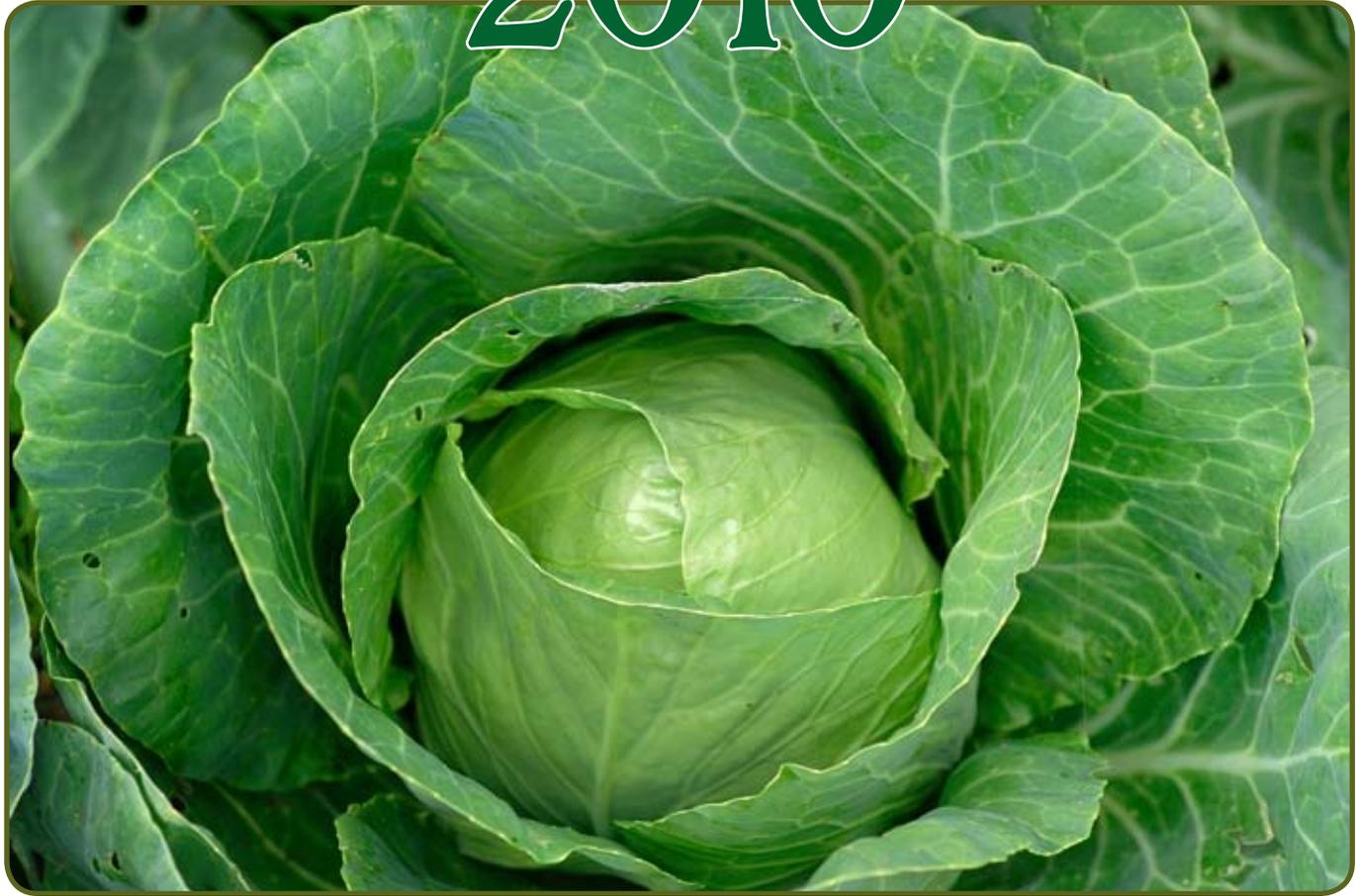


Annual Report to Member-Owners

2010



“The very least you can do in your life is to figure out what you hope for. And the most you can do is live inside that hope. Not admire it from a distance but live right in it, under its roof.”

— Barbara Kingsolver



**River
Valley
Market**

Your locally grown food co-op

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REPORT FROM THE PRESIDENT OF THE BOARD

Ed Maltby



In looking back over the last fiscal year, during which we celebrated our second year of operations, the Board is very proud of our success and grateful for the wonderful work of our General Manager, management team, staff, and member-owners. We greatly value the ever-increasing number of shoppers that support our mission-based enterprise and sustain our local farms and business with their purchases. In 2009-10, River Valley Market provided leadership and change to our local economy that can be sustainable because it is from community commerce rather than grants or subsidies. The members of River Valley Market should take pride in our foresight in planning and then building a community market that provides great food; is a great meeting place; and exemplifies the political, economic and social power of our community that is working together.

As president of the Board, it has been my job to lead a process in which high-performance governance is the product. This last year, the Board has further developed its policies that hold the general manager accountable to operations and to our mission. We have developed a culture that honors our commitment to River Valley Market, to each other, and to diversity on the Board. We have further refined a detailed process that allows us to speak with one voice as a Board, led by the Board officers, while valuing individual opinions and principles.

This last year was a challenge for the Board because at times we were missing a few Board members and we had a heavy workload with our regular reporting and monitoring schedule and running the member loan campaign. The work of the Board can, at times, be mundane—reading though reports and asking questions as part of our ongoing evaluation of the store operations and the work of the General Manager—but this last year, the General Manager has made our job easier and more enjoyable by providing great staff support and comprehensive reporting. She validated her success by providing the Board with reports that present a picture of sustainable growth and fiscal responsibility in a culture of cooperation and concern for our community and the health of each other.

As we grow the store and our cooperative, we must ensure that we do not lose the passion and values-driven vision that brought us to successfully launch a community-owned business as the country was plunged into a recession. Crises and challenges create opportunities for action and growth. As a Board, we are aware of the “Triple Bottom Line,” ensuring that we are not only financially successful, but also true to the co-op’s mission, the environment, and the community. Our message as a co-op is one of action and partnerships, recognizing the realities of our current economy while appreciating the strength and support of our community.

The last fiscal year, to quote Charles Dickens, was “the best of times and the worst of times,” but our General Manager used her great strength and skill to lead a hard-working management team and staff to exceed economic expectations while building community through cooperation. Here’s to the next fifty years!

ABOUT THE PHOTOS IN THIS REPORT

You may recognize the photos in this report—featuring local farmers, food producers, and co-op staff—from the front pages of our bi-weekly sales flyers. We launched our flyer program in November, 2009 with invaluable support from local photographer Jim Gipe of Pivot Media in Florence. Jim is a co-op member who generously donates his time and talent to this project.

Several of the photos were taken by other members of our co-op family: Hawkeye Pierce of Hawkeye Photography, a team member in our Fresh Produce Department; and long-time Board member Sharon Rudnitzky. Sincere thanks to all three of these gifted photographers for generously supporting the co-op and local farmers!

BOARD TREASURER'S REPORT: FISCAL YEAR 2010

Susan Kimball



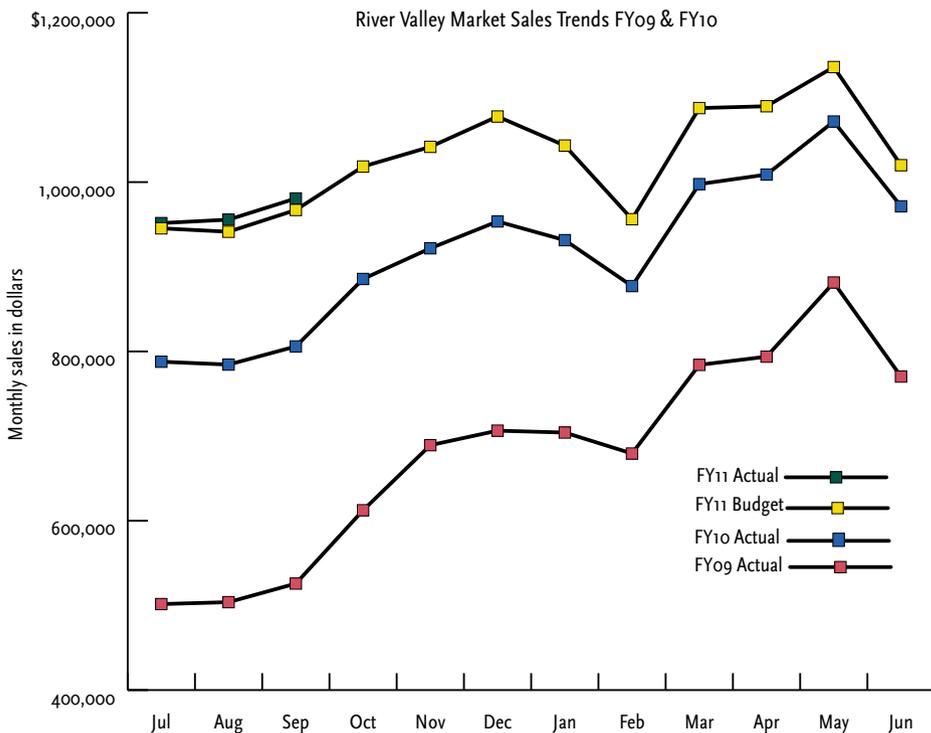
During the past year, River Valley Market continued to expand the market for fresh, local dairy, meat and produce from across the region. Our area farmers produce some of the most beautiful and delicious food imaginable. We are truly blessed as consumers with such a bounty at our fingertips. In just over two years, the co-op has already made a significant contribution towards building a truly sustainable local food system that nourishes the entire community.

