the moral imperative to support local economies would become even greater, many profit-driven customers would find it difficult to justify paying relatively higher prices for local food. While there is not much that The Common Market can do about international trade, its work to reform institutional procurement practices to prioritize local communities, fair treatment and compensation for workers, and responsible land stewardship is building a movement of values-driven markets that understand the true costs of conventional and inequitable agriculture, and are willing to buy quality food over cheap food.

3. Greenwashing—If misleading or false marketing practices are not rejected by consumers or regulated more carefully, there is a risk that value-based food enterprises, including The Common Market, will face difficulty gaining a fair market share. Greenwashing practices such as a restaurant marketing that it procures locally when it only does so rarely or when convenient, a business that features local farms in advertisements but no longer purchases from those farms, or a retailer that uses terms such as “sustainable” or “natural” to market products that are ecologically extractive or processed are not only lying to their customers, but threaten to destroy fair market value of locally produced or sustainably-grown foods, making the cost of local and sustainable production too high to justify artificially low prices. The Common Market manages this risk by providing the highest degree of transparency with its customers, providing source-identification for every case of food as well as information on the specific growing and production practices of the farmers and producers it procures from.
4. **Food Safety**—The risk of foodborne illnesses spreading through food distributed by The Common Market is a major concern for the organization, as it is with all farmers, processors, distributors, restaurants, retailers, and food service companies. The reputation of local or sustainable food as less safe and less consistently high quality is a persistent cultural barrier to local food wholesale market growth. Outbreaks of foodborne illnesses from establishments that promote sustainable sourcing, such as Chipotle’s notorious 2015 incidents, can have dramatic effects on sales. This risk is why the Common Market revolves all of its aggregation and distributions around food safety. Each of its facilities has an annual food safety audit and are certified SQF Level II, one of the highest international standards of food safety certifications recognized. The Common Market places a strong emphasis on preventative controls to food safety and has never had a reactive food safety incident.

5. **Funding Concentration**—Dependence on philanthropic support from a small set of large foundations and funders poses a risk to The Common Market’s, and specifically The Commons’, revenue model. Revenue from food sales will not generate a large enough surplus to cover all the costs of The Commons, which will continue to require philanthropic support in the mid-term. The Common Market aims to reduce this risk by diversifying its pool of funders through new fundraising methods (such as this prospectus) as well as developing deeper relationships between chapters and funding networks at the regional level.

6. **Too Much, Too Quickly**—The Common Market recognizes the financial risk of expanding too rapidly, which could squeeze cash flow and weaken its balance sheet and creditworthiness. Having piloted replication in Atlanta, The Common Market understands the finances behind launching and operating a chapter in its start-up phase, and has developed a 5-year financial model that accounts for organizational financial and staff capacity to support the creation and growth of new chapters. Greater social investment in The Common Market’s expansion could accelerate its timeline, but in lieu of committed funding, The Common Market will not create chapters that it cannot finance predictably.

7. **Nonprofit Status**—As a social enterprise that earns a significant portion of its revenue from the sale of food, The Common Market could face legal challenges from competitors or other actors that do not understand the charitable and educational purpose driving the organization’s work or how food distribution serves a programmatic function for the organization. The IRS has provided regular approval of The Common Market chapters’ applications for tax exempt status as 501(c)3’s, and has approved the organizations’ Form 990’s each year. The Common Market is in regular contact with its legal counsel to ensure that all of its activities are allowable for a nonprofit and do not threaten the charitable status of the organization.
Pathways to Mission Success

The Common Market’s mission is to connect communities with good food from sustainable family farms. We strive to improve food security, farm viability, and community and ecological health. Improved food access and economic opportunities will have a positive impact on the health and wealth of vulnerable families and communities in regions across the United States.

THE COMMONS

Sustainable Farms

Aggregation, Infrastrcture, and Operations

Anchors Institutions

Vulnerable Communities

THE CHAPTERS

Mid-Atlantic

Georgia

FUTURE CHAPTER

Appendix A. Theory of Change and Logic Models
Our mission is to connect communities with good food from sustainable family farms. We strive to improve food security, farm viability, and community and ecological health.

