



WHOLE FOODS  
COMMUNITY CO-OP, INC.

# - 2020 - ANNUAL REPORT

FOR FISCAL YEAR  
JULY 1, 2019 – JUNE 30, 2020



## MANAGEMENT REPORT *for the 2020 Fiscal Year, July 2019 – June 2020*

### Call and Response



What a year. As I sit to write this overview of the fiscal year that ended June 30, 2020, I struggle to not focus entirely on March through June. These months surely presented the most challenge and demanded the most attention, though they don't tell the whole story.

Early in the year, we celebrated in new ways. In August 2019, we launched the wildly successful \$5 Community Dinner, welcoming over 420 people to the Denfeld store for Deli-made dinner, live music and general revelry. In September, our stores were closed early one night so we could host a staff appreciation party for Co-op employees and their families. The evening included a meal catered by the Duluth Grill at the Park Point Beach House. Without

question, we decided to make the community dinner and the staff appreciation party a regular thing for our Co-op.

We continued our investment in improving the shopping experience and product selection. In November we accomplished a major reset of the produce, packaged and bulk departments at the Denfeld store. In December we upgraded our refrigeration at the Hillside store, expanding meat, cheese, dairy and beverages – and making significant upgrades in energy efficiency.

Strides were made on two sustainability projects over the winter. In January we launched the five-cent fee on single-use shopping bags, and immediately saw an increase in reusable shopping bag use. Through the winter we finalized details on an exciting solar project at Denfeld that includes locally manufactured solar panels from the Iron Range, and a training partnership with American Indian Community Housing Organization and Solar Bear. The initiatives were suspended in response to the pandemic, though we're eager to get back to both.

We continued to foster and uphold a positive labor management relationship. In March, contract negotiations began and in May, a three-year collective bargaining agreement was ratified by Co-op employees represented by UFCW 1189. The contract provides pay increases for all, additional steps for seniority, and expanded benefits including additional paid time off.

And then there's the pandemic. In March we saw day after day of record sales as shoppers stocked up for the unknown ahead. We had trouble keeping certain items stocked as supply chains were taxed. We suspended practices that had been our hallmark — no reusable containers seemed like blasphemy, but it was the right thing to do while we were learning about community transmission of COVID-19.

E-commerce quickly became a critical service component in our business. In May, we launched curbside pickup through the platform we had been using for delivery. The volume of transactions has increased tenfold, as have the fees that we pay to the third-party for the service.

Our Co-op's financial standing exceeded expectations in March due to record sales, with over \$250,000 in positive net income at the end of the third quarter. In the following months, all profits realized earlier in the year were absorbed by revenue losses and increased expenses associated with the pandemic. In the last quarter, sales were down significantly due to the statewide stay-home order, closure of self-serve Deli, reduced shopping hours, and shoppers making fewer trips for groceries. Expenses were up as we invested in safety and sanitation measures, incurred more fees for ecommerce, spent more on packaging, and managed changes to overall margin due to the loss of prepared food sales. Additionally, in mid-March

OWNED. THAT'S THE DIFFERENCE.

the Co-op began paying employees an extra \$2 per hour for all hours worked, and continued to do so through July.

The unaudited year-end financials show the Co-op realizing a loss of just over \$16,000 on over \$20.7 million in total sales. Gains of the third quarter covered losses in the fourth quarter. Additionally, we secured a federal Paycheck Protection Program loan in April which also helped mitigate the financial impact of the pandemic. One silver lining is the significant and consistent growth in sales and the number of shoppers at Denfeld since March. This has balanced the sizable losses in traffic and sales at the Hillside store.

The pandemic has also presented new calls to action and given us opportunity to respond to help partners in new ways. We updated payment terms for local vendors impacted by the closure of restaurants to help keep cash flowing into their businesses through uncertainty. We expanded support of food access by helping provide free meals to residents of the Steve O'Neil Apartments during school breaks and making meals for CHUM's elderly clients experiencing high risk of illness and exposure. Realizing the pressure of agencies that address food insecurity, the Co-op provided a match for funds raised through GIVE for the Damiano Center's Community Kitchen.

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This year we are also called to examine systemic racism and how it is woven into our food systems, our community, and our Co-op. There is much work ahead for us, and it will be ongoing; one way we've begun is our leadership team and Board participating with others across the cooperative sector in a study of abolition and Black liberation. On the operational level, we're re-evaluating our practices and thresholds for engaging law enforcement so that we're balancing safety of shoppers, staff and neighbors.

