

AGENDA FOR OWNERS ANNUAL MEETING

Friday, October 14, 2011 🍷 5 to 7:45 PM
Clyde Iron Works Banquet Center 🍷 2920 West Michigan Street, Duluth

THE POWER OF US

SOCIAL TIME 5:00 – 5:30 PM

DINNER IS SERVED AT 5:30 PM

*limited seating/R.S.V.P. required/R.S.V.P. and payment information on previous page.

BUSINESS MEETING (*child care available*) **6:30 – 7:30 PM**

Welcome and introductions of Staff and Board

Proof of notice of meeting

Report on number of Owners present

Reading or waiver of reading of Minutes of 2010 meeting/approval of 2010 Minutes

State of the Co-op reports from Management and Board



David Abazs

KEYNOTE SPEAKER

David Abazs, farmer, trip teacher and leader, WFC Owner and Senior Fellow/Endowed Chair in Agricultural Systems for the College of Food, Agricultural and Natural Resources Sciences at the University of Minnesota.

COMMENTS/QUESTIONS FROM OWNERS

REMARKS FOR THE GOOD AND WELFARE OF THE COOPERATIVE

DOOR PRIZE DRAWINGS 7:30 – 7:45 PM

Must be present to win



Please Apply
Postage

Whole Foods Co-op

610 East Fourth Street
Duluth, MN 55805



FISCAL YEAR

WHOLE FOODS CO-OP

2011

ANNUAL REPORT

“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.”



ENDS statement of Whole Foods Community Co-op, Inc.

INTERNATIONAL YEAR OF COOPERATIVES

The United Nations General Assembly has declared 2012 as the International Year of Cooperatives, highlighting the contribution of cooperatives to socio-economic development, in particular recognizing their impact on poverty reduction, employment generation and social integration.

The theme of the International Year of Cooperatives is “Cooperative Enterprises Build a Better World.”

The goals of the IYC are:

- Increase public awareness about cooperatives and their contributions to socio-economic development and the achievement of the Millennium Development Goals



- Promote the formation and growth of cooperatives
- Encourage Governments to establish policies, laws and convention conducive to the formation, growth and stability of cooperatives.

Whole Foods Co-op is looking for great ideas to recognize IYC. If you have an idea to help us celebrate, contact Shannon Szymkowiak at shannon@wholefoods.coop or Sharon Murphy at sharon@wholefoods.coop.

resolution on the international year of cooperatives

WHEREAS, The United Nations General Assembly Resolution 64/136 on cooperatives in social development proclaims the year 2012 as the International Year of Cooperatives (IYC);

WHEREAS, The theme of the International Year is “Cooperative Enterprises Build a Better World”;

WHEREAS, The Resolution recognizes that “cooperatives, in their various forms, promote the fullest possible participation in the economic and social development of all people, including women, youth, older persons, persons with disabilities and indigenous peoples, are becoming a major factor of economic and social development and contribute to the eradication of poverty”;

WHEREAS, The Resolution encourages all relevant stakeholders to take advantage of the IYC to promote cooperatives, to raise public awareness of the contribution of cooperatives to social and economic development and to promote the formation and growth of cooperatives;

WHEREAS, The National Cooperative Business Association (NCBA), a membership association representing cooperatives in the United States, has advocated that the United States and its government participate in the International Year;

WHEREAS, NCBA is preparing tools and materials to enable cooperatives to take advantage of the IYC to promote cooperatives;

WHEREAS, The cooperative business model has empowered people around the world to improve their lives through economic and social progress;

WHEREAS, Cooperatives are a major economic force in developed countries and a powerful business model in developing countries, employing 100 million people;

WHEREAS, Millions of cooperatives operate in every nation of the world, owned and governed by more than 1 billion members;

WHEREAS, The economic activity of the largest 300 cooperatives in the world equals the 10th largest national economy;

WHEREAS, More than 29,000 cooperatives operate in the United States;

WHEREAS, U.S. cooperatives generate 2 million jobs, make a substantial contribution to the U.S. economy with annual sales of \$652 billion and possessing assets of \$3 trillion;

WHEREAS, Cooperatives are the people’s business, and for more than a century have been a vital part of the world economy. Now, therefore, be it

RESOLVED, That Whole Foods Community Co-op, Inc., convened at its 2011 Annual Meeting in Duluth, MN, commits to Join with NCBA and its members in supporting and celebrating the year 2012 as “the International Year of Cooperatives”; recognize the vital role cooperatives play in the economic and social well-being of the United States; and celebrate the year by engaging in efforts to raise the profile of cooperatives and demonstrate how cooperatives build local wealth, generate employment and provide competition in the marketplace.

