

ANNUAL REPORT 2011



River Valley Market
Your locally grown food co-op



contents

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The plant photos in this report show the native plantings on our grounds, planted and maintained by Treefrog Landscaping. Other photography by Jim Gipe, Pivot Media; Sharon Rudnitzky; and River Valley Market staff. This annual report is printed with non-toxic, water-based ink on paper that contains 40% recycled fiber.

The Next Generation

by Jade Barker, River Valley Market Board President



I'm a *trekkie*,* and not ashamed to admit it. (Okay, perhaps a little ashamed, but I've overcome it through therapy.) *Star Trek* was the best science fiction we had. And, despite its campy humor, I enjoyed it thoroughly. So it was with some anticipation that I looked forward to its successor, *Star Trek: the Next Generation*.

Surprisingly, I didn't find the new show very appealing. Jean-Luc

Picard cut a striking figure, but he was no Captain Kirk. And Lieutenant Commander Data was no Mr. Spock. I watched a couple of shows, then drifted away, unimpressed.

The next year, I found myself stuck in a friend's cabin in the Smokey Mountains with a VCR and a copy of *The Next Generation's* first season. As I watched, now a captive audience, I began to relate more to the new characters and saw that, despite their differences from the original cast, they each brought something refreshingly new.

Come November, our Board will be the first in the co-op's history without a member from the original River Valley Market Board. We are the Next Generation.

While none of us were on that first Board, we have embraced the vision that inspired them: a just marketplace that nourishes the community. And while they accomplished an amazing feat, creating a now \$13 million-a-year

enterprise, our task is no less inspired: management of and strategic visioning for a community-owned endeavor committed to a triple bottom line: economic, ecological and social value returned to the community. And like that first Board, we're likely to experience our share of both challenges and opportunities.

Ten years ago, there was no food co-op in Northampton. Today, we're experiencing a renaissance of farms, businesses, institutions and organizations committed to a sustainable vision, of which our co-op is an integral part. Our sister co-op in Putney celebrates its 70 birthday this year and Hanover is celebrating its 75th. What will our co-op be like 70 plus years from now? And who will be the next generation of Board leaders to take us there? Whoever they are, we trust that they will ensure that the cooperative remains relevant to the needs of the membership and community it serves.

** Those who don't know what a *trekkie* is can look it up on the internet, a network that didn't exist when *trekkies* first roamed the earth.*



from the
board president



from the board treasurer

Reaching toward sustainability

by Susan Kimball, River Valley Market Board Treasurer



It is such a pleasure to report on the co-op's financial picture this year. After completing our 3rd year of operations we have a lot to celebrate.

This fiscal year we achieved annual sales of nearly \$13 million, a level not originally projected until our 10th year of operations! I like to start with the sales figure because it's not only a significant measure of our finan-

cial health, but also represents the power of our community to drive our local economy. By increasingly directing our food dollars to the co-op and on to our local food producers, we invest in the economic and environmental health of our region.

2011 also saw the completion of our \$300,000 member loan campaign. A total of 75 member-owners stepped up to make loans averaging nearly \$4,000. Thanks to everyone who participated in the campaign, supporting the co-op during a critical time in our development.

Between increased revenue and our member loan success, we are now in a position to reinvest some of our capital to expand our capacity. As I write this, the cooler expansion project is underway.

The expanded refrigerated storage promises to provide adequate accommodations for all the turkeys and Tofurkys that will arrive soon for the holidays. Equally important is the growth in perishable food

departments that the additional storage will enable.

Finally, we have surpassed another hurdle this year that sets us on a path to sustainability. For the first time since the opening of the store, our financials show a net profit for the year. It may not be large but it's positive and represents a significant milestone in our evolution as a business. We've turned the corner financially after 3 years of incredible effort by our general manager and an amazing staff. Together they have increased sales, achieved margin goals, and put us on the road from being a fledgling start-up toward becoming a sustainable cooperative business. Now that's something worth celebrating.

Change is in the air

by Rochelle Prunty, River Valley Market Manager



It is fall and change is in the air...and it is more than the change of seasons. River Valley Market is itself a part of this change. We organized and opened as one of the first of the new co-ops in the rise of a new wave of food cooperatives that is currently sweeping the country. Over the last three years, more new food co-ops have opened than in the previous thirty years. Over the next three to five years we expect another thirty new independent community food co-ops to open, and hundreds more are in various stages of development in communities all across the country.

This cooperative movement hasn't had much media attention, but it is building grassroots momentum as people pool their resources and efforts to create community-based cooperatives to regain some control over the food supply chain. Like us, other people are opening food co-ops to support local farmers, ensure access to fresh healthy foods, and to build more sustainable locally based food systems which also help revitalize their local economies.

We opened our doors for business in the spring of 2008, at the beginning of the largest economic crisis in decades. Some might think of this as bad luck. I think it was

incredibly good luck for our community that we opened when we did, because 1) We created a new market for many local producers, which helped to keep them going during a very hard economic period that has persisted; 2) We participate in the local economy, including contributing more than \$45,000 last year to area non-profits through sponsorships and advertising; and 3) We have created new jobs, and now employ a total of ninety-three people.

As I see it, we are doing the important work we were formed to do and the economy just made that work all the more important: we ended our third year with the sales volume we had originally projected for our 10th year, we increased local purchases 10% over last year, we increased our wage scale last year and are on track for another increase this year, we added nineteen new staff positions for a total of ninety-three employees at year end, we increased co-op membership by 8% to 4,704 area families, and we ended the year with our first net profit, signaling our transition to economic sustainability going forward.

The momentum we've seen building over the last ten years in the food cooperative movement has its roots in the same core values that are behind the current Occupy Wall Street actions. People are questioning the level of control the corporations have and the adverse impact on our communities and the environment.

We are seeking alternatives. Cooperatives offer an alternative. We've seen how our food co-op has made a difference in just three years, and we have a vision for strengthening the reach of our mission. Indeed, I believe the times will require us to effectively expand our reach. Cooperatives were recently recognized by the

United Nations in their declaration of 2012 as the Year of Cooperatives. Cooperatives of all kinds are expanding their reach around the world. Cooperatives offer many solutions to the issues of corporate control and concentration of wealth that are motivating the current Occupy Wall Street movement. Cooperatives provide an alternative business structure to capitalism. Cooperatives are people working together for our common good and that just makes common sense.

Building our cooperative, River Valley Market, is an ongoing process. This annual report shows the highlights of our progress and activities over the last year including financial, social, and environmental measures. Thank you for your part in supporting our successes to date and those yet to come on our mission of creating a just marketplace that nourishes the community. Change is in the air, and change is good.

A close-up photograph of a cluster of small, vibrant purple flowers, possibly asters, with green leaves in the background. The text 'from the general manager' is overlaid in white on the image.

from the
general
manager



2011 co-op employment highlights

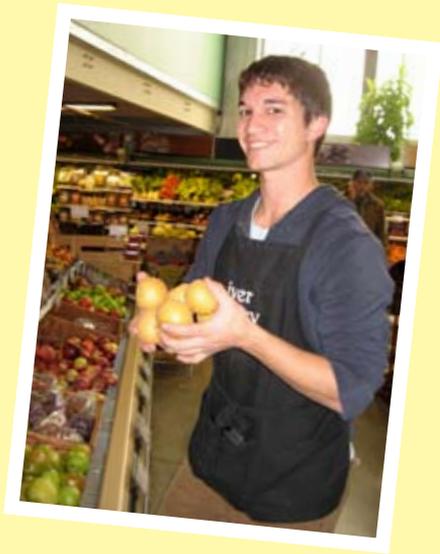
Working at the Co-op

Job Creation

We increased the size of the cooperative's workforce by 25.67% last year. We had 93 employees as of June 30th, 2011, an increase of 19 employees compared to a year ago. Full-time benefits include health, short term disability, and life insurance, vacation pay, holiday pay, paid personal time, EAP, and discounts on purchases. Part time benefits include vacation pay, holiday pay, paid personal time, EAP, and discounts on purchases.

Living Wage

River Valley Market is a member of the Northampton Living Wage Coalition. We are committed to reaching our livable wage goal for all our employees by our 5th year of business. We started with Phase 1 in October of 2010 when we raised our lowest entry level position starting wage to \$10/hr with equitable increases throughout the



lower levels of the wage scale. We are working to reach a productivity level which will support implementation of Phase 2 within a year, bringing our entry-level starting wage to the current livable wage rate (with our benefits, approximately \$11/hour). Most of our employees working full-time currently will reach or exceed the livable wage rate within a year of employment. As of June 30, 2011, 72% of our work force was earning a livable wage or above. Our goal is to get to 100%.

Comparing our wages to others in the area

Our hourly wages are above the state medians for cashiers, retail sales clerks, and food service workers. In a recent survey, our starting wage and benefits were higher than or competitive with our much larger supermarket neighbors.

Staff Turnover

Our staff turnover rate for the year was 33.33% which is below the retail industry average of about 50% and similar to 30% the previous year. The first year turnover rate was 56.58% (70-80%+ is more typical for new stores. Our goal as we mature as a business is to reach and stay below 30% annual turnover.