**MISSION**

To build a regional food economy that nourishes all of its communities and creates positive health, economic, and ecological change.

**GOALS**

**RESOURCES**
- Local food system infrastructure
- Trained staff
- Food systems knowledge
- Organizational experience
- Urban and rural relationships
- Philanthropic funding and financing
- Management and admin support from The Commons

**ACTIVITIES**
- Local food aggregation, warehousing, and distribution
- Local food supply chain development and technical assistance
- Technical assistance to community-based organizations
- Local food marketing and anchor institutional customer outreach
- Building values-aligned demand through leadership in stakeholder engagement
- Local food system infrastructure investment
- Creative institutional and community partnerships
- Engaging staff in ongoing training, education, and professional development opportunities to maintain the highest quality operations

**OUTPUTS**
- The quantity of food moved annually, average order size, average purchase order size
- Number of customers purchasing local food, type of customers, the amount of food sold, the variety of food sold. Number of farm share sites, number of farm share members
- Number of institutions and community organizations incorporating local foods into their operations
- Number of producers, processors, and other food system actors engaged through our activities, the variety of products sold
- The number of farmers provided technical assistance, the number of beginning farmers and socially disadvantaged farmers selling to wholesale markets, the scale of production at each vendor
- Number of trucks, cold storage capacity (cubic feet, number of zones), farm infrastructure investments
- Number of stakeholders engaged
- Number and type of staff trainings

**OUTCOMES**
- Improved public health outcomes in operating region
- Improved access to healthy fresh foods in low-income and structurally disadvantaged communities
- Improved viability of small and sustainable farming (scaling up of operations)
- Increased adoption of sustainable ag practices
- Stronger, more invested and connected regional economy

**TARGET POPULATIONS**
All metropolitan consumers, with an emphasis on low-income, food insecure or structurally disadvantaged. Small and mid-size sustainable farmers, beginning farmers, socially disadvantaged farmers, communities.
Our mission is to connect communities with good food from sustainable family farms. We strive to improve food security, farm viability, and community and ecological health.

To build equitable regional food systems through a network of vibrant, transparent, aggregation and distribution enterprises, to create resources and efficiencies of scale that help them to thrive and encourage urban and rural community health and wealth.

Resources
- Visionary, values driven leadership and efficient, proven operational systems and management practices
- Shared licenses, contracts, and legal agreements
- National network of relationships with food service management companies and peer institutions.
- Nationally recognized reputation and brand
- Experienced staff
- Diversified financial resources
- Excellent credit history and strong balance sheet
- Local food systems, infrastructure, and advancing equity knowledge

Activities
- Leading organization-wide strategy
- Facilitating adequate capitalization and asset acquisition
- Training staff
- Managing accounting and payroll
- Monitoring chapter operations
- Designing marketing materials
- Fundraising, reporting, and evaluation
- Participating in national partnerships, policy advocacy, and movement building leadership
- Producing reports and knowledge-sharing materials

Outputs
- Number of The Common Market Chapters
- Number of metropolitan areas served
- Number of rural communities served
- Number of staff trained
- Number and type of movement building engagements
- Amount of capital raised
- Infrastructure acquisitions and developments
- Marketing materials produced and media management
- Number and type of reports disseminated

Outcomes
- Chapters thrive and are free to focus on core food hub functions
- Facilitation of chapter level food systems outcomes that achieve our mission
- The Common Market saves resources and time due to efficiencies of scale
- Local food system infrastructure is rebuilt in major regions throughout the country
- The Common Market actively shapes national food movement/procurement change

Target Populations
Chapter organizations of The Common Market, in service of rural and urban communities across the United States. Peer organizations and thought-leadership partners focused on advancing sustainable and equitable food systems.
Appendix B. Organizational Directory

