



WHOLE FOODS  
COMMUNITY CO-OP, INC.

— 2017 —

# ANNUAL REPORT

*For Fiscal Year  
July 1, 2016 – June 30, 2017*



***GROWING  
our Impact***





**YOURS. *TRULY.***

---

**“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**

## MANAGEMENT REPORT *for the 2017 Fiscal Year (July 2016 – June 2017)*

by Sarah Hannigan, General Manager



04

### Taking Root

This year we've learned to appreciate that the hard work comes after the fanfare of a grand opening. During this first full year of operating our Denfeld store, we navigated the challenges — both predicted and unforeseen — that come with effectively running two stores.

We saw an 8.2 percent increase in overall sales for the year ending June 30, 2017. But sales at Denfeld did not meet initial budget projections, and it took us many months to bring expenses in line with actual sales. At Hillside, road construction stretched through November limiting customer access for two months longer than originally anticipated. In the last quarter we realized a profit, but the total net income for the Co-op for the year ended at -\$127,148. Consequently, for the first time eight years, we will not be doing a patronage distribution.

It's not uncommon for a business to take a few years to become profitable after a significant expansion. After opening the Hillside store in 2005, patronage dividends weren't distributed until 2008. While we're working hard to return to profitability, it's important to remember that as a consumer-owned cooperative, we look beyond profit to measure success.

Our Co-op seeks to maximize positive impact for our stakeholders: our Owners, our staff, our vendors and our greater community. In the pages ahead, you'll see details of the accomplishments we've made in increasing ownership, investing in wages and benefits for our talented employees, purchasing excellent food from local vendors, increasing access and supporting vital non-profit and community partners.

We faced many challenges last year and expect the year ahead to hold new ones. As a grocer, we are seeing unprecedented competition. Many products we helped introduce to our shoppers are now widely available at other stores and online. Technology also promises to disrupt the entire retail grocery industry. We're working hard to remain relevant by upholding our commitment increasing access to affordable, high-quality food and staying true to our local roots.

This year we expanded the Co+op Basics program to increase access to everyday low prices on over 425 staple products, many of them certified organic; all of them offered at the lowest prices possible. We also extended our weekly Fresh Deals to deliver deep discounts in all departments. Partnerships with Saint Louis County and organizations involved in Fair Food Access are helping us reach shoppers with limited means who can take advantage of the everyday discounts available through our Access Discount program.

Another important partnership that took root this year is with UFCW Local 1189. During the winter staff voted to be represented by the Union for collective bargaining purposes. In April contract negotiations began. As this will be the first

contract between UFCW and our Co-op, negotiations are expected to take months. Great progress has been made to date.

All in all, our Co-op has done a fantastic job navigating all that was new this year. We've hit our stride with our new store and all new staff, shoppers, partners and neighbors that Denfeld brought into our cooperative community. We've been successful on so many fronts. And yes, there is still much work ahead. We continue to keep an eye on the evolving landscape of retail while doing our best to be a responsive and responsible partner in sustaining a thriving local economy.

Thank you for all you do to help ensure the continued success of our Co-op!

In cooperation,

Sarah Hannigan, General Manager

WFC



**Thank You!**

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





Local purchasing  
(MN/WI)

★  
**LOCAL**

LOCAL  
VENDORS

**159**

LOCAL INVENTORY PURCHASES

**\$4,387,360**

PERCENT OF TOTAL PURCHASES **35.9%**

TOTAL SALES

**\$19,495,984**

SALES TO OWNERS

**\$14,163,832**

% OF TOTAL SALES  
TO OWNERS

**72.7%**



**8.2%**  
GROWTH!

INVESTMENT IN STAFF

**\$4,253,385**

in wages, benefits, staff discounts  
and other personnel-related costs.

WHOLE FOODS CO-OP



OWNER DISCOUNTS

**\$227,764**

ACCESS DISCOUNTS

**\$54,921**



NEW OWNER EQUITY

**\$90,082**

NEW OWNERS

**1,034**



**GIVE!**

**G.I.V.E. Program**

TOTAL ROUND-UP DONATIONS

**\$9,100**

3 local organizations benefited from this new community giving program launched in April, 2017.

TOTAL OWNERS

**10,319**

ACCESS DISCOUNT  
PROGRAM OWNERS

**183**

**432**  **basics**  
EVERYDAY LOW PRICE ITEMS



**228**

CLASS PARTICIPANTS

took **39** different classes

TOTAL CASH DONATIONS

**\$39,438**

to **143** various local  
organizations & non-profits.

