

You're Invited!

WFC Members: You are invited to this year's Annual Membership Meeting. We will provide a FREE buffet catered by Bennett's on the Lake along with refreshments including FREE BEER.

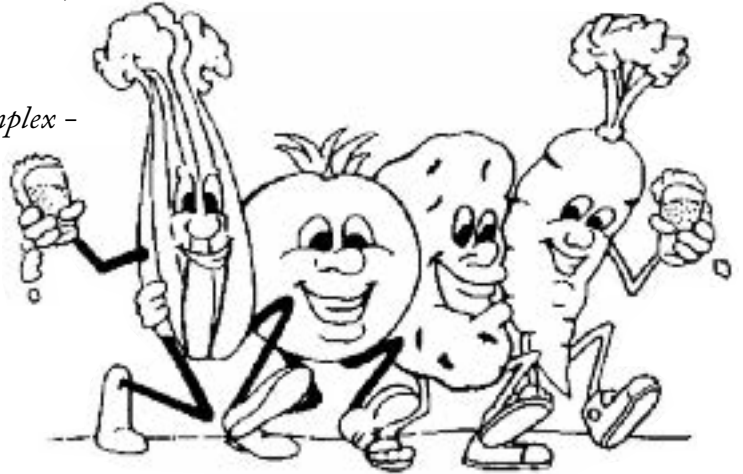
Dinner is at 5:30, Meeting at 6:00. On-site childcare is provided during the business meeting.

Door Prizes provided by India Palace, Bennett's on the Lake,
Sense of Touch Massage and Healing Ways Massage
See you there.

*Bennett's on the Lake is located in the Fitger's Brewery Complex -
Star of the Lakewalk, Duluth, Minnesota, just off East
Superior Street and the Shores of Lake Superior. Free public
parking for customers is available in the Fitger's Parking
Ramp west of the complex.*

Please RSVP with the number attending by
November 4, 2002 to dianna@wholefoods.coop
or mail to:

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



Whole Foods Community Co-op
1332 East Fourth Street • Duluth, MN 55805

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DULUTH, MN

To:



WHOLE FOODS COMMUNITY CO-OP ANNUAL REPORT 2002 TO MEMBERS

FY 2002 ANNUAL REPORT TO MEMBERS

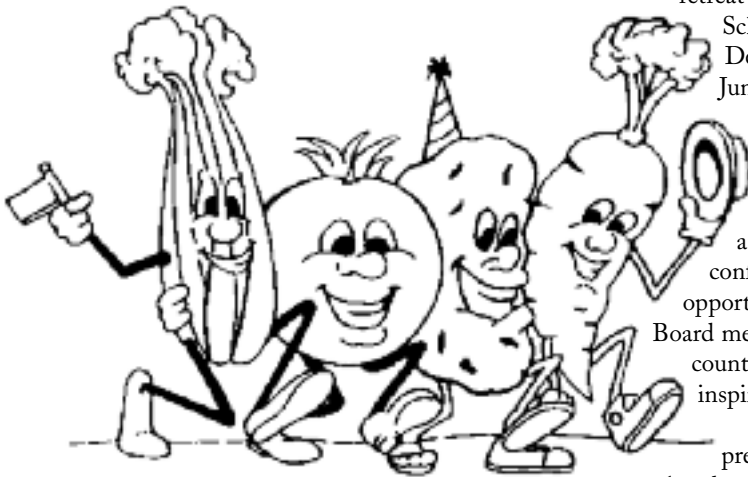
From Katie Neff Dawson, President

It has been an excellent adventure with this year's Board of Directors and, again, I feel so privileged to work with such fine folk. I am also honored to represent our member-owners in the fine business named Whole Foods Community Co-op, Inc. I thank our staff for each day of work they do to make our store a great place to shop. It feels so good to be a part of this community. I hope you feel so too!

I want to thank all the Board Members for their dedication and hard work this year. Board attendance was excellent. We tackled some difficult decisions with respectful disagreement, graceful discussion and good humor.