Number of Staff Employed at River Valley Market



FY 2010=74 employees

FY 2011=93 employees

Full-Time vs. Part-Time Staff



Full-time=75%

Part-time=25%

Comparing River Valley Market Wages to Massachusetts Labor Market

	River Valley Market Average Hourly Pay Rate	Massachusetts State Survey Hourly Pay Rate		
		Cashiers	Retail Sales Clerks	Food Service
Sept 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
May 11	\$12.04	\$9.37	\$10.62	\$10.75

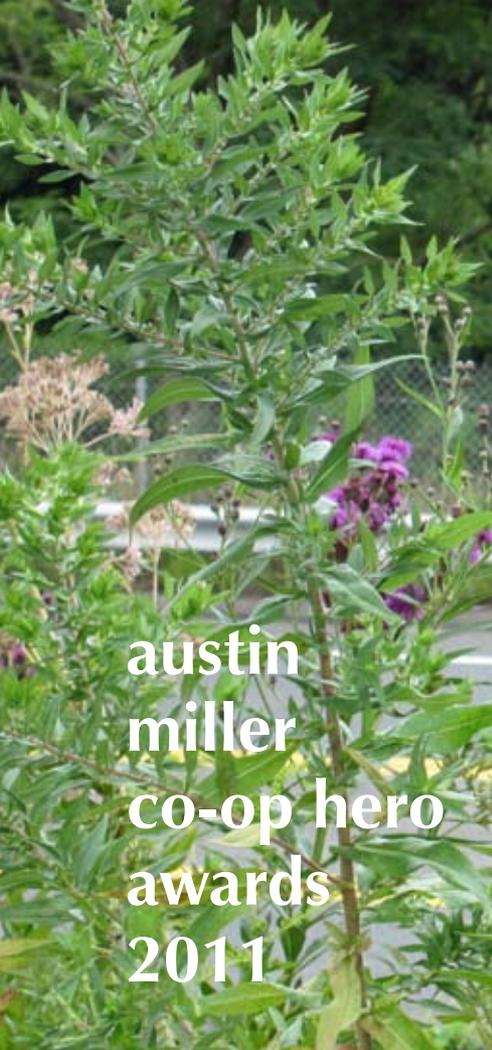
Training and Development

After three years, many of our staff have merited advanced positions as the store has grown. Last year 71% of our non-entry level positions were filled by internal applicants. It is a pleasure to build a higher level of experience within our staff and see people develop into new positions and responsibilities.

Many staff attended retail supervision, merchandising, marketing, and financial development training programs over the last year including travel for training sessions with other co-ops' staff members around the country. We also hosted a three-day, multi-co-op training session in Hadley, with eight of our own staff participating. Last year we also brought in trainers to work in the store with our staff in produce, and the management team. Staff members from all departments participated in an equal pay for equal work wage scale evaluation last September. We regularly train staff members about co-op financials with quarterly meetings. We've improved our 60-day training process and new employee orientations.

We have grown from \$0 in sales to \$13 million annually in three years. Everyone who has worked with us over that time has played a part in our growth and development and we appreciate all their contributions. We plan ongoing investment in staff development to keep us on a path of continuous improvement in our workplace, store, and co-op.





austin miller co-op hero awards 2011

Austin Miller Co-op Hero Awards 2011

by Lynn DiTullio, Board member

The Austin Miller Co-op Hero Awards 2011 were presented at our damp but irrepressibly fun 3rd annual Strawberry Ice Cream Social on June 22.

Austin Miller was a founding co-op member-owner whose career was devoted to serving people in Western Massachusetts through community development projects that provided low income housing, shelter for victims of domestic violence, and food for the hungry. Austin provided key expertise in securing the financing needed to start our store.

The Austin Miller Awards recognize an individual, a non-profit organization and a business in the Pioneer Valley that strive to support and strengthen cooperative values and the cooperative principal of Support for Community.

Each year River Valley Market's Board of Directors also makes a donation in honor of Austin Miller—this year to victims of the recent tornado in the Springfield area.

David Gowler, last year's winner in the individual category, presented this year's award to Elizabeth (Apple) Ahearn. David noted that Apple has been "a stalwart champion and effective leader in the cooperative movement since the 1970s...[and] a lifelong advocate for local farm and food sustainability."

The award in the non-profit category went to Community Involved in Sustaining Agriculture (CISA). CISA has worked since 1993 to strengthen the connections between farms and the community, by creating and running programs that link farmers, community members, and markets. Board Member Lynn DiTullio noted that "CISA's impressive record of creative, effective efforts on a variety of levels has greatly strengthened farming in our region and serves as an exciting inspiration nationwide."

The business category award was presented to Northampton's own Pedal People, a worker-owned human-powered delivery and hauling service. As Pedal People puts it on their website, they are "in business not just to make a living, but to be a living model of a different way to do things in a car- and profit-centric culture." Board VP Claire Morenon made the award, noting that "Pedal People's member-employees are out there every day, in all weather, letting the community know in a quiet way that not only is it possible to move substantial loads by bike, but also that normal people can do it, make a living at it, and help save the planet by doing so."

An excerpt from 2010 Awardee David Gowler's speech at this year's awards ceremony:

"Dear Friends, it is an honor to be here today to finally acknowledge receipt of the 2010 Austin Miller Co-op Hero award. I wish to thank you for thinking of me in this way, as a hero.

This begs the question, 'What is a hero?' The gentleman who safely landed that crippled jet liner is thought of as a hero. Images of impulsively rushing in to save someone, disregarding ones own safety, perhaps come to mind...

I think that you were, perhaps, thinking of me as a hero, in another way...It was the summer of 1997, 14 years ago, in Chesterfield, Massachusetts, that I began working towards the opening of a retail food cooperative. I lit a small candle. In the winter of 1998,

in Northampton, I met with a small group...some of you are here today...and together we lit small candles. Slowly our numbers grew, and the light from our little candles became brighter, allowing others to find us and join in our efforts. Just over 3 years ago, there were 2,700 of us and we were able to open our store. Now there are over 4,600 of us!

You see...there is a type of hero, that is a candle lighter. Someone who in their small way in their life tries to shed a small light, attracting others to a positive vision for change. I hope that I can number myself as one of those types of heroes, like Austin Miller, who in their life was able to inspire some positive change."



cooperation among co-ops

Cooperation Among Co-ops

It has been a good year for cooperation among cooperatives...we threw a big Mardi Gras Party to raise funds for the New Orleans Food Co-op this spring based on this principle.

Many of you may remember that we received an amazing level of support from other food co-ops when we were in the process of organizing to open. The co-op t-shirt quilt on the back wall above the bulk department was made from t-shirts from all the food co-ops that contributed funding for our co-op totaling \$660,000. When the New Orleans Food Co-op called to ask if would consider doing a fundraiser to help them to get their co-op open we were grateful for the opportunity to "pay it forward."

Friday March 4th we sold out the Look Park Garden House venue in advance of the show, our Quarry Café presented a fabulous New Orleans style buffet complete with that special co-op touch of including vegetarian options. Music by Primate Fiasco, Samirah Evans and Her Handsome Devils, with special guest Charles Neville rocked the house. It was really good fun and we raised \$3,300 for the New Orleans Food Co-op. The New Orleans Food Co-op is stocking their shelves, counting down to their October Grand Opening as I write this!



Board member Barbara Fingold shows her Mardi Gras style



Federation of Southern Cooperatives Executive Director Ralph Paige with River Valley Market Board President Jade Barker



2011 Mardi Gras Party. L to R Samirah Evans, Rochelle Prunty, Charles Neville, Ralph Paige, and Morningstar

Federation of Southern Cooperatives

The Federation was formed out of the black cooperative movement in 1967 to foster cooperative development in the South. The Federation has held together over

75 cooperatives, credit unions and community-based organizations, involving 30,000 rural and low-income families, including some 10,000 family farmers and landowners owning close to a million acres of land. We are looking forward to developing a mutually beneficial Northeast/Southeast cooperative connection through the Federation.

We connected with The Federation of Southern Cooperatives through the New Orleans Food Co-op fundraiser. The Executive Director, Mr. Ralph Paige, came to our Mardi Gras party on that Friday night to cheer us on. Then on Saturday we gathered together a group of cooperative leaders from the Northeast to meet with him to discuss possibili-

Some of our cooperative producers and vendors include:

- Associated Grocers of the Northeast
- Birds and Beans
- Blue Diamond
- Cabot Cooperative Creamery
- Co-op-One-Oh-Eight
- Equal Exchange
- FEDCO
- Frontier Natural Products Co-op
- Land-O-Lakes
- Ocean Spray
- Once Again Nut Butters
- Organic Valley
- Our Family Farms
- Pachamama Coffee Co-op
- Pioneer Valley Growers Association
- Syracuse Cultural Workers
- Sunkist

ties for collaboration to get a supply of fresh produce from farm co-ops in the Southeast to replace some of our off-season supplies from the West Coast. The meeting included representatives from the Neighboring Food Co-op Association, Cooperative Development Services, Enterprise Farm, the Brattleboro Food Co-op, the Putney Food Co-op, and the Hanover Food Co-op as well as River Valley Market. The project is currently in the development stage through the Neighboring Food Co-op Association.

