

# DENFELD



01

WHOLE FOODS CO-OP

**co**mpletely  
fresh

02

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**ENDS POLICY**

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As established by the Board of Directors to assist the General Manager in the decision-making process—the following values reflect our vision:



**“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.”**

**—WFC ENDS Statement**

## ENDS PROGRESS REPORT

In Fiscal Year/FY 2016 (July 1, 2015–June 30, 2016), management reported the following progress on **ENDS**:

► Specifics of non-profit donations are reported quarterly to Owners in the Garbanzo Gazette; FY 2016 recipients include:

- Boys & Girls Club of the Northland
- CHOICE, Unlimited
- Community Action of Duluth
- Cornucopia Institute
- Duluth Art Institute
- Duluth Community Garden Program
- Ecolibrium 3
- First Witness
- Growing Farms
- Institute for a Sustainable Future
- Junior League of Duluth

- Lake Superior Sustainable Farming Association
- Local Initiatives Support Corporation/LISC
- Midwest Organic & Sustainable Education services/MOSES
- Myers-Wilkins Community School Collaborative
- One Roof Community Housing
- Saint Louis River Alliance
- UMD Sustainable Agriculture Project

► RRR (reduce, recycle, reuse) donations in FY 2016 were split between CHUM (July–December 2015) and Growing Farms (January–June 2016)

► \$0.10 from the sale of each garden seed packet goes to the Duluth Community Garden Program

► Cab Coupons are Yellow Cab vouchers good for \$3.00 on the day issued to shoppers who purchase a minimum \$30.00 of groceries from Denfeld or from Hillside

## CLASS ATTENDANCE

Following is a chart of public class attendance in WFC's classroom:

Year	Owners	Non-Owners	Total
2014	300	42	342
2015	339	51	390
2016 to date	322	37	359
<b>TOTALS</b>	<b>961</b>	<b>130</b>	<b>1,091</b>

► The Co-op Explorer Program (began July 2014) is a benefit for the children of all of our shoppers; each child enrolled in this program can choose a free fruit or vegetable from a designated basket to enjoy each time they are accompanied by an adult shopping in the Co-op.

## HEALTHY EXPENSES AT A GLANCE

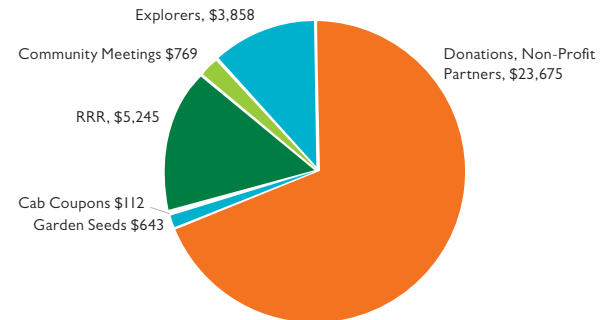
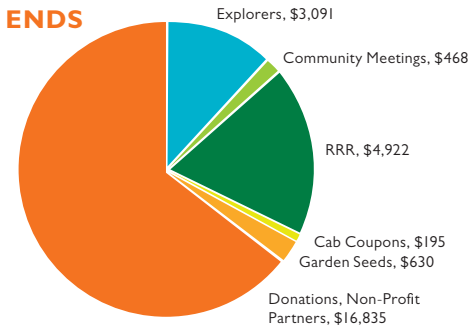
Also having an impact on maintaining a thriving cooperative and healthy community are WFC's expenses for:

	FY 2015	FY 2016
<b>WAGES + SALARIES</b>	\$2,722,014	\$3,128,331
<b>OWNER DISCOUNTS</b>	\$138,354	\$153,793
<b>PATRONAGE REBATES TO OWNERS</b> <i>(distributed from previous year)</i>	\$147,483	\$111,227

A comparison of how ENDS cash resources were allocated in FY 2015 and in FY 2016.

## ENDS RESOURCES ALLOCATION

**FY 2015  
ENDS**





## SHARED VISION

### More LOCAL

- ▶ Access to healthy food
- ▶ Jobs
- ▶ Support for Growers/Producers
- ▶ Everyone welcome

### More CO-OP Difference

- ▶ Consumer-owned
- ▶ Concern for environment
- ▶ Economic participation
- ▶ Concern for community
- ▶ Education/training/information



## STRATEGIC PLAN REPORT

Management's Strategic Plan for the Growth of WFC includes a focus on increasing our capacity to serve more customers in more areas of our community and, thus, provide a larger year-round market for local growers and producers.