WHOLE FOODS **CO-OP**

**\$126,958**

in food was donated directly  
to local agencies fighting hunger.

MN FOOD SHARE CONTRIBUTIONS

**\$10,449**

**247 lbs**



**62**

COMMUNITY EVENTS  
ATTENDED OR HOSTED



## 2017 ANNUAL REPORT

### BALANCE SHEET

FY 2017 FY 2016

*prior to tax/rebate adjustments*

6/30/2017  
364 days open

6/30/2016  
365 days open

#### ASSETS

Current Assets	2,073,333	2,540,969
Property/Building/Equipment	11,230,141	11,939,889
Other Assets	575,005	214,663
<b>TOTAL ASSETS</b>	<b>13,878,479</b>	<b>14,695,521</b>

#### LIABILITIES

Current Liabilities	1,463,541	1,487,197
Long-Term Liabilities	7,545,419	8,180,501
<b>TOTAL LIABILITIES</b>	<b>9,008,960</b>	<b>9,667,698</b>

#### EQUITY

Owner Equity	4,303,649	3,987,904
Donations	16,436	16,436
Retained Earnings	549,434	1,023,483
<b>TOTAL EQUITY</b>	<b>4,869,519</b>	<b>5,027,823</b>

#### TOTAL LIABILITIES & EQUITY

13,878,479 14,695,521



# local economy

### INCOME STATEMENT FY 2017 FY 2016

<b>SALES</b>	19,495,984	17,915,236
<i>less cost of goods sold</i>	<i>-12,232,685</i>	<i>-11,199,620</i>
<b>NET SALES</b>	7,263,299	6,715,616
<b>OPERATING EXPENSES</b>	<i>-7,023,386</i>	<i>-6,140,791</i>
<b>GAIN FROM OPERATIONS</b>	239,913	574,825
<b>OTHER INCOME/EXPENSE</b>	<i>-367,061</i>	<i>-108,712</i>
<b>NET INCOME</b>	<i>-127,148</i>	466,113
<i>prior to tax/rebate adjustments</i>		

**BOARD REPORT** *for the 2017 Fiscal Year (July 2016 – June 2017)***Servant, Leader, Steward, Visionary**

by Jean Sramek, WFC Board President

That's not (yet) the title for of a John LeCarre novel. It's a shorthand job description for an effective and functional board of directors. The seven members of the Whole Foods Co-op board are quite good at our jobs individually, but our collective board work is where we really shine. This past year has been a full and productive one, and we're proud of our accomplishments.

It's been nearly a year since we hired our new General Manager. Part of our job as a board is to oversee and monitor the GM's performance and ensure that our business is not only financially and ethically sound, but able to adapt to a changing marketplace so that we can continue to serve our 10,000+ owners. We've worked hard to build a healthy board/GM relationship, focusing on open communication and professionalism in our shared work. Our decision to hire GM Sarah Hannigan was a wise one.

Communication with owners is something we welcome — even crave — and we've taken some steps to nurture that ongoing conversation. Thirty-minute Open Listening Sessions are now a standard component of board meetings. WFC owners can speak to co-op related topics during these sessions, without having to request time on the agenda in advance (although owners are welcome to do that as well). You can find details and guidelines on our website: [wholefoods.coop/ownership/wfc-board/](http://wholefoods.coop/ownership/wfc-board/).

In addition, our monthly board meetings are now held at the Denfeld store, which has more convenient physical access to our meeting room.

Our board meeting schedule and minutes have always been available on the WFC website, and now Facebook users can see WFC board meetings in their event feeds.



For your board of directors, board recruitment and development is a year-round process. Our recruitment and nominations committee, with the participation of the full board, works diligently to ensure that we have a contested election and that we have candidates who are vetted and qualified to serve. I'm pleased to say that we have four uniquely qualified candidates running for three board seats this year. We've extended the online voting deadline until the day of the Annual Owners Meeting on October 24, making it possible for even more owners to participate in this democratic process.

As board members, we're charged with being visionaries. But if you're an owner of the WFC, you're automatically a visionary. See you at the Annual Owners Meeting! **WFC**

*Thanks a bunch!*





**HILLSIDE**

610 East 4th Street  
Duluth, MN 55805

**DENFELD**

4426 Grand Avenue  
Duluth, MN 55807

---

[www.wholefoods.coop](http://www.wholefoods.coop)

218.728.0884

---

**OPEN DAILY - 7 AM - 9 PM**

PRSRT STD  
U.S. POSTAGE  
PAID  
DULUTH, MN  
PERMIT NO. 492

**ANNUAL OWNER'S MEETING**  
**Tuesday, October 24!**