Headquarters and
The Common Market Mid-Atlantic
428 E. Erie Avenue
Philadelphia, PA 19134
(215) 275-3435

The Common Market Georgia
1050 Oakleigh Drive
East Point, GA 30344
(678) 343-9525 ext 21

The Common Market Texas
2502 La Branch Street
Houston, Texas 77004
(832) 356-5011 ext. 61

Professional Advisors

Legal Counsel
Ballard Spahr LLP
Vinson and Elkins (for CMTX)

Auditors
Renzi Bernardi Suarez Co., P.A.
Tatiana Garcia-Granados—Co-Founder and Chief Operating Officer, The Common Market—Member since 2008

Tatiana serves as Chief Operating Officer of The Common Market. Previously, Tatiana co-founded East Park Revitalization Alliance, a nonprofit focused on promoting community environmentalism and health in Philadelphia. Tatiana also has experience working with Citigroup as a Management Associate in its Structure Corporate Finance Group. She earned an MBA in finance from the Wharton School and was a 2016 Eisenhower Fellow.

Haile Johnston—Co-Founder and Chief Development Officer, The Common Market—Member since 2008

Haile Johnston serves as Chief Development Officer for The Common Market. Prior to Common Market, he co-founded East Park Revitalization Alliance, served as a Food and Community Fellow for the Institute for Agriculture and Trade Policy, directed the Center for Progressive Leadership, and worked with the City of Philadelphia Department of Public Health. Haile currently serves as a Trustee of the Jessie Smith Noyes Foundation and on the Advisory Board of the National Farm to School Network.

Tina Rodriguez, Chair—CFO, SAGE Dining Services, Inc.—Member since 2010

Tina is the Chief Financial Officer & General Counsel and a co-founder of SAGE Dining Services, Inc., the nation’s leading provider of gourmet dining services for independent schools. Founded in 1990, SAGE’s mission is to provide high quality, freshly prepared meals to students, using local and sustainable products wherever possible, to help students develop an awareness and appreciation for the foods they eat. Tina served as an Adjunct Faculty member at Johns Hopkins University for over 15 years, teaching a variety of courses on Strategic Planning and Management to MBA candidates. She has also taught at the University of Maryland School of Business and Notre Dame of Maryland University. Prior to her work at SAGE, Tina was a Manager at Bain & Company, an international strategy consulting firm. She holds degrees from the Wharton School of Finance and Harvard Law School.

Christina Szczepanski, Treasurer—Managing Director of Structured Finance, Reinvestment Fund—Member since 2016

Ms. Szczepanski is responsible for deal structuring, relationship management, deal closing and post-closing asset management for the NMTC portfolio and CDFI Bond Guarantee program capital. Her responsibilities also include structuring participations in conjunction with Reinvestment Fund’s core lending. She also serves as Reinvestment Fund’s Director of Portfolio Management. In this capacity, she manages Reinvestment Fund’s loan portfolio, including analyzing portfolio-wide performance and risk; developing and executing work-out plans for non-performing loans; and ensuring the processes that support lending, from reporting and billing to closing and documentation, run efficiently. With Reinvestment Fund since 2008, Ms. Szczepanski was previously responsible for implementing and managing Reinvestment Fund’s healthy food financing programs.
Bob Pierson, Co-Founder and Secretary—President, Farm to City—Member since 2008

Bob is the founder and president of Farm to City, a small business that operates buying clubs, a CSA support service and farmers’ markets in the Philadelphia area and is responsible for catalyzing over $12 million in sales by local food producers since its founding in 2001. Farm to City has also developed a web-based ordering platform and inventory management tool for its local seasonal buying club called “Winter Harvest.” Bob is the Agricultural Development Educator at Penn State Cooperative Extension. In this capacity, he creates educational opportunities to help develop urban farmers in Philadelphia.

