

annual membership meeting notice

Please join us under the big tent for the Annual Membership Meeting of Whole Foods Co-op

Sunday, September 16, 2007

1:30 – 4:00 PM

behind 610 East 4th Street, Duluth

Behind 610 East 4th Street, Duluth
(designated parking area/s shown)

1:30 PM Registration and Tasting Fair for Member-Owners and their guests
(no charge).

Ballots for 2007 Board election accepted until 2:30 PM

2:30 PM Business meeting* (Tasting Fair ends)

Proof of notice of meeting

Determination of a quorum and right to vote by Members

Reading (or waiver of reading) and approval of Minutes of 2006 Annual Meeting
(see *Annual Report 2007*)

Reports of officers and committees (see *Annual Report 2007*)

Motions for acceptance, concurrence of filing as to all reports

Election of Directors – Report of 2007 Board election results

Unfinished business –

Patronage rebates

New business –

Exterior Art Project

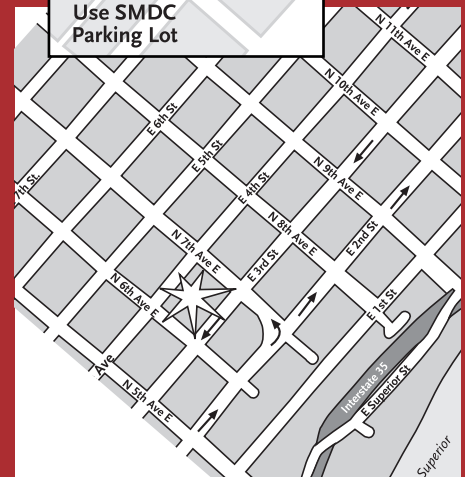
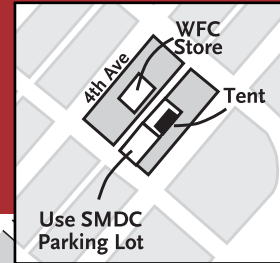
Co-op Quilt Project

2007 Owner Survey

Proposed Articles and Bylaws

Remarks for the good and welfare of the Association

Adjournment



**There will be a kids' activity area inside the tent.*

Cover photo by Shannon Szymkowiak

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

W H O L E F O O D S C O - O P M I S S I O N S T A T E M E N T

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

FISCAL YEAR

WHOLE FOODS

2 0 0 7

ANNUAL

CO-OP

REPORT





your board of directors



Jeri Brysch, Treasurer



Lynn Fena, Vice President



Erik Hahn, Secretary



David Helf



Theresa Koenig



Heather Murphy



Jean Sramek, President

board report 2007 *by Jean Sramek, Board President*

When I was a youngster, I was in 4-H. I pledged my head to clearer thinking, my heart to greater loyalty, my hands to larger service, and my health to better living, for my home, my club, my community and my country. In recent years, the 4-H pledge has added “and my world.” (World? Those young people and their crazy ideas!)

When I was a teen, I learned some valuable lessons from 4-H mentors and leaders. Specifically, I learned acronyms to avoid:

TWNWH (That Will Not Work Here.)

WHNDTB (We Have Never Done That Before.)

WDWDLY (What Did We Do Last Year?)

WWPT (What Will People Think?)

These were good lessons, ones that I have carried through my life. I've learned that it's important to do your research, then stick to your beliefs, and worry more about what is right and good than what is popular and easy. I learned that sometimes, what is right and good is popular and easy. I learned that trying new things is not only okay, but essential to growth and survival.

This is a long introduction to answering this question: why is WFC moving the date of our Annual Meeting, again? We used to have it in October, then we moved the location —

twice. Then we moved it to September (and moved the location again), then we moved it to July. Now it's back to September. Why? The easy answer would be, “Because we can.” The real, complex answer is, “Because we're trying to figure out the optimal time for the WFC Annual Meeting.” The 4-H answer is, “Because we are trying to avoid TWNWH, WHNDTB, WDWDLY, and WWPT.”

On behalf of the WFC Board of Directors, I invite you to attend the 2007 Annual Meeting... particularly if you don't think it's important, if you have never attended an Annual Meeting before, if you didn't care for last year's Annual Meeting, and/or if none of your friends or family are planning to attend. In other words, if you have never done that before, if you think it won't work, if you only want to do what we did last year, or if you wonder what other people think.

The WFC is your cooperatively owned grocery store. It's a member-owned business and it's up to all of us to fulfill WFC's potential. Regardless of whether you've been to our annual meetings before, the 2007 meeting might be the place where you try something new.

exterior art update

WFC's 2005 expansion included a budget for “exterior art” but we got a little busy and didn't follow up on that project until 2007. Then the Board approved Guidelines for an Exterior Art Project and we put out a call for proposals from local artists. On June 25, 2007, the Board and Management Team juried seven outstanding and widely varying submissions and chose The Recycled Glass Mural Project submitted by Ron Benson of Benson Glass Art in Duluth. At the September 16th Annual Meeting, we hope to have Ron show you samples of his work, describe his project, and explain how Members can participate. A drawing of the mural proposal can be viewed on WFC's web site:

www.wholefoods.coop

committee reports *The following committees met in FY 2007:*

The Food Policy Committee *Erik Hahn, Chair*

WFC's outstanding Food Policy is reviewed annually by the Food Policy Committee. If you've never read the policy, pour yourself a hearty beverage and look it up at www.wholefoods.coop.