COOPERATIVE ENTERPRISES BUILD A BETTER WORLD



BOARD REPORT the farm bill, co-op growth & our ENDS

by Chris Edwardson, Board President

If we listen to all the rhetoric about the economy, it wouldn't seem possible that a store dedicated to the food business could have had as good a year as we did. I believe that the co-op model and great staff and management have provided us, Owners, with a place where we feel good about shopping and spending our food dollars.

The Board has worked hard to earn your trust and focus on our ENDS which remained unchanged: *In Duluth there is a thriving consumer-owned cooperative that supports, invest and partners to create a healthy community including, but not limited to, a healthy regional food system.*

During the past year we defined our ENDS community and the cost for meeting our ENDS. Our community begins with our local Co-op neighborhood and expands into the Twin Ports/North Shore region. Our community also includes the Regional Food System (which we define by a 300-mile radius) and other Cooperatives.

We looked at cost in the following light: This is a values cost rather than an economic cost or expense of doing business. Investing in progress on ENDS cannot take away from pragmatic needs of the Co-op; it cannot be to the detriment of efficient operation of the Co-op. Spending on ENDS should have no negative effect on our core business.

Cooperative principles and Co-op By laws require allocation of resources to achieve progress on ENDS be derived from the percentage of profit from non-member owner purchases. I think we can be proud of what we have achieved towards ENDS within these constraints. Our General Manager has done an outstanding job allocating resources and reports on our ENDS activities in the Management Report.

Your Board has also been engaged in study of issues that could impact our Co-op long term. I have reported on some of these in the Gazette and will continue to do this. Our hope is that through a better understanding of the Farm Bill, sustainability, and population (regional demographics), we can make better decisions for the future of the Co-op.

And at this time the future does look bright. We exceeded our membership growth goal this year and we were more profitable than budgeted. For the third year in a row and only the fourth time in our history, your Board has decided

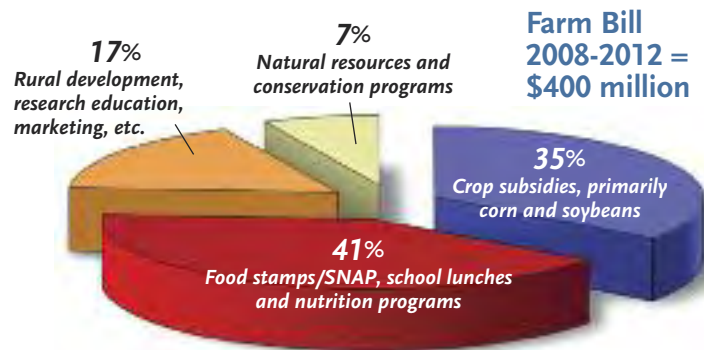
that a Patronage Rebate is in order. Details will be presented at the Annual Meeting.

We will, for the second year, hold the meeting at Clyde Ironworks Banquet Center. I hope you will be able to attend, but even if you can't attend I encourage you to at least vote for three of the outstanding, qualified Board candidates on this year's ballot. The Recruitment Committee worked hard to encourage Owners to step up and serve the Co-op. The requirements to become a candidate were modified last year and, even though more stringent than in the past, we have a solid slate of incumbents and new candidates.

In closing, I can't thank our Owners enough for the solid support you have shown over the past year. In the final four months of our fiscal year we exceeded \$1,000,000 in sales each month and for the year we saw a 10% sales growth, compared with 8% the year before. And with more than 800 new Owners, the Co-op now has more than 6,200 active Owners.

We would not see our continued Owner growth without the outstanding and dedicated staff who make our shopping experience what it is. Thanks to all of you who work and train diligently so that you know the products and can guide our Owners. Your efforts do not go unnoticed and it is with great enthusiasm and joy that we vote to award your bonuses.

Thanks again to all who make Whole Foods Community Co-operative the success that it is and will continue to be in the future.



Why does the Farm Bill matter to you?
A snapshot of Farm Bill funds distribution

whole foods co-op board members



Chris Edwardson



David Helf



Heather Murphy



Theresa Koenig



Mary Dragich



Mark Friederichs



Alison Champeaux



MANAGEMENT REPORT

For Fiscal Year 2011 = July 1, 2010 through June 30, 2011  by Sharon Murphy, General Manager

Fiscal year 2011 was a very good year for supporters of a healthy regional food system:

WFC, along with neighboring businesses and community groups, co-sponsored the 2010 Hill Fest celebration supporting local businesses and easy access for pedestrians in the Hillside; WFC's Root Beer (locally made) Garden and Tofu Toss events will return for the next Hill Fest celebration on September 17, 2011.

