

You're Invited!

WFC Members: You are invited to this year's Annual Membership at Greysolon Plaza Ballroom. We will provide a FREE BUFFET catered by the New Scenic Cafe along with refreshments including FREE BEER.

Dinner is at 5:30, Meeting at 6:30. On-site childcare is provided during the business meeting.

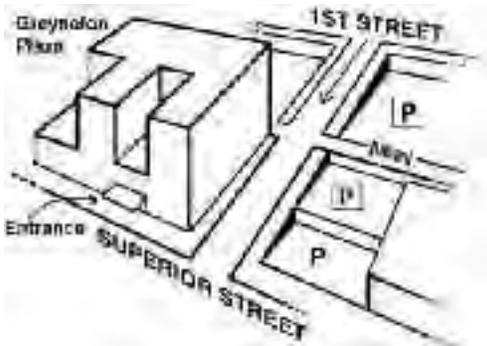
Drawing of fabulous prizes at the end of the meeting.

See you there.

Greysolon Plaza Ballroom is on the second floor, 231 East Superior Street. Parking is available on three lots across the street from Greysolon Plaza (see illustration below).

Please RSVP with the number attending by September 29, 2003 to dianna@wholefoods.coop or mail to:

Whole Foods Co-op
Attention: Dianna
1332 East Fourth Street
Duluth, MN 55805



New Scenic Cafe Buffet Menu

Mediterranean Pasta Salad
Baby Green Salad and vinaigrette
Garden Tomato Salad with vinaigrette
Vegetarian Moussaka
Vegan Fall Vegetable Strata
Chicken with apricot and currant glaze
Chocolate Truffle Torte
Alakef coffee
Lake Superior Ale
(Cash Bar available)

Printed with soy ink on 100% post-consumer recycled paper



Whole Foods Community Co-op
1332 East Fourth Street • Duluth, MN 55805
218-728-0884 • www.wholefoods.coop

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WHOLE FOODS COMMUNITY CO-OP
ANNUAL REPORT 2003
 TO MEMBERS

**ANNUAL REPORT
 FOR FISCAL YEAR 2003**

(ended June 30, 2003)

By Sharon Murphy, General Manager

Our members approved a bylaw amendment changing the end of the fiscal year (FY) from July 31 to June 30 so, with only eleven months of operations, FY 2003 went by very quickly. FY 2003 was all about maximizing our potential at this site while working hard to acquire a larger location. We did great on the maximizing:

	FY 2002 (12 months)	FY 2003 (11 months)
New members	295	368
Net new equity	\$20,424	\$19,828
Sales to members	57.37%	58.15%
Sales	\$2.94 million	\$3.14 million
Growth over previous year	16.26%	17.08%
Average #/customers/day	429	460
Average purchase	\$19.24	\$21.06
Record sales day	\$13,785	\$18,730
Profit from operations	2.5%	3.6%
Entry wage	\$6.15/hour	\$6.75/hour
Average wage	\$9.65/hour	\$10.28/hour

We did great on the hard work to acquire a larger location too. We ended the year in negotiations on one site and with backup plans for Sites B and C in development. Nothing specific to report on yet, but there may be news by the Annual Meeting.

None of this could have happened without amazing support and creative thinking by our Management Team and staff. They are experts at squeezing in more products, more display space, more specials on Member Appreciation Day, more good humor and more patience. Only a submarine crew could relate to the excitement around here when someone reveals six inches of space.

And, of course, it could not have happened without amazing support and agility on the part of our members and customers who shop the maze—even on delivery days. There's a new floor, more lights, new front doors and some snazzy new cases, but the aisles didn't get any wider or any longer and there are still only two checkouts. You all must be into community 'cause you can't avoid it when you come to this Co-op!

THANK YOU TO THE STAFF, BOARD, MEMBERS,
 SUPPLIERS AND FRIENDS OF WHOLE FOODS CO-OP FOR
 ANOTHER GREAT YEAR!

**WFC ANNUAL
 MEMBERSHIP
 MEETING**

NOTICE:

Wednesday, Oct. 8, 2003, 5:30 p.m.
 Greysolon Plaza Ballroom, 2nd Floor
 231 East Superior Street
 Duluth, MN 55802

AGENDA:

5:30 PM

Free buffet dinner
 catered by
 the New Scenic Cafe
(Free will donations accepted)

Board election ballots
 accepted until 6 p.m.

