

River Valley Market's

4th Annual

Member-Owners Meeting

Saturday, October 26, 2002

6:00 - 7:00 p.m.

VFW Hall, 18 Meadow Street, Florence

A G E N D A

- I. Welcome & Introduction from the President
- II. Reports: A) Treasurer's Report
B) Outreach Committee Update
C) Site Update
- III. Questions and Answers

2002 Annual Report
to the Member-Owners



*“How wonderful it is
that nobody need wait
a single moment
before starting
to improve the world.”*

Anne Frank

President's Report

Amy Marilyn

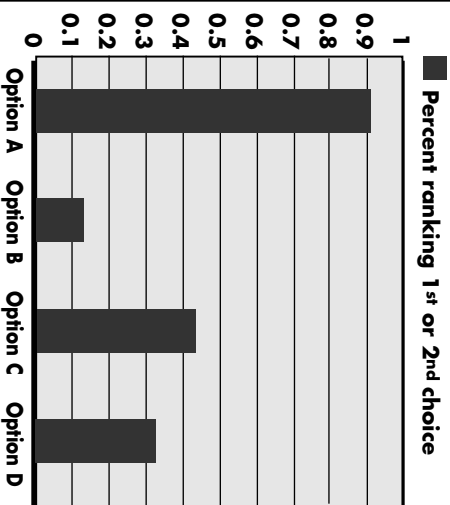


If it seems that you just read an annual report from the co-op, that's because you have! As Ed Maltby mentions in his Treasurer's report, the Board and the Membership changed the co-op's financial year to end on June 30th which, due to the provisions of our bylaws, requires us to have this annual report and meeting so shortly after the one in June. Since that time, we've worked hard to keep you updated on developments – via our summer newsletters, a special member-owner forum in July, and a survey which went out in August, as well as e-mail updates for those of you online.

As most of you know by now, we had two site options develop over the summer, both a departure from our original plan, and the two together having potential as an option. This has required a new market study, much reflection about our core values, a lot of membership discussion, and a great deal of number crunching in order to assess the viability of these new possibilities. General Manager Rochelle Prunty's report, which follows, will update you on the site process.

Our membership gave their input about site options via our survey (18% responded). We found that there was significant support for the site options the Board was considering, with very strong overall support for the largest of the sites in Northampton. The membership ranked continuing the search and passing on the current sites as their least preferred course of action at this time. If this does not represent your point of view – please contact us and let us know.

Member-Owner Response to Site Survey



Option A indicated support for a reasonably large Northampton store (as the full square footage we've been looking for has so far eluded us).

Option B was for a smaller store in Northampton.

Option C was for two stores, a reasonably large Northampton store and a similar store east of the Coolidge Bridge.

Option D was for none of the above, continue to look for a site that more fully meets all of the criteria.

One of the beauties of this co-op is that it really does belong to you – and your voice really does count. Please let it be heard. Your feedback has helped inform the Board as we've charted our course with these new options. We expect to be notifying you shortly of a final decision and the timeline until we open a new store!

While the unfolding of River Valley Market has not been as rapid as any of us would have hoped, the time that has passed has been used productively. Rochelle, the Board, and our fantastic core group of active volunteers have strengthened the infrastructure of the organization during this time. Also, as you'll see in the Vice President's report, the development of the policy/governance tools that the Board uses to manage the organization is now complete. They shape Rochelle's and the Board's work from month to month and hold us to a high degree of accountability. Rochelle has also continued to network with co-ops around the country, developing marketing, membership, and human resources tools that reflect the progressive values of co-ops and best practices from years of cooperative development that will allow us to hit the ground running as soon as the store opens.

All of us on the Board are grateful to our membership for your continued patience with the process of opening RVM. One of our potential landlords, when hearing about the nearly 1,300 members who have joined before there's even a store, said, "This isn't just a grocery store, it's a Northampton cultural phenomenon!" How right he is. And how proud all of us can be that, together, we're making it happen.

Finally, a tip of the hat to David Gowler, the founding President of RVM, whose vision started this whole venture back in 1998. David remains on the Board, having a well-deserved respite from center stage, and he continues to be an ardent and articulate advocate for creating a store that will set us apart from the average retailer, addressing the needs of our member-owners, producers and suppliers, staff, and the local community, while being sensitive to our natural environment. I am honored to follow in his footsteps and to be working with all of you to create River Valley Market. *

Vice President's Report

Kathryn Tracy



Policy governance: the ENDS in sight!

After over a year of board training, meetings, and discussion, the board of directors reached consensus on the fourth and last type of policies, Ends. Although Ends policies come first in the policy manual, Marilyn Scholl, consultant/policy governance trainer and friend, recommended tackling them last. Indeed, the board spent more time on these three short sentences than we did on the hundreds of sentences that comprise the other three sections: Executive Limitations, General Manager Relations, and Board Process.