Neighboring Food Co-op Association

This year the Neighboring Food Co-op Association (NFCA) officially incorporated as a cooperative and River Valley Market officially joined as a member. NFCA is a secondary co-op

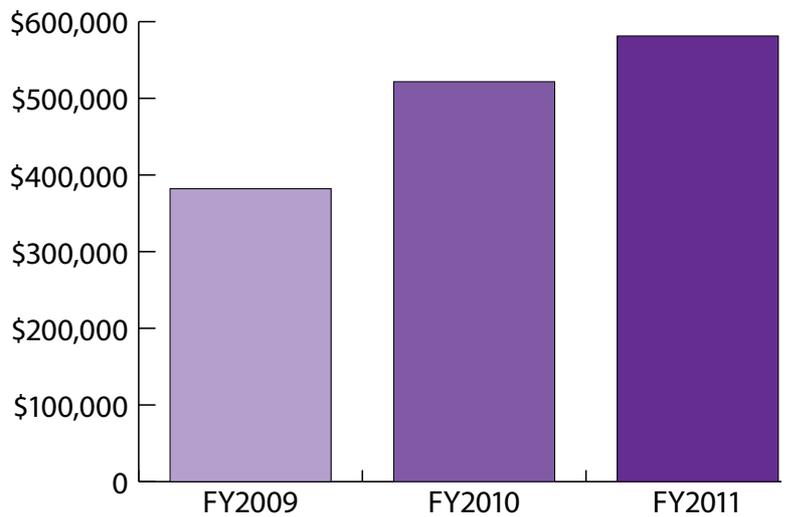
serving independent member food co-ops in Massachusetts, Vermont, and New Hampshire that have organized to work together toward a long-term vision of a

“thriving regional economy, rooted in a healthy just and sustainable food system and a vibrant community of cooperative enterprise.” In addition to supporting our efforts to collaborate with The Federation of Southern Cooperatives, NFCA successfully launched a regional frozen fruit and vegetable program working with seven regional suppliers, including the Pioneer Valley Growers Association; these products will be on our shelves by the end of the month. NFCA has partnered with the Farmers Union to provide advocacy for our local farmers and consumers in the upcoming farm bill and other key policy issues. In



Equal Exchange, distributors of Fair Trade and Organic bananas, coffee, tea and chocolate, is one of our customers' favorite cooperative suppliers. Their products come from farmers' cooperatives around the world.

Purchases from Cooperative Vendors by Year



response to Hurricane Irene, the NFCA partnered with CDF and other cooperative associations to establish a fund for recovery from storm-related damages and losses. This fund will be available to co-ops and the local farms that supply co-ops. The NFCA has also been organizing educational projects in partnership with Cabot Creamery and Organic Valley and working

to develop events related to the United Nations proclamation of 2012 as the Year of Cooperatives.

National Cooperative Grocers Association

Cooperation among cooperatives also includes our membership and participation in the National Cooperative Grocers Association (NCGA), a co-op of food co-ops. Our bi-weekly Co+op Deals specials flyers is one of the most visible benefits of our NCGA membership. NCGA supports River Valley Market through contract pricing from several suppliers and training and development support for our staff

and Board of Directors. NCGA has been active in advocacy on the issue of GMO regulations. This summer, the CEO of NCGA met with President Obama and six other organic industry leaders advocating for consumer labeling of GMO food products. NCGA and partners have launched a campaign to pass labeling legislation on GMO food products, including organizing the current march from New York of Washington DC to promote the campaign in October.

We work with many different co-ops, some not related to food at all, including the UMASS Five College Credit Union, Co-op Power, Woodlands Cooperative, Collective Copies, 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. We also support other cooperatives by purchasing goods directly from cooperative suppliers.

Following the principle of cooperation among cooperatives, we create a web of independent cooperatives that work together to support each other in our various missions—all geared toward serving our members needs, serving our communities, and making the world a better place.



co-op green stamp program

Bags Saved in FY2010=77,160

Each bag represents 10,000 bags saved!



Bags Saved in FY2011=92,410



The Co-op Green Stamp program is our re-useable grocery bag incentive program. We encourage re-using your bags in exchange for a co-op green stamp for each bag you re-use when shopping at the co-op. When you've filled your co-op green stamp card with 10 stamps you can redeem your card for an "official" embroidered co-op green scout badge, \$1 off your purchases, or a donation to the green stamp non-profit of the month. This program is a fun way to encourage bag re-use and establishes an easy way to encourage donations to community non-profits which is a win-win for our environment, our community, and co-op shoppers.

Over the fiscal year ended June 30, 2011 we saw an increase of nearly 20% in redeemed co-op green stamp cards which translates into an increase of 15,250 bags reused last year. For the year the co-op green stamp program recorded a total of 92,410 bags saved from the waste stream. Saving 92,410 grocery bags saves resources including any trees, water, fossil fuels and chemicals used in their production as well as the fossil fuels used for shipping 92,410 disposable bags from the paper plants to the warehouses and then to the co-op. Saving 92,410 grocery bags also keeps them out of

FY2011 Green Stamp donation recipients included:

- Voices from Inside
- Blue Star Equiculture
- Hadley Angel Garden
- CISA
- Grow Food Northampton
- Friends of Hampshire County Homeless, Inc.
- Dakin Pioneer Valley Humane Society
- Hilltown Community Health Center
- New Orleans Food Co-op
- Japanese Earthquake and Tsunami Fund
- Interfaith Help Fund
- Arcadia Wildlife Sanctuary
- Total donated: \$7,087**

the landfill. Congratulations to all of us on this substantial improvement.

The Co-op Green Stamp program also resulted in \$7,087 in donations to local non-profits last year. Our co-op customers donated 61% of their green stamp cards to the local non-profit of the month and also added \$1,421 with cash donations at the register. Each month we accept nominations for the non-profit of the month and a vote is held online to select the winner.

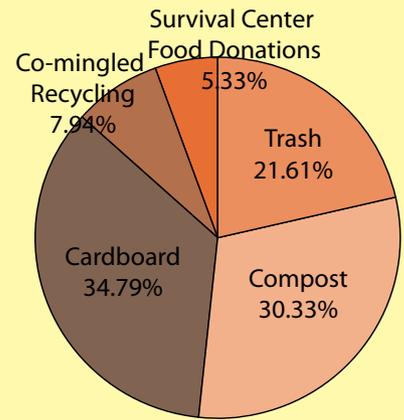
Thanks to everyone for making the 2011 green stamp program the most successful year so far for re-using bags and supporting our local non-profits!



recycling and waste stream

Recycling and Waste Stream

We composted or recycled approximately 78.39% of our store generated waste last year. This is .29% less than last year—this is an area we'd like to improve upon, with a goal of over 80%.



	Tons	Pounds	% of Total
Trash	52.00	104,000	21.61%
Compost	72.97	145,940	30.33%
Cardboard	83.70	167,400	34.79%
Co-Mingled Recycling	19.11	38,220	7.94%
Survival Center Food Donations*	12.83	25,660	5.33%
Total Waste Stream Recaptured	188.61	377,220	78.39%

**Our customers donated an additional 639 pounds of food to Northampton Survival Center last year*

Solar and Wind Green Power

In FY 2011 we generated 41,723 KW of electricity with 196 solar panels on the roof of the co-op. This is about 5% of our annual electrical usage. The other 95% of our electricity also supports green power generation thru Green-E Certified American Wind Power.



*Best Local Green Business,
Best Gourmet Food Store*



*Best Place for Fair Trade Products,
Best Health Food Store*



*Best Place for
Homemade Soup*

best of the valley awards



Local Food is in our Mission

A big part of how we interpret our mission of building a just marketplace that nourishes the community is to support the development and growth of our local food system:

- to improve our communities' access to local foods,
- to stimulate the growth of a sustainable local economy,
- to support environmental stewardship through preservation of farmland and open spaces,
- to promote widespread use of sustainable agriculture practices and preservation of natural seed supplies,
- to support development of a local food infrastructure for long term food security, and
- to reduce use of fossil fuels.

One way we do that is by enthusiastically promoting and selling locally grown and regional products. Over the last year we increased

Local Honey



2009=1,327 lbs



2010=1,935 lbs



2011=6,582 lbs*

Supporting the Local & Regional Economy			
	FY2009	FY2010	FY2011
Total Purchases	\$5,414,336.00	\$6,938,224.00	\$8,155,782.00
100 mile local	\$1,083,067.00	\$2,226,478.00	\$2,458,250.00
local as % of total purchases	20.00%	32.09%	30.14%

our purchases from local farmers and vendors by 10.41% for a total of \$2,458,250. Local purchasing puts these dollars directly into circulation in our local economy. With 30% of our annual purchases being local our customers are actively supporting our efforts with their shopping dollars as well. We couldn't succeed in this mission without your regular participation as local food buying customers!

In addition to leveraging our co-op's marketing and purchasing capacity to strengthen the local food system we work in collaboration with other organizations with like-minded missions and goals. We support the following organizations, working to strengthen the local food system both for our own cooperative and beyond.

River Valley Market is a member of the **Neighboring Food Co-op Association (NFCA)**, a regional association of food co-ops focused on building a stronger local food system in the Northeast. We participate in "Cave to Co-op," a monthly regional artisan cheese promotion. By joining purchases with other NFCA food co-ops we've boosted cheese sales for our local producers and provided great savings for co-op customers. This year NFCA is working to develop a retail supply of local frozen fruits and vegetables as well a partnership with Federation of Southern Cooperatives to provide some fresh produce from co-ops to replace some of our fresh west coast produce. Our membership investments and participation support these developments in local and cooperative infrastructure.