UM-D sponsored "Food, Food Systems and the New Regionalism," an Institute for Advanced Studies Collaborative Seminar, Spring Semester 2011, featuring a dynamic group of local and regional speakers including Will Allen of Growing Power, Milwaukee, WI; and UM-D's heritage fruit orchard got a lot of votes of confidence from our community to qualify for a grant.

The Duluth Community Farm sponsored an evening with Travis Murcotte, Executive Director of the Intervale Center, a community farm in Burlington, VT; and the first crop of veggies from the Duluth Community Farm will be harvested this fall.

Seeds of Success, an urban gardening program of Community Action Duluth, became the first tenant at the Duluth Community Farm and, with the Duluth Urban Acres Coalition, started Project Eggplant, a new program to establish a Food Hub that will retail locally-grown fresh produce to low income people in Duluth who live in and near USDA-identified food deserts.



Sharon Murphy,
General Manager

Neighborhood Housing Services with assistance from Kristin Stuchis and Michael Gabler have created a flourishing Hillside Public Orchard at North 6th Avenue East and 10th Street.

The Duluth Community Garden Program and the Grant Community School Collaborative launched the Grant School Orchard and Garden at Grant Community Recreation Center.

The Grant Community School Collaborative, the East Hillside Youth Theater and local artists created an original production for summer 2011 entitled Our Peace O'Ground, a musical time-travel adventure through Duluth's Hillside neighborhoods as two children and their companions discover how food has been gathered, grown, processed, and prepared over the past 300 years.

WFC's Board of Directors approved a resolution to support The Superior Compact, a pledge by businesses and institutions to purchase 20% local (produced/processed within an 18-county Lake Superior region) food by 2020 and 50% local food by 2050; David Abazs, Round River

For decades, food cooperatives in this country have been quietly leading a food revolution, providing honest information about food: what's in it, where it comes from and what it means to you

INCOME STATEMENT	FY 2011	FY 2010
SALES	11,458,576	10,391,894
less cost of goods sold	-7,050,403	-6,386,696
NET SALES	4,408,173	4,005,198
OPERATING EXPENSES	-3,478,171	-3,253,334
GAIN FROM OPERATIONS	930,002	751,864
OTHER INCOME/EXPENSE	-200,730	-235,655
NET INCOME	729,272	516,209

BALANCE SHEET	FY 2011	FY 2010
	6/30/11	6/30/10
	Prior to tax/rebate adjustments	Prior to tax/rebate adjustments
ASSETS		
Current Assets	1,055,301	1,068,861
Property/Building/Equipment	4,696,920	4,486,503
Other Assets	230,533	260,816
TOTAL ASSETS	5,982,754	5,816,180
LIABILITIES		
Current Liabilities	733,649	570,492
Long-Term Liabilities	3,580,777	4,241,577
TOTAL LIABILITIES	4,314,426	4,812,069
EQUITY		
Member Equity	1,170,006	833,366
Donations	15,395	15,395
Retained Earnings	482,927	155,350
TOTAL EQUITY	1,668,328	1,004,111
TOTAL LIABILITIES & EQUITY	5,982,754	5,816,180

SNAP SHOTS	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007	FY 2006
Annual sales	\$11,458,576	\$10,391,894	\$9,625,739	\$9,119,563	\$8,370,730	\$7,112,930
Margin (% of sales retained after paying suppliers)	38.47%	38.54%	38.10%	37.89%	37.79%	36.07%
Paid to local/regional growers/producers	\$1,740,077	\$1,691,203	\$1,268,919	\$1,103,007	\$989,390	\$650,450
Average new owners/month	67	64	52	62	55	85
Purchases by owners	69%	65%	66%	65%	62%	60%
Number of active owners	6,254	5,678	5,085	4,639	4,145	3,559
Average number of employees	89	88	89	96	100	118
Wages & salaries	\$1,867,327	\$1,759,124.79	\$1,729,948	\$1,786,632	\$1,928,536	\$2,741,146
Annualized staff turnover rate	38%	42%	40%	42%	56%	65%



Farm, developed The Superior Compact and he will be our guest speaker at the Annual Owners Meeting, Friday, October 14, 2011, at the Clyde Iron Banquet Center.