One constant through the year has been the commitment of Co-op employees. I hold deep gratitude for all the people who choose our Co-op as their workplace. I often say that we're more than a grocery store, and working with the Co-op offers opportunity to make positive change in the world. This year, "more than a grocery store" took on a different meaning. Our staff has navigated unplanned, unexpected and unknown with grace and resilience. Do give them thanks.

I also share gratitude for you, our Owners. It's truly something to own a grocery store. Your investment and patronage makes our community and local economy that much stronger.

*In cooperation,  
Sarah Hannigan, General Manager*



**Thank You!**

TOTAL SALES  
**\$20,737,825**

SALES TO OWNERS  
**\$14,667,864**

% OF TOTAL SALES  
TO OWNERS  
**70.73%**



OWNER DISCOUNTS

**\$240,483**

ACCESS DISCOUNTS

**\$63,201**

for co-op owners with  
limited means

INVESTMENT IN STAFF

**\$4,774,172**

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





MINNESOTA FOOD  
SHARE DONATIONS  
**\$13,858**



**\$179,281** IN FOOD  
WAS DIRECTLY DONATED TO LOCAL  
AGENCIES FIGHTING HUNGER



# GIVE! PROGRAM

TOTAL ROUND UP DONATIONS  
FROM SHOPPERS TO LOCAL  
COMMUNITY PROGRAMS

**\$120,313**

## Recipients:

- ▲ Seeds of Success
- ▲ Together for Youth
- ▲ One Roof Community Housing
- ▲ Fran Skinner Memorial Co-op Ownership Matching Fund
- ▲ Human Development Center
- ▲ Lake Superior Community Health Center
- ▲ Life House
- ▲ Men As Peacemakers
- ▲ CHUM + Minnesota FoodShare
- ▲ St. Louis River Alliance
- ▲ Clayton Jackson McGhie Memorial
- ▲ Whole Foods Co-op Discount Access

TOTAL OWNERS

**11,701**

ACCESS DISCOUNT  
PROGRAM OWNERS

**373**

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

CLASS PARTICIPANTS

took **35** different classes



TOTAL CASH DONATIONS

**\$37,094**

to **122** different local  
organizations & non-profits

NEW OWNER EQUITY

**\$60,070**

NEW OWNERS

**607**



**70** COMMUNITY  
EVENTS ATTENDED  
OR HOSTED

WHOLE FOODS **CO-OP**

## 2020 ANNUAL REPORT



local  
economy

### INCOME STATEMENT

	FY2020 <i>unaudited</i>	FY2019 <i>audited</i>
<b>SALES</b>	20,737,825	20,294,474
<i>less cost of goods sold</i>	-12,968,088	-12,750,797
<b>NET SALES</b>	7,769,737	7,543,677
<b>OPERATING EXPENSES</b>	-7,480,398	-7,171,527
<b>GAIN FROM OPERATIONS</b>	289,339	372,150
<b>OTHER INCOME/EXPENSE</b>	-305,631	-337,958
<b>NET INCOME</b>	-16,292	34,192

### BALANCE SHEET

	FY 2020 <i>unaudited</i>	FY 2019 <i>audited</i>
	6/30/2020	6/30/2019
<b>ASSETS</b>		
Current Assets	3,720,310	2,611,902
Property/Building/Equipment	9,784,463	10,227,347
Other Assets	349,446	336,247
<b>TOTAL ASSETS</b>	13,854,220	13,175,496
<b>LIABILITIES</b>		
Current Liabilities	1,780,131	1,605,194
Long-Term Liabilities	7,119,691	6,658,928
<b>TOTAL LIABILITIES</b>	8,899,821	8,264,122
<b>EQUITY</b>		
Owner Equity	4,456,261	4,404,213
Fran Skinner Memorial Fund	26,566	18,545
Retained Earnings	471,572	488,616
<b>TOTAL EQUITY</b>	4,954,399	4,911,374
<b>TOTAL LIABILITIES &amp; EQUITY</b>	13,854,220	13,175,496



Local  
purchasing  
(Minnesota/  
Wisconsin)

LOCAL  
VENDORS

153

BIOREGION  
VENDORS

98

LOCAL INVENTORY PURCHASES

\$4,759,199

PERCENT OF TOTAL PURCHASES 36.7%

INVENTORY PURCHASES  
FROM BIOREGION

\$1,435,315

PERCENT OF TOTAL 11.1%



Independent vendors  
located in Minnesota or  
Wisconsin like farmers,  
bakers, cheese makers  
and more!

