



Annual Report

2021 Fiscal Year July 1, 2020 – June 30, 2021

Management Report

Impact, Safety, and Steady Growth All Points of Pride

Inhale lots of love in. Exhale lots of love out. Yes, that's a mantra from a YouTube yogi. And it's a grounding message that I've told myself over and over this past year, helping me find steady calm through a turbulent year. Strange times, for sure.



Sarah Hannigan
General Manager

At Whole Foods Co-op, the last year has been one of near constant challenge. And it's been a year of true gifts. We've aimed for steadiness through it all and I believe that we've been successful.

As we planned for the fiscal year that began on July 1, 2020, our leadership team knew that we needed to be fiscally conservative while being fiercely dedicated to maintaining a safe environment for shoppers and staff. We also knew that as a purpose-driven business, we wanted to continue to make progress toward the Co-op's ENDS – the bold vision that calls our cooperative to thrive while supporting, investing and partnering to create a healthy community.

We achieved our budgeted revenue with over \$21.5 million in sales for the year! We continued to see strong sales growth at the Denfeld store, and in the fourth fiscal quarter began to realize a return to sales growth at Hillside. All good news for our Co-op—thank you for bringing your business to us.

We also welcomed 518 new Owners to the

Co-op during the year, pushing the total Ownership of our Co-op beyond 12,000! Co-op Owners' purchases made up about two-thirds of total sales; and Co-op Owners received exclusive discounts on their purchases totaling over \$261,000.

The Access Discount Program, which provides Owners of limited means an everyday 10% discount on purchases, now serves 355 Owners and provided \$60,000 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, 88 new Owners utilized this fund and joined the Co-op for \$20.

Our shining star, the Whole Foods Co-op GIVE program, funded through shoppers rounding up their transactions, raised over \$116,000! The program was split this year to support non-profits, and to provide grants to local growers and food producers. The Grow Local Food Fund's launch couldn't have happened without the commitment of 15 community members who served on the initial selection committee and were integral in ensuring the selection process supported results that matched the fund's intentions.

Local purchasing – always a focal point for our Co-op – became some of the steadiest

means for bringing product to our shelves. Supply chains continue to see disruption from climate change, extreme weather events, labor shortages, and material shortages. This year we worked with 156 unique vendors in Minnesota and Wisconsin, purchasing 37.8% of the items we stock from these local sources. Almost 30% of the local purchases were from 90 vendors located in the bioregion, ranging from a small farmer selling a few seasonal items to an entire cooperative dedicated to aggregating and bringing product from dozens of vendors to market.

The virtual space became critical for our Co-op in very tangible ways. We started the year with an e-commerce provider with insanely high fees (up to 15% of purchases through the platform were charged back to the Co-op to pay for the service), and mid-year moved to a platform that made better economic sense, and allowed Co-op staff, versus a third party, to shop for all e-commerce orders. This vastly improved our ability to provide the high level of customer service we offer in-store to those shopping online. E-commerce grew astronomically for our Co-op during the year, increasing by 249%. The majority of our capital investments during the fiscal year were in equipment for processing and storing online orders.

Co-op classes for the public also saw tremendous growth. After abruptly shutting down all in-person events, we retooled and launched virtual classes. This year the Co-op hosted 82 virtual classes with 2,211 attendees, a number much higher than previous years! The classes gave us the opportunity to connect with new-to-us instructors from the Twin Ports area, and attendees from around the world. It was comforting to be together in community, even through screens.

Throughout all the changes, our dedication to creating a positive and healthy workplace did not waver. Investments in wages and benefits exceeded \$5.1 million. Our commitment to internal promotions resulted in 16 employees being promoted to roles of greater responsibility and higher pay. Our Co-op also continued to offer more full-time jobs than part-time jobs – 66% of employees worked full time hours (and were eligible for full benefits) at the end of the fiscal year.

Of course, we remained diligent and determined to protect staff and community health in the midst of the ongoing pandemic. During the period of this report, eight employees contracted COVID-19, all quickly recovered and we had no incidents of transmission. We followed the seemingly ever-changing guidance from the Minnesota Department of Health and CDC, developing new protocols as required. The federal paid sick leave for COVID-related absences was invaluable in keeping our workplace free from transmission, and for ensuring that our staff were able to continue to get paid while

... we remained diligent and determined to protect staff and community health in the midst of the ongoing pandemic.

they quarantined or recovered from illness.

