



WHOLE FOODS  
CO-OP

# Annual Report

2022 Fiscal Year July 1, 2021 – June 30, 2022

## Management Report

# Demonstrating Commitment



**Sarah Hannigan**  
General Manager

Every year I sit down and pull the threads of the year into a report for you, the Owners of Whole Foods Co-op. Weaving a concise account that fully captures the myriad of stories from and accomplishments of your Co-op over the past year can be a challenge. It's also an honor.

As with much of our work, I start at the end. The ENDS, that is. The Co-op is operated under a series of policies created and upheld by the Board of Directors on behalf of the Owners. The keystone policy is the ENDS. It is an articulation of the vision of what the Co-op will be as it achieves success. It is forward-oriented. It is bold. And it is the North Star toward which we orient our decisions – big and small – about the day-to-day operations and the strategic long-term initiatives of our cooperative.

During this past year we continued to slog through challenges associated with the ongoing pandemic, a tight labor market, supply chain disruption, inflation, and recession, while continuing to make progress toward the ENDS: Whole Foods Co-op is a thriving consumer-owned cooperative that supports, invests, and partners to create a healthy community...

Operating a healthy and thriving business is critical to our success. The last six years have brought us both planned and unplanned disruption: expanding to two stores, a pandemic, and changing economic times.

Our pursuit of keeping operations stable, paying down debts, and planning for our future has continued to be the focus.

We came through the fiscal year with the small profit we had planned eroded by elevated expenses due to inflation. Annual revenue exceeded \$21.2 million in sales for year, which is down slightly from last year. Net income from business operations was negative; however, our balance sheet and key performance indicators remain strong.

As a purpose-driven business, we focus on much more than the bottom line. The ENDS further articulates ways the Co-op supports a healthy community including growing our community of Co-op Owners, expanding access and affordability, and supporting the local food economy.

We welcomed 528 new Owners to the Co-op during the year, pushing the total Ownership of our Co-op beyond 12,500. Co-op Owners' purchases increased this year to over 68% of total sales; and Co-op Owners received exclusive discounts on their purchases totaling over \$278,000.

The Access Discount Program, which provides Owners of limited means an everyday 10% discount on purchases, now serves 429 Owners, up 20% over the prior year. Participants received over \$86,000 in discounts

this year. Many of those who participate in the Access Discount program also received an equity match through the Fran Skinner Memorial Matching Fund. This year, 113 new Owners utilized the fund, which reduces the required equity investment by up to 80%.

Supporting the local food economy is a key objective for our Co-op. This year we worked with 154 unique vendors in Minnesota and Wisconsin, purchasing over 39% of the items we stock from these local sources, which is up 3.4% from the prior year. For local purchases, we recognize that the closer the vendor is to market, the more impact it has on supporting the local economy. To this end, we prioritize purchasing from the Lake Superior Bioregion; this year 30% of the total local purchases were from the 91 vendors located in our bioregion.

The virtual space continued to be important for our Co-op this year. E-commerce provides a vital service for our shoppers and online Co-op classes have provided a consistent means for gathering. While we did return to a few in-person events, most of the community engagement happened virtually. In all, we hosted ninety-seven classes taught by local instructors, with a reach of over 2600 participants! We are looking forward to shifting focus toward more in-person events in the coming year.

Our shoppers continued to demonstrate commitment to helping the Co-op support non-profit partners and local vendors this year through the GIVE! round-up program. In the spring we crossed the threshold of over \$500,000 in funds raised since the program's inception in 2017. Donations are split between our non-profit support program and the Grow Local Food Fund, which provided almost \$38,000 in grants to seven local farmers and food producers this year. We're grateful for the tremendous generosity of shoppers, and so very appreciative of our cashiers – our donation program hinges on their involvement, and every penny raised is a direct result of their work.