Why were Ends so difficult? First of all, Ends represent our collective best hope for the Co-op, the reason the cooperative exists. That means there are as many versions of the perfect "Ends" state-

ment as there are Co-op members! On the RVM board, we seek consensus, as opposed to “majority (over)rules,” which takes more time and effort and involves really hearing each other’s points of view.

In discussing Ends, we had to articulate our hopes, fears, and assumptions about the Co-op as we tried to answer the questions Marilyn had posed. Unlike the other three policy sections which are couched in double negatives (eg: “the General Manager shall not fail to ...”), ends are written in the affirmative and are crafted to answer the following three (deceptively simple) questions:

- What will be different because the Co-op exists?
- Who benefits?
- At what cost?

At the final, historic moment, on September 26, 2002 (whew!) the board reached consensus on the following (always working draft) of Ends Policies:

- A.1. What will be different because the Co-op exists: A just marketplace that nourishes the community.
- A.2. Who benefits: Consumers in Hampshire and surrounding counties, and regional producers.
- A.3. At what cost: For costs that ensure that the Co-op thrives.

For now, we are all breathing a sigh of relief. But in a moment, we need to gear up again as policy governance is an every-meeting endeavor, with

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Treasurer’s Report

Ed Maltby

Treasurer’s report for Northampton Community Cooperative Market Inc for the period January 1st to June 30th, 2002.



The financial statement for this period mirrors the intense activity of the cooperative and for the first time shows the purchase of groceries for sale! (Our \$20,000, 6-hour truckload sale in June).

As part of the development of the market, the Board and the Membership agreed to move the end of the cooperative’s fiscal year to June 30th which is an easier time to inventory assets in a working store. Our accountant (Boisselle, Morton and Sansom) have compiled the financial statements from data presented by Rochelle and our bookkeeper at Green Fields Market. We agreed with them that there was no need to do an audit or review for this six-month period, saving us time and money. Next year’s annual financial audit will include these six month statements and will be part of a complete audit as we will be very close to opening a store by then!

Revenue from the activities of the cooperative is slowly increasing. We held a very successful truck load sale and fair that attracted numerous sponsors and plenty of customers. Membership has slowly increased after the surge at the end of the 2001 and member loans continued to be sent

in during January and February. The opportunistic purchase of a liquor license will enable the wine and provide a diverse shopping experience. Market to open with the ability to sell beer and wine and provide a diverse shopping experience.

After we have a lease option, the next stage of development is to look at how much of the financing can be raised by us, the member owners. The tremendous community response to our last member drive has given us the confidence to launch another member drive this fall. This campaign will not only increase the community ownership and make us less reliant on outside finan-

NORTHAMPTON COMMUNITY COOPERATIVE MARKET, INC. (A Development Stage Company)			
Statement of Operations			
Six Months Ended June 30, 2002, and the Period from July 6, 1999 (Date of Inception), to June 30, 2002			
	Six Months Ended June 30, 2002	July 6, 1999 (Inception) to June 30, 2002	2002
Revenue			
Member donations income	\$ 8,738	\$ 22,091	\$ 22,091
Truck load sale income	19,557	19,557	19,557
Newsletter income	1,276	2,553	2,553
Interest income	1,348	3,016	3,016
Total revenue	30,920	47,217	47,217
Expenses			
Payroll and related	9,216	13,134	13,134
Grocery purchases	14,921	14,021	14,021
Office administration	3,074	4,480	4,480
Professional fees	225	1,415	1,415
Member services administration	2,275	4,455	4,455
Board of Directors	292	806	806
Marketing and membership	11,870	14,581	14,581
Interest	456	6,963	6,963
Income taxes	43,432	62,480	62,480
Total expenses	(12,483)	(152,231)	(152,231)
Net loss	\$ (12,483)	\$ (152,231)	\$ (152,231)

See accompanying notes and accountants' report
Approved: Matthew G. Sullivan, CPA Certified Public Accountant

NORTHAMPTON COMMUNITY COOPERATIVE MARKET, INC. (A Development Stage Company)	
Balance Sheet	
June 30, 2002	
Assets	Liabilities and Members' Equity
Current assets	
Cash	\$ 251,590
Accounts receivable	10,686
Total current assets	262,276
Other assets	
Construction in progress	1,657
Liquor license	409
Northampton Cooperative Investment	100
Total other assets	1,766
Total Assets	\$ 340,042
Current liabilities	
Accounts payable	\$ 2,654
Accrued interest	8,729
Accrued liabilities	554
Total current liabilities	11,937
Long-term liabilities	
Member loans	196,500
Members' equity, including deficit accumulated during the development stage of \$2,740	131,605
Total Liabilities and Members' Equity	\$ 340,042

See accompanying notes and accountants' report
Approved: Matthew G. Sullivan, CPA Certified Public Accountant

cial support, but it will also give us more leverage with the bank(s) that will supply us with our major loans. The power of owner equity is especially important in any business and our start-up cooperative is no exception.