6:30 – 7:30 PM

- 1) All ballots presented
- 2) Registering of Members
- 3) Proof of notice of meeting
- 4) Determination of a quorum and right to vote by Members
- 5) Reading and approval or waiver of Minutes of last meeting
(see Annual Report 2003)
- 6) Reports of officers and committees
(see Annual Report 2003)
- 7) Motions for acceptance, concurrence of filing as to all reports
- 8) Election of Directors
- 9) Unfinished business—expansion update
- 10) New business—patronage rebates —survey results
- 11) Remarks for the good and welfare of the Association
- 12) Drawing for prizes—must be present to win
- 12) Adjournment

Free on-site child care will be provided during the business meeting.

WHOLE FOODS CO-OP MISSION STATEMENT

*As approved by the Board of
Directors on February 20, 1997*

The Whole Foods
Co-op is committed to
the Cooperative
Principles, to providing
its members, patrons
and community the
highest quality
nutritious whole foods,
and to the products and
practices which make
positive changes in the
life of its community,
employees and
environment.

WHOLE FOODS CO-OP
IS A CONSUMER-OWNED
COOPERATIVE
WITH OVER 2000
MEMBER/OWNERS

YOU ARE A
MEMBER/OWNER OF
WHOLE FOODS CO-OP

Board President's Annual Report

by Katie Neff Dawson

It has been another exciting year of researching possible sites and reading Sharon's fine financial statements. While the site research has been filled with ups and downs, our financials look quite bright and cheery. Thanks to your support and our hardworking staff we continue to have days of record breaking sales. The Board will be meeting in September with our accountants to determine the feasibility of distributing patronage rebates this year and, hopefully, we will announce that decision at the Annual Meeting on October 8. So plan on attending as it should be a gala event!

With WFC fiscally sound and in the hands of excellent staff, the Board has been freed up to work on visioning. We retreated and consulted and conferenced. Areas we focused on included WFC's growth and expansion, WFC's commitment to our community and WFC's commitment to the broader cooperative movement. Membership participation in visioning is important, so the Board invited members to focus group dinners to gather up their visions and ideas for WFC. We hope to continue those gatherings. Comments from those sessions will be included with the results from the annual member/customer survey completed in July 2003.

Our Board operates under the "policy governance" model that sets clear expectations for performance and accountability by the Board and by management. Each Board member

has made great strides at creating reports that monitor compliance with our policies. At present, the Board is working to define Ends policies that will reflect the visioning work that has been done in the last year.

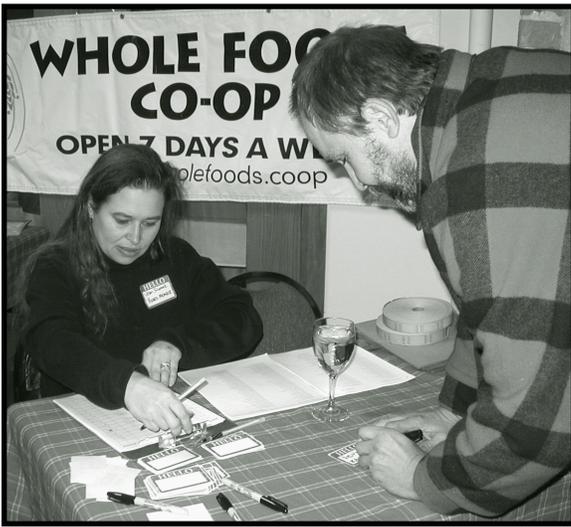
Expansion is almost always on our agenda and has been since I came on the Board four years ago. I thought we would've been in our new home by now. We are still hopeful and have some options to work on. The staff continues to be amazingly productive under tight conditions, and we heartily thank them. Thank you for your support and patience and willingness to bump butts in the aisles.

Finally, I want to thank all the fine people I worked with on the Board this year. Koresh Lakhan and David Syring are not running this year. They have made wonderful contributions and will be missed. A big thanks to Jean Sramek for being VP and writing some great Board reports as well as for all her admirable contributions. Thanks to Chad Coffey, Geiger Yount and Claire Kirch for their contributions and for their willingness to provide continuity on the WFC Board.

Thanks to Nathan Coombes for his work as Board Assistant. Huge thanks to Sharon Murphy who not only is an outstanding General Manager but also lends remarkable support to the Board. It has been an honor to work with all these folks and a greater honor to represent you on the WFC Board. Thank you.