Our second fiscal year of operations as a full-service, cooperatively owned, natural foods grocery store continued to exceed sales projections. After ending FY09 with an incredible \$8.1 million in sales, we reached nearly \$11 million in FY10, a 34.87% increase. This is the sales level we originally projected for our sixth year of operations, and we have reached it after only two years.

Our monthly sales show a distinct pattern over the course of the year showing seasonal fluctuations around the holidays and over the summer months (see chart below). May has proven to be the high point for the year before the summer sales slump. This year we celebrated our first \$1 million month as we celebrated our two-year birthday on April 30th. We couldn't have asked for a better birthday present.

Strong sales numbers are fantastic but they don't paint the entire financial picture. Last year at this time, I reported that we had higher startup costs than expected, leaving us with a cash shortfall. By continuing to control expenses, managing cash flow, and chipping away at our \$300,000 member loan goal, we've improved our financial position from last year. Despite this improvement, we still have \$90,000 left to complete our member loan campaign to further stabilize our position.

I want to express my gratitude to everyone for their contributions to the success of our co-op. Whether you are a member-owner, a food producer or vendor, a staff member, a shopper, or all of the above, you are a critical participant in this amazing thing we've created. Together we are demonstrating the power and success of the cooperative business model by creating a market that meets our needs and epitomizes our values.



"I feel lucky to be a farmer right now, because there is a reawakening of support and understanding of the value of local produce. It makes the work a lot easier when people appreciate what you're doing."
—Gideon Porth, Atlas Farm

FRESH AND LOCAL...
Just like the first Thanksgiving



Dave Jackson and crew at Enterprise Farm power a local distribution network to bring River Valley Market and other valley outlets and restaurants the freshest local produce. Dave says, "Our farm-based distribution system is the next generation beyond growers' co-ops. And River Valley Market is our anchor account."

FRESH and LOCAL
Grown and produced by our neighbors!

MANAGER'S REPORT

Rochelle Prunty



Our two-year-old cooperative business made a lot of progress over the last year. Our staff, our member-owners, our Board of Directors, and our suppliers all participated in supporting our growth and development. Thanks to your support we have grown from our first year's sales of \$8.1 million to nearly \$11 million, and are still growing at a healthy rate. We achieved our cash break-even level on operations at the 1.5 year point. This is especially gratifying after our first year losses, which were in excess of \$1 million. We have added 582 new member-owners to our cooperative for a total of 4,337 member-owners at year end. We increased our local (100 mile) product purchases to over \$2 million last year (32% of our total purchases).

Employment in a grocery store requires hard work. In a start-up business it is even harder. We owe our employees big thanks for being part of creating our success in spite of the difficult economic times! I am very proud that through the worst of our startup financial stress, we did not lay off any staff or cut staff benefits. The only reduction in compensation was a 20% voluntary reduction in my salary (in spite of the objections of our very caring Board of Directors). We have held other upper management wages steady while keeping up with all scheduled hourly staff wage increases. I hope you'll join me in thanking the co-op staff for their dedicated service and hard work.

One exciting outcome of the progress we made over the last year is that it has made it possible to increase our entry level wages starting in October of 2010 to a minimum of \$10/hr. This is Phase I of our plan to ensure all co-op staff are compensated with a livable wage by our fifth year of business. With continued sales growth and development of our internal systems we are very optimistic that we'll reach our livable wage goals within the next two years.

Another exciting outcome of our progress over the last two years is that we're hearing from local farmers that they are expanding their production to meet our needs and that the co-op has become a good partner for our local food production community. This goes right to our mission of creating a just marketplace that nourishes the community.

As we are moving into the holiday season this year, the necessity of adding capacity to our facility is evident in all of our daily activities behind the scenes. One solution to ease some key challenges related to our workspace limitations is to add walk-in coolers for the deli and meat departments. We are planning for this addition to start as soon as possible, and expect the investment to pay for itself with increased productivity. See plans on the next page.

There is no room inside the store for this equipment to be added without sacrificing space for some other critical activities, but there is a little room on the northeast side of the building where we can add coolers to the exterior with doorways from inside the meat and deli department workspaces. Completing this construction will cause some short-term disruption to our operations, but the immediate benefits for staff working conditions is well worth it. A benefit for customers will be added products in both departments. The new meat cooler will add capacity for storage of whole lamb, pork, and sides of beef, which will add to our future local purchases.

In the hills of Colrain, MA, Joe and Carolyn Hillman farm 45 acres and tend a small herd of American, French Alpine and Nubian goats. Abundant pastures and woodlands offer them a healthy diet, and rocky ledges a wonderful playground for exercise and enjoyment. For more than ten years, they have been growing their own hay and producing award-winning farmstead goat cheese.



FRESH and LOCAL
Grown and produced by our neighbors!

Sixth generation farmers Linda and Casey Burt produce Pioneer Valley Vineyards wine from Frontenac and Cayuga grapes grown organically on their Hatfield estate. They also produce wine from other locally grown fruits, including organic cranberries, raspberries, blueberries and apples.

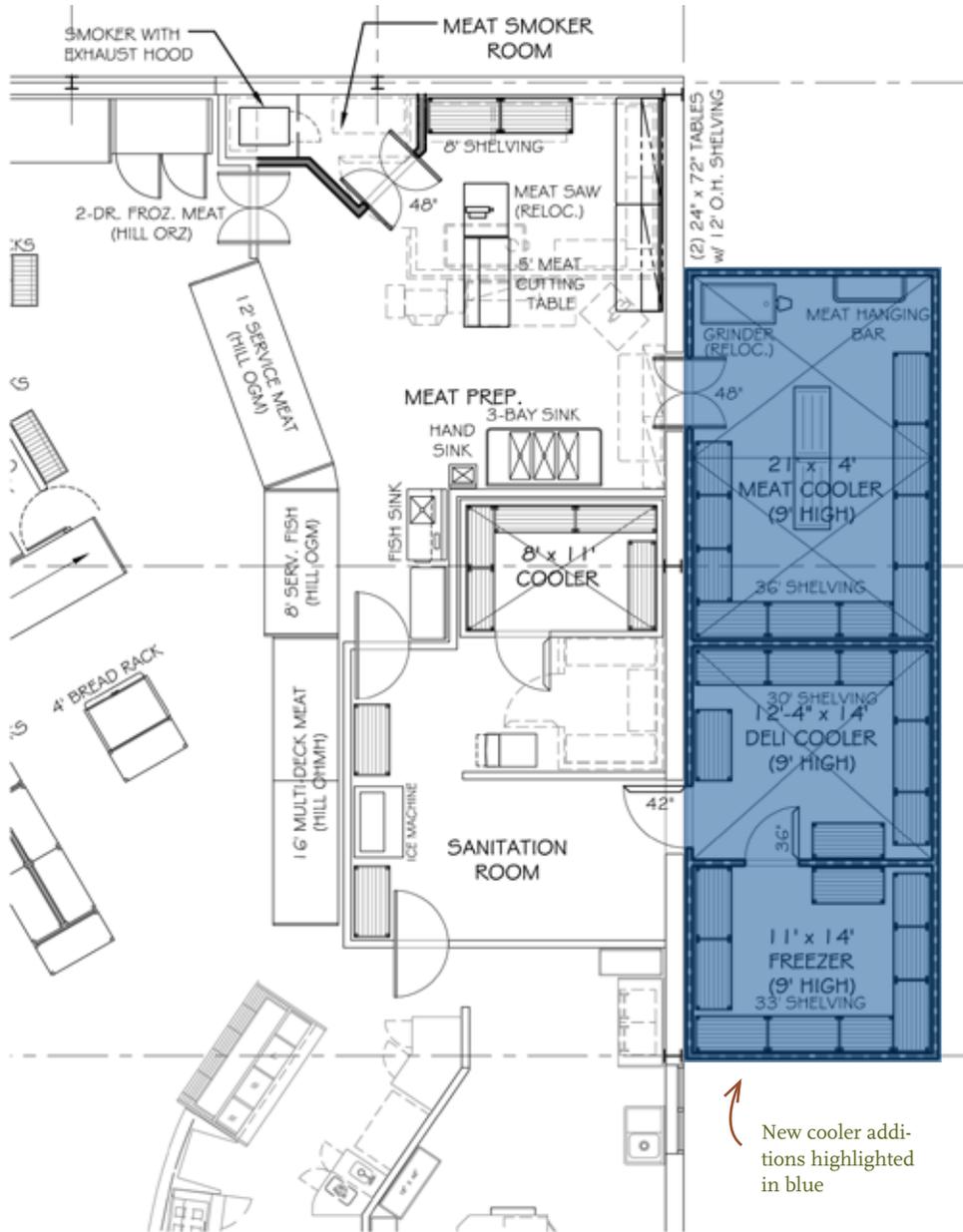


FRESH and LOCAL
Grown and produced by our neighbors!