We are therefore looking at a new option of raising loan money, called preferred shares, to supplement our member loan program. These shares will carry no voting power, but will be recognized by the USDA and other financial institutions as member equity investments and will enable us to obtain loan guarantees and to control our own destiny even more. The preferred share will be structured very similarly to the member loans and will be easy to understand.

(Treasurer Report continued from page 5)

You will receive more information about them during the next few months.

To build our market we will have to “think outside of the box” when we look to our financing needs. We have expert financial advisers, with national reputations, who are being kept well informed of our needs and our progress. They are excited about what we have achieved and will take many of the lessons that we have learned and use them to help other consumer owned cooperatives across the country.

We have a fine asset base in the community, a very strong business plan, and we will continue to move forward with your assistance.

Thank you again for your support. *

(Vice President Report continued from page 4)

monitoring reports and motions to amend various policies scheduled at every board meeting. This way every policy is specifically reviewed for its applicability and appropriateness for the current situation. In the coming year as we move from concept to development to opening the new store, our policy needs will change. Through the process of policy governance, we establish the framework for moving forward with vision, flexible control, and trust in our general manager. Our policies serve as the blueprint for our future, one that needs to evolve through careful review and modification so we keep up with the challenges of our exciting future.

So the “Ends” is really just the beginning! *

General Manager’s Report

Rochelle Prunty



I’m happy to have a better site search progress report for this annual report. The news on our site search at the June annual membership meeting was fairly grim. In the spring we had to report that it may take over a year to locate a suitable site for our planned co-op and that as member-owners we needed to be thinking about alternatives such as an interim buying club, a very small storefront, or an inconveniently located storefront. Those in attendance encouraged us all to keep working toward solutions that would keep the co-op going and ultimately get us to our goal of opening our store for business.

I’m pleased to report that in less than six months the picture has changed for the better and we are on the verge of securing a new site on King Street in Northampton which satisfies the criteria of our site requirements. As I am writing this, attorneys are drafting the lease option agreement. Some further construction planning is required before we can finalize the details, but the end of our site search for our Northampton location now appears within view. Upon securing the site it will be announced to the membership.

After the annual meeting in June, there was a breakthrough on a site we’d been considering in Northampton; a potential site on King Street with parking and an owner looking to develop it. It was small for our plans, but the location was good. Looking at the whole real estate market in the area as a puzzle for so long led us to

consider a new idea for resolving the space issues presented by this Northampton location. There was a second location in the Amherst-Hadley area which could house food production areas enabling more of the Northampton space to be used for customers and products. This would enable the Northampton store to function like a larger store than it actually was. It would also help us to reach out to more co-op minded people in the Amherst-Hadley communities.

That idea created quite a stir of enthusiasm, opposition and several other degrees of emotions within that wide range. The market study was positive on both sites; however, the recommended course of action was to open a store in Northampton before deciding on a second location. The result from our recent member-owner survey shows strong support for that course of action.

New developments have opened up potential on the Northampton site and we are now in the process of securing a larger space within the same facility there. I encourage members who are curious about how much this store size will hold to visit the Brattleboro Co-op in southern Vermont. We are targeting a sales floor of about 9,000 sq. ft.; the Brattleboro Co-op has a 10,000 sq. ft. sales floor, so your visit will give you an idea of the store size with which we will be working. We think you’ll like it.

Like you, I very much look forward to moving onto the next phase of opening the co-op. Several months of construction planning are required before the budgets and lease details can be finalized. We also have several months of fundraising ahead of us before we can finalize the financing. We are looking toward a spring con-

struction schedule with an opening next summer or fall. For me this has changed from a “one year to open project” to a “two years to open project.” I know many of you have been working for 4 years on this project. For established co-ops, opening a new store takes anywhere from 3 - 5+ years from start to finish. Opening a new co-op from scratch is a HUGE undertaking and is something that has not been done much over the past 15 years, so who knows how long it should take? The important thing is that our co-op opens for business despite the challenges.

Here, in the river valley, founding co-op member-owners are very much 21st century co-op pioneers. Together, we’ve developed our vision, we’ve made our plans, and we’ve inspired others to join in. We’ve stuck together when faced with obstacles. And now, as we are closing in on securing a site in Northampton, we invite more community members to join us as we stand together, poised to proceed with opening our new co-op.

*Working with you is an inspiration. Thank you for this opportunity. **