Appreciation for Co-op employees extends further. Our Co-op would not be what it is, and could not do what it does, without our staff. We remain dedicated to creating a positive and healthy workplace. Investments in wages and benefits exceeded \$5.06 million.

Supporting a culture of development and growth is seen as 22 employees advanced to new roles during the year, a 37% increase from the prior year. Maintaining a strong balance

**As a purpose-driven business, we focus on much more than the bottom line.**

between work and time away from work is a key value as well – this year employees received over 11,500 hours of Co-op paid time off. In response to the changing labor market, Co-op

management and the Union negotiated to amend the collective bargaining agreement outside of the regular contract renewal cycle to provide an across the board \$1/hr pay increase in August 2021. UFCW Local 1189 remains a steady partner for the Co-op.

After slowing capital investments during the pandemic, we reactivated our commitment to capital improvements for the Co-op this year. The last of the Hillside refrigerated case upgrades were completed and replacement freezers have been ordered. These projects bring energy efficiency improvements, as well as a nicer shopper experience.

A multi-year strategic plan was developed this year, outlining priority pathways and additional capital expenditures ahead. Taking care of what we have, and ensuring that we maintain relevancy into the future is key for the long-term success of our Co-op. We're excited for what's ahead, and think you will be too.

We appreciate you – our shoppers and our Owners – and the choice you make to shop at the Co-op. When you shop at the Co-op, you are directly supporting the business you and your neighbors own; you truly support the local community. For this we are grateful.

*In cooperation,  
Sarah Hannigan, General Manager*

## Total Sales

**\$21,269,849**

% of Total Sales to Owners

**68%**

Owner Coupons & Discounts

**\$278,218**

**31%** Increase in  
E-Commerce

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## Total Owners

**12,538**

**528** New  
Owners



# farm fresh



## 2

Dressings  
Oil  
Condiments  
Sauces  
Pasta



## Expanding Access for Owners

# \$86,411

### Access Discounts

Owners with limited means can enroll to get 10% off shopping trips

# 429

Access Discount  
Program Participants

# 113

Fran Skinner Memorial  
Matching Fund Recipients

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## Investment in Community

# \$177,123

Total Value of Soup Kitchen/Food Pantry Donations

# \$25,156

Total Cash Donations  
& Sponsorships

# 111

Local Organization  
Donation/Sponsorship Recipients

# GIVE!

## Total Round Up Donations from Shoppers

Donations were split between the  
Non-Profit Support Program and Grow Local Food Fund

# \$114,221



## NON-PROFIT SUPPORT PROGRAM

*Supporting our community with donations to a new non-profit each month, as elected by Co-op Owners each fall in the annual ballot. The 2022 fiscal year recipients:*

**Duluth Community Garden Program**

**WE Health Clinic**

**Lake Superior Sustainable Farming Association**

**Family Freedom Center**

**Ecolibrium3**

**American Indian Community Housing Organization (AICHO)**

**Life House**

**Loaves & Fishes**

**CHUM + Minnesota FoodShare**

**St. Louis River Alliance**

**Access Discount Program**  
(Whole Foods Co-op)



## GROW LOCAL FOOD FUND

*The Grow Local Food Fund aims to increase the supply of local and sustainable food by supporting projects that strengthen the local farming and food producer community. The 2022 fiscal year recipients:*

**Agate Acres**

**First Foods Farm & Seeds**

**Superior Small Batch**

**Uff-da Organics**

**Rising Phoenix Community Farm**

**Polish Farmer**

**Native Wise**

**Farm Lande**

**Thank  
you for  
rounding  
up!**







## Investment in Staff

In wages, benefits, staff discounts, 401k match, and other personnel-related costs

# \$5,066,016

Staff  
Promotions

# 22

Hours of  
Paid Time Off

# 11,594

% of Full-Time  
Employees

# 60%

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## Community Education

# 2,619

Participants in Co-op Virtual Classes

# 97

Free Virtual Co-op  
Classes Offered



**Local Inventory Purchases**

**\$5,117,286**

**39.9%** Percent of  
Total Purchases

**Bioregion Inventory Purchases**

**\$1,553,064**

**11.86%** Percent of  
Total Purchases

**Local:** Minnesota & Wisconsin    **Bioregion:** Counties surrounding Lake Superior

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Local Vendors

**154**

Bioregion vendors

**91**

Vendors that WFC purchased products from directly. Many more local brands are offered at the Co-op that are purchased through local and regional distributors.