The federal Paycheck Protection Loan which we secured in April 2020 also proved to be key in helping our cooperative through uncertain and changing times. In late 2020, the loan was forgiven in full, which enabled us to

replenish savings and cover costs associated with pandemic response since March 2020.

Net income from business operations was negative, which is what we had budgeted for the year. And as planned, we repaid over \$669,000 on loans the Co-op borrowed from Owners for the Denfeld store expansion in 2015. As per our Co-op Bylaws, the revenue from business operations is what determines whether a dividend is paid to Owners based on their purchases. There will not be a dividend for this fiscal year; however, we have budgeted for special Owner appreciation discounts in both November and January. Stay tuned for these deals!

We appreciate you, and the choice you make to continue to shop at our Co-op. In doing so, you are doing so much more than buying groceries. You are making a difference in the lives of your neighbors and in our local economy.

Thank you for being here with us; breathing lots of love in, and lots of love out.

Total Sales

\$21,537,080

% of Total Sales to Owners

66%

Owner Coupons & Discounts

\$261,232

249% Increase in
E-Commerce

Total Owners

12,038

518 New
Owners





Expanding Access for Owners

\$59,702

Access Discounts

Owners with limited means get 10% off shopping trips

355

Access Discount
Program Participants

88

Fran Skinner Memorial
Matching Fund Recipients

Investment in Community

\$3,089

Donations for Bagged Lunches

The Co-op partnered with Minnesota Interfaith Power and Light to donate and help make bagged lunches for kids in the Steve O'Neil Apartments during school breaks.

Total Cash Donations

\$20,519

Minnesota FoodShare Donations

\$13,018

GIVE!

Total Round Up Donations from Shoppers

Starting January 2021, donations were split between the Non-Profit Support Program and Grow Local Food Fund

\$116,176



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 2021 fiscal year recipients:

The Land Lab – UMD

POP! Power of Produce
(Community Action Duluth)

**Duluth Community
School Collaborative**

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

Prøve Gallery

**Second Harvest/Northern Food
Bank's Backpack Program**

Duluth Branch NAACP

**Safe Haven Shelter
& Resource Center**

CHUM + Minnesota FoodShare

**Western Lake Superior Habitat
for Humanity**

Hartley Nature Center

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 2021 fiscal year recipients:

**Baby Cakes Wild Rice Bakery
/Savage Girls Salads**

Growing Together

Northern Harvest Farm

**Thank
you for
rounding
up!**





Brewery
Creek
Overlook

WHOLE FOODS
CO-OP
SOUTH AIN

WHOLE FOODS
CO-OP

WHOLE FOODS
CO-OP
Dylan

Investment in Staff

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

\$5,147,759

Staff
Promotions

16

Hours of
Paid Time Off

11,775

% of Full-Time
Employees

66%

Community Education

2,211

Participants in Co-op Virtual Classes

Participants from 13 different states and 6 different countries,
including Canada, India, and Ireland!

82

Free Co-op Virtual
Classes Offered



Local Inventory Purchases

\$5,055,286

37.80% Percent of
Total Purchases

Bioregion Inventory Purchases

\$1,477,695

11.04% Percent of
Total Purchases

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

Local Vendors

156

Bioregion vendors

90

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.



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.