Your shopping, actively promoting the co-op to others, thoughtful feedback to the staff and Board, participation in co-op community events and programs, member equity investment, and member loans have all helped strengthen our cooperative, enabling us to improve our operations and invest in our staff, our facility, and our community.

While we are still very new and have our work cut out for us in terms of organizational development, we have come a long way in year number two and have much to be thankful for. We are operating at a financially sustainable level, our co-op's purchases are helping to support our local farmers and food producers, and we are increasing our staff compensation. We are growing in both membership and customer numbers, which keeps the flow of resources going to continue to build the work of our mission. We truly are stronger together.

Thank you for your support. I look forward to working with you through the coming year.



Plans for added walk-in cooler storage for prepared foods and meat department were approved by zoning in September. The additional storage space will improve the working conditions for these two key departments and add capacity for production. Construction will begin as soon as possible.



Michael Docter of Winter Moon Farm in Hadley delivers carrots, beets, parsnips and potatoes throughout the winter to local outlets using a sturdy bicycle outfitted for heavy hauling. Winter Moon's storage facility is designed to leave the smallest carbon footprint possible on the road from field to table. Temperatures are monitored by a computer and a fan ventilation system that balance indoor temperatures with cold winter air outside, without the use of energy-hungry compressors.

FRESH & LOCAL
Grown and produced by our neighbors!



Every day, Chef Joseph and his crew cook up some of the Valley's finest soups, salads, entrees and desserts to eat here or take home. Come by and taste the fresh, made-from-scratch difference!

FRESH & LOCAL
Made from scratch in the Quarry Cafe

RIVER VALLEY MARKET EMPLOYMENT FACTS FY 2010

We employed seventy-four people as of June 30th, 78% full-time and 22% part-time. Our wages for hourly staff are competitive or above the local job market and have increased from an average hourly wage of \$10.56 in 2008 to \$11.31 as of June 30th, 2010. Benefits for full-time employees include: health insurance, disability insurance (short- and long-term), life insurance, 125 plan, and 401(k) plan. All staff, both full- and part-time, get paid vacation, paid personal (sick) time, holiday pay, and a 20% off co-op purchases.

Wage data

We have joined the Northampton Living Wage Coalition, and are committed to improving our productivity to enable us to reach our living wage goal by our fifth year of business. We are phasing in our livable wage goal starting with phase one in October of 2010 by increasing our lowest entry level starting wage to \$10/hr.

We measured our average hourly wages compared to the most recent state labor reports and found that our wages and benefits were above the median for retail workers by about 9.49% and had increased about 7.1% since the fall of 2008. Our survey of area grocery stores in August of 2010 shows our starting wage is very competitive with supermarket competitors that do five to ten times more in sales than the co-op.

	Average Hourly Wage	State Survey Cashiers	Retail Sales	Food Service
September 08	\$10.56	\$8.95	\$10.18	\$9.71
July 09	\$11.17	\$9.19	\$10.22	\$9.88
July 10	\$11.31	\$9.14	\$10.33	\$10.09

Safety

Our safety record is good, with a Workers' Comp rating below 1%. Our Workers' Comp rate fell last year from .9% to .83%.

Turnover

Our staff turnover rate for the year was 30% which is below the retail industry average of about 50% and below our first year turnover rate of 56.58%. (First year store turnover rates are typically in the 70-80% range).

Training and Development

We have been working to add depth to our organizational structure, and have added five advanced level positions over the last year. We are building depth through a mix of internal staff development and adding new staff members to our team. In FY2010, six of fourteen available non-entry level positions were filled by internal applicants.

FY 2010 Training and Staff Development programs included:

- All staff attend quarterly meetings to learn about the financial workings of the cooperative.
- We implemented a new employee orientation program this year for all new staff and a storewide cross-training session on the basics for all current staff.
- We've implemented customer service and Co-op 101 training for all staff.
- In FY2010, seven staff completed NCGA's Retail Basics Training Sessions for supervisors and managers.
- Three staff attended NCGA's conference for co-op membership & marketing.
- Two staff attended NCGA's Fresh Foods Department Management Conference
- Two staff attended NCGA's conference for grocery and wellness managers.
- Two staff and one Board member attended the Consumer Cooperative Management Association (CCMA) conference.

Stan Zawalick started making maple syrup for fun at age 10. "I used a potbelly stove, and it took me two days to make a gallon," he recalls. He began selling at farmers' markets in 1982, and built the current version of Zawalick's Sugarhouse in Florence in 2009. Look for Zawalick's and other local maple syrup at the co-op when the season hits its stride in March.

FRESH & LOCAL
First local crop of the season!

st. patrick's day
SAMPLER Sat. March 13, 11-2
Live music with authentic legend Peter Dinklage

Pete Hodgson, our Fresh Meat & Seafood Manager, presents his fresh, house-made Corned Beef Brisket. Made with certified humanely raised beef with no artificial colors or preservatives, Pete's brisket is available through St. Patrick's Day, when everyone is Irish!

FRESH & LOCAL
Made from scratch at the co-op!

2010 BOARD CANDIDATE STATEMENTS

Kalista Aird



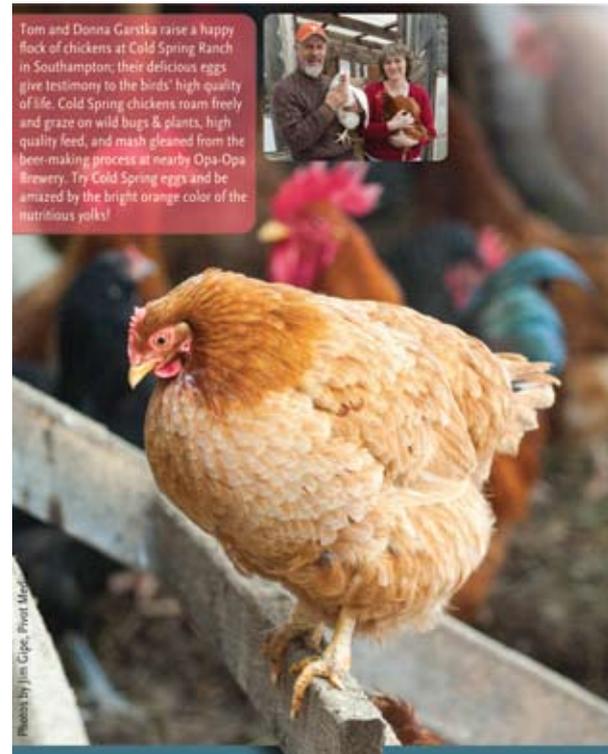
I currently work with New England Farmers Union, as a membership coordinator for cooperatives and cooperative education, and with Cooperative Fund of New England focusing on marketing, events, and support on program work around low-income population participation models for different cooperative sectors. My previous work experience has been as a worker owner at Equal Exchange, education and community coordinator at Berkshire Co-op, Front End supervisor at River Valley Market, and member in GAIA Host, a worker-owned collective. Work projects at Berkshire Co-op on healthy foods outreach and at GAIA Host on expansion of operations and structure have been particularly meaningful to my perspective.

Some recent volunteer projects have included work at Urban Greens Food coop in Providence, RI and as a founding board member with Manchester Food Co-op in NH. I have been a member of community CSAs and founded a community cooking club to connect folks with skills/techniques/recipes.

From my experiences at Equal Exchange, I have a strong commitment to use and development of the co-op model. I am currently in the MMCCU program at St. Mary's University, pursuing a cooperative business management degree. The program has grown my skills and given me the opportunity to analyze and assess the structures and impacts of different cooperative models within communities, local food systems, and global business chains. I have proudly watched our co-op grow and participate as an active player in our local economy and food system in the Valley. I want to support the co-op by participating in Policy Governance to craft policies that serve the needs and values of members, staff, and community, and by engaging in assessment of our co-op's successes and long term vision. I feel that my graduate degree focus and my background in cooperatives and natural foods would contribute perspective to the Board as our cooperative works to realize the vision of the members.