Paul Fish, Mary Rhodes and Geiger Yount are at the end of their terms. Geiger is running for another term. Paul and Mary are going on to find other people to hang out with. I thank them for the years of service they have given to WFC and for the insight and perspective they have given this Board. I look forward to working with Jean Sramek, David Syring, Koresh Lahken, and Geiger and other newly elected folks. I want to thank Sharon Murphy, our General Manager, for the support she has given the Board and all the hard work that she does. Finally thank you, Board Assistants, Jim Richardson and Nathan Coombes.

The Board was busy this year. In February, we attended a two-day planning and training retreat facilitated by Marilyn Scholl of Cooperative Development Services. In June, four of us attended a national cooperative management conference in Eureka, CA. The workshops and speakers at that conference, as well as the opportunity to talk to co-op Board members from around the country, motivated and inspired us.



Expansion was ever present on our agenda as we explored potential sites. We all felt

the frustration of not yet finding a new site for our store.

Policy governance continued to help our meetings run efficiently and effectively. This year, we focused on ensuring the Board's compliance with its own policies as well as ensuring management's compliance with our policies.

I am proud to say that this Board did an excellent job of addressing its goals. Goals carried over from 2001 included:

- **IMPROVING BOARD RECRUITMENT.** Jean coordinated an informational meeting that was attended by ten members.
- More focused **MONITORING OF BOARD AND MANAGEMENT POLICY COMPLIANCE.** This would take a crash course in policy governance to explain, so just trust me when I say we did a good job on this.

Report to Members, continued on page 3

ANNUAL MEMBERSHIP MEETING

Tuesday, November 12, 2002
Augustus Fitger
Meeting Room
in Fitger Complex
600 East Superior Street
Duluth, MN 55802

A G E N D A

5:30 – 6:00 PM

Buffet dinner and beverages provided
Board election ballots accepted

6:00 – 7:30 PM*

- All ballots presented
- Registering of Members
- Proof of notice of meeting
- Determination of a quorum and right to vote by Members
- Reading and approval or waiver of Minutes of last meeting (see Annual Report 2002)
- Reports of officers and committees (see Annual Report 2002)
- Reports of actions, policies or programs recommended by the Board (see Annual Report 2002)
- Motions for acceptance, concurrence of filing as to all reports
- Motions or resolutions of membership action based on reports
- Election of Directors
- Unfinished business – expansion update
- New business – Organic Certification - Proceeds from sale of Blooming Prairie Warehouse
- Remarks for the good and welfare of the Association
- 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.

CO-OP PRINCIPLES

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

*Adopted in Manchester, UK,
September 23, 1995*

FOOD POLICY COMMITTEE REPORT

The Food Policy Committee (FPC) met on September 17, 2002. To comply with Board policies, the FPC meeting was called after staff completed their compliance report on 9/13/02 and with sufficient time to make recommendations to the full Board at its September meeting and before the annual meeting for 2002. However, the September 17 meeting was an ad hoc committee meeting, as WFC membership was given insufficient notice and opportunity to attend this meeting. To correct this, the FPC will put a notice in the November/December Garbanzo Gazette newsletter advising that a FPC meeting will be held in January 2003. Notice of the January 2003 meeting will be posted in the store at least two weeks in advance of that meeting and an announcement will be made at the November 12 Annual Meeting advising members of January 2003 meeting. All members are welcome to participate on the FPC.

There was discussion as to how to get members to participate in the FPC. Suggestions included more accurately renaming the committee to include the words "practices," "product" and "education" (The acronym "PEP" is in there a few times) and to offer the membership the task of developing criteria for WFC's future "cooking school," the policies for which should be in place before our expansion.

Having read the Food Policies Compliance Report submitted by staff on September 13, 2002, this Committee recommended the Board accept that report at its next meeting. There were no wording changes recommended to WFC's Food Policies.

MEMBERSHIP COMMITTEE REPORT

The Membership Committee was chartered by the Board in October 2001 and began meeting monthly in early 2002. Our first task was to develop the Statement of Commitment to Members to be included in the 2002 Annual Report. The Board approved the Statement at its September 24, 2002, meeting and included an annual review of that statement on the Board's calendar.