# cover local



**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.*

This list represents vendors that WFC purchases from directly. Many more local brands are on shelves that the Co-op purchases through distributors.



Alakef Coffee Roasters\*  
 Almanac Coffee LLC\*  
 Amazing Grace Bakery  
 & Cafe\*  
 American Fish and  
 Seafood, Inc  
 Anahata Herbals\*  
 Artists To Watch  
 Ashland Baking  
 Company Inc.\*  
 Auntie's Stand\*  
 Bar Bell Bee Ranch\*  
 Bay Produce\*  
 Bayfield Foods\*  
 Bergin Fruit and Nut Co.  
 Blue Fortune Farm  
 Bodin's, Inc.\*  
 Boreal Guide\*  
 Brainstorm Bakery\*  
 Burmeister Ginseng  
 Cafe Coco\*  
 Clover Valley Farms\*  
 Comfort Community  
 Foods, LLC  
 Co-op Partners Warehouse  
 Cowsmo Inc.  
 Dan J. Borntrreger  
 David Siltanen\*  
 Dixon's Apple Orchard  
 Driftless Provisions LLC  
 Duluth Candy Company\*  
 Duluth Coffee Company\*  
 Duluth Firewood Inc.\*  
 Duluth Flower Farm\*  
 Duluth Screen Printing\*  
 Duluth's Best Bread\*  
 Eagle Valley Produce  
 Elena Bantie\*  
 Energy For Life Connection\*  
 Epicurean\*  
 Espresso Services, Inc.  
 Fairhaven Farm\*  
 Ferndale Market LLC  
 Fika Coffee\*  
 Food Farm\*  
 Forest to Fork  
 Fortune Minnesota  
 Fraboni's\*  
 Garden Harvest Distributing  
 Gary Saari\*  
 Global Organic Distro LLC  
 Great Dog Co.  
 HealthWorksUSA  
 Hedlyn Farm\*  
 Hendrycks & Spenader, LLC  
 Hermit Creek Farm\*  
 Highland Valley Farm\*  
 Holy Land Brand Inc.

Homestead Mills\*  
 Honey Hill Farms\*  
 House of Halva  
 Husnik Meat Co  
 J & B Group  
 Jack and The Green  
 Sprouts, Inc.  
 Jack S Sneve\*  
 James Lake Farms, Inc.  
 Jane Borgren  
 Johnston's Riverview Farm  
 Just Coffee Cooperative  
 Kadejan, Inc.  
 Kettle River Pizza\*  
 Khaki Creek Farm\*  
 Kinney Valley Farms\*  
 Koehler & Dramm  
 Lake Superior Art Glass\*  
 Lake Superior Aquaman  
 Productions\*  
 Larry & Mary Antonich\*  
 Larry A. Schultz  
 Leo Youderin\*  
 Lift Bridge Bagels\*  
 Little Italy Farms\*  
 Locally Laid Eggs/Farm Lola\*  
 Lotus Light Enterprises  
 Love Creamery\*  
 Luci Daum/Party in My Pants\*  
 MMBay LLC\*  
 Marquette Honey Farms  
 Marvelous Melissa\*  
 Matilda's Dog Bakery\*  
 Meister Cheese Co.  
 Michaud Dist. Inc.\*  
 Midwest Best Water, Inc  
 Mike and Jen's Cocoa Mix\*  
 Mike Gellerman\*  
 Minneapolis Oxygen Company  
 Minnesota Mittens  
 Minnesota Smoothies  
 & More  
 Moffett Angus Acres\*  
 Native Wise LLC\*  
 New Scenic Cafe\*  
 Norsland Lefse  
 North Brands LLC  
 North Star Hemp LLC  
 North Wind Organic Farm\*  
 Northern Harvest Farm\*  
 Northern Waters Smokehaus\*  
 Northland Natural Pet  
 Northstar Bison\*  
 Observation Hill Farm\*  
 One Love Bread LLC  
 Orion's Harvest Farm\*  
 Pastures A Plenty Co.  
 Paula's Produce LLC