The Food Policy outlines goals for each department, goals that are designed to ensure the products carried by the Co-op reflect the values of its Member-Owners. In general, the products we sell are to be as organic and local as possible, while taking into account the health of the environment

and social fairness. The goals are lofty, but the Co-op continues to meet and exceed these guidelines. This commitment to environmental and social responsibility is what separates the Co-op from other grocery stores and, if certain ingredients or practices are not in line with our Food Policy, these products won't make it to the shelves. (Let us be grateful for Fair Trade coffee and chocolate!)

And let us be grateful for the Co-op's very dedicated and knowledgeable

staff, who put a great deal of effort into interpreting, updating and following the Food Policy. Each year, their input makes the Food Policy a stronger and more workable document. For example, in 2007 the policy was revised to reflect our strong commitment to local and regional produce and our desire to eliminate products containing trans fats.

As Member-Owners, you are all invited to the next Food Policy meeting in early spring 2008. Stay tuned!

The Membership Committee *Lynn Fena, Chair*

The Membership Committee met to review the Newsletter Policy, develop proposals to increase the response rate

on the 2007 Owner Survey, and communicate to the membership the importance of shopping first at WFC.

The General Manager Evaluation Committee (GMEC) *Jean Sramek, Chair*

The GMEC is a Board-only committee that meets quarterly to monitor and evaluate the General Manager's per-

formance and, in alternate years, to negotiate and recommend contract changes.

The Finance Committee *Jeri Brysch, Chair*

The Finance Committee is a Board-only committee that meets as needed with the General Manager to monitor

financial performance, review budget projections, and consult with the General Manager on financial matters

(e.g., cash flow projections, sales growth strategy).

The ad hoc Bylaws Committee *Jean Sramek, Chair*

The Bylaws Committee is not a standing committee but was established by the Board to recommend revised Articles and Bylaws. This Committee met monthly beginning in fall 2006 and after a legal review of the revisions, presented its recommendations to the Board in July 2007. The revised Articles and Bylaws must be approved by a vote of the membership

before they can be implemented. The proposed revisions, as well as the current Articles and Bylaws, are posted for your consideration on WFC's web site (www.wholefoods.coop).

Sections of the proposed Articles and Bylaws will be published in the *Garbanzo Gazette* beginning with the September/October issue. Following the publication of each section, the

Board of Directors will host an Owner Forum in WFC's classroom so you have an opportunity to review and discuss the proposed changes.

In spring 2008, the Board will mail Member-Owners a ballot to vote on approval of the Articles and Bylaws and will conduct a Special Membership Meeting to announce the results of that ballot.

comments

from the Member/Board linkage survey included on the 2006 Board election ballot are posted on WFC's web site:

www.wholefoods.coop

you can view

the proposed Articles and Bylaws, as well as the current Articles and Bylaws, at WFC's web site (www.wholefoods.coop).

No Internet access? Don't worry, we'll be mailing the proposed Articles and Bylaws, in sections, in upcoming issues of the *Garbanzo Gazette*. The dates of Owner Forums to review and discuss the changes will be noted in the newsletter and posted in the store.



management report *by Sharon Murphy, General Manager*

For Fiscal Year (FY) 2007 – first full year at 610 E. 4th Street
(July 1, 2006 through June 30, 2007)

A YEAR IN REVIEW

Our first full year at 610 included progress on business goals, national recognition, and some new challenges. We began the fiscal year knowing that we needed to get labor expense, an expense that had increased dramatically with the expansion, back in proportion with sales. Just when we thought we had made great strides in that direction, sales growth diminished. During our first 12 months at 610, every major grocery store in the Twin Ports expanded its selection of natural and organic foods and so did the Wal-Mart Super Center and Target. In March we upgraded our sales growth strategy to acknowledge this increase in competition and in June we established a new pay structure that will be sustainable with reduced sales growth and will provide incentives for improved performance. We ended the fiscal year with positive sales growth and labor expense on target thanks to the commitment, positive energy, and combined skills and abilities of our staff.

This year the perks of WFC's participation in the National Cooperative Grocers Association included signing on to a national contract with our primary grocery/dairy/frozen foods supplier. As these are the most competitive product categories in our region, better wholesale pricing on these items has benefited our shoppers and improved WFC's price image in our community.



Your GM, Sharon Murphy, digging her new digs.