In keeping with the Membership Committee's charter, the Board assigned us the task of reviewing the newsletter's policies, content and appearance to ensure this vital link between the Board and the membership is achieving its goals. That review began at our October 8, 2002, meeting. Notice of Membership Committee meetings is posted in the store and on WFC's web site. All members are welcome to participate on the Membership Committee.

FRAN SKINNER MEMORIAL MATCHING 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 2002 Fund Activity Report

Balance 7/31/01	\$ 836.83
Donations	224.33
Interest	16.67
Allocations	-240.00
Balance 7/31/02	\$ 837.83

When ICANN (the organization that controls domain names like .com, .net, etc) asked for input on new domain names, the co-op community decided that we should be able distinguish ourselves from other web entities. The proposed .coop domain received overwhelming support relative to all other domain name suggestions. In January, .coop became a reality. The process of getting a .coop domain name is highly controlled so that ONLY co-ops can get them. This was a huge coup for the co-op community. As someone from a very large marketing firm in the UK said, "if Kroger's was paying attention, they would be lobbying actively to prevent this." The day that we could register for a .coop domain name, WFC registered as www.wholefoods.coop. On January 31st, 2002, we made a full transition from our previous web address www.wfco-op.com to our new address. If you enter our previous address, you will be forwarded to the new site.

What can I find at WFC's website? What are there future plans for the site? The site regularly contains a current list of employees, current events and the current Co-op Advantage Flyer. There is also a list of bulk PLU's and what they are (for when you go in the cupboard looking for baking powder and find four bags of white powder with only numbers on them). Ever buy bulk refried bean mix and forget the recipe? All the bulk mix recipes and some others are on the website, as well. There is also information on membership, meeting dates, food issue alerts and a list of pertinent links. Plans for the future include being able to read the Garbanzo Gazette on-line, find current store specials, see the in-store demo schedule (and even be able to download the recipes), participate in on-line discussions, and maybe even being able to place special orders on-line. Is there something you would like to see on the web site that isn't or doesn't seem to be in the plans? Let Chris know at chris@wholefoods.coop.

Report to Members, continued from page 1

- Consider Board compensation. After much study, discussion, member input, discomfort and more discussion, this Board decided on the following policy:

BOARD COMPENSATION The purposes of Board compensation are:

- to begin to address the barriers of time, family responsibilities and distance that may deter potential candidates from participating and
- to recognize the additional responsibilities of the Board President position.

Therefore, effective at the Board meeting in November 2003, the Board shall not fail to direct the General Manager to:

- 1) Compensate each Board member \$25.00 per regular Board meeting attended payable quarterly on January 31, April 30, July 31 and October 31, and
- 2) Compensate the Board President an additional \$15.00 per month, not contingent upon attending the regular meeting, payable quarterly on January 31, April 30, July 31 and October 31.

BOARD GOALS FOR 2002 INCLUDED:

- Review Mission Statement / Vision Statement. We did and decided it still works!
- Strategic Planning / Becoming a Visioning Board. We tried. We had it on the agenda, but relocation was the planning and visioning we focused on.
- Relocation. We had our hopes up and dashed a few times. We found two good buildings in the wrong locations. Now we have another promising site that we hope can be announced soon.
- Higher attendance at annual meetings. Ok, this is where you come in. We have arranged for a delightful evening in the Augustus Fitger Room in the Fitger Complex on November 12. Good food and good company mean a good time. All you need to do is show up! We did our work, now you do yours. And don't forget to send in your ballot.

I also want to thank the folks at Jitters who provide the Board a place to meet, good food and a steady supply of ice water. See you at the Annual Meeting!