Suku John—Executive Director, East Park Revitalization Alliance—Member since 2010

Suku is the Executive Director of the East Park Revitalization Alliance. Originally from India, he holds a PhD in Geology with a focus on Climate Change, and spent a decade working in academia. Suku’s passion is to use his skills and knowledge to empower vulnerable communities to affect change in their own environments. Over the past 15 years, he has worked with a number of grass-roots environmental organizations around the world, including New Orleans, Haiti, India, Nepal and West Philadelphia.

Mike Curtin—Executive Director, DC Central Kitchen—Member since 2014

Mike is CEO of DC Central Kitchen, an innovative community kitchen engaged in food recycling, meal distribution programs and features outreach programs, volunteer opportunities, publications and employment opportunities. Mike has 20 years of experience in the hospitality business, which included owning and operating his own restaurant, The Broad Street Grill in Falls Church Virginia, before joining DC Central Kitchen in 2004. Drawing on his experiences as an entrepreneur in the restaurant business, Mike has spent significant time expanding the Kitchen’s revenue generating social enterprise initiatives. He has been a featured speaker at Georgetown University, the Yale Sustainable Food Program, Williams College, the Darden School of Business, and many other academic institutions across the country. He also sits on an advisory Board for the Center for Health and the Global Environment at Harvard Medical School.

Carter Stewart—Managing Director, Draper Richards Kaplan Foundation—Member since 2017

Prior to joining DRK, Carter served as the presidentially-appointed U.S. Attorney for the Southern District of Ohio. Carter took a leadership role at DOJ in addressing inequities in the criminal justice system through his work raising awareness about the school to prison pipeline and by chairing a working group of U.S. Attorneys focused on reducing racial disparities in the federal system. Carter also served on the Attorney General’s Advisory Committee and chaired the Attorney General’s Child Exploitation Working Group. He previously served as an Assistant U.S. Attorney in San Jose, CA, and he was a litigator at Vorys, Sater, Seymour and Pease LLP in Columbus, OH, and Bingham McCutchen LLP in San Francisco, CA. Carter received a JD from Harvard Law School, holds an MA in Education Policy from Columbia University, and received his BA in Political Science from Stanford University.
The Common Market Georgia Board

- Chair—Cicely Garrett, Deputy Chief Resilience Officer, City of Atlanta
- Treasurer—Darrell J. Glasco, Business Consultant, Darrell Glasco Advisors
- Secretary—Robin Chanin, Executive Director, Global Growers
- Member—Suzanne Girdner, Atlanta Local Food Initiative Director, Georgia Food Oasis
- Member—Kate Reddy, Project Officer at Center for Disease Control and Prevention Division of Nutrition, Physical Activity, and Obesity
- Member—John Bare, Vice President of Programs, The Arthur M. Blank Family Foundation
- Member—Lenny Scranton, Regional Vice President, Morrison Healthcare Food Services
- Member—Bethaney Wilkinson, Event Leader, Plywood People
- Member—Akia Lewis, Project Manager, Georgia Family Connection Partnership
- Member—Haile Johnston, Chief Development Officer, The Common Market

CMGA Senior Staff

- Lily Rolader, Director, The Common Market Georgia

The Common Market Texas Board

- Chair—Kenneth Smith, Ph.D. Interim Director & Researcher for the Center to Eliminate Health Disparities, Adjunct Assistant Professor of Pediatrics, The University of Texas Medical Branch at Galveston
- Treasurer—Harold Dutton III, Financial Analytics Manager, Harris County Public Health
- Secretary—Megan Hoag, Regional Director, Texas Hunger Initiative at Baylor University
- Member—Evan Driscoll, Food Systems Coordinator, Central Texas Food Bank
- Member—Hannah Koski, Blue Apron
- Member—Liz Valette, President, Plant It Forward
- Member—Robert Maggiani, Sustainable Agriculture Specialist, National Center for Appropriate Technology
- Member—Haile Johnston, Chief Development Officer, The Common Market

CMTX Senior Staff

- Margaret Smith, Director, The Common Market Texas
The Common Market Mid-Atlantic Board