MAKING POSITIVE CHANGES IN OUR COMMUNITY

Food issues this year made it into almost as many headlines as Paris Hilton. Food safety, food quality, food production, food imports, etc., etc. About the only way to feel totally confident about what you are eating is if you are the farmer or you know the farmer and all the steps your food goes through from the farm to table. Good thing providing a wide variety of fresh, healthy, nutritious, minimally processed, sustainably-produced, locally/regionally grown foods have been priorities at WFC for 37 years.

As of January 31, 2007, WFC became the first storewide Certified Organic Retailer in the Twin Ports. Despite the widespread availability of natural and organic foods at other retailers in our community, WFC is:

THE grocery store with the widest

variety of locally and regionally produced natural and organic foods,

THE grocery store with a commitment to maintaining organic standards in every department,

THE grocery store that introduces you to our local growers,

THE grocery store with employees knowledgeable about the products we offer, and

THE grocery store with an in-store classroom offering you wellness, nutrition, culinary, co-op, and environmental education.

On October 18, 2006, Mayor Herb Bergson presented to us the LEED (Leadership in Energy & Environmental Design) certification plaque from the US Green Building Council. WFC's renovation of 610 E. 4th St. was:

The first LEED certified project in Duluth,

The first LEED certified retail project in Minnesota, and

The first LEED certified food co-op in the United States.

We made additional building and equipment improvements in FY 2007 always ensuring the materials and installation practices complied with LEED standards. After the first 12 months of operation at 610, our utility costs were compared to buildings of comparable size and use throughout the United States. After adjusting for regional climate variations, it was determined that WFC's operations were more energy efficient than 82% of comparable sites.

In July 2006 WFC introduced a new Member-Owner benefit: The Community Cooperation Program (CCP). Twelve local, independently-owned businesses agreed to offer discounts to WFC Members. The 2007 CCP brochure includes 21 businesses and the waiting list for 2008 is already established. Thank you for supporting local, independently-owned businesses that strengthen our community.

During the last year, WFC expanded its support of two community resources: The Duluth Community

s n a p s h o t s

	Goal FY 2007	Achieved FY 2007	Achieved FY 2006	Achieved FY 2005
Sales growth over previous year	34%	18%	48%	16%
Margin (% of sales retained after paying suppliers)	36%	37.82%	36.07%	36.47%
Paid to local/regional growers/producers		\$989,390	\$650,450	\$359,964
Average new members/month	61	55	85	43
Purchases by members	50%	62%	60%	64%
Number of active members		4,145	3,559	2,735
Average number of employees		100	118	45
Wages & Salaries	\$1,690,888	\$1,928,536	\$2,741,146	\$1,287,444
Annualized staff turnover	Under 65%	56%	65%	58%

Garden Program (DCGP) and the Second Harvest Northern Lakes Food Bank. WFC contributed to DCGP ten cents from every packet of organic vegetable, herb and flower seeds sold and will co-sponsor DCGP's fundraiser in October featuring nationally known cookbook author Deborah Madison. In addition to contributing over 14,000 pounds of food in 2007, cash contributions from WFC's Reduce/Reuse/Redeem Program provided \$611 to Second Harvest and returned \$321 to

our customers for reusing their own paper, plastic, string, cloth or canvas bag or backpack or bike-bag to pack their orders.

LOOKING AHEAD

In spring 2007, with facilitation from Lake Superior College and in response to outcomes from the annual employee satisfaction survey, we added management skills training to our staff education program. In the next year, we will continue this project using in-house resources and expanding the

opportunity to more employees.

The results of the fall 2007 Owner Survey will be incorporated into our business planning process and I encourage you all to participate in that survey. We want to hear from you!

Thank you to the Staff, Board, Member-Owners, Suppliers and Friends of Whole Foods Co-op for 37 years of cooperation!

comparative balance sheet

	FY 2007 6/30/07 Audit in progress	FY 2006 6/30/06 Audited
ASSETS		
Current Assets	414,932	504,530
Property/Building/Equipment	5,033,415	5,228,717
Other Assets	44,051	126,754
TOTAL ASSETS	5,492,398	5,860,001
LIABILITIES		
Current Liabilities	267,061	376,971
Long-Term Liabilities	5,144,560	5,125,036
TOTAL LIABILITIES	5,411,622	5,502,007
EQUITY		
Member Equity	506,500	453,832
Donations	15,377	15,406
Retained Earnings	-441,100	-111,244
TOTAL EQUITY	80,777	357,994
TOTAL LIABILITIES & EQUITY	5,492,398	5,860,001

comparative income statement

	FY 2007 Audit in progress	FY 2006 Audited
SALES		
less cost of goods sold	-5,205,216	-4,519,343
NET SALES	3,165,515	2,593,586
OPERATING EXPENSES	-3,200,590	-3,054,137
GAIN FROM OPERATIONS	-35,074	-460,551
OTHER INCOME/EXPENSE	-288,798	-6,008
NET INCOME*	-323,872	-466,559

*Depreciation, a non-cash expense, amounted to \$231,591 in FY 2007.

thank you trainers!