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

Financial Assistant
Charlotte Van Vactor

Board Assistant
Nathan Coombes

DELI

Manager
Debbie Manhart

Assistant Manager
Justin Hemmings

Assistants
Nathan Bahls, Amy Burkett,
Jill Holmen, Avy Jackson,
Robert Litsenberger,
Lynnea Rice, Kate Wigren,
Paula Williams

OPERATIONS

Manager
Jay Finch-Newkirk

Assistant Manager
Nathan Coombes

Coordinators
Jessica Belich, Gretchen Imdieke,
Wolfgang Littlewolf, Nodin Morgenstern,
Becky Pittner, Karola Whitfield

Clerks
Aaron Anderson, Sarah Anderson,
Rick Dalen, Jillian Forte, Kelly Gaulrapp,
Kristin Gibbs, Daniel Gordon, Mya Karl,
Diana Preisen, Brent Robinson,
Teri Sackmeister, Allison Thoele,
Lawrence Van Vactor-Lee, Kristen Weber

Project Assistants
John Fisher Merritt,
Don Larsien, Darcy Sathers

PRODUCE

Manager
Michael Karsh

Assistants
Teague Alexy, James Fitzgerald
Kelly Gaulrapp, Hans Johnson
Britta Keenan, Stephen Perry

A STATEMENT OF COMMITMENT FROM WHOLE FOODS CO-OP

SECTION 1: **Service to Members**

As a member of Whole Foods Co-op, you are contributing to a consumer-owned business that supports local organic growers and local suppliers and provides jobs and services that stay in our community. We offer the following services to our members:

- Member appreciation days
- Member only specials
- Special order discounts
- Working member discounts
- Senior member discounts
- Limited in-store credit
- Opportunity to serve on Board or committees
- Voting rights
- Patronage rebates
- Check cashing over amount of purchase
- Newsletter privileges:
 - free classified ads, bi-monthly home delivery, discounts on business ads and opportunity to submit articles and commentaries
- Opportunity to apply for matching funds. The Fran Skinner Memorial Matching Fund was created in 1991 to assist Whole Foods Co-op members to purchase the required amount of equity stock when that purchase would pose financial hardship.

SECTION 2: **Member & Community Education**

Whole Foods Co-op is committed to 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.

Current educational programs:

- The Garbanzo Gazette newsletter provides information about the Co-op, community, environment and nutrition on a regular basis. It is mailed to members six times a year.
- Brochures available in the store provide information on membership, food, cooking, the environment and more.
- Working with resources in the community, Whole Foods Co-op offers cooking classes focused on whole foods.
- Regular in-store demos provide samples of our products.
- Meeting minutes, store policies and financial reports are readily accessible for members and patrons in binders in the Co-op information area.
- Bulletin boards inside and outside the store offer regularly updated information on co-op events and public events of interest to members. We also display comments from customers, in-store specials and other community information.
- Recipes for bulk products and new ways to use whole foods are always available.
- We sponsor community events including an Earth Day Fair and a Midsummer Organic Food Fest. These events always include education of members and the community as a primary goal.
- We participate in mission-related public events, seminars and health fairs.
- We provide our staff with orientation training and on-going education about cooperative principles, customer service, diversity, whole foods, job skills and safety.
- We arrange for staff and members to speak at various community events about topics related to our mission.
- Our management regularly conducts surveys of members and potential members and incorporates the results into planning services.
- Our web site offers updated and easily accessible information and resource links. Our web address is: www.wholefoods.coop.

SECTION 3: **Member Involvement/Governance**

Whole Foods Co-op practices democratic forms of government. Members in good standing have the right to vote in Board elections and matters presented by the Board. Each member is entitled to only one vote, regardless of the number of shares owned. Members can become involved by:

- running for the Board of Directors
- voting in Board elections
- voting on matters presented by the Board
- serving on committees established by the Board
- seeking information on issues related to the mission of the Co-op
- contacting local, state and federal representatives on issues related to the Co-op's mission

Whole Foods Co-op mails an annual report to our members and holds an annual membership meeting after the close of the fiscal year.

The Board of Directors is made up of seven members nominated and elected from the membership. The Board uses a system of policy-based governance to guide the cooperative on behalf of the members.

The Board:

- 1) is the productive, interactive link between the cooperative's management and its owners;
- 2) develops and uses governing policies that address:
 - a) organizational goals, impacts, benefits, outcomes;
 - b) limits on executive authority designed to establish prudent and ethical boundaries within which the Board and management should work;
 - c) how to delegate, use and monitor power;
 - d) the specific details of how the Board conceives, carries out and monitors its own tasks.
- 3) ensures the continued success of the Co-op by monitoring how the manager performs in relation to the items outlined above in 2a and 2b.