For decades, food cooperatives in this country have been quietly leading a food revolution, providing honest information about food: what's in it, where it comes from and what it means to you. Co-ops protect consumer rights and the integrity of our food. Co-ops support fair wages for staff and fair prices to producers locally and worldwide. Co-ops educate about the real cost of food and about the economic, environmental and personal benefits of food grown and produced sustainably. And now, WFC is working with community groups, institutions and our Owners to spread the news about the ability of our region to produce more food, create a healthy regional food system and have fun in the process!

Meanwhile, we are not neglecting the part of our ENDS Statement about being a "thriving consumer-owned cooperative." We exceeded our membership growth goal for Fiscal Year 2011 with 6,254 active Owners as of June 30, 2011. We also exceeded our sales growth, profitability and debt reduction goals for Fiscal Year 2011.

This is how the cooperative business model works:

YOU own WFC—not some distant corporation that only wants to profit from you.

YOU control WFC—You elect people you know to provide guidance, oversight and leadership on your behalf.

YOU benefit—Co-ops exist to serve their Owners' needs. Let us know what you need and recognize that we have to balance your needs with those of thousands of other Owners. The economic benefits of cooperative ownership are returned to Owners, reinvested in the co-op, or used to provide services to Owners.

Our COMMUNITY benefits—WFC keeps capital in this community and in the cooperative community. WFC supports, invests and partners to create a healthy community including, but not limited to, a healthy regional food system.

With ownership comes responsibility. I hope you will join us at the Annual Meeting on October 14. As Owners you need to watch out for this Co-op—support it, promote it and use it. Expect it to be awesome! As long as you take care of it, it will always be yours.

voting in the 2011 election of wfc board of directors

Candidate information is posted at WFC and at www.wholefoods.coop. On-line voting and paper ballots will be available by September 1, 2011; votes must be submitted by 9 PM on Thursday, September 22, 2011. Owners will receive a postcard on or about September 1st



with login and password information for on-line voting. Instructions, candidate profiles and packets for paper ballots will be available at the Customer Service Counter or, with advance notice, can be mailed to you upon request: 218-728-0884.

MINUTES OF ANNUAL OWNERS' MEETING

October 16, 2010  As reviewed by the Board of Directors on October 25, 2010

The Whole Foods Co-op's 2010 Annual Owners Meeting was held in the Clyde Iron Works Banquet Center, 2910 West Michigan Street, Duluth, MN. This meeting was attended by 213 Owners and their guests (total 340). A plated dinner was served.

Welcome and Introductions:

The Business Meeting began at 6:30 PM. Board President David Helf welcomed Owners and their guests, saluted WFC's 40th Anniversary as a consumer-owned food cooperative, introduced the Board of Directors, and reminded Owners that the Business Meeting would be followed by dancing with music by Clearwater Hot Club from Grand Rapids, MN. Board Secretary Heather Murphy took Minutes.

David introduced Mayor Don Ness who read and presented

the following proclamation:

Whereas, Whole Foods Co-op has been providing unprocessed, natural and organically grown foods in Duluth for 40 years; and

Whereas, Whole Foods Co-op is owned cooperatively by nearly 6,000 citizen of the Duluth area; and

Whereas, Whole Foods Co-op has been a local leader in sustainable environmental practices; and

Whereas, Whole Foods Co-op 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;

Now, therefore, I, Don Ness, Mayor of the City of Duluth, do officially proclaim October 16, 2010, as WHOLE FOODS CO-OP DAY in the City of Duluth.



Proof of Notice and Quorum:

General Manager Sharon Murphy presented proof of timely mailing of the notice of this meeting. David reported that 213 Owners were present. The quorum requirement is 100 active Owners.

Approval of Meeting Minutes and Reports in the 2010 Annual Report: Chris Rubesch made a motion to waive reading of the Annual Meeting Minutes of October 10, 2009, and Wayne Pulford seconded that motion. Motion carried.

Anne-Marie Carlson made a motion to accept those Minutes as submitted in the 2010 Annual Report. Michael Olker seconded that motion. Motion carried.

2010 Annual Report

There were no questions or comments from attendees relating to the 2010 Annual Report. There was no Board election conducted in 2010. David introduced General Manager Sharon Murphy.

Management Report

Sharon expressed appreciation for all WFC employees and introduced members of the Management Team. Sharon noted that:

In July 2010 WFC was recognized by the National Cooperative Grocers Association for implementing operating systems and programs to support staff that resulted in financial improvement ahead of other food co-ops in our sales range.