For several years some WFC employees have generously shared their professional experience and teaching talents with other WFC staff and employees from area food co-ops through our staff training program. These folks have done an outstanding job above and beyond their job descriptions and they deserve our thanks and special appreciation:

Customer Service Training
Deb Manhart and Shannon Szymkowiak

The Incredible Bulk
Jim Richardson

Store Safety
Jill Holmen with support from members of the Staff Safety Committee

Food Safety
Deb Manhart

Perfection in Produce
Michael Karsh

Cool is Cool
Jesse Hoheisel and Brad Rozman

Co-op 101
Sharon Murphy

What Else is There?
Jill Holmen

HBC! HBC!
Jill Hall

Organic Standards
Michael Karsh and Shannon Szymkowiak



STAFF

ADMINISTRATION

General Manager Sharon Murphy

Finance Manager Christina Cotruvo

Administrative Assistants

• Karen Johnson • Pauline Russell
Douglas Stewart

Human Resources Manager

Colleen Kelly

Training Coordinator

Jill Holmen

IT Coordinator

Andy Theuninck

Marketing & Member Services Manager

Shannon Szymkowiak

Marketing & Member Services Coordinator

Anni Friesen

DELI

Manager Jane Herbert

Assistant Managers

Eric Bong • Justin Hemming

Kitchen/Counter

Kristen Augustyn • Bjorn Bjerklie

Vicky Carper • Lynette Chesney

Mike Colvin • Timothy Daniel

Emily Demmer • Kala Edwards

Travis Erickson • John Freedline

Heidi Frison • Andrea Geary

Amber Haselman • Anton Lepak

Jake McMiller • Dolores Meidl

Erik Pavelka • Rianna Reiter

Dan Sauter • Wendy Sjoblom

Kate Toumi • John Underwood

Micah Walsh

FRONT END

Manager Briana Lowrie

Assistant Manager Michael Olker

Coordinators

Jessica Belich • Rain Elfvin

Jeremy Francisco • Aaron Hoffmeister

Jean Marie Johnson



the dean's report

by Anni Friesen, Marketing & Member Services Coordinator



Instructor Debbie Manhart (upper left) and MMS Coordinator Anni Friesen (upper right) serving it up to some happy students.

When I first started working at WFC about two years ago, I began in the Deli kitchen. I had recently graduated from college and moved to Duluth, and was making quite a few changes in my life. Though I loved cooking in the Deli and learned a lot about food and preparation, I applied for my current job knowing that it would give me more marketable skills. In my interview, I expressed that the thing I was the most excited about was the opportunity to set up and attend our community classes.

The beginning was a bit frustrating. Most of the first classes scheduled had to be canceled due to low numbers. At the point when I was starting to lose hope, WFC-U caught a lucky break: we were featured in a full color spread in the Taste section of the Duluth News Tribune. The class featured was already one of our most popular (Juicing for Life with instructor Emily Montgomery) and people began to realize that the only Certified Organic Retailer in the Northland was also offering cooking classes. This was followed by fairly regular appearances by Marketing Manager Shannon Szymkowiak on the KQRS morning

show, where she would promote classes and other WFC events and products.

With that, classes began to fill up. Some of our most popular classes were: "Juicing for Life," the Cooking 101 series, "Caribbean Breads and Soups," a variety of grains classes taught by Kay Turk, and Dr. Virginia Shapiro's three-part lecture series. Our other classes picked up as well. While many classes scheduled in the autumn of 2006 were canceled, in 2007 almost every class went on as scheduled and many had waiting lists.

I really hope to continue and build on this upward trend. If you've read any of my Gazette articles, you know my opinion on education: everyone continues to learn throughout their entire lives. The kind of knowledge you discover is up to you. I want to encourage all of you to check out at least one new class in the next year. We also offer the option of scheduling custom classes for birthdays, showers, or other group events. Our space is green and energy efficient, our instructors are friendly, and you'll be sure to learn at least one new thing. I hope to see you soon!

classes offered july 2006 – july 2007

Alternative Health Series – Yoga

Bonnie Ambrosi

Alternative Health Series – Massage

Bob Gabres

Alternative Health Series – Acupuncture

Heidi LaBore Smith

Ayurveda Lifestyle

Megan Saari

Caribbean Breads and Soups

Lyndon Ramrattan

Composting 101

Suzy Darley-Hill

Comprehensive Wild Rice

Wendy Savage

Cooking Healthy on a Budget

Shannon Szymkowiak

Cooking 101 – Hors D'oeuvres

Debbie Manhart

Cooking 101 – Sauces

Debbie Manhart

Cooking 101 – Not Just for Vegetarians

Debbie Manhart

Cooking 101 – Mexican Basics

Debbie Manhart

Cooking 101 – Summer Salads

Debbie Manhart

Cooking 101 – Grilling

Debbie Manhart

The Co-op Label

Jim Johnson/Marlene Wisuri

Decreasing Risk/ Managing Osteoarthritis

Dr. Adam Sundberg

Decreasing Cardiovascular Disease

Dr. Adam Sundberg

Energy Cost Saving Tips

Dean Talbott

GMO Demystified

Jim and Alan Richardson

Get “Raw” (Foods, that is!)