- The Denfeld store opened on March 16, 2016. WFC's purchases direct from 112 vendors in the Lake Superior Bioregion/ Superior Compact in FY 2016 amounted to 9.6%/\$1,075,537 of all purchases. In FY 2015 when Hillside's sales were higher, but before Denfeld opened, Superior Compact purchases direct from 81 vendors in the Lake Superior Bioregion/Superior Compact were 9%/\$935,459 of all purchases.
- All the planning time, organizational changes and investments to make the Denfeld store a reality reflect the Shared Vision of the Board and the Management Team for creating a healthy community (see Shared Vision to the left).



A PERFECT PAIR!

discover  
local

## BOARD REPORT

# Our Big Year

by Jean Sramek, WFC Board President

*“It hasn’t been easy — but it’s always been rewarding.”*

What a year this has been.  
What a year 2017 is going to be.  
The two biggest “life transitions”  
a co-op Board of Directors can  
go through are:

- 08
1. Opening a second location.
  2. Hiring a new GM.

Check, and check. It hasn’t been easy —  
but it’s always been rewarding.

In November 2005, the WFC moved from our cramped location at 14th Avenue East and 4th Street into what is now our flagship Hillside location. We had 2,500 owners — a number that seemed impossibly huge. Earlier this year, we opened our Denfeld location; we’ll soon surpass 10,000 owners.

The Whole Foods Co-op has become a thriving grocery store, employer, cooperative business, and community partner. We can all be very proud of what we’ve achieved together. The Board thanks you for your participation and investment. We look forward to seeing you at the Annual Meeting on October 21st.

We were fortunate to have Sharon Murphy as our General Manager for so many years. Sharon not only had expertise in the natural foods industry, but a passion for the cooperative business model. As many of you know, the process for hiring a GM is different from the hiring process for any other position at the co-op, in that the Board of Directors is responsible for recruiting, interviewing, hiring, and evaluating our GM.

The Board was well-prepared for this transition, and conducted a national search. We’re confident that when our new GM is selected, this person will not only build on the success of the Whole Foods Co-op, but move us into the future with vision and purpose. **WFC**



A PERFECT PAIR!





# local economy

## INCOME STATEMENT FY 2016 FY 2015

<b>SALES</b>	17,915,236	16,707,657
less cost of goods sold	-11,199,620	10,393,985
<b>NET SALES</b>	6,715,616	6,313,672
<b>OPERATING EXPENSES</b>	6,140,791	-5,133,184
<b>GAIN FROM OPERATIONS</b>	574,825	1,180,488
<b>OTHER INCOME/EXPENSE</b>	-108,712	-170,886
<b>NET INCOME</b>	466,113	1,009,602
prior to tax/rebate adjustments		

OVER  
\$17 Million  
IN SALES!

## BALANCE SHEET

FY 2016 FY 2015

prior to tax/rebate adjustments

6/30/2016  
365 days open

6/30/2015  
364 days open

### ASSETS

Current Assets	2,540,969	1,822,256
Property/Building/Equipment	11,939,889	6,769,509
Other Assets	214,663	2,781,914
<b>TOTAL ASSETS</b>	<b>14,695,521</b>	<b>11,373,679</b>

### LIABILITIES

Current Liabilities	1,487,197	1,155,241
Long-Term Liabilities	8,180,501	5,332,381
<b>TOTAL LIABILITIES</b>	<b>9,667,698</b>	<b>6,487,622</b>

### EQUITY

Owner Equity	3,987,904	3,419,052
Donations	16,436	17,276
Retained Earnings	1,023,483	1,449,729
<b>TOTAL EQUITY</b>	<b>5,027,823</b>	<b>4,886,057</b>

### TOTAL LIABILITIES & EQUITY

14,695,521 11,373,679

## MANAGEMENT REPORT

by Sharon Murphy, General Manager  
& WFC Owner



### Own It!

As Owners, you need to care about your Co-op — Support it, promote it and use it. Shop at the grocery stores you own!

In last year's Annual Report, Denfeld's picture was a one-dimensional architect's rendering. Throughout FY 2016 we reported on construction progress, staffing and training challenges, introduction of new programs (Fresh Deals Flyer, Co+op Basics) and services (WIC/Womens, Infants and Children Food Supplement Program, the Currant emailed newsletter), and then, on March 16, 2016, Denfeld went "live" at 4426 Grand Avenue.

Co-op wide the average number of transactions per day is up from 1,400 to nearly 2,200. Denfeld is easy to access and has the capacity to serve the Owners and shoppers who may choose not to dodge construction barriers to reach Hillside during the 4th Street construction project. As noted in the ENDS Report, we are already seeing an increase in purchases from local growers and producers as well as increased community impact through discounts to Owners and having more employees.

