



BOARD REPORT

by Lynn Fena, Board President

Your Board members have worked very hard during the past year to rekindle the heat of passion in our organization. Truly! I mean the passion, of course, of purpose. We realized Whole Foods Co-op needed something beyond the new store to keep our organization vital and energized. It was so obvious when we found it, yet not until this year has WFC officially embraced these words in our mission — **food system**.

"In Duluth, there is a thriving consumer-owned cooperative that supports, invests and partners to create a healthy community including, but not limited to, a healthy regional food system."

Member-Owners and asked all of you to tell us about the values and vision you hold that WFC might support. Starting with the Annual Meeting last October, we asked our questions, collected ideas and categorized them. We also heard from former Board members, growers and producers, representatives of community agencies that attended the Living Green conference, and anyone else who wanted to talk to us. In addition, WFC co-sponsored a lecture series on food with the College of St. Scholastica, giving us a great opportunity to hear from the wider community. Now, the Board is passionate about moving forward with this new purpose in mind, and about joining with others in the region who will help bring a greater sustainable



Lynn Fena



David Helf



Heather Murphy



Theresa Koenig



Linda Magni



Mark Friedrichs



Alison Champeaux

That's the new ENDS Statement. And the great thing about those Member-Owner surveys you complete from time to time is they tell us if we are heading in the right direction. Results of our most recent survey showed that the #1 priority of 80% of our respondents is that WFC actively supports local sustainable agriculture. We didn't figure this out at our monthly Board meetings or by reviewing latest trends in the food co-op industry (although we did do that). The Board turned to our

food system into being. I want to thank all the Board members who joined forces during the past year and delivered "above and beyond" efforts to make progress possible. Special thanks to Linda Magni who filled in for one year but is not running for re-election. After serving on the Board for six years, I am not running for re-election. I believe I can speak for all of us when I say we are very proud to have completed this work and we are excited about the future of WFC.

COMPARATIVE BALANCE SHEET

FY 2009

FY 2008

6/30/09
Prior to tax/rebate adjustments

6/30/08
Audited

ASSETS

Current Assets	878,574	780,479
Property/Building/Equipment	4,644,443	4,829,038
Other Assets	241,350	231,014
TOTAL ASSETS	5,764,367	5,840,531

LIABILITIES

Current Liabilities	702,519	781,158
Long-Term Liabilities	4,576,522	4,880,515
TOTAL LIABILITIES	5,279,041	5,661,673

EQUITY

Member Equity	612,659	564,697
Donations	15,222	15,222
Retained Earnings	-142,555	-401,061
TOTAL EQUITY	485,326	178,858
TOTAL LIABILITIES & EQUITY	5,764,367	5,840,531