Travis Erikson and Claire Hanlon

Grains, Greens, and Butter Beans!

Kay Turk

Grains with Kay

Kay Turk

Herbs and Health

Kay Smith

Juicing for Life

Emily Montgomery

Low Cost Grains with Kay

Kay Turk

The Mediterranean Diet

Adam Sundberg & Shannon Szymkowiak

Preparing Thai Appetizers

Pak Williams

Preventing Breast Cancer

Carolyn Hausch

Seasonal Produce

Jahn Hibbs

Seasoned Greetings

Debbie Manhart

Dr. Shapiro Lecture Series

Dr. Virginia Shapiro

“Food for Thought: Balancing Brain Chemistry”

“Women’s Hormonal Health at Mid-Life”

“Your Lifestyle, Health, and the Environment”

Tasty Whole Grain Baked Goods

Dan Shapiro

Valentine’s Day Delight: Truffles and Treats

Moriah Brooks

Assistants

Jacob Boie • Sue Boorsma

Stephanie Dykeman • Nikki Hissa

Carol Kari • Jason Kokal

Tim Leutgeb • Maria Lopez

Rayann Schramm • Corey Slettedahl

Sarah Stewart • Ada Tse

Brianne Vollmar • Benjamin Young

Jennifer Zoretich



MERCHANDISING

Manager Lisa Anderson

Assistant Manager Raelynn Monahan

Buyers

Jill Hall • Jesse Hoheisel

Jim Richardson • Brad Rozman

Joe Ulvi

Receiver Eriq Reed

Stockers

Jeremy Beckman • Nate Frie

Adam Kemp • Julie Kohls

Melanie Lynch • Philip Mlaker

Ian Montgomery • Paul Pfaff

Kevin Taylor • Charlotte Van Vactor

Sonya Welter

PRODUCE

Manager Michael Karsh

Assistant Manager Jahn Hibbs

Assistants

Katie Appel • Jake Gilbertson

Alex Mohrbacher • Jennie Lennick

Justin Petite • Matt Sowl

Teresa Whittet

STORE OPERATIONS

Manager Debbie Manhart

Shift Leaders

Jackie Bradley • Jeremy Ehlert

Jay Newkirk • Joe Woodcock

Storekeepers

John Fisher Merritt • Jen Horn

Kurt Lebakken • Darcy Sathers

Lisa Wiesen

WHOLE FOODS CO-OP 🍷 CORE VALUES (ENDS POLICY)

Service to Members – WFC Members contribute to a consumer-owned business that supports local organic growers and local suppliers and provides jobs and services that stay in our community.

Member & Community Education – WFC offers Member and community education to enhance the lives and health of its Members and potential Members as well as to promote the Co-op’s uniqueness and philosophy.

Member Involvement/Governance – WFC practices democratic forms of government.

Diversity – WFC values diversity in staff as well as in membership and brings people of diverse backgrounds and experiences into leadership and other roles at the Co-op.

Public Service/Corporate Citizenship – WFC is an active partner in our community.

Commitment to the Cooperative Movement and to Other Cooperative Activities – WFC builds and strengthens the cooperative movement.



WHOLE FOODS COMMUNITY CO-OP, INC. (WFC)

Annual Membership Meeting Minutes July 28, 2006

WFC's 2006 Annual Meeting was held in a tent in our staff parking lot at 610 East 4th Street, Duluth, MN.

This meeting was attended by 100 members and 10 guests and was made especially memorable by sweltering heat, torrential rain, thunder and lightening.

Welcome and Introductions:

The Business Meeting was conducted after a dinner catered by Arlene Coco and staff from the Duluth Athletic Club with dessert from WFC's Fog City Deli. President Jean Sramek called the meeting to order at 6:10 PM. Jean welcomed all in attendance. She introduced the Board Members and General Manager Sharon Murphy. Sharon asked Co-op staff to stand and be recognized.

Sharon thanked Marketing Manager Shannon Szymkowiak for organizing the event and thanked Doucette's Party Rental, Alakef Coffee, Last Chance Liquor and the Duluth Athletic Club for their contributions. Jean noted the location of the kids' activity table, explained the voting process at this meeting, and reminded everyone that WFC's Midsummer Organic Food Fest will be held tomorrow (July 29) at this location featuring our local growers, live music and food from the Fog City Deli.

Proof of Notice and Quorum:

Pursuant to the requirements of WFC's By-Laws, Sharon presented proof of mailing the notice of the Annual Meeting as published in the Annual Report and confirmed that there was a quorum of active Members present at this meeting.

Approval of Meeting Minutes:

Micky McGilligan made a motion to waive the reading of the Annual Meeting Minutes of September 28, 2005. Barbara Boldt seconded that motion. Motion carried.