BOARD MEMBERS

Chad Coffey	Katie Neff Dawson, <i>President</i>
Claire Kirch	Koresh Lakhan, <i>Secretary</i>
Jean Sramek, <i>Vice President</i>	David Syring
Geiger Yount, <i>Treasurer</i>	



attendance agreed that the location and free beer enhanced the meeting.

Reports of Officers and Committees: There were no questions on the Reports of the Officers and Committees. Jill Lakhani moved to accept the reports of Officers and Committees. Nathan Antilla seconded the motion. Motion carried.

Board Election/Ballots: WFC Board Member David Syring presented the ballots. Over 150 ballots were

received. Newly elected and re-elected Board Members are: Chad Coffey, Claire Kirch and Geiger Yount.

Remarks for the good and welfare of the association were solicited. WFC Member Jennifer Buckley remarked that, since WFC has had the fortune to retain the web domain wholefoods.co-op, we, in the cooperative spirit, should extend the advantages of this web address to other "Whole Foods" co-ops. Assistant Manager Chris von Rabenau reported that this had been

done but no responses have been received at this time.

Door prizes were drawn. WFC Board President Katie Neff Dawson expressed great appreciation for gift certificates donated by Bennetts, India Palace, Bob Gabres and The Healing Way.

A motion to adjourn the meeting was made by Joel Sipress. Will Rhodes seconded the motion. The motion carried and the meeting adjourned at 7:20 p.m.

*Respectfully submitted,
Mary Rhodes, Board Secretary*

how Board and member linkage can be improved. The next meeting of the Membership Committee will be held at 5:30 p.m. on January 7th at India Palace. Contact Board Members David Syring and Katie Neff Dawson, or General Manager Sharon Murphy for more information about this committee.

Kudos: Many much deserved kudos were given to WFC General Manager Sharon Murphy and all WFC staff. A standing ovation was given to both by those in attendance.

Miscellaneous Notes: All in

New Household Policy

The following policy approved May 27, 2003:

As a benefit of membership, a WFC member may choose to list additional members of his/her household on his/her membership account. To clarify what individuals may be listed on a member's account:

- 1) "Household" is a single residential address, and
- 2) Up to three (3) individuals (no age limit) in the member's household (in addition to the member) may be listed on a member's account.

FRAN SKINNER MEMORIAL FUND REPORT

What is it: The Matching Fund was created in 1991 to assist WFC members in purchasing the required amount of equity stock when this purchase would pose financial hardship. In 1994, the Board of Directors approved a name change for the fund in honor of one of our founding members, Fran Skinner.

How the Fund grows: All donations to the Fran Skinner Memorial Matching Fund are maintained in a separate, interest bearing account until distributed. The Fund grows through cash donations, profits from special projects and donations of WFC stock from departing members.

Who is eligible: Eligibility for WFC members who have purchased a minimum of \$20 of stock is determined by:

- The availability of funds in the account
- By family size and income range as listed on the application form in the Fund brochure, and
- By the date the membership expires.

More information on the Fund is available in a brochure (updated in 2002) at WFC and on our web site at www.wholefoods.coop

FY 2003 Fund Activity Report

Balance 7/31/02	\$ 837.83
Donations	+109.89
Interest	+ 10.11
Allocations	- 80.00
Balance 6/30/03	\$ 877.83

an \$80,000 gain on sale if UNFI is profitable. Plans are to invest these funds in expansion of WFC as well as set some aside to invest in the co-op retailers' network.

The contract with the WIC (Women, Infant and Children) Program has been canceled due to a change in the State monitored Federal program. Participants in the WIC program can no longer use vouchers to purchase organic food. In response to this, WFC staff filed a complaint with the MN Department of Health and started a petition drive against the decision. Because of interest by the co-op retailers' network, the National

Co-operative Business Association will be approaching the US Department of Agriculture regarding this issue.

As of August 1, 2002, there is no member discount program at the checkout. Senior member and working member discounts remain applicable. The member discount has been replaced with a Patronage Rebate program that offers a rebate to members, as established by the Board of Directors, in profitable years. Membership growth has accelerated in 2002.

Food Policy Committee Report: Board Member and Food Policy

Committee Member, Jean Sramek, presented the Food Policy Committee Report. Interested members are welcome to attend committee meetings. The committee is currently working on developing Cooking School Policies so policies will be in place when the store moves to a larger site with a cooking school. The next meeting will be held at 5:30 p.m. on Tuesday, January 14, 2003, in Jitters Meeting Room. Those interested can contact Board Members Jean Sramek and Katie Neff Dawson or General Manager Sharon Murphy.