The investment by Owners in loans and Class C equity purchases in support of

the Denfeld Project totaled just over \$1.7 million; additional financing came from savings, equity in Hillside and a loan from Members Cooperative Credit Union. Budget-wise, we completed the land purchase, construction of the 14,000 sf building, installation of equipment including installation of a back-up generator (that already has saved the day quite a few times), acquisition of opening inventory, payment to consultants, attorneys, etc., and had enough left over to install solar panels and acquire additional property for Denfeld staff parking.

Fiscal Year 2016 has been an incredible stretch for all of us, management, staff and our Board of Directors. The Denfeld Project, thanks to General Contractor Johnson Wilson Constructors, was on schedule from June 9, 2015, through February 29, 2016 — and we needed that extra day in February! We had on-going consultant support from National Co+op Grocers/Development Cooperative and set-up support from the Cook County Co-op in Grand Marais and

Natural Harvest Co-op in Virginia, MN. Projects and efforts to improve day-to-day operations at Hillside never took a break. AND then we hired, trained and scheduled another 50 employees at Hillside to give them experience before Denfeld opened.

In the face of increasing competition from conventional grocers, on-line retailers and super-naturals, we must be the Best Grocers that we can be — providing outstanding service with convenient locations in underserved neighborhoods, offering the products our customers want at competitive prices, supporting our staff and community partners and contributing to our region's economy.

Of course, the real work begins when a store opens for business. There are many challenges ahead for Denfeld and for Hillside. With nearly 10,000 Owners, we know we can count on you to shop at the grocery stores you own. And there is a great team in place to grow your business and to contribute to a healthy community for all:

## ADMIN Team

ALISON WADE, *Brand Manager*  
ANDY THEUNINCK, *IT Manager*  
COLLEEN KELLY, *Human Resources Manager*  
DALE MAIERS, *Finance Manager*

SARAH HANNIGAN, *Hillside Store Manager*  
PETER KRIEGER, *Denfeld Store Manager*

## OPS Team/Hillside

SARA KAVAJECZ,  
*Front End Manager*

LISA ANDERSON,  
*Grocery Manager*

MICHAEL KARSH,  
*Produce Manager*

FAITH KOENIG,  
*Deli Manager*

## OPS Team/Denfeld

AARON PETERSON,  
*Front End Manager*

ERIKA OSTERMAN,  
*Grocery Manager*

NICK SARRIS,  
*Produce Manager*

ERIC HILL,  
*Deli Manager*

Thank you, Owners, Board and amazing staff for an incredible experience in my last year as General Manager at Whole Foods Co-op!

— Sharon Murphy, General Manager **WFC**

## GOALS ACHIEVED

**7.2%  
GROWTH!**

### FY 2016 GOALS ACHIEVED

	Goal	Achieved
New Owners	1,500	1,257
Net New Equity	\$83,500	\$101,992
Sales Growth	5.0%	7.2%
Profitability <i>before taxes/rebate</i>	5.2%	3.2%

**\$101,992 NEW EQUITY!**

**1,257 NEW OWNERS!**

**3.2%  
PROFIT!**

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**WHOLE FOODS CO-OP. COMMUNITY OWNED. THAT'S THE DIFFERENCE.**

## ANNUAL MEETING

**Friday October 21, 2016**  
**5:00 PM – 7:45 PM**

**Harbor Side Room**

Duluth Entertainment &  
Convention Center (DECC)

350 Harbor Drive, Duluth, MN 55802

## REGISTRATION

**Prepayment is required for all attendees!**

**By OCTOBER 10, 2016**

**\$20 per adult; \$5 per child** (*12 and under*).

Confirmation of prepayment includes a DECC parking pass for free parking at this event.

Owners will be reimbursed at meeting registration (*one gift card per Owner number*).

### How to Register:

- ▶ Registration and payment accepted by mail: Whole Foods Co-op, 610 East 4th Street, Duluth, MN 55805,
- ▶ online at [www.wholefoods.coop/annualmeeting](http://www.wholefoods.coop/annualmeeting),
- ▶ at the Hillside or Denfeld Customer Service Counter
- ▶ or by calling 218.728.0884 (*have credit or debit card ready*).

## AGENDA

### Social Time 5:00 PM – 5:30 PM

- Owner opportunity to vote for 2016 recipient of unclaimed abandoned equity
- Owner opportunity to vote for Recycle/Reuse recipient for 2017

### Dinner Served at 5:30 PM

A plated dinner including locally sourced foods with vegan, vegetarian and gluten-free options catered by the DECC. Beverage options include milk, water, LOCAL beer by Bent Paddle Brewing Co. and organic and/or Fair Trade wine.