The Board and staff keep informed of mission-related issues at federal, state and local government levels, contact their representatives and encourage members to do the same. When consistent with the Whole Foods Co-op Mission Statement, petitions are posted in the store.

SECTION 4: **Diversity**

Whole Foods Co-op recognizes the value of diversity in staff as well as in membership and strives to bring people of diverse backgrounds and experiences into leadership and other roles at the Co-op. Towards this goal, the Co-op has policies and practices in each of these areas:

- **Equal Employment Opportunity** – Whole Foods Co-op is an equal opportunity employer that does not discriminate against employees or job applicants on the basis of race, color, creed, religion, national origin, sex or sexual orientation, marital status, status with regard to public assistance, membership or activity in a local commission, disability, age, or any other basis prohibited by any law which is applicable to our business, except where a bona fide occupational qualification applies. Whole Foods Co-op intends to provide equal opportunity in recruitment, employment, promotion, compensation and other privileges, terms and conditions of employment.
- **Diversity Training** – All employees of Whole Foods Co-op receive diversity training through participation in the Partners for Life Customer Service Training Program.
- **Co-op Membership** – In compliance with the Cooperative Principles identified in our Mission Statement, membership in Whole Foods Co-op is voluntary and open to any natural person aged eighteen (18) years or older.

COMMITMENT TO OUR MEMBERS

WHOLE FOODS COMMUNITY CO-OP, INC.

- Board Representation – The Board of Directors seeks to attract a pool of Board candidates that is large in number and that is representative of the Whole Foods Co-op membership while maintaining consistent standards of quality.

SECTION 5: Public Service/Corporate Citizenship

Whole Foods Co-op strives to be an active partner in our community. We recognize that practicing good corporate citizenship supports the mission of our co-op and will:

- help raise the overall level of social and economic well being in our community
- help to strengthen ties within the community
- help us to provide alternative food buying options for Duluth.

Whole Foods Co-op practices good corporate community citizenship in the following ways:

- Cash and in-kind donations to local non-profit agencies. Annually Whole Foods Co-op donates goods and services to many groups. We have donated to Emergency Food Shelf, Loaves & Fishes Catholic Worker Community, The Soup Kitchen, schools, arts and music organizations.
- Three annual community events. Each year we sponsor an Earth Day Fair, Midsummer Organic Food Fest and our alternative Halloween Party.
- Participation in community events related to our mission. We have sent representatives to the Sustainable Farming Association's Harvest Fest, University of Minnesota-Duluth Health Fair, Women's Health Expo, Living Green Conference, Minnesota Power Employee Health Fair, Early Childhood Development Women's Expo, and St. Mary's Non-Toxic Cleaning Seminars, Fond du Lac Community Health Fair.
- Support of local and regional initiatives focused on environmentally responsible practices. We have worked with the Western Lake Superior Sanitary District's composting center, the Northland Food and Farming Initiative, Pure Food Campaign, Organic Consumer's Association, and the Organic Trade Association.
- Business practices that are economically and environmentally sustainable. For example, we purchase as much as possible from local businesses such as Alakef Coffee Roasters, Alotti Biscotti, the Green Mercantile, Positively Third Street Bakery, and over 60 regional growers and producers.
- Participation in the Adopt-A-Park community clean-up program.
- Community education on issues related to our mission through community education classes, classroom presentations, seminars and through our newsletter.
- Postings of notices of public interest inside and outside the store.

SECTION 6: Commitment to the Cooperative Movement and to Other Cooperative Activities

Whole Foods Co-op builds and strengthens the cooperative movement by:

- providing financial and in-kind resources to others within the co-op community
- actively advocating the advantages of co-ops whenever possible
- participating in local, state and national cooperative activities when appropriate
- striving to build and strengthen relationships with other sectors of the cooperative movement.