Membership Committee Report: Board Member and Membership Committee Member David Syring presented the Membership Committee Report. The Membership Committee has just finished work on a Statement of Commitment to the Membership included in the 2002 WFC Annual Report. Members are what make the co-op more than just an organic grocery store. The committee realizes this and worked on the Statement of Commitment for approximately six months. Future meetings will include discussion on



BALANCE SHEET*

FOR FY 2003/ENDING JUNE 30, 2003

	7/31/03
ASSETS	
Current Assets	386,720
Property/Building/Equipment	339,115
Other Assets	10,885
TOTAL ASSETS	<u>736,720</u>
LIABILITIES	
Current Liabilities	65,949
Long-Term Liabilities	106,608
TOTAL LIABILITIES	<u>172,557</u>
EQUITY	
Member Equity	200,986
Donations	15,109
Retained Earnings	348,068
TOTAL EQUITY	<u>564,163</u>
TOTAL LIABILITIES & EQUITY	<u>736,720</u>

INCOME STATEMENT*

FOR FY 2003/ENDING JUNE 30, 2003

SALES	3,142,108
less cost of goods sold	<u>-2,014,433</u>
NET SALES	1,127,675
OPERATING EXPENSES	<u>-1,012,298</u>
GAIN FROM OPERATIONS	115,377
OTHER INCOME	<u>140,254</u>
NET INCOME	<u><u>255,631</u></u>

*These figures are estimates subject to the results of the audit of FY 2003 financial records and determination of income tax due.

Whole Foods Community Co-op, Inc. (WFC)

Annual Membership Meeting Minutes

NOVEMBER 12, 2002

This meeting was held in the August Fitger Meeting Room, Fitgers Complex, 600 East Superior Street, Duluth, Minnesota, and was attended by 75 members (128 people).

After a delicious meal served by Bennett's On the Lake, Board President Katie Neff Dawson called the meeting to order at 6:20 p.m. Members present introduced themselves.

All ballots were presented. Ballots were closed at 6:22 p.m.

Quorum: 75 members were in attendance so there was a quorum. This was the largest attendance at any Annual Membership Meeting in WFC history.

Proof of meeting notice: Proof of notice of meeting was presented in the form of the receipt for mailing of the WFC Annual Report 2002 in which the meeting was announced and which was mailed to the membership in accordance with WFC Bylaws.

Minutes: Steve O'Neill made the motion to accept the 2001 Annual Membership Meeting Minutes. Mike LeBeau seconded the motion. Motion carried.

Expansion: WFC General Manager Sharon Murphy referred to posted plans of sites which have been reviewed by the Board. A market study for a site currently under consideration was also posted. Each table had copies of the Basic Concept Plan with regard to expansion. This included information on what members have said they want at a new site, Board Policies on expansion and site search history since 1998.



Focus Dinners: In past years WFC has done a members survey. In 2003, WFC will conduct focus dinners. The first focus dinner will be held in February and consist of the top 25 purchasers. The second focus dinner will be held in March and consist of those holding the 25 lowest member numbers. The third focus dinner will consist of 25 members drawn from a pool of those interested. Members who fall in the first two focus groups will be contacted directly. Those interested in attending the third dinner should watch the newsletter for details.

Store Improvements: A new floor was installed in the store. New front doors will be installed in December.

New Business: WFC is currently completing paperwork to become a Certified Organic Retailer. WFC operates in compliance with GORP (General Organic Retail Practices).

Two co-op grocer distributors have gone through significant changes. North Farm went out of business and Blooming Prairie has been purchased by UNFI (United Natural Foods, Inc.). WFC will receive the following from the sale of Blooming Prairie: \$10,000 in equity, \$54, 197 in retained patronage rebates and the potential for

Annual Meeting Minutes, continued on page 6

STAFF

ADMINISTRATION

General Manager
Sharon Murphy

Assistant Manager/IT Manager
Christof von Rabenau

Office Manager
Penny Nemec

Marketing & Member Services Manager
Dianna von Rabenau

Buyers
Lisa Anderson, Brenda Brock,
Rhonda Mittlefehldt, Jim Richardson

Assistants
Nathan Coombes
Sienna Effinger
Charlotte Van Vactor

DELI

Manager
Debbie Manhart

Assistant Manager
Justin Hemming

Assistants
Matthew Boe, Amy Burkett, Jill Holmen,
Avy Jackson, Mary Jeanetta,
Robert Litsenberger,
Patrick O'Brien, Paula Williams