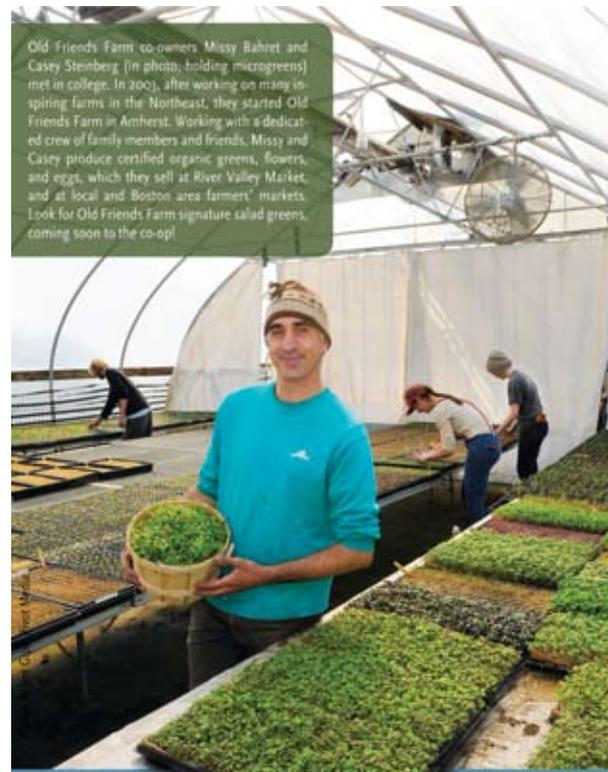
I feel important strategies for group decision-making are patience and understanding that the group is committed to the same vision and values; to achieve that, I spend time listening conscientiously and identifying areas of agreement to be built upon or disagreement to be resolved. I have learned to be an effective participant in development, planning and evaluation. As a volunteer board member with the Manchester Food Co-op initiative, I worked on the drafting of bylaws and membership structure. At Equal Exchange, I engaged in review of the strategic plan, sales numbers, and other organizational evaluation with the worker owner body.

I have a favorite quotation about cooperatives that expresses my feelings about cooperatives: "On the basis of cooperation, the world can have both prosperity and peace. Let us make no little plans; they have not the power to stir men's souls."



Tom and Donna Garstka raise a happy flock of chickens at Cold Spring Ranch in Southampton; their delicious eggs give testimony to the birds' high quality of life. Cold Spring chickens roam freely and graze on wild bugs & plants, high quality feed, and mash gleaned from the beer-making process at nearby Opa-Opa Brewery. Try Cold Spring eggs and be amazed by the bright orange color of the nutritious yolks!

FRESH & LOCAL
Eggs laid by our neighbors' chickens!



Old Friends Farm co-owners Missy Bahret and Casey Steinberg (in photo, holding microgreens) met in college. In 2001, after working on many inspiring farms in the Northeast, they started Old Friends Farm in Amherst. Working with a dedicated crew of family members and friends, Missy and Casey produce certified organic greens, flowers, and eggs, which they sell at River Valley Market, and at local and Boston area farmers' markets. Look for Old Friends Farm signature salad greens, coming soon to the co-op!

FRESH & LOCAL
Grown and produced by our neighbors!

BOARD CANDIDATE STATEMENTS, CONTINUED

Jade Barker (incumbent)



I'm currently Co-Director of The Mediation & Training Collaborative (TMTC) in Greenfield, a non-profit that provides conflict resolution and communication services in the Pioneer Valley. I worked previously for TMTC as a Peer Mediation Coordinator, mediator, and trainer, training both youth and adults to mediate conflicts for their peers.

I've served on the board of directors of the River Valley Market for several years. Previously, I was Co-chair of the Co-op Outreach Committee, and have been active in several community groups, such as the Hadley Green Party and the Hadley Neighbors for Sensible Development (which received a "halo" from the Valley Advocate for our work concerning development on Route 9). I've been involved in co-ops for many years: first living in cooperative student housing at UC Berkeley, then joining the Cambridge, and later, Sacramento, food co-ops.

Historically, I've worked at South End Press, a progressive, worker-owned, book publishing collective, and was managing editor of the Central America Solidarity Association's newsletter in Cambridge, MA.

Our board uses policy governance to ensure that the co-op achieves what it should. I love this system because it emphasizes outward vision, encourages diverse viewpoints, and is proactive rather than reactive. I think my appreciation for our system of governance is a strength I bring to the board. Embracing difference creates strength; I hope my facilitation skills will help elicit the diverse opinions we'll need to navigate the next phase of our startup.

But what's the primary reason I want to be a board member? Simply put, it's fun! Not only is the work exciting, but board members get to spend time with some pretty amazing people. I hope you'll allow me the opportunity to serve another term.

Erbin Crowell



I believe in the co-operative model as a powerful alternative to business as usual, one that contributes to more sustainable, just and resilient communities, and empowers people in their lives. I have had the pleasure of serving on the Board over the past few months and have been deeply impressed by the commitment of our members, staff and Board to the success of our co-operative. I would welcome the opportunity to continue to serve on the Board as we carry our vision forward.

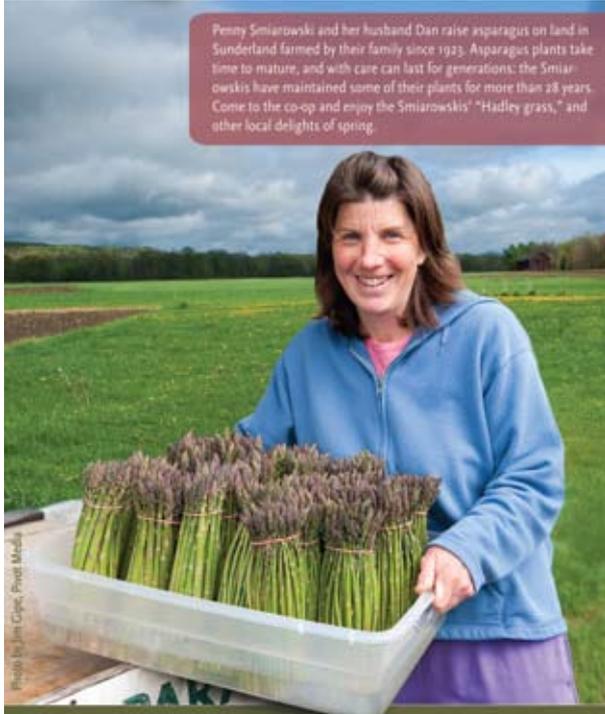
I grew up in diverse inner city and rural mountain communities, an experience that has shaped my commitment to community empowerment, sustainable agriculture and nonviolence. Over time, co-operation has become a passion in my life and work. I currently serve as executive director of the Neighboring Food Co-op Association, a network of more than 20 food co-ops in our region including River Valley Market, and as adjunct professor at the University of Connecticut where I teach an undergraduate course on the co-operative movement. Prior to this, I worked with the Cooperative Fund of New England, and on projects with the Valley Alliance Worker Co-ops and the Federation of Southern Co-ops. For over a decade I was a member of Equal Exchange, a worker co-op and Fair Trade pioneer where I was a department manager and served two terms on the Board of directors. I recently completed my Master of Management: Co-

Kelsey Allen, greenhouse manager at Atlas Farm in South Deerfield, works with owners Gideon and Sarah Porth and the Atlas team to grow certified organic bedding plants, including all kinds of lettuce, spinach, arugula, cabbage, cilantro, basil, parsley, broccoli, beets, kale, collards, chard, tomatoes, peppers, eggplants, and onions. Stock your garden with beautiful, local, certified organic Atlas plant starts, available now at River Valley Market!



FRESH & LOCAL
Grown and produced by our neighbors!

Penny Smiarowski and her husband Dan raise asparagus on land in Sunderland farmed by their family since 1923. Asparagus plants take time to mature, and with care can last for generations; the Smiarowskis have maintained some of their plants for more than 28 years. Come to the co-op and enjoy the Smiarowskis' "Hadley grass," and other local delights of spring.



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operative & Credit Unions from St. Mary's University, Nova Scotia, and serve on the boards of directors of the National Cooperative Business Association and the Domestic Fair Trade Association.

Over the past few months, I have worked to be a contributor and collaborator as a member of the Board of directors at River Valley Market, and have also learned a lot from other members. I would welcome the opportunity to continue to serve our cooperative and community.

Lynn DiTullio



I have worked in renewable energy and energy conservation for thirty years, most recently at the Wind Energy Center at UMass-Amherst; I love that the co-op was built with green attributes! I was involved with the Green Team back when River Valley Market was being designed, and helped write the grant application for the Co-op's "green" features. Through the long hard slog of getting the Coop built, I've been very impressed with the Board's persistence in the face of tough odds. As one of the earlier members (#260), I've had confidence throughout that the store would be built and would flourish, and that confidence has been fulfilled in spades.

