



WHOLE FOODS
COMMUNITY CO-OP, INC.

- 2018 - ANNUAL REPORT

FOR FISCAL YEAR
JULY 1, 2017 – JUNE 30, 2018







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 2018 Fiscal Year (July 2017 – June 2018)*

by Sarah Hannigan, General Manager



Inner Work

For me, the cross-sections presented throughout this report are stunning. Each fruit and vegetable revealing intricate interiors that are a result of nourishment and growth and that support seeds for future. I can't think of better imagery as I share highlights from the inner workings of our cooperative over the past year.

Our fiscal year started in July, which also marked the completion of a survey of WFC

Owners and shoppers. The feedback called for increased operational alignment between the Hillside and Denfeld stores, especially in the areas of product offering and customer experience. Customer facing improvements to address the concerns included the introduction of a nut butter grinder at Denfeld, bulk kombucha taps at both stores, an expanded floral selection at Hillside and better aligned product selection across stores. We also made updates to training, staffing models and standard operating practices to help support greater unification across our cooperative.

In September, the management team embarked on a strategic planning process that culminated in the development of a one-year Strategic Plan of Action that both informs and is supported by the budget for the upcoming fiscal year. The plan outlines project, programs and activities that encourage continued alignment across stores and departments and an enhanced customer experience. Everything within the plan hinges on the idea that our collective success lies at the intersection of practicing sound business practices while meeting the needs of our varied group of

stakeholders including Owners, shoppers, employees, vendors, neighbors, other cooperatives and the greater community.

Following many months of respectful, productive and thorough negotiations, WFC employees ratified their first collective bargaining agreement in April. The mutually beneficial two-year contract was developed by bargaining unit representatives, union representatives, and members of the management team. Through the collective bargaining agreement, the majority of WFC's employees are now represented by UFCW Local 1189.

In the last months of the fiscal year, daily sales at Denfeld began to match the levels experienced during the fanfare and promotion associated with the store's grand opening in March 2016. It typically takes a business a while to return to sales performance realized during a grand opening, and our cooperative is no exception.

Overall sales growth for the year was 3.2%, with almost all of the sales growth realized at the Denfeld store. While WFC is moving in the right direction, the unaudited net income

for the fiscal year was -\$127,605. Subsequently there will not be a patronage dividend issued this year. That said, WFC's cash position remains strong, and the co-op began the repayment of the loans received by Owners to support the Denfeld expansion. Through June, \$190,565 in principle and interest was repaid to thirty-five Owner investors.

The year was also one of continued disruption throughout the grocery retail industry. Amazon's purchase of Whole Foods Market can't be ignored, and not just because we share Whole Foods in our names. As the retail environment becomes more competitive, and natural foods become available in nearly all retail outlets, the true connections our cooperative has to the community have become increasingly important differentiators.

Our cooperative – locally owned by you and 10,716 others in our community – continues to create positive change. WFC made a tremendous impact in our community and local economy this year. Owners and shoppers bought products from 104 independent vendors from the immediate bioregion and over 162 from Minnesota and Wisconsin.

Purchases made at the co-op supported training, wages, and benefits for a team of over 135 employees. Additionally, through the first full year of our GIVE program, shoppers donated a total of \$63,771.97 in rounded-up change to support non-profit organizations and programming in the area.

Through all of WFC's inner work, our focus continues to be on sustaining our cooperative, and ensuring shared success in our future. We continue to strive to accomplish this through delighting our customers, connecting to our community, engaging our staff, adding value for our Owners, growing our regional economic impact, reducing our environmental footprint — all while operating a sound business in a fiercely competitive environment.

We appreciate your continued enthusiasm and support for your Whole Foods Co-op.

In cooperation,
Sarah Hannigan, General Manager

WFC



Thank You!



Local purchasing
(MN/WI)

LOCAL
VENDORS

162

BIOREGION
VENDORS

104

LOCAL INVENTORY PURCHASES

\$4,518,222

PERCENT OF TOTAL PURCHASES **35.6%**

TOTAL SALES

20,114,553

SALES TO OWNERS

\$14,638,955

% OF TOTAL SALES
TO OWNERS

72.5%

3.
GRO



INVESTMENT IN STAFF

\$4,405,904

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



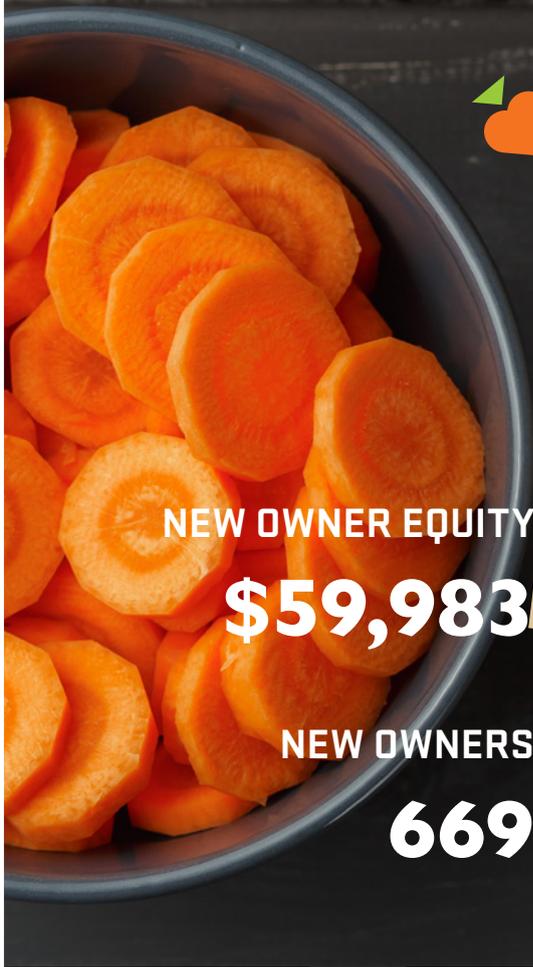
OWNER DISCOUNTS

\$114,283

ACCESS DISCOUNTS

\$51,911

for co-op owners with limited means



NEW OWNER EQUITY

\$59,983

NEW OWNERS

669



GIVE!