OPERATIONS

Manager
Jay Finch-Newkirk

Assistant Manager
Nathan Coombes

Coordinators
Jessica Belich, Wolfgang Littlewolf,
Nodin Morgenstern,

Clerks
Matt Abel, Aaron Anderson,
Johnna Bossuot, Courtney Jankovic,
Julie Kohls, Lawrence Lee,
Briana Lowrie, Anna Midthun,
Diana Preisen, Teri Sackmeister,
Sonya Welter, Virginia Wigger

Project Assistants
Don Larsien, John Fisher Merritt,
Darcy Sathers

PRODUCE

Manager
Michael Karsh

Assistant Manager
Shannon Szymkowiak

Assistants
Ian Alexy, Teague Alexy, Kelly Gaulrapp,
Peter Hemberger, Hans Johnson,
Britta Keenan, Matt Menzel,
Brian Tomaino

WFC BOARD CANDIDATE PROFILES

Applicants to the Board of Directors answered six questions regarding their interest in serving the Co-op:

Katie Neff Dawson

Why would you like to serve on the Board of Directors of Whole Foods Co-op?

I would like to continue serving on the WFC Board because of a commitment I made to myself to see the store through a successful expansion.

What experience or involvement have you had with Whole Foods Co-op or other cooperative enterprises?

I am interested in good food and sustainable practices and representing the WFC membership offers an opportunity to support those things. I have really enjoyed being on the Board and working with fine people and would like to continue doing it.

What opportunities and challenges do you see in the future for Whole Foods Co-op?

Finding a new home for the store and creating a solid vision and realizing how we contribute to our community are the opportunities and challenges in the future of WFC.

What skills would you bring to your position as a Whole Foods Co-op Director?

I have received excellent training from staff and consultants in my years as a WFC board member and I have been involved and on boards of other food cooperatives since the late 70s.

What is your formal training or education?

My formal education includes a degree in Communications and Computer Sciences from The College of St. Scholastica.

What is your occupation?

I am at the present a mom and a homemaker, that sounds so weird, but I love it and am grateful for the opportunity!

Lynn Fena

Why would you like to serve on the Board of Directors of Whole Foods Co-op?

I want to contribute my energy to the creative side of building community in Duluth, and the Co-op is a wonderful place to do that! I've benefited from the hard work and commitment of many others before me whose vision has brought the Co-op forward over the past 30+ years. I would love to take a more active role at this point in my life.

What experience or involvement have you had with Whole Foods Co-op or other cooperative enterprises?

I became a member of the Whole Foods Co-op in 1971 when I lived at Chester Creek House and the Co-op was born in our basement, thanks to the work of some very creative folks exploring "alternative lifestyles." I was a member of that intentional community for 6 years. I also helped to organize a buying club when I lived in Brimson.

What opportunities and challenges do you see in the future for Whole Foods Co-op?

The challenge of the Co-op's growing membership is also an opportunity to meet the demand for more whole foods and more organic foods, as well as more locally grown food. Deciding how and when to expand the store is an important part of meeting

that challenge. Also, I think there is greater opportunity these days for community education about food issues.

What skills would you bring to your position as a Whole Foods Co-op Director?

Skills I bring to a board of directors' position are good communication, reliability, creativity and a deep interest in the alternative community. I am increasingly concerned about food quality, food economics and food politics. And I have a good understanding of decision-making and governing process.

What is your formal training or education?

I have a Masters degree in Social Work.

What is your occupation?

I am currently a School Social Worker for the Duluth Public Schools.

Dennis Kaleta

Why would you like to serve on the Board of Directors of Whole Foods Co-op?

Being a member since 1988, I've seen the Co-op evolve into a healthful food alternative and an important progressive voice in the community. I would like to help continue this work.

What experience or involvement have you had with Whole Foods Co-op or other cooperative enterprises?

Before moving to the area in 1987, I was a member and volunteer with co-ops in several areas, having lived across the country from Maine to Alaska. I've been a volunteer/working member at Whole Foods for several years.

What opportunities and challenges do you see in the future for Whole Foods Co-op?

I think finding a new location and the transition will be critical, working with local farmers and suppliers is something I'm very interested in.

What skills would you bring to your position as a Whole Foods Co-op Director?

I'm very interested in organic food issues, learning from others and working toward specific goals.

What is your formal training or education?

I have a B.S. Biology degree from the University of Idaho and a B.A. in Secondary Education from Montana State University.

What is your occupation?