Vicky Zimmerman made a motion to approve the Minutes of the September 28, 2005, Annual Meeting as recorded in the 2006 Annual Report. Dianna von Rabenau seconded that motion. Motion carried.

Reports of Officers & Committees:

Chris Edwardson made a motion to accept all Reports of the Board and

Committees in the 2006 Annual Report. Linda Estel seconded that motion. Motion carried.

Election of Board Members:

Jean advised that, although the Board changed the date of the Annual Membership Meeting from fall to summer, the election of new Board Members will continue to be held by mail ballot in September. Jean noted that the three open positions on the Board are currently held by Jeri Brysch, Chris Edwardson, and Chad Coffey. Chris has served for two years and Chad has served for four years. Chris and Chad are not running for re-election. Jeri Brysch will run as an incumbent. Members David Helf and Heather Murphy have submitted applications to serve on the Board. Members may continue to submit applications through August 1, 2006. None of the candidates for the Board were present at this meeting.

Old Business:

Jean asked if there were any questions about the Membership Committee's recommendations regarding discounts or about any other old business. Dianna von Rabenau asked what changes to WFC's Food Policies were recommended to the Board by the Food Policy Committee in 2006. Sharon responded that amendments related to ensuring that WFC's Food Policies were current with the additions of products and services at the new site and with respect to the requirements of the National Organic Standards Act.

Patronage Rebate:

Sharon advised that, although the official announcement will be made by the Board following its review of the accountant's audit of WFC's records for FY 2006, an approximately \$300,000 loss from operations is anticipated for FY 2006 due to expenses related to

remodeling and equipping the new site, closing the old site for five days before opening at the new site, and high labor costs at the new site. A loss was anticipated in the financial planning for the expansion and funds were set aside to ensure adequate cash flow during the first year of operations. However, there will not be a profit for FY 2006 from which to allocate a patronage dividend for that period.

FY 2006 Financial Highlights:

Sharon reported that, due to changing the date of the Annual Meeting from fall to summer, the 2006 Annual Report did not have a financial report section. That report will be published in a future issue of the Gazette after the accountant completes the audit. Annual sales for the period ending June 30, 2006, were \$7.1 million which represents 54% growth over the same period last year even though we were only at our new site for seven months of that period.

The total project cost including acquisition of the CW Chips site and adjacent properties, demolition, remodeling, professional fees, testing, being closed five days between sites, new equipment, and new inventory came to \$5.3 million. The budget was \$5.2 million so the 14-month project was 2% over budget.

Achievements:

Along with opening an awesome new location with nearly four times the retail space and many new products and services, WFC's staff has:

- Implemented public classes on food, nutrition, co-ops and other mission-related topics,

- Been featured on the cover of Cooperative Grocer magazine (spring 2006) with accompanying articles on the green features of our new site and on our staff training program,

- Opened our staff training classes to

employees from other co-ops in our region, Been awarded a Leadership in Energy & Environmental Design (LEED) certification from the U.S. Green Building Council for the sustainable features of our new site, and

Been awarded the 2006 Co-op Excellence Award by our peers at the National Cooperative Grocer's Assoc.

New Business:

Sharon noted that:

WFC is now OPEN from 9 AM to 3 PM on the following holidays:

Easter Sunday, Memorial Day, 4th of July, and Thanksgiving Day.

The Reduce, Reuse, Redeem (RRR) Program began in June 2006 to provide an incentive for customers to reuse their bags. Donated punches are accepted on behalf of Second Harvest Food Bank.

WFC's demonstration kitchen/class-

room/meeting space is now available to rent: \$10/hour for non-members; \$5/hour for Members. Details available at www.wholefoods.coop

The Board will conduct a member satisfaction survey in 2007.

Shannon pointed out the new membership benefits listed on the Community Cooperation Program brochure on the tables at the Annual Meeting and available in the store. And she encouraged Members to fill out Member Solutions forms (also available at the meeting or at the Customer Service Counter in the store) if they needed a new WFC Member card to access these benefits.

Shannon thanked staff who assisted her with the event and then distributed door prizes to Members and their guests.

Jean asked for any further questions

or comments. Ken Lindberg addressed the membership about the National Animal Identification System and asked that the Board encourage Members to take a position on this issue.

Jean requested remarks for the good and welfare of the Association. Katie Neff Dawson asked that we keep WFC's mission in mind as we cope with the challenges of the new site. Dennis Zimmerman thanked the General Manager for her work.

Hummingbird made a motion to adjourn. Micky McGilligan seconded the motion. Motion carried. Jean adjourned the meeting at 7 PM.

*Respectfully submitted,
Sharon Murphy, General Manager, with assistance from Board Member Erik Hahn*

co-op in community *by Shannon Szymkowiak, Marketing & Member Services Manager*

Every year I go on about how lucky I am to be able to give money to the community through our Donations program when I should be thanking you, our Member-Owners. WFC's ability to donate is directly connected to sales. Since Donations come from the Marketing budget, and the Marketing budget is a percentage of sales, the more we sell, the more we can give, and I thank you all for making this possible.