Peace Coffee  
 Positively 3rd Street Bakery\*  
 Pranarom  
 PRD Seed\*  
 Pripps Sugar Bush\*  
 Promised Land Farm\*  
 Rare Essence  
 Ready 2 Fruit Mushrooms  
 Red Hoof Farms\*  
 Restore Natural Products  
 Rice Lake Gardens\*  
 Rising Phoenix  
 Community Farm\*  
 Royal Foods Inc.  
 Russ Davis  
 Rustic Inn Pies\*  
 Suth's Vegetarian Gourmet\*  
 Seasonly Sourced  
 Foods LLC\*  
 Seer LLC  
 Shoreview Natives\*  
 Simple Gifts\*  
 Spirit Lake Native Farm\*  
 Strictly Mushrooms  
 Sullivan Candy & Supply\*  
 Superior Small Batch\*  
 Sweet Land Farm\*  
 The Herbivorous Butcher  
 Tiny Farm Duluth\*  
 Tobies\*  
 Tri Star Foods Inc.  
 Twin Ports Paper Supplies\*  
 Uff-da Organics\*  
 Ultimate Paleo Protein  
 Underwood Coffee\*  
 VIP Pizza\*  
 Western Lake Superior  
 Sanitary District\*  
 Widdes Feed & Farm Supply\*  
 Wild Country Maple  
 Products\*  
 Wild Fern Herbal Soaps\*  
 Wildly Organic\*  
 Wisconsin Fermentation  
 Wisconsin Sheep  
 Dairy Coop  
 Worker B  
 Wyndmere Naturals, Inc.  
 Yker Acres\*

*Vendors marked with an \* are  
 bioregion vendors located in the  
 counties that surround Lake Superior.*

# Co-op Financials

Income Statement	FY 2022 <i>unaudited</i>	FY 2021 <i>audited</i>
<b>SALES</b>	21,269,849	21,164,837
<i>Less Cost of Goods Sold</i>	-13,090,138	-13,381,447
<b>NET SALES</b>	8,179,711	7,783,390
<b>OPERATING EXPENSES</b>	-8,120,975	-7,819,997
<b>GAIN FROM OPERATIONS</b>	58,736	-36,587
<b>OTHER INCOME/EXPENSE</b>	-163,741	-122,303
<b>NET INCOME</b> <i>From Operations</i>	-105,005	-158,890
<i>PPP Loan Forgiveness</i>		903,000
<b>NET INCOME</b> <i>Inclusive of PPP Loan Forgiveness</i>		744,110

Balance Sheet	FY 2022 <i>unaudited</i>	FY 2021 <i>audited</i>
	6/30/2022	6/30/2021
<b>ASSETS</b>		
Current Assets	2,999,727	3,278,749
Property/Building/Equipment	8,662,843	9,156,119
Other Assets	557,482	400,238
<b>TOTAL ASSETS</b>	12,220,052	12,835,106
<b>LIABILITIES</b>		
Current Liabilities	2,136,712	2,323,715
Long-Term Liabilities	4,431,623	4,796,162
<b>TOTAL LIABILITIES</b>	6,568,335	7,119,877
<b>EQUITY</b>		
Owner Equity	4,547,148	4,500,775
Fran Skinner Memorial Matching Fund	14,667	19,546
Retained Earnings	1,089,902	1,194,908
<b>TOTAL EQUITY</b>	5,651,717	5,715,229
<b>TOTAL LIABILITIES &amp; EQUITY</b>	12,220,052	12,835,106