River Valley Market is a member of **Community Involved in Sustaining Agriculture (CISA)**, a non-profit focused on building a strong local food system; we sponsor their events and support their local food guide with advertising, and help their consumer membership drive efforts with an annual letter to our membership. In turn, CISA connects the co-op to area producers and helps them grow and develop.

Grow Food Northampton is a relatively new nonprofit which raised funds to purchase farmland in Northampton for the development of a community farm. We've supported Grow Food Northampton with newsletter articles, inviting them to table in the co-op, and contributing \$1,000 to their capital campaign. Now we are proudly



sponsoring their first annual Harvest Festival.

As a member of the **National Cooperative Grocers Association (NCGA)**, we benefit in many ways. This co-op trade association includes advocacy on issues of importance for helping to build a strong local food system, including USDA issues related to labeling and certification of organically grown products and GMOs. NCGA also supports marketing of local products with staff training opportunities and developing consumer programs such as the annual Eat Local America campaign.

River Valley Market is also a member of **New England Farmers Union**. This new nonprofit is devoted to farm policy review and

development. We have partnered with them to get information to our members about key farm legislation that impacts our local and regional farmers.

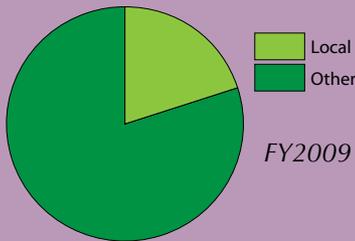
River Valley Market belongs to **Northeast Organic Farming Association (NOFA)**, which supports the development and growth of organic agriculture in the Northeast.

Many other community organizations and programs that we work with have related goals. Our Board President Jade Barker recently quoted a Nigerian proverb: "If you want to go quickly, go alone. If you want to far, go together." The opening of our cooperative's store three years ago opened the door for to many to go much farther together than we could go alone. We credit this collaborative approach with our achievement of reaching our 10-year sales projections at our third year of business with such a strong momentum in local foods. Thank you for your support!

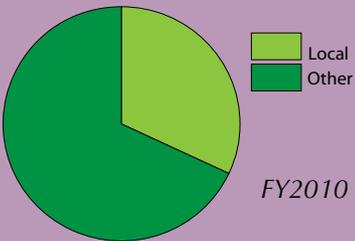


Local producers: (top) Mark Fellows and a member of his herd from Chase Hill Farm, Warwick; Judith Maloney of West County Cider, Colrain; and Casey Steinberg of Old Friends Farm, Amherst

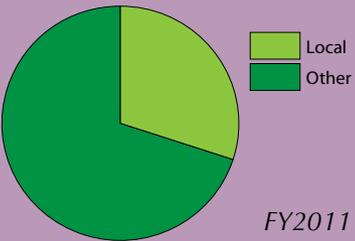
Local as Percentage of Total Purchases



FY2009



FY2010



FY2011

Our overall purchases increased by 17.55% from FY2010 to FY2011. In the same year, our purchases from local farmers, food producers, and small business increased by over 10.41%, demonstrating a significant amount of our sales growth came from locally sourced products.

Local Maple Syrup



2009=1,971 lbs



2010=3,076 lbs



2011=5,372 lbs*

*2011 data includes bottled as well as bulk.

Local Milk

Each complete jug represents 5,000 gallons



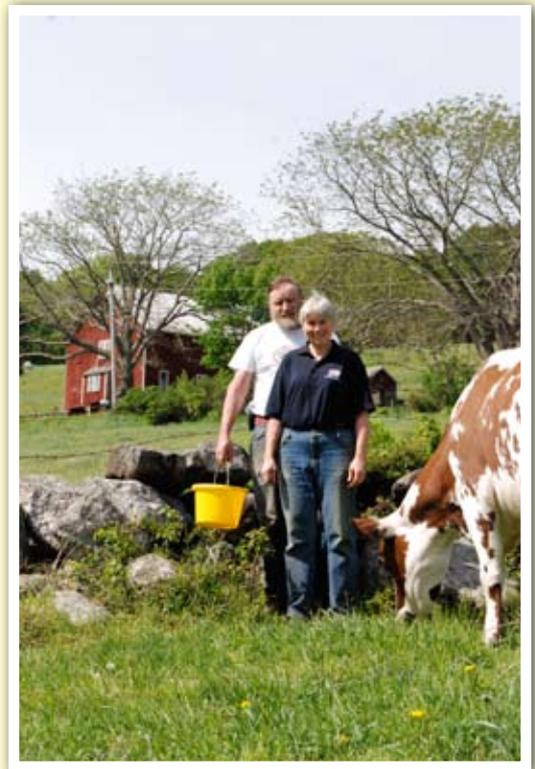
2009=13,321 gallons



2010=18,699 gallons



2011=21,432 gallons



One of our local milk providers

Hemenway Hill Farm of Williamsburg is a proud member of Pioneer Valley Milk Marketing Cooperative, also known as Our Family Farms. Terry and Alan Everett graze their cows on land that has been in the Everett family since the 1800s.

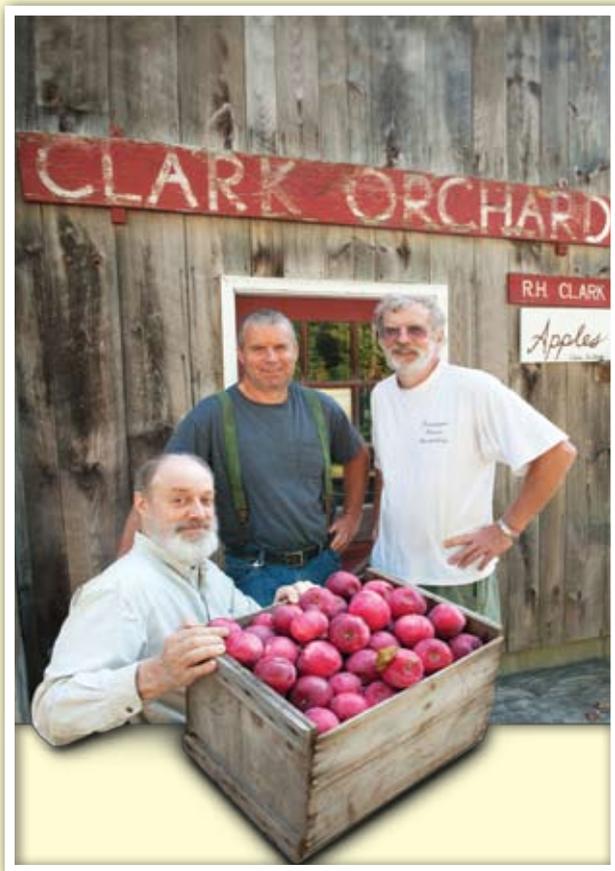
Terry says, "I'm a member-owner of River Valley Market. The co-op does a great job taking care of and presenting our milk. The employees really care about what they're doing and bend over backwards to help. When you walk into the co-op you get a totally different feeling. It's supportive and community-oriented, and it's a really important part of the success of Our Family Farms."



growing
local food

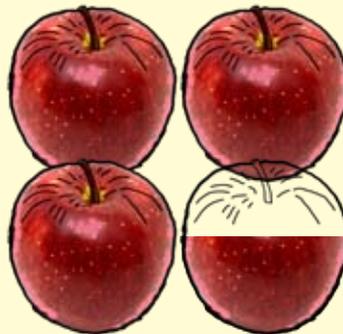


growing
local food

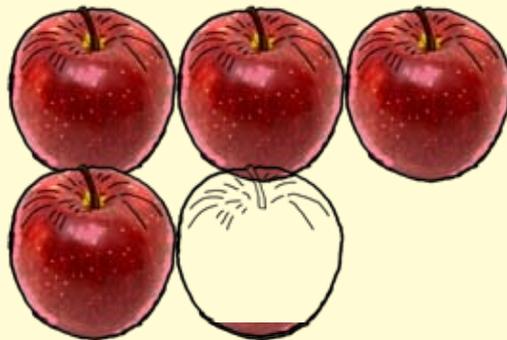


Local Apples

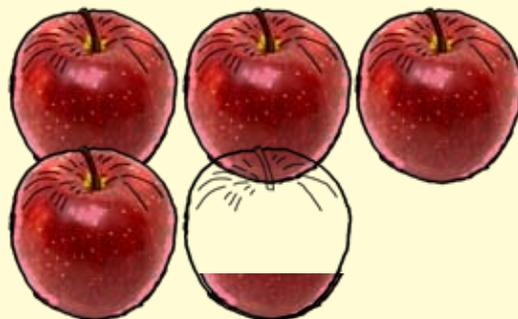
Each complete apple represents 10,000 lbs



2009=36,375 lbs



2010=40,320 lbs



2011=42,157 lbs

One of our local apple growers

Aaron, Dana and Brian Clark combine their talents to operate Clark Brothers Orchards in the Apple Valley of Ashfield. Farming land that has been in their family since great-grandparents Herbert and Bertha Clark purchased it in 1886, the Clarks grow more than 30 apple varieties.

Clark Brothers apples are certified Ecologically Grown, using integrated pest management systems. River Valley Market is proud to support Clark Brothers and other local apple growers.