The list below represents only those groups that have received funds through our Donations Policy. However,

WFC donates more than what you see on this list. We give to several groups through sponsorship of their events, such as the DYAC *Spelling Bee* and the Land Trust's *Trust in the Land* event. We donate our time by attending numerous health fairs and giving educational talks and store tours — what we like to call “spreading the gospel of good food”.

We have also increased our involvement with the Northern Lakes Second Harvest Food Bank by making them the recipient of your donated punches

from your RRR cards (\$611.00 to date), participating in *Taste of the Nation*, volunteering and bringing soup to *Empty Bowl*, as well as our usual donations of foodstuffs every week.

As you look at this list, think about groups that have helped you or someone you love and the groups you are involved with. Take a moment to appreciate the hard work and dedication these non-profits put forth in our community every day. Keep shopping and we'll keep giving. Thank you for your support!

- | | | | |
|---|---|--|---|
| Bayfront Reggae Festival – Jamaican School relief | Duluth Sister Cities Commission | Midwest Organic and Sustainable Education Services | Seeds of Hope Youth Ranch |
| Benedictine Health Center Physical Therapy | Duluth to Darfur Fund | Minnesota Citizens Federation | Seeds of Peace/Earthbound Collective |
| Benedictine Health Center Social Services | Early Childhood Family Education | Duluth Family Visitation Center | St. Mary's Medical Center |
| Center Against Sexual and Domestic Abuse | Festival of Trees Online Auction | Nation Kidney Foundation | Steve Chadwick 5K Walk/Run |
| Central High School ESL | Grandma's Marathon | Normanna Volunteer Fire Department | Summit School |
| Charter Media & SMDC Women Rock | Grant Community School Collective | PATH | TLC Day Care |
| College of St. Scholastica Nursing Department | Grant School PTA | Peace Church/Community Action Duluth | The Dwelling in the Woods |
| Co-op America | Great Lakes Aquarium | Piedmont Elementary School PTA | UMD – Earth Day Parade |
| Denfeld High School – Career Center | Hartley Nature Center | Pride 5K Run | UMD Women's Club Hockey |
| DPSA Edison Charter Schools | Hermantown/Arrowhead Chapter of Ducks Unlimited | Proctor High School DECA Program | United Way |
| Duluth Art Institute | Junior League of Duluth | Proctor Public Schools | Vests for Service Dogs |
| Duluth Bethel | Lake Superior College | Renegade Comedy Theatre | Washburn Edison Parent Advisory Council |
| Duluth Central Grad Party | Lake Superior Suzuki Talent Education | Residents Hall Association | Witness for Peace |
| Duluth Curling Club | League of Women Voters | Rockridge Early Childhood and Family Ed. | Women's Traditional Housing Coalition |
| Duluth East High School | Life House | Second Harvest Northern Lakes Food Bank | World AIDS Day Event |
| | Little Treasures Child Care and Family Center | | YMCA Gymnastics Aerials Team |
| | Marshall School | | Young Athletes Foundation |



YOUR VOTE MATTERS

general qualifications for the board of directors:

- Candidates must be Members in good standing of Whole Foods Co-op.
- Candidates must be willing and able to attend at least ten (10) monthly Board meetings per year and hold office for two years.
- Candidates must be willing to prepare for these meetings and continuously refine and develop the skills necessary to be a Director (e.g., ask probing questions, critically assess proposals and plans, understand the ramifications of policies, formulate policies and strategies).
- Directors are indemnified from personal liability to the full extent provided by law. WFC has Directors & Officers Liability Insurance.
- Candidates were asked to respond to the following questions:
 - Why would you like to serve on the Board of Directors of Whole Foods Co-op and what do you hope to accomplish?
 - What skills or experience will you bring to this Board?
 - What opportunities and challenges do you see in the future for Whole Foods Co-op?

candidate profiles:

LYNN FENA

After four years on the Board of WFC, I am enthused about many opportunities ahead for our organization, especially as more Members recognize the value of local food. I'm interested in how to promote the Co-op's expertise when it comes to organically and/or locally grown and produced food. I am interested in what Owners can bring to our community beyond our beautiful and successful store — things like greater reliance on local foods, community partnerships that enable the expansion of safe, local food production, and better informed and involved Owners able to preserve environmental conditions needed for safe food production.

I've learned how to work with WFC'S policy governance process, with our staff and with Members. I understand the strategic issues on our agenda and I am more excited than ever about the life of our Co-op in Duluth. I have been a part of WFC since it started in 1971 and I am really happy its vitality continues to bloom in our community.

The Co-op is and has always been more than a grocery store — it is a member-owned and member-driven enterprise. OWNERSHIP our greatest asset! Every Member owns our organization that is really about so much more than a grocery store. We are about the power of a grassroots organization working together for a common goal. As an organization, we need to

keep working together to remain vital. What will our goals be? I would like to increase the opportunities to access and sell more items grown and produced in our region of the world. The challenge is to attract the interest and energy of over 4,000 Owners and move in the same direction!