We have shown our commitment to the cooperative movement in the following ways:

- We donate annually to the Howard Bowers Fund for Consumer Cooperatives. This fund, administered by the Cooperative Development Foundation, supports general consumer cooperative education in the United States, as well as educational programs for consumer co-op managers and training for people to pursue careers in management of consumer-owned food co-ops.
- Whole Foods Co-op holds memberships in the following organizations that further cooperatives and cooperative principles:

The National Cooperative Business Association (NCBA). This association represents cooperatives before Congress and federal agencies and promotes and supports cooperatives in the U.S. and elsewhere through training and technical assistance publications and programs.

Cooperative Grocers Association Midwest (CGAMW). This strategic alliance of cooperatives is committed to strong, timely, intelligent action on regional issues related to co-ops. CGAMW members support and challenge each other and pool resources to achieve exceptional products and services in an increasingly competitive business environment.

The National Cooperative Grocers Association (NCGA). This organization aims to provide the vision, leadership and systems to keep food co-ops prominent in the natural foods industry.

North Country Cooperative Development Fund (NCCDF). This member-owned and member-governed community development loan fund works to create and maintain an economically strong cooperative movement in our region.

Cooperative Grocers' Information Network (CGIN). This on-line network provides resources for co-op governance and operations.

- Whole Foods Co-op has developed a close relationship with the Members Cooperative Credit Union (MCCU), a consumer-owned credit union. Whole Foods Co-op maintains accounts and its mortgage at MCCU. In July 2001, we successfully petitioned the Minnesota Department of Commerce for permission to establish an affiliation with MCCU. MCCU serves people who belong to certain service organizations or live in specific geographic areas. All members of Whole Foods Co-op are now eligible to join MCCU. Whole Foods Co-op and MCCU may also jointly market services.
- We have donated to the Cooperative Disaster Relief Fund, administered by NCCDF (see above). The Fund assists co-ops in responding to natural disasters such as floods, earthquakes and tornadoes.
- Our staff participates in CoCoFiSt—Common Cooperative Financial Statements. This program for food cooperatives establishes a standard format for financial reporting. CoCoFiSt allows cooperatives to compare their own performance with others and for the co-op movement to monitor national trends. CoCoFiSt was developed with assistance from the National Cooperative Bank.
- Whole Foods Co-op subscribes to Cooperative Grocer, a bi-monthly trade periodical serving natural foods cooperatives. Each Board member receives a subscription.
- When appropriate Whole Foods Co-op contracts with Cooperative Development Services (CDS), a non-profit organization providing consulting services for food cooperatives.
- Staff members and Board members each year attend the Conference of the Consumer Co-op Management Association (CCMA). Staff members also visit other co-ops and participate in joint training sessions with staffs from other co-ops. These activities strengthen relationships among co-ops and support quality educational opportunities that create a strong co-op network.
- Whole Foods Co-op purchases goods and services from cooperatively owned businesses. Locally, these include Positively Third Street Bakery, Lake Superior Meats Cooperative and Builders Commonwealth.

Links to the above organizations are available at Whole Foods Co-op's web site: www.wholefoods.coop.

NATIONAL ORGANIC STANDARDS for CERTIFIED ORGANIC PRODUCTS

As of October 21, 2002, all foods labeled and sold as "organic" must be certified by the United States Department of Agriculture's (USDA) accredited independent certifying agencies.

Organic farming and certified products are defined by the USDA Final Rule on Organics as follows:

- Three years with no application of prohibited materials (including no synthetic fertilizers, pesticides or sewage sludge) prior to certification.
- No use of prohibited substances while certified; no genetically modified organisms (GMO); no irradiation.
- Proactive soil building, conservation, manure management, and crop rotation systems.
- Mandatory outdoor access for livestock, mandatory to pasture for ruminants.
- No antibiotics or hormones used.
- 100% organic feed.
- Organic management from birth or hatching.
- No commingling or contamination of organic products during processing; and mandatory record keeping for all operations.