n fresh

712 Roll  
00 Count

0-42563-  
60046-4

Field  
DAY  
2-Ply  
Recycled Bag



# Making Progress



**Emily Kuentler**  
BOD Vice President

While we continue to see the long-term impact of the COVID-19 pandemic impacting health & safety, supply chains, workforce, and other disruptions in the grocery industry, this year also felt like some return to normalcy for our Board. With a mixture of in-person and virtual meetings, we had more opportunities to build relationships and connections this year than the prior year.

We held two in-person board retreats that strengthened our team and our commitment to WFC. As we end this year, we look forward to continuing this trend by convening an in-person Annual Owner Meeting to come back together with our broader circle of Owners. After two years of virtual Annual Owner Meetings, we are excited to be in community with all of you again!

At the beginning of this year, the Board outlined four goals for the 2021 – 2022 term. I'm happy to report that we made progress on each goal.

First, we set an ambitious goal of reviewing and updating our policy register. The policy register was last updated in 2014. An ad hoc committee reviewed and recommended updates to all policies. One of the key changes that will be included is a commitment to anti-oppression, equity, and inclusion in all policies. There was and will continue to be a renewed focus on the relationships between the Board, General Manager, staff, Owners, and customers.

Second, the Board sought to deepen its aptitude and fluency of cooperative economies by creating a Cooperative Economy Committee. This committee brought topics forward for reflection at each meeting that provided opportunities for discussion on what it means to be a cooperative and what sets Whole Foods Coop apart from other grocery stores in our community. We explored stories and examples of cooperative economies from around the world in the grocery and other industries.

Third, we hosted a Board retreat focused on developing a process for evaluating the General Manager's report on our ENDS policy. With several new Board members this year, it was beneficial to spend time reviewing the foundations of Policy Governance and especially a discussion on the concept of "reasonableness." As it related to the ENDS, our job as Board members is to determine if interpretations of the ENDS policies are "reasonable." It's important for us to view this through the lens of the whole Board ownership that we represent, and not just our singular perspective.

Lastly, we continued to support a culture of good governance and learning, including attending trainings, and fostering positive relations with our General Manager. All our Board members committed time to continued education this year on topics including financial literacy, policy governance, and strengthening trust in the Board/General Manager relationship. Two Board members traveled to Sioux Falls, South Dakota for the Consumer Cooperative Management Association (CCMA) Annual Conference. They returned to Duluth with energy and enthusiasm after networking with others and learning about how co-ops are using their innovation to face the challenges of this uncertain time.

Like most co-ops, we continue to face fiscal challenges because of the ongoing pandemic. We made a hard but realistic decision to adopt a budget that anticipates a small net loss for the coming year. Our Co-op is fortunate to have a strategic, resilient, and dedicated Management team that will continue to lead us through this difficult period in the grocery industry. Thank you to all the Owners who show their appreciation for our staff and demonstrate understanding of the supply chain, workforce, and other challenges that continue to affect our teams. You can show your support for the Co-op by shopping and by participating in our Annual Owner Meeting – we are looking forward to seeing you there!

*In cooperation,*  
Emily Kuentler, Board Vice President

## Our ENDS statement

**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
- ▶ Prioritizing equity and diversity
- ▶ Fostering relationships and human connection
- ▶ Resting on local and shared ownership



**Community Owned Since 1970**

**HILLSIDE**

610 East 4th Street  
Duluth, MN

**DENFELD**

4426 Grand Avenue  
Duluth, MN

**wholefoods.coop • 218.728.0884**

Open Daily 7am-9pm



**We're Social!**

@WholeFoodsCoop