The co-op prioritizes  
purchases from vendors  
located in the Lake  
Superior Bioregion.

*Vendors marked with a \* are  
located in the counties immediately  
surrounding Lake Superior.*

WHOLE FOODS CO-OP



## 2020 ANNUAL REPORT

A. M. Soap Company	Dale Paulson	Hermit Creek Farm*	Mark Dockal*	Orion's Harvest Farm	Tey-Art Inc.
AJ's Anytime Tanning	Dan J. Borntreger	Holy Land Brand Inc.	Mark Geving*	On Eagle's Wings*	The Herbivorous Butcher
Alakef Coffee Roasters*	David Siltanen*	Homestead Mills*	Marquette Honey Farms	PRD Seed*	The Kenspeckle Letter
Albert Hanson	Derek Hoffbauer*	Honey Hill Farms*	Marvelous Melissa*	Pastures A Plenty Co.	Press*
Almanac Coffee LLC*	Driftless Provisions LLC	Husnik Meat Co	Matilda's Dog Bakery*	Peace Coffee	The Snooty Fox Tea Shop*
Alotti Biscotti*	Duluth Coffee Company*	Intermix Beverage	Matthew Lape	Positively 3rd Street	There and Back Books*
Amazing Grace Bakery & Cafe*	Duluth Firewood Inc.*	J & B GROUP	Matthew Minea	Bakery*	Tiny Farm Duluth*
American Fish and Seafood, Inc	Duluth Preserving Company	Jack S. Sneve*	Max Organics*	Pranarom	Tobies Restaurant Inc.*
Anahata Herbals*	Duluth's Best Bread*	Jack and The Green Sprouts, Inc.	Meadowlands Chocolate Company*	Pripps Sugar Bush*	Tri Star Foods Inc
Ashland Baking Company Inc.*	Eagle Valley Produce	James Lake Farms, Inc.	Michaud Dist. Inc.*	Promised Land Farm*	Twin Ports Paper Supplies*
Bar Bell Bee Ranch*	Emanuel D. Borntreger	Jane Borgren*	Midwest Best Water, Inc	Range Paper*	US Foods
Bay Produce*	Energy For Life Connection*	Joe Berger*	Mike Gellerman*	Rare Earth	Uff-da Organics*
Bayfield Foods*	Epicurean*	Just Coffee Cooperative	Mike and Jen's Cocoa Mix	Ready 2 Fruit Mushrooms	Uline
Bernick's	Espresso Services, Inc.	KADEJAN, INC.	Mike Gellerman*	Red Hoof Farms*	UMD Land Lab*
Blue Fortune Farm	Fairhaven Farm*	Kevin Korzenowski	Minneapolis Oxygen Company	Restore Natural Products	VIP Pizza*
Blue Vista	Ferndale Market LLC	Keith Brakke	Minnesota Mittspiritens	Rice Lake Gardens*	Western Lake Superior Sanitary District*
Bodin's, Inc.*	Fika Coffee*	Kettle River Pizza*	Minnesota Smoothies & More	Rising Phoenix Community Farm*	Widdes Feed & Farm Supply*
Boomerang Energy Inc	Finnegan's Farm*	Kyle Boutin	Moffett Angus Acres	Russ Davis	Wild Country Maple* Products
Brainstorm Bakery*	Food Farm*	Lake Superior Art Glass*	Mora Produce Coop	Rustic Inn Pies*	Wild Fern Herbal Soaps*
Bumbleberry Farm, LLC*	Fortune Minnesota	Lake Superior Brewing Co. LLC*	Nash Finch Company	Ruth's Vegetarian Gourmet	Wildly Organic*
Burning River Farm*	Fraboni's*	LLC*	Native Wise LLC*	Seeds of Success	Wisconsin Sheep Dairy Coop
Cafe Coco*	Great Dog Co.	Lake Superior Fish Company*	New Scenic Cafe*	Shoreview Natives*	Worker B
Castle Rock Organic Dairy LLC	Great Oak Farm LLC*	Larry & Mary Antonich*	Norsland Lefse	Simple Gifts*	Wyndmere Naturals, Inc.
Carol Hinnenkamp*	Harmony Hills	Larry A Schultz	North Wind Organic Farm*	Spirit Lake Native Farm*	Yker Acres*
City Girl Coffee*	Happy Hollow Creamery*	Laughingstock Design*	Northern Harvest Farm*	Spitfire Gourmet	Zenith Bread Project*
Clover Valley Farms*	Happy Nest Mock Duck LLC*	Leo Youderin*	Northern Star Food Equipment*	Starlit Kitchen	
Co-op Partners Warehouse	HealthWorksUSA	Locally Laid Eggs*	Northland Natural Pet	Steve Appelwick*	
Comfort Community Foods, LLC	Hedlyn Farm*	Loretta Bickford	Northstar Bison*	Strictly Mushrooms	
	Helen Ojard*	Lotus Light Enterprises	One Love Bread LLC	SunLeaf Naturals	
	Hendrycks & Spenader, LLC	Luci Daum*		Sunrise Dairy of St. Louis Co*	
		Mandy McDonald*		Superior Small Batch*	
				Talmadge Farms*	