The pay structure for the current year includes an across-the-board wage increase, an increase in the staff discount, an increase in the annual raise rate from 2% to 4%, and continuing affordable health care coverage for full-time (30 hrs/wk) employees.

Employees qualified for and the Board approved over \$91,000 in performance (not related to profit) bonuses in the last 12 months.

Operating profitably allows us to continually improve services, support local growers and producers, provide livable wage jobs with benefits, contribution to our community, and deliver a rebate to our Owners.

Then Sharon reviewed programs and services continued or introduced in the last 12 months to address the primary concerns from the 2009 Owner Survey:

Patronage Rebate

David returned to the podium to announce that on September 27, following review of audited financial reports for Fiscal Year 2010, the Board approved a patronage rebate based on the per-

centage of Fiscal Year 2010 net income from purchases by Owners and from other patronage-related income. The total amount of that patronage rebate will be \$365,731. In accordance with the Minnesota Cooperative Statute and WFC's Bylaws, 25% of that amount (\$91,433) will be refunded by check to Owners in proportion to their net purchases in Fiscal Year 2010.

This is the second patronage rebate since moving to the current location in 2005. Over 3,200 checks will be issued in late November. Rebate checks distributed for 2010 will range from \$5 to \$238. The non-cash portion of the patronage rebate (\$274,298) will be recorded as retained equity under each eligible Owner's account. Retained equity may only be dispensed at the discretion of the Board in a fair and equitable manner (all or none) and, of course, subject to the financial needs of the Co-op.

As an incentive to get rebate checks cashed as soon as possible, eligible Owners will receive a coupon for 5% off a future purchase when tendering payment with a rebate check by December 31, 2010. A rebate check is NOT taxable income for an Owner and the Co-op is NOT liable for corporate income tax on the amount allocated as a patronage rebate — UNLESS the Owner forgets to cash the check!

Abandoned Equity

Since 2008, the Co-op has revolved out approximately \$3,000/year of equity from Owners who have not kept us apprised of their current contact information and/or who have not met the \$100 equity requirement within two years of joining. The most recent list of Owners with abandoned equity was published in the September 2010 Garbanzo Gazette. These Owners have until November 13 to advise if they want an equity refund or transfer of equity to another Owner or to the Fran Skinner Memorial Matching Fund.

If no request is made, 2010 unclaimed abandoned equity will be donated to Second Harvest Northern Lakes Food Bank pursuant to the decision made today by Owners at this meeting.

Business Meeting Adjourned

Following David's request for any remarks for the good and welfare of the cooperative, Ann-Marie Carlson made a motion to adjourn the business meeting at 7:15 PM. Chris Edwardson seconded that motion. Motion carried.

Following the close of the meeting, Promotions & Education Manager Shannon Szymkowiak announced the process for distributing door prizes.

Respectfully submitted,
Board Secretary Heather Murphy and General Manager Sharon Murphy

cooperative principles

as defined by the 1995 convention of the ICA (International Cooperative Association)

Voluntary and open membership
Democratic member control

Member economic participation
Autonomy and independence
Education, training and information

Cooperation among cooperatives
Concern for community



DINNER MENU

Mixed Field Greens with Vinaigrette



Ratatouille & Wild Rice with Cranberries (V)

or

Seared Bone-In Chicken with Whole Grain Mustard Sauce, Wild

Rice with Cranberries &

Roasted, Grilled Asparagus



Dessert



Water, Coffee, Soda, Wine & Regional Beer



Children's Plate option (ages 5 & younger) — Spaghetti
With Red Sauce (V)



All adult meal choices are Gluten-Free however,
Clyde Iron is not a Gluten-Free facility.

RSVPs will be limited to 300 in order for those present to see and hear
the program. An immediate response will allow you the
best opportunity to secure a seat. RSVPs will be taken until
October 1st or until seating fills, whichever comes first.

**You may RSVP and pre-pay on line at www.wholefoods.coop/register,
contact Customer Service at 218/728-0884 or return the attached
postcard with payment.**



YES I will be attending the Whole Foods Co-op Dinner &
Annual Owners Meeting on Friday, October 14 at 5:00 pm
at Clyde Iron Works Banquet Center.

Name _____ Owner # _____

Address _____

Phone Number _____

City _____ State _____ Zip _____

_____ WFC Owner—NO CHARGE (limit one per Owner number)

_____ Number of additional household members or guests—\$20/each

_____ Number of children's (under 5 years) spaghetti plates—NO CHARGE

R.S.V.P. must be received no later than Saturday, October 1
and is subject to seating availability.