COMPARATIVE INCOME STATEMENT

FY 2009

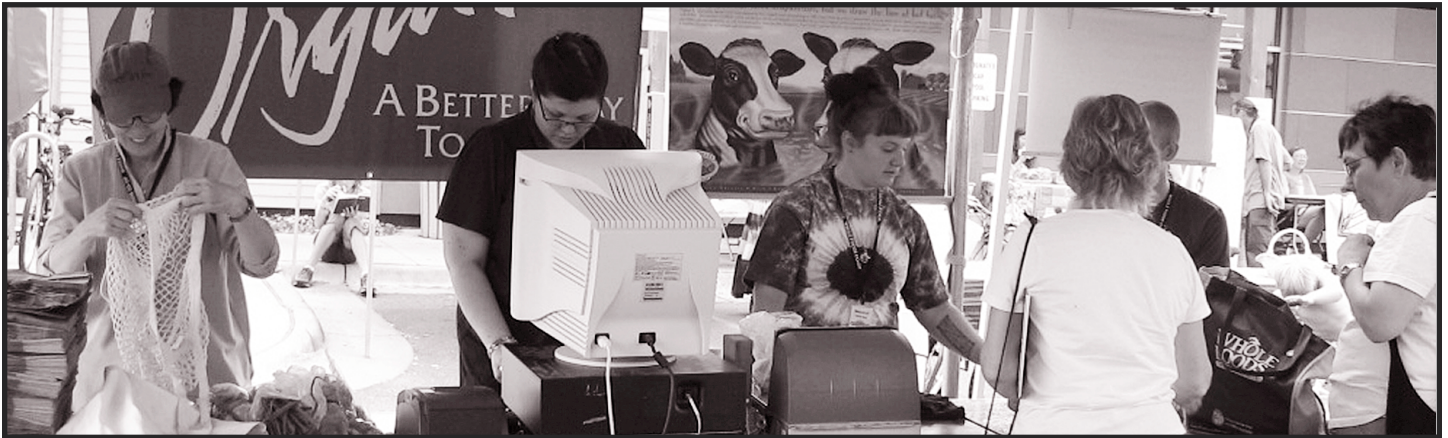
FY 2008

6/30/09
Prior to tax/rebate adjustments

6/30/08
Audited

SALES	9,625,739	9,119,563
less cost of goods sold	-5,958,611	-5,663,788
NET SALES	3,667,127	3,455,775
OPERATING EXPENSES	3,134,953	-3,141,699
GAIN FROM OPERATIONS	532,174	314,076
OTHER INCOME/EXPENSE	-273,669	-315,647
NET INCOME	258,506	-1,571

FISCAL YEAR **WHOLE FOODS** **CO-OP** 2 0 0 9 ANNUAL REPORT



2008 DRAFT ANNUAL MEMBERSHIP MEETING

October 11, 2008 • Reviewed by the Board of Directors on October 27, 2008



2008 Annual Meeting was held in the cafeteria at Marshall School, 1215 Rice Lake Road, Duluth, MN.

This meeting was attended by 93 Members and their guests. Dinner, featuring locally grown foods, was catered by Grand Superior Lodge.

Welcome and Introductions:

The Business Meeting began at 6:20 PM. Board President Lynn Fena welcomed Members and their guests, saluted WFC's 38th Anniversary as a consumer-owned food cooperative, introduced the Board of Directors, acknowledged Members present who participated in the 2008 Locavore (Eat Local) Challenge, and gave appreciation to Marshall School, caterers from Grand Superior Lodge and Last Chance Liquor, and Shannon and Anni, Marketing & Member Services Department, for coordinating this event.

General Manager Sharon Murphy introduced the Management Team, recognized Member employees at this meeting, and noted upcoming events including the Co-op Memories Gathering on October 22nd and the Co-op Halloween Party on October 31st.

Board Secretary Theresa Koenig took Minutes.

Proof of Notice and Quorum:

Sharon produced proof of timely mailing of the notice of this

Meeting and confirmed that there was a quorum at this meeting (93 active Members present at this meeting plus 103 Board election ballots received.) Lynn noted that 2008 was the first year the Board approved an option for electronic voting in an effort to reduce paper waste and printing and mailing costs. Ninety-six percent (96%) of the votes cast were submitted electronically and, as recommended by Members at this meeting with additional notice to Members and possibly an option for in-store electronic voting, the Board will continue to offer an electronic voting option.

Approval of Meeting Minutes and Reports in the 2008 Annual Report:

Wayne Pulford made a motion to waive reading of the Annual Meeting Minutes of September 16, 2007, and to accept those Minutes as submitted in the 2008 Annual Report. David Helf seconded that motion. Motion carried.

Beth Tamminen made a motion to waive reading of the reports of officers and committees and to accept those reports as submitted in the 2008 Annual Report. Geiger Yount seconded that motion. Motion carried.

Unfinished Business

Lynn expressed the Board's appreciation for Jeri Brysch's four years of Board service as Treasurer. There were five candidates for five positions on the 2008 Board election ballot. Lynn announced

MANAGEMENT REPORT

For Fiscal Year (FY) 2009 — July 1, 2008 through

by Sharon Murphy, General Manager



In the Policy Governance model, an ENDS Statement answers the question "What will be/is different because this co-op exists?" The ENDS Statement approved by the WFC Board of Directors on March 23, 2009:

In Duluth there is a thriving consumer-owned cooperative that supports, invests and partners to create a healthy community including, but not limited to, a healthy regional food system.