**BOARD REPORT** *for the 2020 Fiscal Year (July 2019 – June 2020)*

# A Year of Ups and Downs



I'm embarrassed to admit that for the last few weeks, the 1970's Partridge Family song "Roller Coaster" (Up down all around/in a roller coaster) has been stuck in my head. I could blame it on the fact that this is the 50th anniversary of our Co-op and I'm feeling nostalgic. The reality is, that like for so many people, this year has truly been a roller coaster ride; a gentle start, then unexpected turns, a sharp plummet, fear, the unknown, surrender and a feeling of all in, together.

At the end of the WFC 2019 fiscal year, 2020 was looking up. In 2019, the WFC made a small profit and all our financial indicators were looking good, with the potential of an even better financial picture. The Board met our goal of having a contested election with a diversity of candidates – an indicator that owners are engaged and willing to step up and serve their WFC community.

Over the Fall, the Owner Engagement Community finalized a "Guide for New Board Members" and planning began for a 50th birthday party annual meeting and celebration at the Denfeld location. Consistent with our ENDS and with input from staff, the Management Team announced the decision to incentivize reuse and began charging for single-use check-out bags. Climate change is not waiting and WFC set an example for grocery and for our community in the Northland.

In early Spring, the Board held a one-day retreat to brainstorm and strategize our still-new version of our ENDS, which you see on the following page.

I remain thankful for our new ENDS. Their specificity and holistic lens now seem prescient for understanding the approach and structural challenges our community and country face. Not only did we co-create some great ideas for how as an organization we might shift the needle on a healthy community, we strengthened relationships and Board culture. Again, as though we sensed and anticipated the economic and social turbulence ahead.

Quite frankly, the last quarter of the year has been a challenge. With the murder of George Floyd and COVID-19, we have not been spared from collective soul searching as we walk into the unknown. The Board and Management are participating in The Abolitionists

Challenge, a national program for Co-ops to help strengthen diversity, equity and inclusion within the co-op culture. Through this, we're working to determine how we truly undo this false belief in a hierarchy of human value that permeates our culture.

Unanticipated fiscal challenges have also arisen this year because of the ongoing pandemic. Most grocery businesses operate on very small margins and WFC is no exception. As a result of changing shopping habits, we made the hard but realistic decision to adopt a budget that anticipates an annual loss of revenue for 2021. Fortunately, we have a great Management team and strong reserves. Next year, with City and County support, Costco is coming to town. We'll get through this but have to ready.

Across the country, we are seeing forward-thinking community and economic development leaders recognize the merits of the co-op business model.

Studies show that for every \$100 you spend at a co-op, \$160 is generated in the local economy through employee wages, local taxes and the co-op's purchase of local products and services. Across the country, we are seeing forward-thinking community and economic development leaders recognize the merits of the co-op business model. While not always flashy, typically without the thrills of an amusement

park ride, it's a model that builds community wealth and pays dividends that extend far beyond the bottom line into the future. It is an honor to be on this journey, and to be in community, with all of you.

*In cooperation,  
Jamie Harvie, Board President*



## Community Owned Since 1970

**Whole Foods Co-op is a thriving consumer-owned cooperative that supports, invests and partners to create a healthy community. A healthy community is one which nurtures emotional, mental, spiritual and physical health.**

### **WFC creates a healthy community by:**

- Requiring a robust local, sustainable food system
- Nourishing and replenishing water, air and soil
- Fostering relationships and human connection
  - Resting on local and shared Ownership
  - Prioritizing equity and diversity

**– Whole Foods Co-op ENDS**



### HILLSIDE

610 East 4th Street  
Duluth, MN 55805

### DENFELD

4426 Grand Avenue  
Duluth, MN 55807

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

218.728.0884

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**OPEN DAILY • 9 AM - 9 PM**



**Community Owned Since 1970**

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