Local Beef

One of our local beef providers

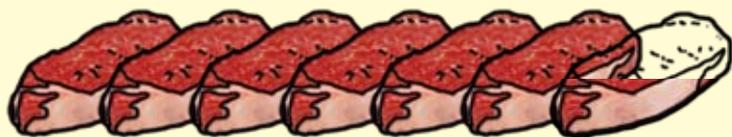


John and Carolyn Wheeler raise grass-fed Belted Galloway beef cattle on Wheel-View farm in a beautiful hillside setting in Shelburne, MA. The farm has been in Carolyn's family since 1896, and John and Carolyn's grandchildren are the 6th generation to live there. In the spring and summer, Wheel-View cattle graze a pasture for several days before moving to a fresh one, allowing them a consistent supply of nutritious green grass.

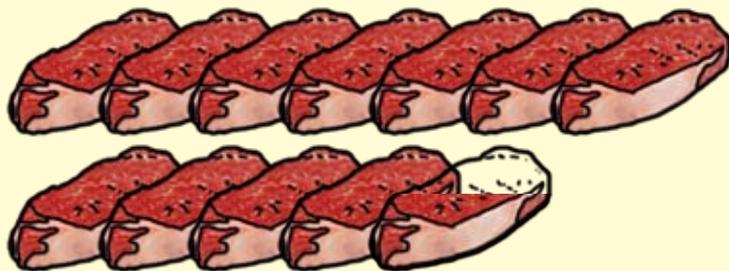
Each complete steak represents 1,000 lbs of local beef.



2009=4,021 pounds



2010=6,588 pounds



2011=11,728 pounds



growing local food



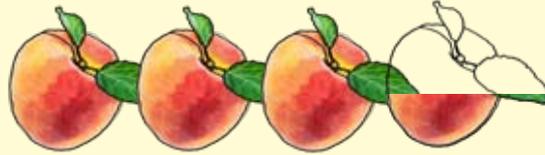
growing
local food

Local Peaches

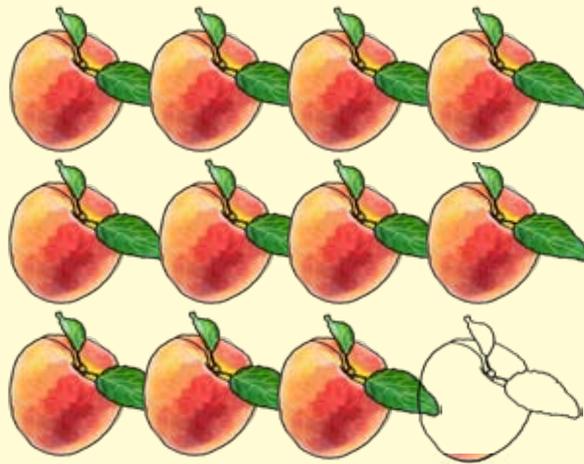
Each complete peach represents 500 lbs



2009=41 lbs



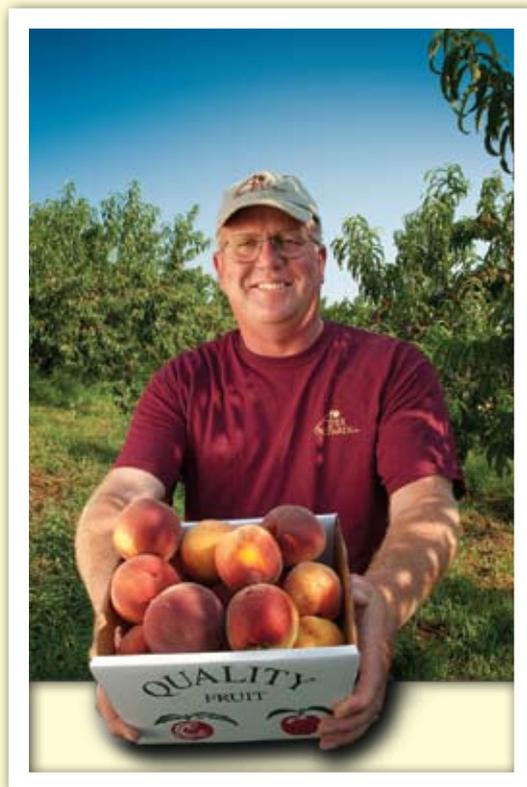
2010=1,727 lbs



2011=5,508 lbs

Since 1828, Apex Orchards has been supplying the area with fine fresh produce. Tim Smith and the Smith family produce a wide selection of apples, peaches, pears, Asian pears, plums, and apricots.

Apex is located on a Shelburne hillside with a spectacular view of the valley below.

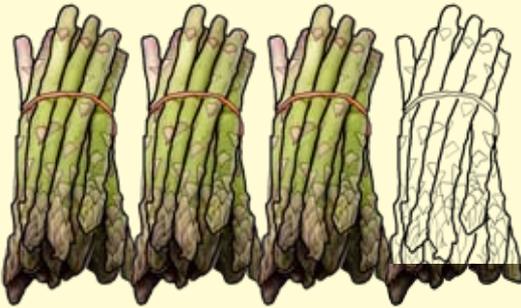


Local Asparagus

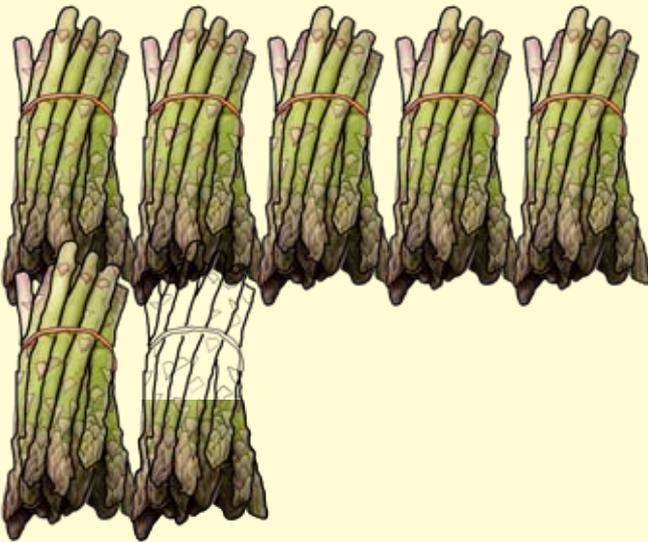
Each complete asparagus bunch represents 1,000 lbs



2009=3,042 pounds



2010=3,069 pounds



2011=6,422 pounds



Penny Smiarowski and her husband Dan raise “Hadley grass” 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 30 years.





FY2011 in pictures

Arts Nights Out



Shopping here is fun!



A gift of "Hadley grass" (asparagus) goes to Mrs. Obama in Washington, DC



After the big snows, contractors remove a couple of tons of snow from the roof



Produce Manager Joe Stan is extremely excited about the big display of clementines!



You make me feel like dancing! Lots of co-op shoppers danced in the aisles this year.

Bicycle dance troupe



*Pioneer Valley Ballet
Nutcracker dancers*



Morris dancers

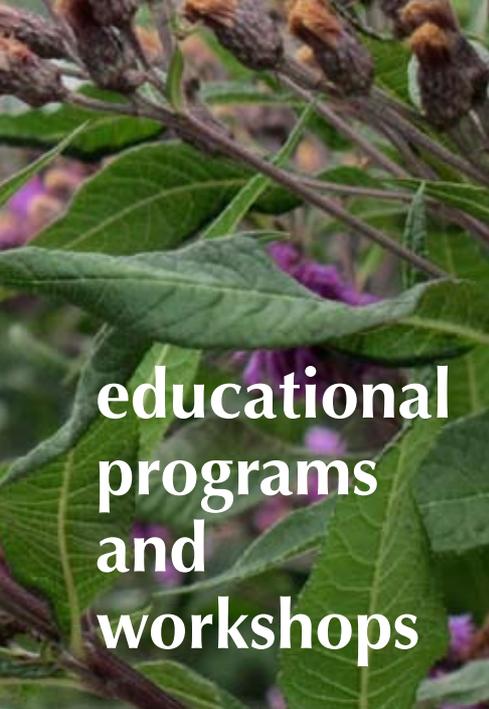


Busy holiday shoppers



*Pieropan Christmas
Tree Farm in the parking lot*





educational programs and workshops

July 2010

Canning Workshop with Billie and Sandy (two sessions)

August 2010

Spirit of the Seed, seed history and seed saving workshop

September 2010

Food Preservation with Margaret Christie
Co-op Tour with Nutritionist Nancy Dell

October 2010

Get Your Zzzz...Sleep Workshop
Homeopathy Workshop

November 2010

Understanding Real Food: What to eat and why

Digestive Wellness Workshop
Healthy Eating for the Holidays

January 2011

Emergency Preparedness with Frank Grindrod

March 2011

Seed Starting with Billie & Sandy
Green Burial Forum
Ciclovida/Lifecycle Documentary Film by local producers at the Academy of Music

May 2011

Cleanse Clinic with Beth Goren

June 2011

Green Burial Forum
Food Preservation with Margaret Christie

Sponsorships and other donations

In addition to the funds raised through the Co-op Green Stamps Program, we made the following donations in FY2011:

Bulk Gift Cards

(fundraising scrip): \$5,235

We donated to area non-profits through our bulk gift card 5% discount program.