- Chair—Porter Bush, District Operations Manager, Williamson Hospitality Services, Inc./Culinart Group
- Treasurer—Reco Owens, Executive Director, North Philadelphia Financial Partnership
- Secretary—Erica Walther, Farm to School Specialist, Office of the State Superintendent of Education, Washington, DC.
- Member—Justin Rosenberg, Founder and CEO, Honeygrow
- Member—Steven P. Frecon, Owner, Frecon Fruit Farms
- Member—Haile Johnston, Chief Development Officer, The Common Market
- Member (ex officio)—Audrey Huntington, Director, The Common Market Mid-Atlantic

CMMA Senior Staff

- Audrey Huntington, Director, The Common Market Mid-Atlantic
- Jillian Dy, Deputy Director, The Common Market Mid-Atlantic
Appendix C. Organization Timeline and Structure

Phase 1: Demonstrating Food Hub Viability

The Common Market was founded by Haile Johnston, Tatiana Garcia-Granados, and Bob Pierson—three entrepreneurs who brought together local food system stakeholders, institutional food service and retailers, and community-based organizations together to solve a common problem: how could they connect all communities with equitable access to regionally sourced, sustainably grown foods? The Common Market was conceived to be a systems-level intervention because the founders saw that a lack of infrastructure was the reason that local farmers did not have the ability to sell to wholesale customers and that low-income communities could not have access to fresh and healthy local foods. Globally oriented supply chains forgot and marginalized both groups, and existing distributors and retailers do not have the interest, systems, or knowledge to serve them.

Originally formed as Common Market Philadelphia, Inc., The Common Market launched operations in Philadelphia and its metropolitan area in July 2008, based out of shared space at the Share Food Program in North Philadelphia. By 2012, The Common Market outgrew the space at Share and acquired its current facility on Erie Avenue in North Philadelphia with financing from RSF Social Finance and grants from partners such as...
W.K. Kellogg Foundation and the 11th Hour Project of the Schmidt Family Foundation. Once refrigerated storage space was installed, the 73,000 square foot facility immediately increased the organization’s capacity to meet pent up customer demand, and in 2013, The Common Market’s distribution operations first reached financial self-sustainability at $1.7M in annual sales.

During this time, The Common Market established its reputation as a national model for food hub operations and farm-to-institution procurement. Its organizational strategy to reach low-income communities through the institutions that serve them—and to leverage institutional purchase power to create fair markets for local family farms—gained attention from local and national foundations, publications, communities of practice, and NGOs. In addition to Philadelphia public schools, The Common Market sold to many hospitals and universities—the economic engines and largest employers in the Philadelphia region.

**Phase 2: Piloting Replication**

After reaching break-even operations in Philadelphia, The Common Market began to consider replicating its successful model in other cities to expand its social impact and to deepen its relationships with the national food service companies that cook meals for its target audience. After providing technical assistance and training to a social entrepreneur looking to build a similar food hub model, The Common Market entered a formal partnership in order to replicate its operations in Atlanta as a new chapter, The Common Market Georgia (CMGA). Formed in 2015 as a nonprofit corporation with its own local Board of Directors, CMGA launched operations with one truck out of the Sweet Auburn Curb Market in April 2016. By the end of that year CMGA had grown so quickly that The Commons purchased a 60,000 square foot warehouse in East Point, GA in November 2016. Additionally, The Common Market spun off its Mid-Atlantic distribution function into another nonprofit chapter, The Common Market Mid-Atlantic. In 2017, both CMGA and CMMA received their 501(c)3 designations from the IRS.