THE CO-OP ADVANTAGE PROGRAM BENEFITS WFC MEMBERS AND SHOPPERS

Retail cooperative networks are gaining strength around the country. Whole Foods Co-op is a member of the Cooperative Grocers Association (CGA) Midwest. Our CGA links resources with other CGAs across the country to ensure co-ops offer products at competitive prices and to provide management training in all departments. In the cooperative tradition, your co-op participates in this alliance to bring better service to our co-op and value to our members and shoppers.

The monthly flyer for the Co-op Advantage Program (CAP) provides savings on many popular products. The Co-op Share recipe exchange program links tasty foods and hungry customers at co-ops across the country.

The CAP Member Only Coupon Book was mailed to our members in October (National Co-op Month). This year's book gives you valuable coupons spread out through the coming months. We hope you like the extra savings on the products represented in this coupon book, as well as this benefit of membership. It is our way of celebrating October as Co-op Month and of extending our thanks to you for your membership and continued patronage.

ANNUAL MEMBERSHIP MEETING MINUTES

November 8, 2001 At Peace Church, Duluth, MN

(reviewed by Board of Directors on November 27, 2001)

The meeting was called to order at 6:00 PM. Board President Katie Neff Dawson welcomed those in attendance, complimented General Manager Sharon Murphy on yet another successful year, and thanked exiting Board Members Carol Andrews, Jenifer Buckley and Dave Updegraff for their service. Meeting attendees introduced themselves.

Quorum: 27 members are in attendance so there is not a quorum.

Proof of meeting notice: Whole Foods Co-op Annual Report 2001 contained meeting notice and was mailed to the membership in accordance with WFC Bylaws.

Minutes: Minutes of Membership Meeting 2000 were included in Annual Report 2001 and were available for review and comment at this meeting. There were no comments or additions. Acceptance of Membership Meeting 2000 minutes noted.

Reports of Officers and Committees were included in 2001 Annual Report. There were no comments on these reports.

BOARD ACTIONS/POLICIES RECOMMENDED:

Food Policy WFC General Manager Sharon Murphy requested wording changes on WFC Food Policy to comply with the National Organic Food Act. These changes do not change the intentions of current WFC Food Policy.

Changes are in terms used in policy only so that the policy will comply with the act. WFC hopes to be certified as an organic food retailer and these changes will allow that. No objections to changes noted.

Patronage Rebate - WFC General Manager Sharon Murphy reported good support from membership of this policy change.

Expansion Update: WFC General Manager Sharon Murphy reported that the posted design of the proposed 6th Avenue site was taken down because negotiations for that site fell through based on disagreement on building size. Confidential plans are being pursued for another site at this time. No housing will be lost at new potential site. New potential site is a great retail location but no property has been acquired yet. Sharon then reported on preparations that staff are making and have made for expansion. Highlights included extensive staff training and the implementation of a five level staff pay system. Other preparations include a change to a C.O.D. basis with our major supplier (that has amounted to about a \$200/week savings) and refinancing of WFC's mortgage and other debt at a reduced interest rate.

Membership: The first Membership Appreciation Day held on September 26, 2001, was a success. The 5% across the board additional discount for members will be offered on a quarterly basis this year to see how this new benefit meets members needs. Membership goals are way ahead so far this year. Currently there are 1,520 active members and 2,000 total members. Sales growth is excellent as well.

WFC Assistant Manager Chris von Rabenau reported on customer survey results. Some highlights included: low survey return this year; shoppers report spending more of their grocery budget dollars at the co-op; percentage of sales to members has increased with huge increase in sales overall; staff is working to decrease out-of-stocks and expansion priorities of a larger produce department and wider aisles were noted.

Suggestions/Remarks from meeting attendees: A monthly newsletter was suggested. Provide sweets, beer and music to increase attendance at membership meeting. Advertise door prizes and food to increase attendance at membership meeting.

Board Election/Ballots: Candidates for Board election were introduced. Board Secretary Dave Updegraff reported more than a quorum (50) of valid ballots were accepted. The following members were elected to the WFC Board of Directors:

Koresh Lakhan - Term expires 2003

Katie Neff Dawson - Term expires 2003

Jean Sramek - Term expires 2003

David Syring - Term expires 2003

Door prizes were drawn. Katie expressed appreciation to Scenic Café and India Palace for door prize donations. Katie also thanked Sharon Murphy, Chris von Rabenau, Deli Manager Debbie Manhart, Marketing/Member Services Manager Dianna von Rabenau and Office Manager Penny Nemecek for their contributions at this meeting.