Advertising Sponsorships or Donations: \$45,685.99

Cancer Connection Tricycle Team
Center for New Americans
Ciclovida/Lifecycle Movie Screening
Community Involved in Sustaining Agriculture (CISA)
CooperARTive Fiesta
Eric Carle Museum
Federation of Southern Cooperatives
Food Bank of Western Massachusetts
Tornado Relief Fund
Grow Food Northampton
Hampshire Choral Society
Happy Valley Guitar Orchestra
Hometown Productions Co-op Movie Project
LGBT of Western Massachusetts
New Orleans Food Co-op
Noho Pride
Northeast Organic Farming Assoc (NOFA)
Northampton Arts Night Out
Northampton Cycling Club Bike Fest
Northampton Survival Center
Out for Reel Film Festival
Out of the Darkness Walk
Pioneer Valley Local First

Public Radio stations including WFCR, WAMC, and WMUA

In-Kind Contributions to Non-Profits: \$4,800

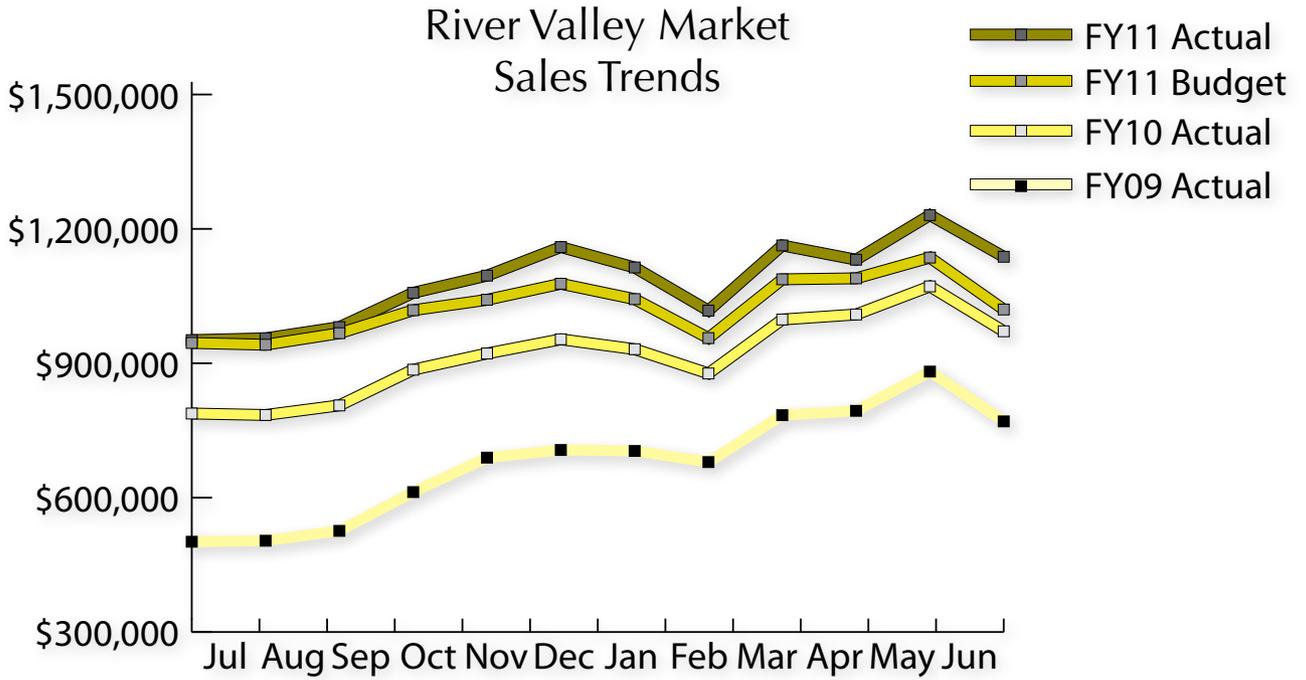
AIDS Care Hampshire County
Alzheimer's Fundraiser
ARISE for Social Justice & Code Pink
Berkshire Trail Elementary
Burgy Thursday Market (Hilltown CDC)
Cloverdale Cooperative Nursery School
Double Edge Theatre
Educate Malawi
Evolvegan
Families With Power/Familias con Poder
Green Northampton
Group Hunger Banquet
Grow Food Northampton
Hartsbrook School
Hatfield Book Club
Hatfield Educational Foundation
Hickory Ridge Women's Golf Association
Hilltown Cooperative Charter School
Holyoke YMCA/Holyoke Bike Shop
Kennedy Park Arts Outreach
Laurel Park Association Cottage Tour
Leeds Hotel Bridge Bike Ride
Leeds School PTO
Lesbian Tent Revival/Artemis Fund
Massachusetts Academy of Ballet Education & Training Association
MassBike Bike Week Breakfast
Mediation & Training Collaborative
Noche de San Juan (Nuestras Raices)
Northampton DPW Waste Mgt
Northampton Fire Dept
Northampton High School Ultimate Frisbee Team
Northampton Montessori School
Northeast Organic Farming Assoc (NOFA)
Pioneer Valley Local First
Pioneer Valley Performing Arts Charter Public School

Pioneer Valley Roller Derby
Porter Phelps Huntington Museum
Roots to Resistance Project
Running Fox Farm
SEEDS Dance Festival
Shutesbury Community Church
Smith College African & Caribbean Student Association
Stavros Center
St. John's Episcopal Church
Sunnyside Childcare Center
Together Northampton
Transition US
Unitarian Society of Northampton Youth Program
Unitarian Universalist Society of Greater Springfield
Valley CDC Manhan Trail Opening
Voices From Inside
Wesley United Methodist Church Prom for All Abilities
Western Mass Climbers Coalition
Westhampton Elementary School PTO
Williston-Northampton School 7th Grade Class
Women's Fund of Western Mass