I have been a member of area food coops starting with the Boston Food Co-op back in the mid-70's, the old Northampton Food Co-op, Greenfields Market, and now River Valley Market. I have managed and owned small energy-related businesses in the area, and was program manager at the UMass Wind Energy Center until we lost funding in January, 2010. I currently work with Field to Table, a consultancy focused on business development of the regional farming community as well as agricultural and energy-related group-based businesses, including several area food coops. As a result, I have a keen appreciation of the challenges involved in keeping a small business going, meeting payroll and nourishing that critical, warm connection with customer-members while ensuring that staff feel involved, appreciated, and nurtured to grow as the organization grows.

I was invited to attend a Board meeting in early July and I was very impressed with the meeting organization and Directors' collective commitment, competence, and humor. Now that I have a little more time, I'd like to do my share in help the coop continue to flourish under the emerging challenges we now face.

Christine Dutton

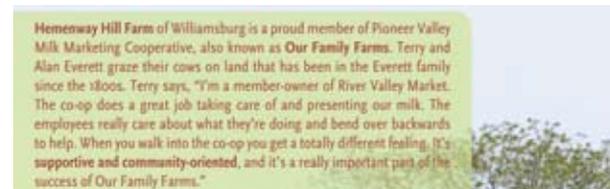


I am very excited about the prospect of serving on the Board of Directors and would like to increase my involvement with a community-based organization that has a direct impact on the sustainability of our local food systems, contributing to our local economy and on the quality of people's lives. Personally, I am passionate about supporting local farmers, eating quality, healthy foods and promoting wellness.

My current position is as Human Resources Manager for The Food Bank of Western Massachusetts. I am also currently serving on the Steering Committee of The Human Service Forum, an association and resource for human service agencies throughout the western Massachusetts area.



FRESH & LOCAL
Raised by our neighbors!



FRESH & LOCAL
Produced by our dairy co-op neighbors!

BOARD CANDIDATE STATEMENTS, CONTINUED

I believe that my background in organizational management and organizational development along with human resources and volunteer management experience would lend well to the spirit and strategic goals of the River Valley Market. I believe that it is important to continuously improve engagement with the community, customers, employees and volunteers. Finally, I feel that my personal values are well aligned with the organization and would be honored to become more deeply involved with the River Valley Market community.

Jim Kirchhoffer



I have been a Cardiologist for almost 25 years, working in the fields of cardiovascular disease and cardiac electrophysiology (abnormal heart rhythms). I am more convinced now than ever that healthy eating is a foundation for cardiovascular health individually and in our community. I have been inspired watching the development of the River Valley Cooperative, and am interested in serving on the Board of Directors to help promote heart-healthy lives in the valley. I have previously worked with the United Way and the American Heart Association.

After 18 years at Baystate Medical Center, including eight as chief of the cardiology division, I joined Northampton Cardiology Associates so that I could try to lead a healthier life style. I am the medical director for the Change of Heart at Baystate, a multi-disciplinary lifestyle modification program for those with or at risk for heart disease. The program includes exercise training, yoga, education, mindfulness, and an emphasis on nutrition. Through this work, I received the Western Massachusetts Dietetic Association award for physician advocacy for nutrition this year. I have had significant exposure to the business aspects of cardiology in both academic and private settings, but have not worked with a cooperative business model.

In addition to my professional life, I have completed a yoga teacher training, taught yoga for 3 ½ years, then stopped teaching because I found it too stressful to get to the studio on time. I enjoy my recumbent bicycle, cross country skiing, hiking, bird-watching, and photography, all on an amateur basis. As a parent and a grandparent, I want to see my children and grandchildren grow up in sustainable and healthy environments.

I look forward to a mutually beneficial relationship with River Valley Market; I will add experience with nutrition and exercise, and the position will teach me about farming and co-operative business. I would like to spread my four word mantra, "Eat Less, Move More."

David Chamutka raises his luscious, juicy, certified organic strawberries at the fertile Connecticut River Valley soils of Whately. David recovered this tobacco farming land for organic crops, and his strawberries were certified organic in 2008. River Valley Market customers can enjoy Chamutka Farm strawberries and other certified organic produce throughout the growing season!

Strawberry Ice Cream Social
June 17, 5-8 pm
Burgers, sausages & veggie burgers on the grill. Bart's homemade ice cream & strawberries, live music from Swing Caravan. Treat the Games Man, plus the home debut of our shopping cart drill team! Everyone is welcome!

FRESH & LOCAL
Organically grown by our neighbors!

WHO'S YOUR HERO? AUSTIN MILLER CO-OP HERO AWARDS 2010*Jade Barker, Board Member*

So often, we hear about what's going wrong in the world, its great to be able to celebrate what's right. The Austin Miller Co-op Hero Awards were created to recognize individuals and organizations that strive to support and strengthen cooperative values and the cooperative principal of Support for Community. In a valley filled with folks doing good work, and many worthy nominations culled from member-owners, limiting this year's award winners to just three was a quite a challenge.

The individual award went to David Gowler, who also received the most nominations. His nominators wrote: "David Gowler is one of our community's unsung heroes. His quiet, unassuming nature means that his achievements are not always well known ..." They described how, in 1997, David got financing from the Hiltown CDC to work with business advisors on developing a local food co-op—even before the first meetings that led to River Valley Market began. Later that year he heard about another group that shared his vision, called their contact person (Gary Schaefer), and began meeting with them in the winter of 1998. This core group became the steering committee for the organization that would incorporate in 1999 as Northampton Community Cooperative Market, Inc., with David as its first president. David served on the co-op's board of directors until 2007.

David was also instrumental in the start up of Valley Free Radio, a non-profit, community based and volunteer-run radio station for the Greater Northampton area whose mission is to "educate, inspire, and entertain through programming that reflects the diversity of the local community." Additionally, for the past 12 years David has produced a radio program for WMUA, a UMass-based station, and, more recently, developed a Neighborhood Watch program in his neighborhood in Holyoke.

Finally, in the words of three of his nominators, "Describing all of these activities gives a picture of David's work to strengthen and support his community, but the most important thing to understand is that all of David's contributions are offered in a caring, compassionate manner. He is a positive presence in every way, a steadfast person, whose behavior is true to his values that include increasing social justice by building community...all right here in the Valley. We do not know anyone who walks his talk better than David does."

The non-profit award went to The Cooperative Fund of New England, another worthy local hero. While co-ops, with their attractive ideals, often attract volunteer time and energy, getting financial backing can be a much more difficult achievement. The Cooperative Fund of New England describes itself as "a community development financial institution (CDFI) that is a bridge between socially responsible investors and cooperatives, community oriented non-profits, and worker-owned businesses in New England." A nominator wrote, "The Cooperative Fund of New England was founded by food co-ops in 1975 to provide lending services to co-operative enterprises that were not well understood or supported by conventional lenders. This year, the Cooperative Fund is celebrating 35 years growing co-ops and community organizations here in the valley and across our region. Over that time, the Co-op Fund has provided over \$19 million in loans to more than 450 co-ops and community organizations." (www.coopfund.coop)

Finally, the Valley Alliance of Worker Cooperatives (VAWC) received the Co-op Hero Award in the business organization category. Worker cooperatives are business owned by their workers; VAWC is a co-op of co-ops. A nominator wrote: "The Valley Alliance of Worker Co-operatives is dedicated to building a sustainable local economy by facilitating the growth and development of worker co-operatives." Critical to their mission is education about co-operative solutions to community issues.

VAWC is currently partnering with the UMass Co-operative Enterprise Collaborative, and faculty at the Economics Department, creating curriculum centered on the co-operative model with a particular focus on worker co-operatives. Additionally, VAWC committee is co-writing a book on the past, present and future of worker co-ops and how they help shape the overall co-operative economy.

(Learn more at www.valleyworker.org.)

Who's your local co-op hero? Make sure you nominate them for the 2011 Co-op Hero Awards.

AUSTIN MILLER: THE FIRST CO-OP HERO

Austin Miller was awarded the first annual Co-op Hero Award during our cooperative's celebration of the first birthday of our store on April 30th, 2009 for extraordinary support from a co-op member-owner. Austin tirelessly and passionately championed the dreams of our membership for a locally grown food co-op in Northampton.

Austin was a founding co-op member-owner whose career was devoted to serving people in Western Massachusetts by supporting community development projects that provided low income housing, shelter for victims of domestic violence, and food for the hungry. Austin specialized in securing financing for projects that directly benefitted people in need and strengthened our communities. Austin was the financial consultant who secured the financing agreements between River Valley Market and the banks that provided the mortgage for our co-op start-up project in Northampton.