After working intensely for years on expansion issues and then updating the articles and bylaws, this year I participated with the Board on Directors on the Locavore Project, the St. Scholastica lecture series on food systems, numerous community listening events, and, then, developing our ENDS Statement. It has been an exciting and re-energizing year for me. I very much appreciate the work that has been done and look forward to being a part of this new venture.

Our employees do an outstanding job responding to customer concerns, connecting with local growers and suppliers and maintaining the integrity of our organic retailer certification, but we all recognize there is so much more to be done on a community-wide scale to create a healthy regional food system. WFC's ENDS

Statement helps us to visualize a healthier future and to direct our energy for the opportunities that come with more Owners, a larger store, and a financially sustainable business.

We started FY 2009 with a plan to continue to improve our systems, maintain double-digit sales growth, and control labor costs so that we would achieve a profit from operations in our third year at this site. Within six months, we realized that changes in the nation's economy would have an impact on this grand plan. So, we worked harder to improve our systems. Through the National Cooperative Grocers Association (NCGA), we collaborate to support the development of food co-ops, promote our products, train our employees, and reduce our operating costs. We implemented a hiring freeze that, in some cases, gave those who stayed on more hours than they probably wanted, but that also opened the door to storewide employee performance bonuses in three out of four quarters. And we managed to operate profitably within the sales growth we achieved.

Please join us at the Annual Meeting on October 10 at Marshall School for a wonderful dinner, an opportunity to meet other Owners, enjoy a presentation by Jamie Harvie of the Institute for a Sustainable Future, and learn more about what is going on at your Co-op.

NG MINUTES

that all five candidates were elected and terms, based on quantity of votes received, were as follows:

Alison Champeaux	3 years
David Helf	3 years
Heather Murphy	3 years
Mark Friederichs	1 year
Linda Magni	1 year

Lynn advised that, based on survey responses to questions on the 2008 Board election ballot, the balance of 2008 unclaimed abandoned equity will be donated to Second Harvest Northern Lakes Food Bank. In response to a Member's question, Sharon advised that the exact amount of the donation to Second Harvest will not be known for about a month as applications for refund of unclaimed equity can be submitted through November 14, 2008.

Lynn reported that approximately one-fourth of the nearly \$1 million in Member loans to support the move to 610 East 4th Street are due for repayment in the next 12 months and WFC has advised those lenders of our intention and ability to repay the principal and interest due on time and in full.

New Business

Lynn advised that the audited result of WFC's Fiscal Year 2008 (ended June 30, 2008) show a lost of \$1,568 on \$9.1 million in sales. WFC achieved a break-even year ahead of expansion

projections and, if sales continue to grow, the Board anticipates a profit that could be returned to Members as a patronage rebate after the close of Fiscal Year 2009. However, as there was no profit in Fiscal Year 2008, the Board has not declared a patronage rebate for that period.

Lynn introduced Board Member Heather Murphy who explained and coordinated the World Café process that followed the business meeting. The questions for discussion were:

- 1) What might the future needs of our community be and what role could WFC play in meeting those needs based on our unique mission, resources and connections?
- 2) What might WFC do to be more of a catalyst for the expansion of our local and regional food systems in the future?

Remarks for the Good & Welfare of the Association

Following the World Café sessions, Lynn requested remarks for the good and welfare of the association. Marketing Manager Shannon Szymkowiak distributed door prizes.

Lisa Anderson made a motion to adjourn the Annual Meeting at 8:05 PM. Michael Karsh seconded that motion. Motion carried.