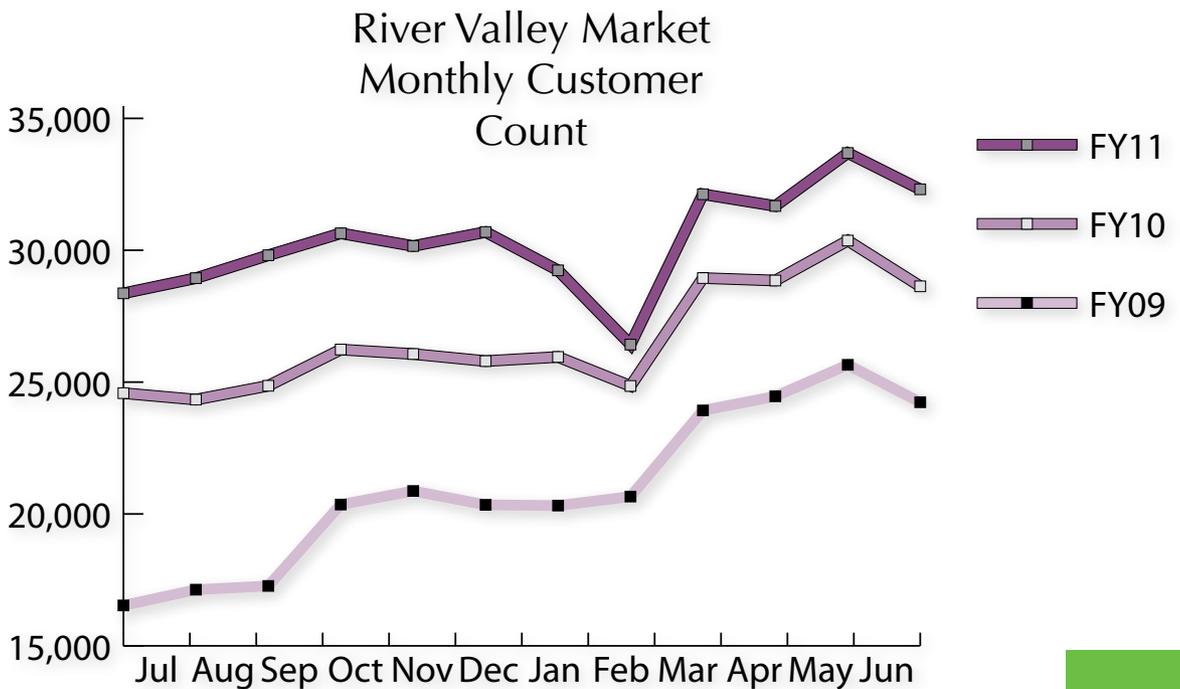


sponsorships and other donations

sales trends FY '10 & 11

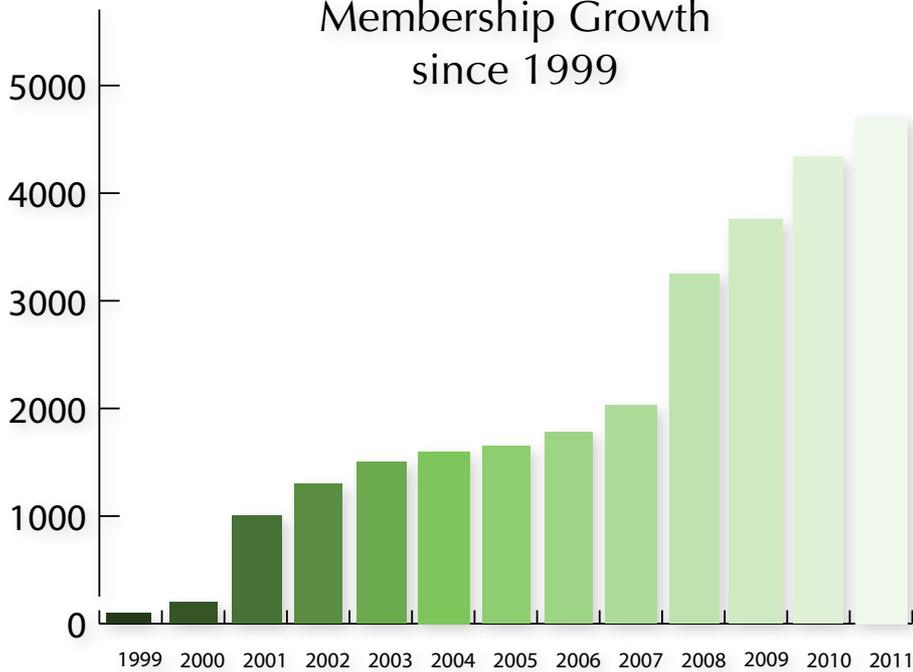


customer count



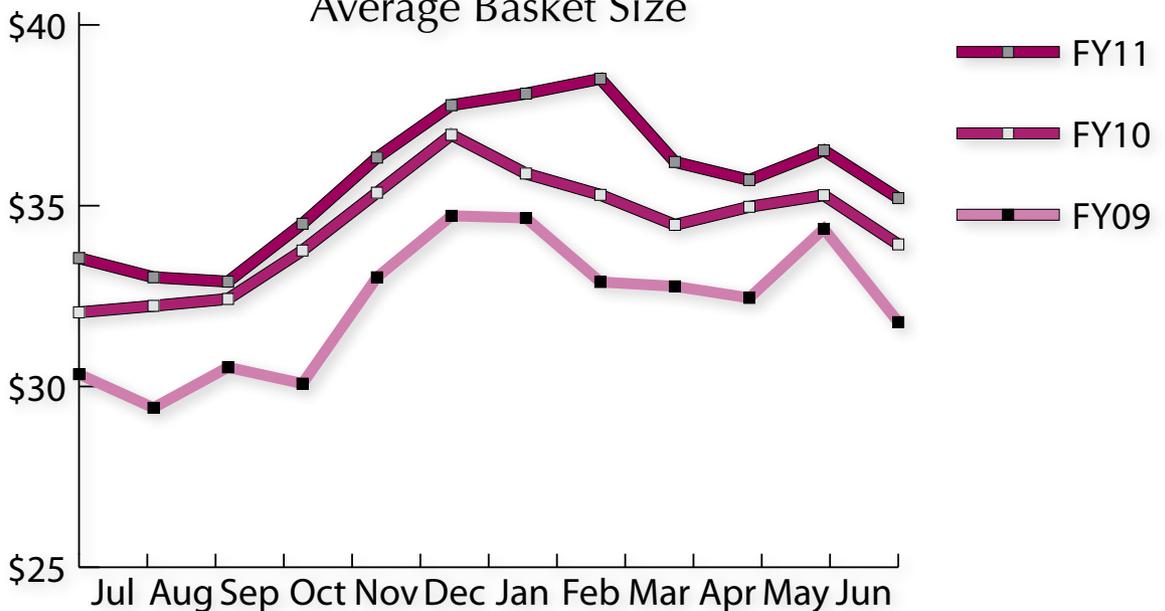
member-ownership FY '10 & '11

River Valley Market
Membership Growth
since 1999



average basket size

River Valley Market
Average Basket Size



financial statements

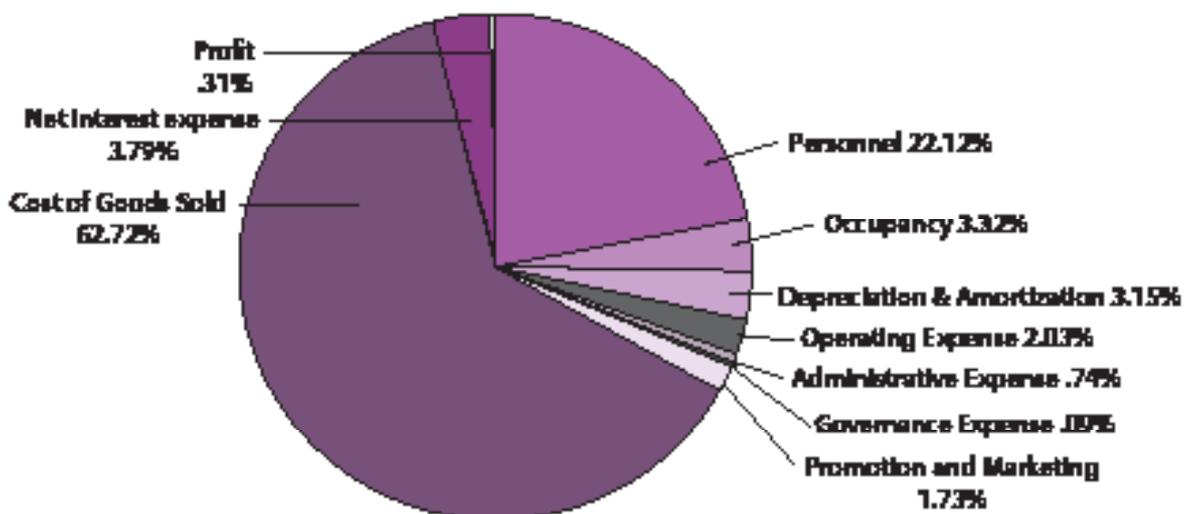
Northampton Community Cooperative Market, Inc. Consolidated Financial Statements Unaudited Draft Income Statement for period ended June 30, 2011

We're pleased to report that we had better than budgeted overall financial performance for the year ending June 30, 2011. A big thank you to our staff for their hard work exceeding sales budgets, meeting payroll budgets, and achieving margin goals. Also a big thank you to our Board of Directors for successfully reaching our member loan goal of \$300,000 and a big thank you to our participating member lenders. We ended the year with a very modest net profit which compared favorably to the modest net loss we had budgeted and signals a new level of financial sustainability in our new co-op's operations.

Note that the annual financial audit is still in progress and this report is based on unaudited financial statements. The audited financials will also be available for member review upon completion.

River Valley Market FY 2011 Unaudited Draft	YTD Actual \$	YTD Comparisons to Budget			
		Actual%	Budget \$	Budget %	\$over/under
Total Income SALES	12,994,183.00	100.00%	12,322,290.00	100.00%	671,893.00
Total COGS	8,150,244.79	62.72%	8,218,688.14	63.25%	-68,443.35
Gross Profit	4,843,938.21	37.28%	4,775,494.86	36.75%	68,443.35
Total Personnel Expense	2,874,551.68	22.12%	2,860,623.05	22.01%	13,928.63
Total Other Expense	4,311,689.70	33.18%	4,256,972.22	32.76%	54,717.48
OP Income/Loss	532,248.51	4.10%	518,522.63	3.99%	13,725.88
Total Interest Income	30,089.32	0.23%	24,258.96	0.19%	5,830.36
Interest Expense	522,105.40	4.02%	589,245.96	4.53%	-67,140.56
Net Interest Income/Expense	-492,016.08	-3.79%	-564,987.00	-4.35%	72,970.92
Net Income/Loss	40,232.43	0.31%	-43,706.86	-0.34%	83,939.29

Expenses FY2011



Note that cost of goods sold and personnel are our two largest expenses.

financial statements

NORTHAMPTON COMMUNITY COOPERATIVE MARKET, INC

Consolidated Balance Sheet

June 30, 2011

UNAUDITED DRAFT

Assets

Current assets	
Cash	\$ 657,629
Other receivables	18,660
Inventory	581,625
Total current assets	<u>1,257,914</u>
Property and equipment, net	<u>5,419,496</u>
Other assets	
Loan receivable	600,000
Loan guarantee deposit	118,476
Liquor license	18,462
Investments in others	6,949
Loan origination costs, net	362,607
Total other assets	<u>1,106,494</u>
Total assets	<u>\$ 7,783,904</u>

Liabilities and Members' Deficiency

Current liabilities	
Accounts payable	\$ 676,762
Gift cards sold less gift cards redeemed	10,612
Accrued interest	108,790
Accrued payroll and taxes	81,121
Current portion of long-term debt	196,260
Total current liabilities	<u>1,073,546</u>
Long-term debt	<u>6,692,721</u>
Member loans	<u>1,406,600</u>
Members' deficiency	
Common stock, \$1 par value, 50,000 shares authorized, 4704 shares issued and outstanding	4,704
Additional paid-in capital	677,055
Stocks issuance costs	(29,839)
Accumulated deficit	(2,040,884)
Total members' deficiency	<u>1,388,963</u>
Total liabilities and members' equity	<u>\$ 7,783,904</u>

financial statements

2011 Financial Performance Compared to Budget

We had budgeted for a 12% increase in sales for the year and ended the year with an increase of 18.16% over FY2010. This compares very favorably to other food co-ops that averaged an 8% increase for the last year. The chart below shows some of our key performance indicators and how we compared to budget.