Our community lost a good friend when Austin passed away on October 30th, 2009. In honor of his efforts on behalf of all of us, River Valley Market's Board of Directors made a \$300 donation to the Food Bank in the name of Austin Miller and this year's three Austin Miller Co-op Hero Award winners.



CO-OP GREEN STAMPS
 Fill your card with stamps, then cash it in, trade it, or donate it!

Be a co-op green scout!

REUSE YOUR BAGS...BE A CO-OP GREEN SCOUT!

We have an incentive program for bag reuse that we call Co-op Green Stamps. We call the participants in the program Co-op Green Scouts; we even have embroidered merit badge-like patches available for participants.

Here is how it works: For every bag you reuse by filling with your grocery purchases from the co-op you get a Co-op Green Stamp on your Co-op Green Scout card. And if you ride your bike to the co-op to shop you get double green stamps! 10 green stamps fill a card which can then be redeemed for 1) a Co-op Green Scout embroidered patch, 2) \$1.00 off your purchase, or 3) you can donate \$1 to the local non-profit of the month.

River Valley Markets Co-op Green Scouts redeemed or donated a total of 7,716 filled Green Scout cards last year which represented reuse of approximately 77,160 bags! This is an increase of 20% over last years 64,270 bags reused by participants. 4,486 cards were donated to the non-profit of the month for a total of \$4,486 in local non-profit donations which is a 24% increase over the \$3,620 donated in FY 2009.

FY 2010 GREEN STAMP NON-PROFIT OF THE MONTH PROGRAM

Each month we accept member-owners' nominations for the local green stamp non-profit of the month (except for December which is reserved for the Friends of Hampshire County Homeless). Nominees are announced in our weekly e-mail updates, and all member-owners can vote via online survey for the monthly Green Stamp Non-Profit of the Month. Each month, the winning non-profit is the designated recipient of all Green Stamp Card donations and any other donations made at the cash register during the month. This year's Non-Profits of the Month received a total of \$7,656 (including the New Orleans Food Co-op fundraiser) through customer donations at the register, including the \$4,486 from donated Green Stamp cards. Thank you one and all for your generous contributions to our important local non-profit organizations:

- Fertile Ground \$506
- CISA \$470
- Women's Crisis Center \$559
- Shelter Sunday \$639
- Cancer Connection \$554
- Interfaith Cot Shelter \$913
- Farmworker Food Fund \$495
- Northampton Survival Center \$510
- Safe Passage \$377
- Reach Early Intervention Program of South Deerfield \$595
- Hampshire County Friends of Homeless Individuals Inc \$577
- New England Farmers Union \$461

Other Good Causes the Co-op Supported:

- Check Out Hunger Food Bank Fund Donations: \$1,688
Annual fall fund drive for the Western Massachusetts Food Bank
- New Orleans Food Co-op: \$1,000
In February we held a fundraiser with Mardi Gras beads, masks, and live music by Primate Fiasco to support the startup of our sister co-op in New Orleans. We anticipate their opening within a few months.



Top: Volunteers from a monthly Co-op Green Stamp donation recipient organization table at the co-op on a busy Saturday.

Bottom: The Primate Fiasco entertains co-op shoppers with their New Orleans sound at our Mardi Gras fundraiser for the startup of the New Orleans Food Co-op

- Heifer International: \$135
- 2009 CISA Eat the View Sponsorship: \$500
- 2009 CISA Farm Guide Ad: \$3,000
- 2010 CISA Winterfare Northampton Sponsorship: \$250
- Center for New Americans: \$1,875
- Ride Buzz: \$150
- Scrip Fundraising Gift Cards: \$1,770
Fundraising gift card donations to Congregation B'nai Israel, the Unitarian Society of Northampton and Florence, the Hartsbrook School, the Nonotuck Community School and Lander-Grinspoon Academy. Non-profits interested in our bulk gift card program may apply at the Customer Service Desk, or visit our website to learn more: <http://rivervalleymarket.coop/bulkgiftcards>.

IN-KIND DONATIONS

In FY10, River Valley Market made in-kind donations to the following community organizations, totaling \$2,507:

- | | |
|-------------------------------------|-------------------------------------|
| Northampton High School | Hilltown Cooperative Charter School |
| Out for Reel | Western Mass Climbers Coalition |
| Double Edge Theater | Riverside Industries |
| Urban Greens Co-op | Northampton Education Foundation |
| CISA | Massachusetts Academy of Ballet |
| Hartsbrook School | Holyoke GLBTQ Prom |
| Northampton Schools Green Team | Student Conservation Association |
| Grove Street Inn | B'nai Israel |
| City Ward #3, Northampton | Leeds Civic Association |
| American Red Cross | Cancer Connection |
| American Friends Service Committee | North Star School |
| Hampshire YMCA | The Garden at the YMCA |
| Community Action-Youth Programs | MassBike |
| Beit Ahavah | Co-op Power |
| The Children's Learning Cooperative | Bridge Street School |
| The Sunrise Foundation | Blue Star Equiculture |
| Partners in Health-Haiti | Porter-Phelps-Huntington Museum |
| Leeds Elementary PTO | Nuestras Raices |



Customers dance to Primate Fiasco's music during our Mardi Gras fundraiser for the New Orleans Food Co-op

LOCAL HEROES

Here are some examples of your support for the co-op's local farmers in FY10:

- 40,320 pounds of local apples: Apex Farm, Dwight Miller Organic Orchards and Scott Farm (36,375# FY09)
- 3,069 pounds of local asparagus: D. A. Smiarowski (3,042# FY09)
- 6,588 pounds of locally raised beef: River Rock Farm, Steady Lane Farm, Upland Meadows Farm and Wheel-View Farm (4,021# FY09)
- 18,699 gallons of local milk: High Lawn Farm, Mapleline Farm, Our Family Farms (13,321 # FY09)
- 1,935 pounds of local bulk honey: Shelburne Honey Company (1,327 FY09)
- 3,076 pounds of local bulk maple syrup: Zawalick's Sugar House and Far Away Farm (1,971 # FY09)

FAIR TRADE PRODUCTS

- 15,756 pounds of fair trade coffee (12,881# last year)
- 48,911 pounds of fairly traded organic bananas (44,166 # last year)

RIVER VALLEY MARKET LOCAL FOOD PURCHASES FY10

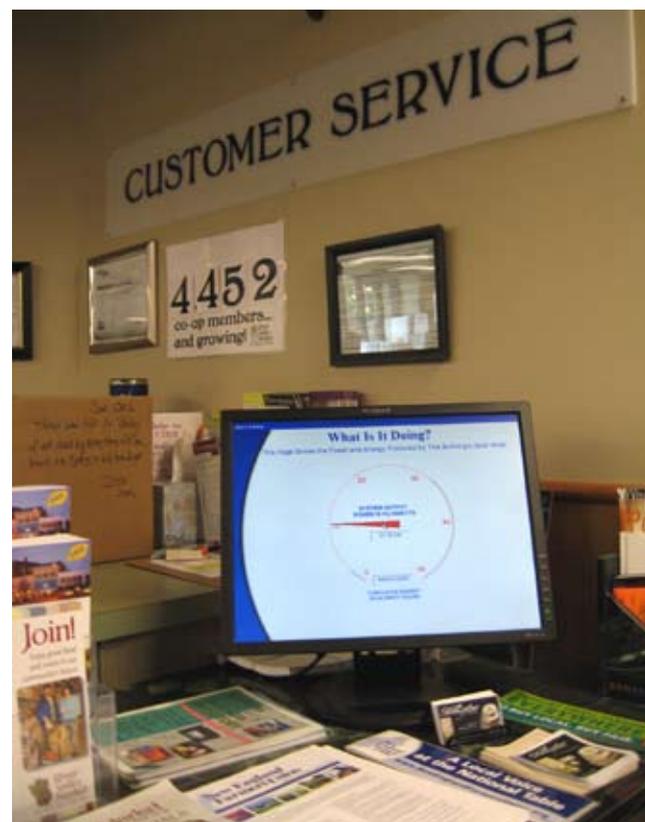
	FY 2009	FY 2010	increase	% increase
Total Purchases	\$5,414,336.00	\$6,938,224.00	\$1,523,888.00	28.15%
100 mile local	\$1,083,067.00	\$2,226,478.00	\$1,143,411.00	105.57%
local as % of total purchases	20.00%	32.09%		

MONITORING OUR STORE-GENERATED WASTE AND RECYCLING FY2010

	Tons	Pounds	% of total
Trash*	39.00	78,000	21.32%
Compost	49.33	98,660	26.97%
Cardboard	70.31	140,620	38.44%
Co-mingled recycling*	19.11	38,220	10.45%
Survival Center Food Donations	5.17	10,344	2.83%
Total Waste Stream Recycled	143.92	287,844	78.68%

*Based on estimate from number of vendor pickups

We composted or recycled 78.68% of our store-generated waste last year. This shows a decrease of 2.14% in the total percentage of recycling compared to last year. This is something we are working to improve upon for the coming year.