### Business Meeting 6:30 PM – 7:45 PM

(*child care available*)

- 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 2015 meeting/approval of 2015 Minutes
- State of the Co-op reports from Management and Board
- **Opening of our Second Location**  
The Denfeld Store • 4426 Grand Avenue
- **Surviving Construction on 4th St.**
- **Meet our General Manager**  
Remarks for the good and welfare of our cooperative.
- **Door Prize Drawings**  
Must be present to win!

## MENU

### Tender Roasted Pork Loin

served with Field Greens, Apple, Pecan and Blue Cheese with Dried Cherries and Champagne Vinaigrette  
Roasted Pork Loin with Herb Stuffing,  
Mashed Red Potatoes and Gravy.

*This item can be prepared gluten-free\* upon request*

• VEGAN OPTION •

### Ratatouille Polenta

Polenta cakes topped with Ratatouille  
and Toasted Almonds.

*This item can be prepared gluten-free\* upon request*

• CHILDREN'S PLATE •

### Pasta with Meatless Marinara Sauce

served with garden vegetables.

*Gluten free noodles available upon request  
ages 12 and under, please*

—  
All entrées will come with gourmet green salads,  
locally baked dinner rolls and dessert.  
*gluten-free or vegan dessert options  
available upon request*

Soda, organic and/or Fair Trade wine and  
local beer by Bent Paddle Brewing Co.  
will be available at the bar.  
*two drink tickets come with the meal*

**\$20 per adult; \$5 per child** (*12 and under*).

Owners will be reimbursed at meeting registration (*one gift card per Owner number*)

*\* The DECC is not a certified gluten-free facility*





WHOLE FOODS  
COMMUNITY CO-OP, INC.

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## MINUTES OF ANNUAL OWNERS MEETING

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**October 23, 2015**

*DRAFT — As reviewed by Board of Directors  
on November 23, 2015*

WFC's 2015 Owners Annual Meeting was held in the Harbor Side Room at the Duluth Entertainment & Convention Center/DECC, 350 Harbor Drive, Duluth, MN 55802. 145 Owners and their guests (total 207) attended this meeting. A plated dinner was served.

## 2016 ANNUAL REPORT

### Welcome & Introductions

The Business Meeting began at 6:39 PM. Board President Jean Sramek welcomed Owners and guests, expressed appreciation to General Manager Sharon Murphy and her staff of 115 employees for another successful year, and introduced Board members.

### Proof of Notice & Quorum

General Manager Sharon Murphy presented proof of timely mailing of the notice of this meeting (mailed August 28, 2015) and advised more than a quorum Owners were present. The quorum requirement is 100 Owners.

### Approval of Meeting Minutes

Owner Sue Boorsma moved to waive reading of the Minutes of the 2014 Owners Annual Meeting as submitted in the 2015 Annual Report. Owner Margie Nelson seconded that motion. Motion carried.

Owner Sue Boorsma moved to approve the Minutes of the 2014 Owners Annual Meeting as submitted in the 2015 Annual Report. Owner Geiger Yount seconded that motion. Motion carried.

### Board Report

*by President Jean Sramek*

Jean expressed appreciation for the service of Board member Chris Edwardson who retired this year. Jean thanked the Board Recruitment Committee for achieving the Board's goal of a contested election in 2015 and for bringing to Owners' attention an impressive slate of candidates. Incumbents Mickey Pearson, Carol Andrews and Jean Sramek were re-elected to three-year terms. Jean welcomed Brad Nelson to the Board for his first three-year term. On the 2015 ballot, a majority of Owners chose CHUM Food Shelf to be the recipient of the balance of 2015 unclaimed abandoned equity.

### Patronage Rebate

Jean reported on the Board's decision to authorize a cash patronage rebate for the fiscal year ended June 30, 2015, in the amount of \$111,227. That amount will be distributed to eligible Owners in proportion to their purchases in that period by December 5, 2015. Because of this patronage distribution, the Co-op will NOT pay \$177,000 in federal tax.

*...continued on next page*

### OWNER'S MEETING MINUTES

— continued...

All rebate checks will be distributed accompanied by an offer of \$5.00 off when tendered at the Co-op toward a minimum \$50 purchase by December 31, 2015.

#### Bean Count

Jean announced that, as a result of the “bean count” of votes by Owners at the Annual Meeting, the recipient of calendar 2016 donations to the RRR program (reduce/reuse/recycle = \$0.10/transaction when customers bring in their own bags) will be Growing Farms, a Northeast Minnesota farm incubator.