Year three budget comps	Year 3 Actual	Year 3 Budget	Difference
Sales	12,994,183	12,322,290	671,893
OP Net Profit/Loss	449,050	369,761	79,289
Cash Year End	657,629	559,557	98,072
Member Equity Year End	681,759	684,543	-2,784
Member Loans Year End	1,406,600	1,365,600	41,000
Margin	37.28%	36.74%	0.54%
Personnel	22.12%	22.00%	0.12%
Net Income	0.31%	-0.35%	0.66%
Capital Improvements	23,418	59,000	-35,582

Overall Financial Condition

River Valley Market completed construction of its 17,000 square foot retail facility in the spring of 2008. The construction and development of the new business was made feasible by financing the project using a tax credit program with multiple lenders participating in the \$7,293,500 loan. Financially, this results in the co-op being highly leveraged through its first seven years of business. In March of 2014, the term of the tax credit loan ends and the tax credit financing benefit of about \$1.7 million in debt reduction occurs. The balance of the debt must be refinanced and we are anticipating a traditional 15-20 year business mortgage of approximately \$3.2 million at that point. Our original projections assumed an interest rate of 8%. Currently 8% interest is higher than the market rates, but we expect rates will increase over the coming two years, making the 8% assumption in our 10-year financial plan still reasonably conservative.



Operations and Wellness Manager Tom and Prepared Foods Manager Joseph chart their departments' progress for the weekly store-wide Open Book Management "huddle"

A substantial part of ensuring the best possible terms for successfully refinancing our mortgage at that time is through building the overall strength and bankability of our fledgling cooperative business. We are on track with our financial results to date. The top three key indicators of our financial position at the close of our third year include a stronger sales, profitability, and cash position than we had projected for our third year with:

- Total Sales \$6,155,650 above year 1-3 projections
- Operating Profits (Net Income before Depreciation) \$355,937 above year 1-3 projections
- Cash \$312,221 above projections for the end of year 3.

Planning for Achievement of Key Financial Goals						
Actual and Plan	Year 1 Actual	Year 2 Actual	Year 3 Actual	Total yrs 1-3	Proforma yrs 1-3	Difference
Sales	8,148,345	10,997,384	12,994,183	32,139,912	25,984,262	6,155,650
OP Net Profit/Loss	-1,146,374	213,171	449,050	-484,153	-840,090	355,937
Cash Year End	270,355	371,687	657,629	657,629	345,408	312,221
Member Equity Year End	593,943	623,043	681,759	681,759	750,000	-68,241
Member Loans Year End	1,139,100	1,265,600	1,406,600	1,406,600	1,200,000	206,600

Our plan for the 4th year includes continued stronger than projected performance on these key indicators and targeted preliminary refinancing discussions with the local lenders in our community to lay the groundwork for refinancing in March of 2014.

Dorian Gregory



I love my co-op and I am ready to serve. I currently have time to devote to the board and I am interested in participating in the leadership and visioning for the Co-op. I work part-time as a Taijiquan and Qigong Instructor and as a Financial Literacy and Empowerment Coach. I previously worked as a Senior Manager, Financial Statement Auditor for PricewaterhouseCoopers, specializing in non-profit accounting and business advisory services, business process reviews and internal controls assessment.

Since 1989, I have been an active member and teacher at the non-profit Valley Women's Martial Arts-Institute for Healing and Violence Prevention Strategies. In the mid-90's I was the Board President of Necessities/Necesidades (currently Safe Passages), an organization for battered women. Years ago, I was a member of the Northampton pre-order co-op, and I co-founded a small natural-foods chocolate fudge business, using grain-sweetened chocolate and all natural ingredients. I have been a supporter of local CSA's since the late 90's, as a member of Riverland Farms and of Enterprise in the winter, and I am proud to be member #26 of River Valley Market.

I am a very strong and clear communicator with excellent

board election candidate statements

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 Board of The Human Service Forum, an association and resource for human service agencies throughout the western Massachusetts area.

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.

Marci Linker (incumbent)



I had an early introduction to the cooperative concept—my pre-school was a co-op—but my love of co-ops really began in 1990 when I became a working member of Boston Food Co-op. In 1992, new to Northampton, I was disappointed there was no food co-op here, but I soon joined a pre-order co-op, and 18 years later I'm still a member. I love the fact that co-ops provide a democratic, community-based way to enhance the local economy and promote local agriculture and healthy eating. I also live in a cooperative situation – a cohousing community in Florence that I helped plan and design (I have become well-versed in consensus decision-making, policy-making, diversity of opinion, and lengthy discussions).

My involvement with River Valley Market began in 1998 when I was invited to join the fledgling Outreach Committee. I was a committee member for 10 years and served as chair for more than 6 years. I have been on the Member Loan Committee; assisted with database management, new member processing and Member Services; moderated the member online bulletin board; and instituted and maintained the Co-op

email listserv. I have served on the Board for the past 5 years.

My non-co-op activities include basket-weaver, chair-caner, health care activist/advocate, musician and organic gardener. My work history includes occupational therapist, rental property owner, water filter distributor, newsletter editor, accounting, computer training, and insurance underwriting. I have been active in a number of community organizations, including Valley Vegetarian Society (co-founder/organizer), Northampton Wildlife Committee, Northampton Friends Meeting, a local Chavurah, a Buddhist Sangha, Ward4Northampton (co-founder/organizer), a music “jam” group, a chorus, the Garden Committee of Northampton Community Garden, and a local CSA.

I always believed that a food co-op would be an integral part of life in Northampton, and I'm thrilled that this dream has become a reality. I remain inspired by the dedication and loyalty of our General Manager, staff, Board, Outreach Committee, member/owners, and



customers. I am proud to serve on the Board of the River Valley Market, and I would welcome the opportunity to continue for another term as our Market continues to grow.

Outgoing Board member statements

Susan Kimball

It is with mixed emotions that I step down from the River Valley Market Board of Directors this year. Having a new baby makes my commitment to our co-op's goals even stronger but significantly reduces the time I have to offer. It has been a wonderful experience, working with an incredibly talented and creative group of individuals to lead this organization. Although I've only served one term, I have learned a tremendous amount during my three years. My greater understanding of cooperatives, the finances of a grocery business, and our local economy has enriched my relationship to my co-op and my community. Thank you for the opportunity to serve.

Barbara Fingold

River Valley Market began as an idea back in 1997 and grew into a community vision. I like to think it started in my living room, but it really was something many of us deeply wanted...a food co-op in Northampton!

For the next few years, a small group of us met regularly to brainstorm how we could make the co-op a reality. A Board of Directors formed in 2001; I was elected at the first Annual Meeting and we hired Rochelle Prunty to be our General Manager. We thought we had a lease at a defunct supermarket, but that fell through, as did our next attempt to secure a lease on King Street. Meanwhile, the Board worked diligently to craft the Co-op's Ends, as well as our Bylaws, Policy Governance

Process and Executive Limitations. By the time the Co-op opened on April 30, 2008, there were 3500 members and a million dollars in member loans.

As we celebrate the Co-op's accomplishments in November 2011, I leave the Board feeling that it was well worth the time and effort I put in over the past ten plus years. Northampton now has an awesome natural food store owned by the community that promotes local purchasing. We are much more than a for-profit business, since we are responsible for a Triple Bottom Line, meaning we also follow excellent environmental and social practices and are fulfilling the mission that embodies our Ends Policy. The co-operative movement, that we're part of, has three basic objectives: to be economically successful, to strengthen the principles of democratic control by the member-owners and to create businesses that are committed to conservation, interdependence and cooperation.

Since the Co-op opened its doors in 2008, I've run into countless people who say they moved to Northampton area because River Valley Market is here. The Co-op is truly the creation of our members, now 4500 plus strong and continuing to grow. We're also an integral part of the greater Northampton community, who feed and support our Co-op as our Co-op nourishes all of us. We are also a part of the greater co-op family supporting and supported by co-ops around the U.S.A.

I'm looking forward to continuing to shop at River Valley Market as a member-owner and will attend the fun community events that are scheduled throughout the year. I also look forward to seeing what the next generation of Board Directors will accomplish that will make our fabulous Co-op even better. As a Co-op member, you



outgoing board member statements

can participate in our democratic process and vote for the Board candidates you believe will be the best qualified to represent our membership, or even better, choose to run for the Board yourself sometime in the future.

River Valley Market will continue to grow and adapt as our membership's needs change. After over ten years of patience and hard work, we opened our doors three years ago. The Board will continue to consider those changes as they look at the big picture and make careful, thoughtful decisions that guide our long-term objectives and direction for generations to come.

In the words of Confucius: "If you think in terms of a year, plant a seed; if in terms of ten years, plant trees; if in terms of 100 years, teach the people."

BOARD ELECTION INFORMATION

All River Valley Market member-owners are encouraged to vote. You may vote for up to three candidates.

One vote per membership is permitted, submitted by the representative of membership. Refer to your annual report mailing label for the name of the representative of membership in your household as well as your member-owner number. *You MUST include your number for your vote to be counted.*

Use the enclosed ballot, stop by the Customer Service Desk to pick up a ballot, or follow the links on our website for online voting.

Paper ballots will be accepted by mail, in the store, or online until 5:00 pm on November 13, 2011.

Join us!



ALL MEMBER-OWNERS INVITED!

River Valley Market

Annual Member-Owner MEETING

Sunday, November 13, 2011
5:00 pm
Northampton Senior Center
67 Conz Street, Northampton

5:00-5:30	Meet and greet
5:30-6:15	Dinner, catered by the Quarry Café (Tickets available in advance from Customer Service: \$7 adults, \$4 children)
6:15-7:00	Annual Co-op Progress Report and Q&A
7:00-8:00	Beyond Buy Local: Our Co-op's Role in Strengthening the Local Food System and What's Next?