RENEWABLE ENERGY

The current overall makeup of the power sources that supply electricity in the US are: Coal 50%, Nuclear 20%, 18% Natural Gas, 7% Hydro-electric, 3% oil, 2% renewable sources. We are doing our part to support increased use of renewable energy sources by producing some of our own solar power and purchasing green tags to support wind power.

You have probably noticed the large array of solar panels (196 photo voltaic panels installed by our friendly Pioneer Valley Photo Voltaic cooperative: PV-squared) on the roof of the co-op. This is a substantial 35+ kw commercial solar electricity generating system which was installed with grant funding support from the Renewable Energy Trust when we built the store in 2008. This system generated 41,669,63 kw hours of clean solar electricity to power our food co-op over the last year. By producing our own solar electricity, the co-op reduced the amount of carbon dioxide released into the environment by 37,877.69 pounds and reduced the amount of sulphur dioxide by 100.01 kgs compared to the standard environmental impact from the generation of the electric power off the grid.

There is a computer monitor at the customer service desk which customers can view any time during store hours to see how much solar electricity is currently being generated and how much has been generated historically. It also includes other information about our green building.

The solar electricity we produce would be plenty of electricity to power many businesses our size, but grocery stores use substantially more electricity than the average retail business, school, or office building because of all the refrigeration needed for fresh foods. Our solar panels fulfilled just under 5% of the total 901,069.6 kw hours of electricity we used last year. The good news is that by purchasing Green-E Energy certified renewable energy, another 80%+ of our total electricity was supported by wind energy. Wind energy is also a clean, renewable resource.

Together, our self-generated solar power and the certified Green-E certified wind power produced 85.87% of the electricity used by the food co-op last year. This green electricity reduced a total of 672,541.49 pounds of carbon dioxide and 1,775.69 kg of sulphur dioxide from being released into our environment compared to the standard emissions from electric power. In September of 2010 we switched over all of our electric purchases to Green-E certified wind power, so going forward we'll be using only 100% green electricity.



COOPERATION AMONG COOPERATIVES

This is one of our cooperative principles. River Valley Market is a consumer-owned cooperative, and we also support a number of other cooperative businesses through our business. This includes purchasing goods directly from cooperative vendors, including: Associated Grocers New England, Equal Exchange, Frontier Natural Products Co-op, Pachamama Coffee Co-op, Pioneer Valley Growers Association, Inc., Syracuse Cultural Workers, Co-op-One-Oh-Eight, Birds and Beans, and Our Family Farms. Last year we purchased \$521,714 directly from cooperative vendors, an increase of \$139,660 (36.55%) over the previous year.

We also purchase many products which are produced by cooperatives, including Cabot Creamery cheese, butter, cottage cheese, and sour cream; Organic Valley milk, butter, cheese, and cottage cheese; Land-O-Lakes butter; Once Again Nut Butters; Ocean Spray cranberries; Blue Diamond nuts; and Sunkist orange juice.

We work with several local, non-food cooperatives, including UMASS Five College Credit Union, Co-op Power, Woodlands Cooperative, and Collective Copies. We also work closely with our neighboring food co-op association: NFCA. NFCA is a group of independent food co-ops in Massachusetts, Vermont, and New Hampshire that have organized to work together to develop and support our regional growers and food co-ops.

We are members of the National Cooperative Grocers Association, (NCGA) which is a co-op of food co-ops formed to support independent food co-ops. Our semi-monthly Co-op Deals specials flyer is one of the most visible benefits of our membership in NCGA. NCGA provides a wide variety of services to support River Valley Market, including contract pricing from several suppliers, and training and development support for our staff and Board of Directors. NCGA generously supported River Valley Market with \$9,000 in funding for staff training and development this year.

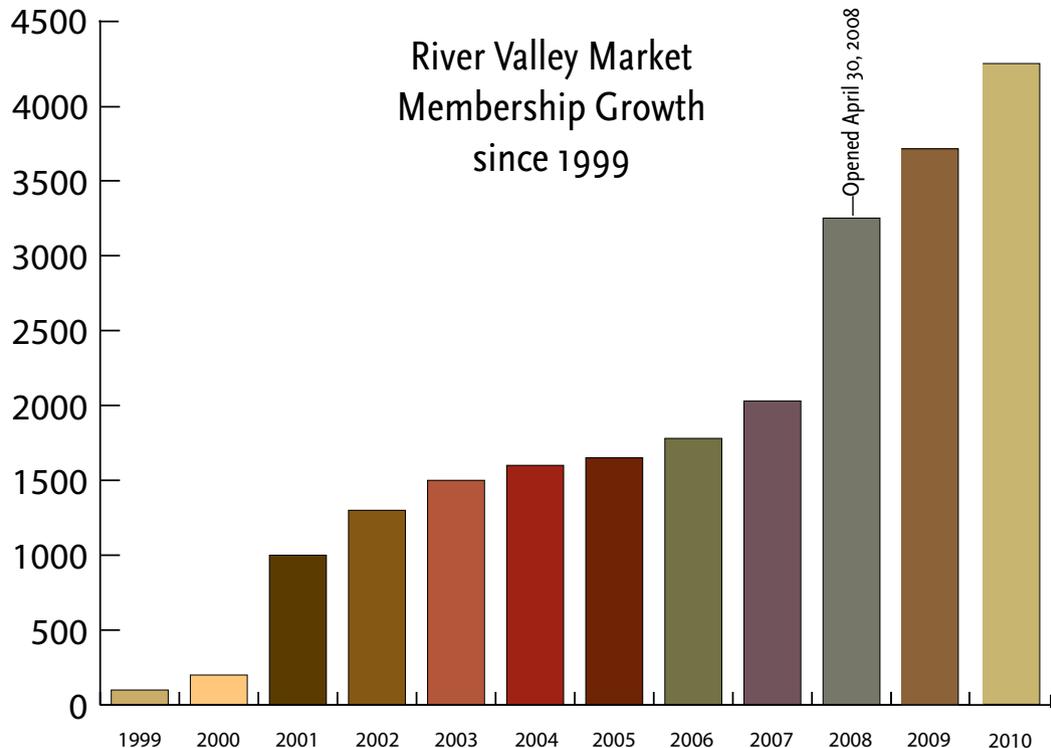
We have also worked with several other cooperative organizations, including Cooperative Development Services, Cooperative Fund of New England, the Cooperative Development Institute, the National Cooperative Business Association, the National Cooperative Bank, and NCB Capital Impact.

SUPPORTING COOPERATIVE VENDORS

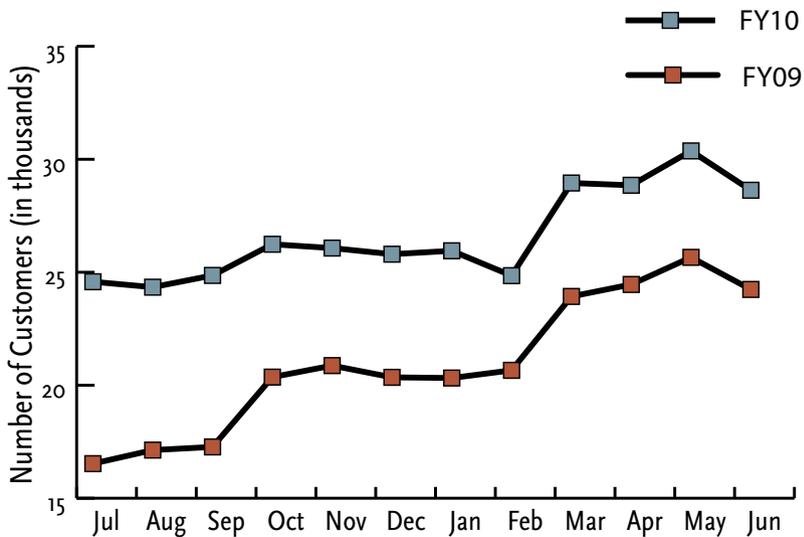
Product purchases from cooperatives	FY09	FY10	Increase	% Increase
	\$382,054	\$521,714	\$139,660	36.56%