**Phase 3: National Expansion**

In September 2017, The Common Market announced its plans to launch a third chapter in Houston, TX. The Common Market Texas will aggregate and distribute sustainably grown food from Texas producers in the Houston metro, with plans to extend to Dallas and Central Texas in future years. The Common Market aims to launch chapters in most of the nation’s largest metros over the next 10 years.
Organizational Governance Structure

Each chapter of The Common Market is incorporated as a 501(c)3 nonprofit charitable corporation that is an affiliate of Common Market Philadelphia, Inc. (The Commons), which is also a 501(c)3 nonprofit corporation. The Commons is the sole member of each chapter with certain reserved rights, including the right to appoint all of the members of the Board of Directors; the approval of the hiring and firing of the Director of the chapter, the sale, pledge, lease, or other transfer of the assets used by each chapter; the adoption of annual budget and the issuance and assumption of indebtedness. The Commons exercises these powers through the Member, who is designated by the Board of Directors of The Commons as a representative to act on its behalf. The Board of Directors of each chapter is responsible for financial oversight, strategic planning, ensuring each chapter’s fidelity to its mission, making recommendations to The Commons on its chapter Director candidates, and recommending each chapter’s annual budget to the Board of Directors of The Commons. As separate but related entities, the chapters and The Commons consolidate their financial statements for reporting and auditing purposes.

The Common Market Shared Services Agreement

Each chapter enters a shared services agreement with The Commons. The Shared Services Agreement sets forth an agreement between The Commons and the chapters whereby certain functions of the chapters such as payroll, preparation of financials, accounting, human resources, fundraising, marketing and capital needs would be provided by The Commons. The chapters pay The Commons a fee for the services provided that will be based on the actual cost of providing the services plus a surcharge to cover overhead.

Asset Management

The Commons owns and is responsible for acquiring and financing all long-term assets, including warehouses, coolers, and trucks. Chapters use the assets according to the terms of The Common Market Shared Services Agreement, and are responsible for paying a
monthly fee for use of assets. The fee for use of assets is equal to the monthly principal and interest for assets financed through debt, or the monthly depreciation expense for assets financed through restricted or unrestricted net assets (grants).

**Board of Directors and Senior Management**

The whole organization of The Common Market—currently comprised of The Commons, The Common Market Mid-Atlantic, The Common Market Georgia, and The Common Market Texas—is overseen by the Board of Directors of The Commons (Common Market Philadelphia, Inc.), and is managed by Co-Founders Tatiana Garcia-Granados and Haile Johnston. The Board meets eight times a year and has an Executive Committee that meets once a year, as well as a Governance Committee that meets quarterly.

As COO, Tatiana supervises chapter Directors, oversees chapter operations, and manages finance for the entire organization. As CDO, Haile is responsible for fundraising, organizational development and expansion, and facility acquisition and development. Each chapter has its own Board and a Director to manage all operations of the chapter, including sales, procurement, warehouse, and trucking staff. The chapter Directors work closely with The Commons staff on a daily basis for a variety of administrative and management issues.

**Organizational Governance Roles**

- Directs overall strategy and policy
- Recommends approving the annual budget
- Fiduciary responsibilities
- Recommends Board Directors

Designates a representative to act on behalf of TCM, the sole member of each nonprofit Chapter.

- Hires Chapter Directors
- Approves Chapter budgets
- Approves appointments of recommended Chapter Board Directors
Appendix D. Assets, Partnerships, and Resources

The Common Market has developed a diverse base of resources, that it uses in its goal to build equitable, alternative, regional food systems in each region in which it operates. This section outlines the hard and soft, physical and social infrastructure that The Common Market activates to achieve impact.

Shared Resources

- Cloud-based inventory management system, FoodConnex Cloud
- Cloud-based CRM system, Salesforce
- Recently redesigned, customer-friendly website
- Web-based marketing platform and marketing/design team
- Insurance, all necessary licenses and registrations for operations

CMMA

- 73,000 square foot SQF Level II Food Safety Certified warehouse facility with 7 loading docks on roughly two acres of land situated five miles north of downtown Philadelphia
- 150,000 cubic feet of cold storage (7,500 square feet) with three temperature zones, including 25,000 cubic feet of freezer space
- 10,000 square feet of office space
- One cold storage aggregation point in Berks County, PA
- Rented satellite office space for two staff in Brooklyn, NY
- Rented satellite office space three staff in Washington, DC
- A fleet of 7 refrigerated, remote temperature monitored 26’ trucks
- Electric and manual pallet jacks, and forklifts
CMGA