Meeting was adjourned at 7:10 PM.

Respectfully submitted by Mary Rhodes, Board Member

WHOLE FOODS COMMUNITY CO-OP, INC.

Income Statement Fiscal Year 2002

INCOME STATEMENT	FY 2002 358 days	FY 2002	FY 2001 358 days	FY 2001
Sales	2,938,010	100.00%	2,527,647	100.00%
Cost of Goods Sold	-1,924,290	-65.50%	-1,645,726	-65.11%
Net Gross Margin	1,013,720	34.50%	881,921	34.89%
EXPENSES				
Personnel	674,852	22.97%	602,251	23.83%
Occupancy	59,573	2.03%	54,393	2.15%
Depreciation	31,663	1.08%	30,029	1.19%
Operating	57,543	1.96%	50,259	1.99%
Administrative	38,327	1.30%	31,749	1.26%
Governance	24,065	0.82%	19,507	0.77%
Member Sales Discount	16,028	0.55%	22,155	0.88%
Promotions	37,239	1.27%	35,124	1.39%
Total Expense	939,290	31.97%	845,468	33.45%
OTHER INCOME & EXPENSES				
Other Income	4,358	0.15%	5,104	0.20%
Other Expense	0	0.00%	-6,978	-0.28%
Interest	-6,883	-0.23%	-13,095	-0.52%
Taxes	-16,992	-0.58%	-4,650	-0.18%
Total Other Income & Expenses	-19,516	-0.66%	-19,619	-0.78%
Net Income	54,914	1.87%	16,835	0.67%
Average Daily Sales (Goal 7,821)	8,207		7,060	
Net Stock (Goal 20,000)	20,424		16,959	
Net Margin (Goal 34.75%)	34.50%		34.89%	
Member % of Sales (Goal 50%)	57.37%		57.82%	

WHOLE FOODS CO-OP IS
A CONSUMER-OWNED
COOPERATIVE
WITH OVER 1700
MEMBER/OWNERS

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

July 31, 2002/Fourth Quarter/Fiscal Year 2002

BALANCE SHEET	7/31/02 FY 2002	7/31/01 FY 2001
ASSETS		
Cash	79,452	59,688
Inventory	87,170	82,954
Prepaid Expenses	5,085	2,892
Subtotal Current Assets	171,707	145,534
Fixed Assets	293,911	302,244
Other Assets	18,646	18,646
Subtotal Non-Current Assets	312,557	320,890
TOTAL ASSETS	484,264	466,424
LIABILITIES & EQUITY		
Current Liabilities	68,660	70,610
Accounts Payable	16,555	43,469
Subtotal Current Liabilities	85,215	114,079
Long-Term Liabilities	115,546	144,157
TOTAL LIABILITIES	200,761	258,236
EQUITY		
Paid-in Stock	191,066	170,665
Retained Earnings	37,523	20,689
Current Earnings YTD	54,914	16,834
TOTAL EQUITY	283,503	208,188
TOTAL LIABILITIES & EQUITY	484,264	466,424
Current Ratio Goal	2.01	1.32
1.50 or higher equals Current Assets/Current Liabilities		
Payables to Inventory Goal	0.19	0.39
50 or less equals Accounts Payable/Inventory		
Debt to Equity Ratio Goal	0.71	1.24
1.73 or less equals Total Liabilities/Total Equity		
FY Savings Balance	62,074	12,963
Member Loan Balance	0	5,000

**Total capital investments
for FY 2002: \$22,425**

(2-door refrigerated display case, 5 computers, upgrade of point of sale software, digital printing scale, coffee grinder, 2 microwave ovens)

Patronage Rebates to WFC retained as equity stock:

Frontier Cooperative	\$10,262
Blooming Prairie Cooperative Warehouse	\$54,197