Owned by Dairy Farmers Since 1919



Customer Count FY09 & FY10



Best Local Green Business
Best Gourmet Food Store



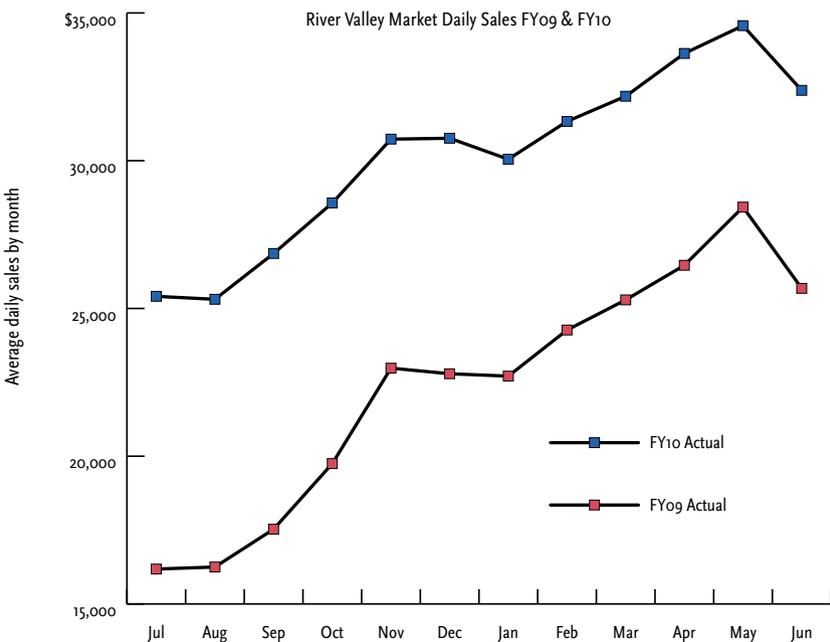
Best Health Food Store
Best Place for Fair Trade Products



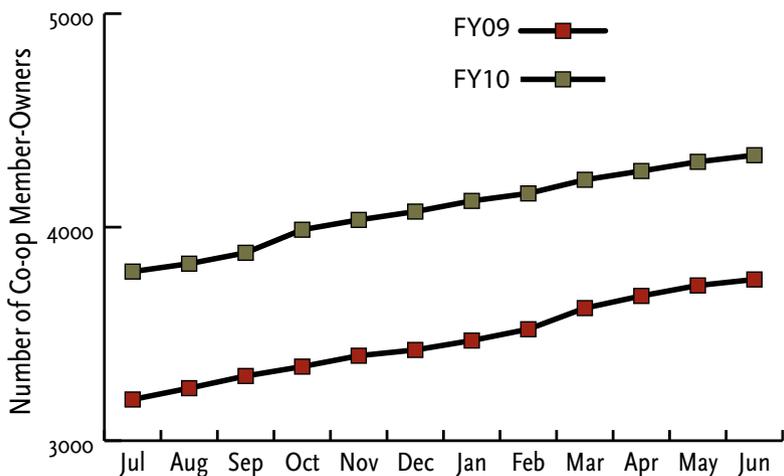
Best Place for
Homemade Soup



River Valley Market Daily Sales FY09 & FY10



Member-Owner Count FY09 & FY10



CONSOLIDATED FINANCIAL STATEMENTS

Prepared by Boisselle, Morton & Associates, LLP, Certified Public Accountants

Approved by the Board of Directors 10/19/10

NORTHAMPTON COMMUNITY COOPERATIVE MARKET, INC.
and RIVER VALLEY MARKET, LLC

Consolidated Balance Sheet

June 30, 2010 and 2009

	<u>Assets</u>	
	<u>2010</u>	<u>2009</u>
Current Assets		
Cash	\$ 371,687	\$ 270,355
Other receivables	11,157	8,251
Prepaid expenses		10,461
Inventory	542,790	419,153
Total current assets	<u>925,634</u>	<u>708,220</u>
Property and Equipment, net	<u>5,799,391</u>	<u>6,164,236</u>
Other Assets		
Loan receivable	600,000	600,000
Loan guarantee deposit	100,000	100,000
Liquor license	18,461	18,461
Investments in others	6,950	6,950
Loan origination costs, net	362,607	376,205
Total other assets	<u>1,088,018</u>	<u>1,101,616</u>
Total Assets	<u>\$ 7,813,043</u>	<u>\$ 7,974,072</u>
	<u>Liabilities and Members' Deficiency</u>	
Current Liabilities		
Accounts payable	\$ 796,688	\$ 828,001
Accrued interest	175,298	172,877
Accrued payroll	48,001	46,204
Current portion of long-term debt	194,000	190,000
Total current liabilities	<u>1,213,987</u>	<u>1,237,082</u>
Long-term Debt	<u>6,896,258</u>	<u>7,091,969</u>
Member Loans	<u>1,265,600</u>	<u>1,149,100</u>
Members' Deficiency		
Common stock, \$1 par value, 50,000 shares authorized, 4,337 shares issued and outstanding at June 30, 2010 (3,756 at June 30, 2009)	4,337	3,756
Additional paid-in capital	618,706	548,095
Stock issuance costs	(29,839)	(29,839)
Accumulated deficit	(2,156,006)	(2,026,091)
Total members' deficiency	<u>(1,562,802)</u>	<u>(1,504,079)</u>
Total Liabilities and Members' Deficiency	<u>\$ 7,813,043</u>	<u>\$ 7,974,072</u>

**NORTHAMPTON COMMUNITY COOPERATIVE MARKET, INC.
and RIVER VALLEY MARKET, LLC**
Consolidated Statement of Operations and Accumulated Deficit
For the years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenue	\$ 10,974,906	\$ 8,166,103
Cost of Goods Sold	<u>6,949,793</u>	<u>5,498,363</u>
Gross Profit	4,025,113	2,667,740
Operating Expense	<u>3,676,231</u>	<u>3,758,006</u>
Income (loss) from Operations	<u>348,882</u>	<u>(1,090,266)</u>
Other Income (Expense)		
Grant income	0	183,923
Member donations	23,530	313
Newsletter advertising income	3,557	8,022
Interest income	24,653	28,749
Patronage rebate income	504	208
Interest expense	<u>(531,041)</u>	<u>(563,097)</u>
Total Other Expense	<u>(478,797)</u>	<u>(341,882)</u>
Net Loss	(129,915)	(1,432,148)
Accumulated Deficit, Beginning of Year	<u>(2,026,091)</u>	<u>(593,943)</u>
Accumulated Deficit, End of Year	<u>\$ (2,156,006)</u>	<u>\$ (2,026,091)</u>

NORTHAMPTON COMMUNITY COOPERATIVE MARKET, INC.
and RIVER VALLEY MARKET, LLC
 Consolidated Statement of Cash Flows
 For the years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Net loss	\$ (129,915)	\$ (1,432,148)
Non-cash items included in net loss		
Depreciation and amortization	395,330	495,092
Changes in operating assets and liabilities		
Other receivables	(2,906)	9,968
Prepaid expenses	10,461	(10,461)
Inventory	(123,637)	(30,922)
Accounts payable	(31,313)	20,882
Accrued interest	2,421	
Accrued payroll	1,797	9,772
Net cash provided (used) by operating activities	<u>122,238</u>	<u>(937,817)</u>
Cash flows from investing activities		
Purchase of property and equipment	(16,887)	(417,537)
Investments in others		(5,100)
Net cash used by investing activities	<u>(16,887)</u>	<u>(422,637)</u>
Cash flows from financing activities		
Issuance of stock	71,192	99,135
Members loans received, net	116,500	38,000
Payments on long-term debt	(191,711)	(179,532)
Net cash used by financing activities	<u>(4,019)</u>	<u>(42,397)</u>
Net increase (decrease) in cash	101,332	(1,402,851)
Cash, Beginning of Year	<u>270,355</u>	<u>1,673,206</u>
Cash, End of Year	<u>\$ 371,687</u>	<u>\$ 270,355</u>



River Valley Market

Your locally grown food co-op

330 North King Street

Northampton, MA

413-584-2665

info@rivervalleymarket.coop

<http://rivervalleymarket.coop>

Facebook: River Valley Market Co-op

Twitter: rivervalleymkt

This annual report is printed with non-toxic, water-based ink on paper that contains 40% recycled fiber.



2010 River Valley Market Annual Meeting

Sunday, November 7, 5-8 pm

Northampton Senior Center, 67 Conz Street, Northampton

Mark your calendar for the 2010 River Valley Market Member-Owner Annual Meeting! All member-owners are invited and encouraged to attend.

An election for new Board members will be held that evening. See the enclosed ballot to vote in advance.

The meeting will start with a shared meal. Tickets are for sale in advance: \$6 adults, \$4 children. Please purchase your tickets at the co-op's Customer Service Desk by November 6.

The evening's events will include a co-op news update, dinner catered by the Quarry Café, and comedy improv with the Ha-Has (formerly the Ha-Ha Sisterhood).

Join us for a fun and informative evening!

AGENDA

- 5:00 Co-op progress report
- 6:00 Dinner, catered by the Quarry Café.
Vegan options will be available.
- 7:00 Comedy improv with the Ha-Has

The meeting and show will be ASL sign-language interpreted.