- 60,000 square foot SQF Level II Food Safety Certified warehouse facility with 4 loading docks on four acres of land situated between downtown Atlanta and the airport
- 83,000 cubic feet of cold storage (6,500 square feet) with three temperature zones, including 5,000 cubic feet of freezer space
- 5,000 square feet of office space
- A fleet of 3 refrigerated, remote temperature monitored 26’ trucks
- Electric and manual pallet jacks, and forklifts

Human Resources

At the beginning of 2018, The Common Market had 37 employees between 7 Commons staff, 7 CMGA staff, 21 CMMA staff, and 2 CMTX staff. The diverse staff of The Common Market possess a wealth of talent, experience, and energy. Key competency areas of chapter and The Commons staff include:

- Food Safety
- Inventory Management and Warehouse Operations
- Aggregation and Distribution Routing and Fleet Management
- Farm Supply Chain Management and Crop Planning
- Institutional Food Service and Farm to Institution Procurement
- Community-Based Food Systems and Food Access
- Local Food Marketing
- Data Management
- Enterprise Finance and Financial Planning
- Nonprofit Fundraising
- Policy Advocacy and Social Movement Building
The Food Systems Ecosystem

The Common Market works within an ecosystem of organizations working in multiple overlapping fields to create equitable and sustainable food systems.
Center for Good Food Purchasing—The Good Food Purchasing Program transforms the way public institutions purchase food by creating a transparent and equitable food system built on five core values: local economies, health, valued workforce, animal welfare, and environmental sustainability.

FoodCorps—FoodCorps connects kids to healthy food in school, so they can lead healthier lives and reach their full potential. FoodCorps has national network of offices, service sites and state partners, collaborating to deliver consistently high quality, impactful programs to students.

Good Food For All—a coalition of grassroots community-based organizations seeking to advance racial equity in food systems through federal policy change.

Healthcare Without Harm—the international organization’s Healthy Food in Health Care program harnesses the purchasing power, expertise, and voice of the healthcare sector to advance the development of a sustainable food system.

National Farm to School Network—an information, advocacy and networking hub for communities working to bring local food sourcing, school gardens and food and agriculture education into schools and early care and education settings.

National Good Food Network—a network that brings together people from all parts of the rapidly emerging good food system—producers, buyers, distributors, advocates, investors and funders—to create a community dedicated to scaling up good food sourcing and access.

National Sustainable Agriculture Coalition—an alliance of grassroots organizations that advocates for federal policy reform to advance the sustainability of agriculture, food systems, natural resources, and rural communities.

Real Food Challenge—an organization leading a nation-wide student campaign to drive university and college procurement of real food, food that provides for the needs of producers, the earth, consumers, and communities.

The Food Trust—a national nonprofit working to improve equitable access to nutritious food and information to make healthy decisions.

USDA—Several agencies at the USDA are working to improve local and regional food systems, encourage sustainable agricultural practices, and support the needs of diverse small and mid-size farmers throughout the nation.

The Common Market has formal and informal partnerships and relationships with these groups and many, many others in each of the regions where it operates. These relationships and partnerships form the “soft infrastructure” of the social movement for massive changes in food systems.
As revenue from sales covers all costs of goods sold in mature chapters and most costs of goods sold in new chapters, The Commons and the chapters only need to raise funding to support overhead and programmatic activity, expansion into new areas, and facility development.

Overhead and programmatic budgets are relatively predictable and are finalized each November during the annual organizational budgeting process. The budgets for new chapters or extension of existing chapters to new metropolitan areas roughly follow a 5-year pro forma budget, which is updated regularly and is based on The Common Market’s past start-up financial performance as well as other factors.