ERIK HAHN

I would like the opportunity to continue serving as a member of the Board of Whole Foods Co-op because I feel the work of the current Board is only just beginning. We have helped see the Co-op through two exciting years at its new location, and now it is time to start looking to the future again.

Natural and organic foods are available almost everywhere you look, which is a wonderful thing in many ways. But it also means that WFC is no longer the only local source of such foods, and competition is making for a much more challenging environment for the Co-op. I would like to continue serving on the Board to help differentiate the Co-op from other grocery stores, to help encourage members to take pride and increased ownership in their store, and to strengthen the Duluth community by strengthening the Co-op.

I have learned a great deal in my first two years as a member of this Board, and the Co-op has invested time and resources toward that education. I feel I can better serve now that I understand how the Co-op operates, and how

other successful co-ops around the country are making a difference in their communities. I am a good listener, and would welcome input from any member. I am a good communicator, and I feel it is time to put these skills to use in promoting the Co-op.

After two years, I am more inspired than ever by the cooperative business model, and the potential for creating a better world, at least locally, by running a successful store. There are definite challenges ahead, with greater competition forcing us to constantly improve and educate the community about what makes WFC special. It is time for the Board to look at what comes next. How can we create even more opportunities for local growers? How can we continue to grow when external forces seem to squeeze from all sides? How can we make Duluth and the greater community a healthier, more sustainable place to live and work? These are the big questions I'd like a chance to tackle while serving the Board for a second term.

THERESA KOENIG

I would appreciate the opportunity to serve another term on the WFC Board. It is a great time to be thinking proactively about policy that can make positive changes in our community. Since the Co-op is now about two years post-expansion, the Board is able to focus more on the future and how the Co-op can further its mission. It is exciting

and inspirational to be part of a team working towards making a positive impact on our community and on our environment. I hope to continue to make positive contributions to that process. The Board is also currently in the process of updating our Articles and Bylaws. Less exciting work I'll admit, yet no less important! I hope to help support and continue that work as well.

In addition to serving on the WFC Board, I've also served as President of the Board for the Cued Speech Association of Minnesota and on the Board for the Cued Language Network of America. Both are non-profit organizations that provide information and advocacy services to families who have children who are deaf or hard of hearing. My involvement in those organizations came once we discovered our first child had a hearing loss. I am a part-time instructor of Cued Language, as well as a full-time stay-at-home-parent. Prior to parenthood, I worked at Miller Dwan as supervisor of the Medical Microbiology Department.

The Co-op faces an increase in competition as organic food is now available in many more locations ("Gas, Minnows and Organic Food" touts a sign I saw recently outside a gas station). This competition makes meet-

ing sales growth projections challenging. We've also gained many new Members since the new store opened, and it is a challenge to stay connected with our Member-Owners. The opportunity here, of course, is that keeping connected to our Owners helps to distinguish us from just another store that sells organic food. Owners can make a difference, and the Co-op can make a difference. Together, we own this Co-op, and patronizing our business today allows us to accomplish bigger things for our community in the future. Together we can make some positive changes toward a sustainable community, a stronger economy with living wage jobs, and a stronger cooperative community.

Serving on the Board is a wonderful opportunity to break away from the business of everyday life, and to focus on how to make the future a better place for my community and for my children. It is a chance to think about leaving a legacy. Sometimes board work can seem trivial and abstract, yet thinking about the future is probably some of the most important work any of us can ever do. Thank you for the opportunity to do so on behalf of our community.

 **HEATHER MURPHY**

I have served on the WFC Board since May 2007, when I was appointed to replace a Board member who resigned. I would like to continue serving on the Board to help further the mission of the Co-op and to help create a more active, involved and visionary Board. I am excited to help the Board find creative and inspiring ways to grow Co-op membership and to increase Member-Owner loyalty and involvement. I am also excited to help the Board envision the many ways our Co-op can expand our services in the future.

I bring to the Board a long history in the co-op and natural foods movements, having been a worker/member/owner at various co-ops and natural foods restaurants in Minnesota and Washington State. Currently, I am the Outreach Director for Northern Communities Land Trust in Duluth. I am a strong and vocal advocate for the Co-op business model, organic foods, alternative healing, and healthy sustainable living.

W H O L E F O O D S C O - O P

IS A CONSUMER-OWNED COOPERATIVE WITH OVER 4,175 MEMBER-OWNERS

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

Definition

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

Values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

Principles

The Cooperative Principles are guidelines by which cooperatives put their values into practice.

First Principle

Voluntary and Open Membership

Second Principle

Democratic Member Control

Third Principle

Member Economic Participation

Fourth Principle

Autonomy and Independence

Fifth Principle

Education, Training and Information

Sixth Principle

Cooperation Among Cooperatives

Seventh Principle

Concern for the Community