G.I.V.E. Program

TOTAL ROUND UP DONATIONS FROM SHOPPERS TO LOCAL NON-PROFIT PROGRAMS

\$63,771



TOTAL OWNERS

10,717

ACCESS DISCOUNT
PROGRAM OWNERS

289

275  **basics**
EVERYDAY LOW PRICE ITEMS



416

CLASS PARTICIPANTS

took **42** different classes

TOTAL CASH DONATIONS

\$42,863

to **121** various local
organizations & non-profits.

WHOLE FOODS **CO-OP**

MN FOOD SHARE CONTRIBUTIONS

\$9,480



\$178,851 IN FOOD
WAS DIRECTLY DONATED TO LOCAL
AGENCIES FIGHTING HUNGER"

70 COMMUNITY
EVENTS ATTENDED
OR HOSTED

2018 ANNUAL REPORT



local economy

INCOME STATEMENT FY2018 FY 2017

SALES	20,114,550	19,495,984
<i>less cost of goods sold</i>	-12,707,149	-12,232,685
NET SALES	7,407,401	7,263,299
OPERATING EXPENSES	-7,182,822	-7,023,386
GAIN FROM OPERATIONS	222,579	239,913
OTHER INCOME/EXPENSE	-350,186	-367,061
NET INCOME	-127,605	-127,148
<i>prior to tax/rebate adjustments</i>		

BALANCE SHEET

FY 2018 FY 2017

prior to tax/rebate adjustments

6/30/2018
364 days open

6/30/2017
364 days open

ASSETS

Current Assets	2,129,149	2,073,333
Property/Building/Equipment	10,756,084	11,230,141
Other Assets	759,097	575,005
TOTAL ASSETS	13,644,330	13,878,479

LIABILITIES

Current Liabilities	1,569,157	1,463,541
Long-Term Liabilities	7,203,532	7,545,419
TOTAL LIABILITIES	8,772,689	9,008,960

EQUITY

Owner Equity	4,353,525	4,303,649
Fran Skinner Memorial Fund	19,706	16,436
Retained Earnings	498,410	549,434
TOTAL EQUITY	4,871,64	4,869,519

TOTAL LIABILITIES & EQUITY

13,644,330 13,878,479

BOARD REPORT *for the 2018 Fiscal Year (July 2017 – June 2018)*

Supporting Our Unique Identity and Place

by Mickey Pearson, WFC Board President

The last year of work for the Board has been defined by the same spirit of improvement and recognition of our unique strengths we've seen from the rest of WFC. We've taken on a wide variety of projects and endeavors of varying size and scope, all with the intent of doing our collective job better, for ourselves, the owners and our internal team.

While our regular efforts continued normally, our larger goals were in improving the technical aspects of how we work, honing the tools we use and perpetuating the culture of collaboration we enjoy. While seemingly dry or boring to the uninitiated, the tasks we took on in the last fiscal year are ones that continue to enliven our discussions and empower our decision-making process. Some highlights include:

- 2017 electee Ryan Jones-Casey has breathed new life into the Finance committee process, bringing new clarity and insight into our most granular work. Our monthly meetings are both more efficient and informative thanks to his enthusiasm and practical knowledge.

- Carol Andrews took the reins from the previous Board on our bylaws revisions, helping to balance the legalese and needs of our organization as we look to the future. The work she and the bylaws revision committee tackled was fussy and tedious, and resulted in an updated draft of our bylaws that has received unanimous board support.
- Inspired by the work of the bylaws committee, the Board took a closer look at our ENDS statement, the foundational piece that best defines why the co-op exists. For the Board, it's a key piece of our strategic roadmap. For management, it's the lens through which their day-to-day decisions can be viewed as means to a higher purpose. While each Board member worked on this, we also collaborated with the management team and our ever-helpful and brilliant co-operative sector consultants in a joint retreat last spring to get their specific insights on the lofty and inspired ideals we all commit to.
- Recruitment and perpetuation of the Board is an ongoing job and this year was no exception.



If owners adopt the revised and restated bylaws in the 2018 election, our Board will grow to nine members, making the task of the recruitment committee even more important. Dale Peacock, Jamie Harvie and Ryan Jones-Casey worked diligently to engage a diverse and exciting roster of owners to throw their hats in the ring.

All in all, the table is set for the Board to work more efficiently and thoughtfully as we tackle the sometimes nebulous work of governance. In the next year, we eagerly anticipate bringing in new faces and voices to our growing table to better understand the needs of our institution, the greater Duluth community and our 10,717 owners. WFC has always been more than a simple grocery store and the Board is committed to our unique identity and place in the community. All our work drives us to embrace those special qualities and carry them forward.

WFC



Thanks a bunch!



HILLSIDE

610 East 4th Street
Duluth, MN 55805

DENFELD

4426 Grand Avenue
Duluth, MN 55807

www.wholefoods.coop

218.728.0884

OPEN DAILY • 7 AM – 9 PM



YOURS. TRULY.