#### Management Report

by General Manager Sharon Murphy

Sharon asked WFC employees, past and present, to stand and be recognized

#### Owner Equity

Sharon reported on how each Owner's equity investment (\$100 since 1990) helps achieve progress on the Board's ENDS Statement to have a thriving cooperative

and to create a healthy community and how those equity investments are managed to follow the 5th Cooperative Principle that the economic benefits of a cooperative operation are returned to the owners, reinvested in the co-op, or used to provide owner services. Research shows that in the last six fiscal years, the average return to an Owner for his/her equity investment of \$100 ranged from \$22.08 to \$33.12.

#### Two Stores

Sharon reported on:

- Projects at the Hillside store
- Changes and additions to promotions to Owners and to the public
- Achievements of the Owner Financing Program (open until March 2016)
- Management's focus on ensuring that staff structure, policies and operating practices will be sustainable and effective in two locations and
- The progress of construction at the Denfeld store which is on schedule to open in mid-March 2016.

On Monday, November 2, 2015, there will be an in-store celebration of Hillside's 10th Anniversary at 610 East 4th Street AND that day will also be the beginning of our Co-op's participation as an authorized WIC (Women, Infants, Children) vendor.

#### More Orange Cones ...

Sharon shared a chart on Hillside's sales growth trends over the last several years that included the impact of the flood (June 2012) as well as the impact of neighborhood road construction projects in 2014 and 2015. She concluded this presentation with a sketch from St. Louis County of how 4th Street between 6th and 7th Avenues East will look AFTER sewer and sidewalk replacement and road work in the spring/summer of 2016. Access to the Hillside store during that construction period will be limited to one exit/entrance.

#### Staff

Since the 2014 Annual Meeting, there was a \$0.15/hour across-the-board pay increase for all employees (August 2015), 4% annual wage increases, an increase in staff discount from 12% to 15%, the addition

of a Roth option to retirement plans, a small reduction in employee contribution to health insurance and \$68,393 was issued in storewide performance bonuses. Range 1 entry level wage is currently \$10.15/hour compared to the Minnesota minimum wage of \$9.00/hour.

### Cooperative Café

Sharon introduced the Cooperative Café portion of the meeting by acknowledging the international definition of a cooperative:

- Cooperatives exist to meet the common economic, social and cultural needs and aspirations of their members through a jointly-owned and democratically-controlled enterprise

and noting that, in this year's Annual Report celebrating our Co-op's 45th Anniversary, you can read about the common needs and aspirations that were met by the founders of Whole Foods Co-op in 1970.

Sharon asked Owners, by table, to discuss and document ideas/concerns/suggestions about this question:

*In 10 or 20 years, what will the Co-op be — how will Whole Foods Co-op meet our community's common needs and aspirations in 10 or 20 years?*

### Remarks for the Good & Welfare of Our Co-op

After 25 minutes, several owners came forward to read the results from their tables. All documented comments will be retained and organized for consideration by the Board and management and may be shared in future Gazette articles.

Following appreciations to staff, Board members, community partners and the DECC for coordination, visuals, food, door prizes and logistics of this meeting, Jean adjourned the 2015 Owners Annual Meeting at 7:50 PM on October 23, 2015.

We concluded with distribution of an abundance of door prizes and a reminder about the Co-op's 26th Annual Halloween Party in the Dungeon of Doom on Saturday, October 31, 2015, from 4 to 7 PM.

Respectfully submitted,

Retiring Board Secretary/Treasurer  
Chris Edwardson

and General Manager Sharon Murphy

WFC



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## COOPERATIVE PRINCIPLES

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The Cooperative Principles (as defined by the International Cooperative Alliance in 1995) are guidelines by which many cooperatives put their values into practice. They are:

▶ **Voluntary & Open Membership**

Cooperatives are voluntary organizations open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

▶ **Democratic Member Control**

Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions.

Men and women serving as elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote). Cooperatives at other levels are also organized in a democratic manner.

▶ **Member Economic Participation**

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership.

Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least are indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

▶ **Autonomy & Independence**

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by members and maintain the cooperative's autonomy.

▶ **Education, Training & Information**

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of the cooperative. They inform the general public—particularly young people and opinion leaders—about the nature and benefits of cooperation.

▶ **Cooperation Among Cooperatives**

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.

▶ **Concern For Community**

Cooperatives work for the sustainable development of their communities through policies approved by their members. **WFC**

For more information, see: [www.ica.coop/en/whats-co-op/co-operative-identity-values-principles](http://www.ica.coop/en/whats-co-op/co-operative-identity-values-principles)