Respectfully submitted,

*Board Member Theresa Koenig and
General Manager Sharon Murphy*

June 30, 2009

FISCAL YEAR SNAP SHOTS	2009	2008	2007	2006
Annual sales	\$9,625,739	\$9,119,563	\$8,370,730	\$7,112,930
Margin (% of sales retained after paying suppliers)	38.10%	37.89%	37.79%	36.07%
<i>Paid to local/regional growers/producers</i>	<i>\$1,268,919</i>	<i>\$1,103,007</i>	<i>\$989,390</i>	<i>\$650,450</i>
Average new Owners/month	52	62	55	85
Purchases by Owners	66%	65%	62%	60%
Number of active Owners	5,085	4,639	4,145	3,559
Average number of employees	89	96	100	118
Wages & salaries	\$1,729,948	\$1,789,132	\$1,928,536	\$2,741,146
Annualized staff turnover rate	40%	42%	56%	65%

ballot for election of board members and owner survey

You have until 9 PM on Sunday, September 20, 2009, to vote in the Board election and respond to the survey questions on the ballot. We need a minimum of 100 verifiable ballots for a valid election. You can vote for candidates and respond to the survey by:

- 1) Following the link at www.wholefoods.coop from your computer or from the designated terminal at the Co-op OR
- 2) Filling out a paper ballot and the required envelopes available at WFC's Customer Service Counter OR
- 3) Faxing a ballot to: 218-728-0490 in advance of the submission deadline of 9 PM on Sunday, September 20, 2009.

In our cooperative structure, every Owner has one vote and every vote matters. There are five candidates for four Board positions. Please participate in the Board election and survey process.

AGENDA for OWNERS ANNUAL MEETING

5 to 7:45 PM 🍷 Saturday, October 10, 2009
The Marshall School Cafeteria 🍷 1215 Rice Lake Road, Duluth

DINNER (*r.s.v.p. required**) will be served at 5:15 – 5:30 PM

BUSINESS MEETING (*child care available*) 6:15 – 7:15 PM

Report on number of Owners present/quorum = 100 🍷 Proof of notice of meeting
Reading or waiver of reading of Minutes of last meeting/approval of Minutes
Unfinished business/patronage rebate/Board election results/2009 Survey results/any questions on Annual Report
New business/presentation by Jamie Harvie of Institute for A Sustainable Future
Remarks for the good and welfare of the cooperative

WORLD CAFÉ SESSION 7:15 – 7:30 PM

Discussions by table related to creating a healthy community including, but not limited to,
a healthy regional food system

DOOR PRIZE DRAWINGS 7:30 – 7:45 PM

Must be present to win



Please Apply
Postage

Whole Foods Community Co-op

610 East Fourth Street
Duluth, MN 55805



MENU

No charge for Members and children 5 and under; \$15/per guest or household member.
Beverage options include regional beer and organic wine.

**A plated dinner includes locally and regionally sourced foods. Vegan/vegetarian and meat options are both gluten-free.
Catered by Ledge Rock Grille.**

**Balsamic dressed arugula, cumin scented goat cheese and marinated garden fresh tomatoes
(vegan option has no cheese)
and**

Truffled gnocchi, spinach and forest mushrooms with a roasted red bell pepper coulis

or

Grilled petite filet mignon served with a forest mushroom risotta cake, demi glace and fresh vegetables

Buffet Style Dessert

Build your own sundae bar, fresh fruit, sorbet and vanilla crème brûlée

*Please r.s.v.p. for plated dinner (not a buffet) no later than September 25
by phone (218-728-0884 to Customer Service) or
by returning/mailling the card below.



YES I will be attending the Whole Foods Co-op Dinner &
Annual Owners Meeting on Saturday, October 10 at 5:00 pm
at Marshall School.

Name _____

Address _____

City _____ State _____ Zip _____

Member number of Voting Member attending # _____

(Remember; one member number, one vote!)

Indicate your meal choice: _____ Truffled gnocchi _____ Filet mignon

_____ Number of additional household members or guests — \$15/each

Indicate number of meal choices for guests: Truffled gnocchi _____ Filet mignon _____

_____ Number of children under 5 years (no charge for children's spaghetti plate)

R.S.V.P. must be received by Friday, September 25.

Cash, checks and credit cards accepted for payment at the event.