The Commons’ timeline for expansion and new chapter launches drives facility financing needs. While it is not ideal to purchase a warehouse in each new region where The Common Market operates, adequate leasable refrigerated warehouse space is a rarity, especially for a quickly growing chapter. It is preferential to find a partner organization with which a new chapter can co-locate long term, but in the absence of co-location opportunity, The Commons plans for purchasing a warehouse for a new chapter in the 2nd year of chapter operations.

The Common Market has long-term relationships with several major national private foundations, that have program areas that intersect with several of the areas affected by food systems, from Sustainable Agriculture to Health, Racial Equity to Social Entrepreneurship. These funders include:

- W.K. Kellogg Foundation
- Michael and Susan Dell Foundation
- Surdna Foundation
- 11th Hour Project - Schmidt Family Foundation
- Kresge Foundation
- Draper Richards Kaplan Foundation
- United States Department of Agriculture

Because our work is committed to regional outcomes wherever we operate, local philanthropic partnerships are extremely important to supporting the growth our regional chapters. We continue to partner deeply with local foundations and impact investors and are always looking to expand these vital relationships.

Additionally, The Common Market uses debt to finance the acquisition of its revenue-generating assets and line of credit. The Common Market maintains relationships with both social finance and commercial lending entities, such as Reinvestment Fund, RSF Social Finance, the North Philadelphia Financial Partnership or TD Bank.

Pequea Valley Yogurt
### Appendix E. Glossary

- “TCM”—The Common Market, or Common Market Philadelphia, Inc.
- “CMGA”—The Common Market Georgia, Inc. The chapter managing aggregation and distribution operations in the Atlanta metro.
- “CMMA”—The Common Market Mid-Atlantic, Inc. The chapter managing aggregation and distribution operations from New York to Northern Virginia.
- “CMTX”—The Common Market Texas. The chapter managing aggregation and distribution operations in Texas, based out of Houston.
- “The Commons”—Common Market Philadelphia, Inc. The umbrella organization that owns all assets and provides shared back-office, administrative, and leadership services for the chapters.
- “Food Service Management Company” or “FSMC”—A company that is contracted by an institution to manage food service operations, including food procurement, for the institution.
- Socially Disadvantaged Farmer or Rancher—Members of a socially disadvantaged group, which is defined to mean those whose identity in a group has subjected them to racial or ethnic prejudice without regard to their individual identity.

### Appendix F. Important Information

This document is dated 05/19/2018.

Common Market Philadelphia, Inc. (DBA The Common Market) is the entity making the invitation to invest set out in this document. This is a fundraising document and not an offering of equity or ownership in any entity. The Common Market is a federally designated 501(c)3 nonprofit and is registered/licensed to raise funds under The Solicitation of Funds for Charitable Purposes Act of Pennsylvania.

You are invited to read this document and make an independent decision about granting or loaning funds in support of the work of The Common Market. This document has been prepared in good faith, but has not been tailored for the circumstances of any individual investor.

No person is authorized to provide information or make any representation in connection with this offer document which is not contained in this document and any information or representation made may not be relied upon for the purposes of making a decision to invest in the work of the Common Market. Neither The Common Market nor any other person guarantees any specific return or outcome as a result of the work of The Common Market.

Information contained in this document may change over time. Financial accounts are current as at the date stated in those accounts and are stated in US dollars unless otherwise specified.

The Common Market reserves the right to disburse funds to its affiliated regional Chapters in order to support programmatic activity and growth objectives in different geographies. The Common Market Chapters are single-member, regional 501(c)3 entities:

- The Common Market Mid-Atlantic- serving farms and communities from New York to Virginia;
- The Common Market Georgia: serving farms and communities primarily in Georgia and Alabama;
- The Common Market Texas: serving farms and communities primarily in Texas;
- Future Chapters may include geographic focus on the Greater Chicago region, Florida, New England, or other regions.
Please be in touch!

If interested, please connect with us to learn more by contacting:

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Co-Founder & Chief Development Officer
The Common Market
haile@thecommonmarket.org
215-275-3435 ext. 3