Retired Park Ranger (8 national parks). Biologist. Maple sugarbush worker.

Tom Maloney

Why would you like to serve on the Board of Directors of Whole Foods Co-op?

It is extremely important to me that I live in a town which provides whole foods, foods for alternative diets and bulk purchasing. I also believe cooperative ownership is a viable model of responsible business. Lastly, I want to develop my communication and decision making skills and be a direct part of the WFC vision.

What experience or involvement have you had with Whole Foods Co-op or other cooperative enterprises?

Working member of WFC '94-'96

Board Member and Treasurer Northwoods Whole Foods Coop (Ely) '99-'01

WFC Membership Committee Member 2003

What opportunities and challenges do you see in the future for Whole Foods Co-op?

The excitement of relocation and expansion of services is awesome. Maintaining community feel and membership through a relocation will be challenging.

What skills would you bring to your position as a Whole Foods Co-op Director?

Experience of serving on boards (Ely co-op & MPIRG); being a 13-year co-op consumer; eating vegetarian for 3 years; cooking and appreciating quality food.

What is your formal training or education?

Teacher training at UMD, 2 years Peace Corps service in Kenya.

What is your occupation?

Math Teacher

Ida Rukavina

Why would you like to serve on the Board of Directors of Whole Foods Co-op?

I would like to serve on the Board of Directors because I have a commitment to the co-op and the the members of the co-op. I want the co-op to succeed in gaining new membership and increasing sales.

What experience or involvement have you had with Whole Foods Co-op or other cooperative enterprises?

The experience I have had with the Whole Foods Co-op is that I have been a member for over two years—since I first moved to Duluth—and I have been a working member for about one year now. I also have previous experience as a member of the Natural Harvest Food Co-op in Virginia for many years and serving as Secretary on the Board of Directors for one year during college.

What opportunities and challenges do you see in the future for Whole Foods Co-op?

The opportunities and challenges that I see in the future for Whole Foods Co-op are increasing membership in Duluth and the surrounding areas and finding a new store to move into that would enable the co-op to expand the current and add new features such as a café and seating.

What skills would you bring to your position as a Whole Foods Co-op Director?

The skills I can bring to the Board of Directors are that I have experience being a member of the co-op, I have served as a board member of other organizations and I have some knowledge of the current issues facing the co-op.

What is your formal training or education?

My education is a BA in Government-American Policy from Clark University in Worcester, MA. I also completed a concentration I Race and Ethnic Relations and a minor in Spanish.

What is your occupation?

I have worked in Duluth as a union organizer for the Hotel Employees and Restaurant Employees Union and I also worked as the 8th Congressional Field Director for the late Senator Wellstone's campaign. Currently, I am looking for work as a community organizer or something else that will benefit the Duluth community.

Jean Sramek

Why would you like to serve on the Board of Directors of Whole Foods Co-op?

I have nearly completed my first term on the WFC Board. It has been hard work, rewarding work, and enjoyable work. It was also work that I did well, and I would like to build on that during my next term on the Board.

What experience or involvement have you had with Whole Foods Co-op or other cooperative enterprises?

Besides being on the WFC Board of Directors, I have also been a member of WFC. I believe in the cooperative principles and their practical application, not just at WFC, but in other business enterprises as well. We're fortunate to have the WFC in our community. In addition, I have been volunteering with community organizations most of my life.

What opportunities and challenges do you see in the future for Whole Foods Co-op?

During my current term, I have learned much about the regional and national cooperative movement, and there will be "hard rows to hoe" ahead if we wish to sustain our successful business—but there are also myriad possibilities for growth. Obviously, we need to expand into a bigger store—that has been the Board's focus for the past few years—and although that expansion will be a vulnerable period for the WFC, it will also open new doors for us. There are plenty of crazy ideas for our perfect WFC, and some of them just might work! No matter what the challenges, we must keep fulfilling our mission, and finding new ways to become a better co-op.

What skills would you bring to your position as a Whole Foods Co-op Director?

The best training for being on the WFC Board is being on the WFC Board. During the last two years I acquired skills I did not know I needed and which complement my existing skills. I'm verbally adept, articulate, a good public speaker, and I am familiar with and have a deep affection for the community in which WFC does business. I can name all the capitals of the United States and have above-average forearm strength. Rumor has it that I'm a dynamite cook.

What is your formal training or education?

Like many smart underemployed people, I have a B.A. in English.

What is your occupation?

Like many smart underemployed people, I am a freelance writer.