A. M. Soap Company
Aj's Anytime Tanning*
Alakef Coffee Roasters*
Albert Hanson
Almanac Coffee LLC*
Amazing Grace Bakery
& Cafe*
American Fish and
Seafood, Inc
Anahata Herbals*
Arctic Glacier USA
Artists To Watch
Ashland Baking
Company Inc.*
Bar Bell Bee Ranch*
Bay Produce*
Bayfield Foods*
Blue Fortune Farm
Bodin's, Inc.*
Brainstorm Bakery*
Bumbleberry Farm, LLC*
Burmeister Ginseng
Cafe Coco*
City Girl Coffee*
Clover Valley Farms*
Comfort Community
Foods, LLC
Co-op Partners Warehouse
Cowsmo Inc.
Dale Paulson*
Dan J. Borntrager
David Siltanen*
Derek Hoffbauer*
Dixon's Apple Orchard
Driftless Provisions LLC
Duluth Coffee Company*
Duluth Firewood Inc.*
Duluth Screen Printing*
Duluth's Best Bread*
Eagle Valley Produce
Emanuel Schwartztruber
Energy For Life Connection*
Epicurean*
Espresso Services, Inc.
Fairhaven Farm*
Ferndale Market LLC
Fika Coffee*
Food Farm*
Forest to Fork
Fortune Minnesota
Fraboni's*
Fun Folks
Garden Harvest Distributing
Global Organic Distro LLC
Great Dog Co.
Happy Hollow Creamery*
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
Joseph Bontrager
Just Coffee Cooperative
Kadejan, Inc.
Kettle River Pizza*
Khaki Creek Farm*
Koehler & Dramm
Lake Superior Art Glass*
Lake Superior College -
Eco Entrepreneurship*
Paul's Memorial Orchard*
Larry A Schultz
Leo Youderin*
Little C Tree*
Locally Laid Eggs/Farm Lola*
Lotus Light Enterprises
Love Creamery*
Party In My Pants*
Marquette Honey Farms
Marvelous Melissa*
Matilda's Dog Bakery*
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*
Mora Produce Coop
Native Wise LLC*
New Scenic Cafe*
Norsland Lefse
North Star Hemp LLC
North Wind Organic Farm*
Northern Harvest Farm*
Northland Natural Pet
Northstar Bison*
One Love Bread LLC
Orion's Harvest Farm*
Pastures A Plenty Co.
Paula's Produce LLC
Peace Coffee

Positively 3rd Street Bakery*
Prairie Spy Orchard
Pranarom
PRD Seed*
Pripps Sugar Bush*
Promised Land Farm*
Rare Earth
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*
Ruth's Vegetarian Gourmet*
Salt and Light Heritage Farm*
Seasonly Sourced
Foods LLC*
Shoreview Natives*
Simple Gifts*
Spirit Lake Native Farm*
Spitfire Gourmet*
Strictly Mushrooms
Sunrise Dairy of
St. Louis Co*
Superior Small Batch*
Tey-Art Inc.
The Herbivorous Butcher
The Kenseckle Letterpress*
There and Back Books*
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 a * are located in the counties immediately surrounding Lake Superior.*

Co-op Financials

Income Statement	FY 2021 <i>unaudited</i>	FY 2020 <i>audited</i>
SALES <i>less cost of goods sold</i>	21,537,080 -13,381,447	20,737,825 -13,019,372
NET SALES	8,155,633	7,718,453
OPERATING EXPENSES	-8,014,269	-7,478,159
GAIN FROM OPERATIONS	141,364	240,294
OTHER INCOME/EXPENSE	-278,306	-278,113
NET INCOME <i>From operations</i>	-136,942	-37,819
<i>PPP Loan Forgiveness</i>	903,000	
NET INCOME <i>Inclusive of PPP loan forgiveness</i>	766,058	

Balance Sheet	FY 2021 <i>unaudited</i>	FY 2020 <i>audited</i>
	6/30/2021	6/30/2020
ASSETS		
Current Assets	3,410,265	3,682,800
Property/Building/Equipment	9,173,052	9,731,266
Other Assets	384,853	377,937
TOTAL ASSETS	12,783,516	13,792,003
LIABILITIES		
Current Liabilities	2,118,762	2,216,077
Long-Term Liabilities	4,927,579	6,642,301
TOTAL LIABILITIES	7,046,341	8,858,378
EQUITY		
Owner Equity	4,500,774	4,456,261
Fran Skinner Memorial Matching Fund	19,546	26,566
Retained Earnings	1,216,854	450,798
TOTAL EQUITY	5,737,175	4,933,625
TOTAL LIABILITIES & EQUITY	12,783,516	13,792,003



The awareness of uncertainty



Jamie Harvie
BOD President

I'll be upfront. This year has simply been a blur. It's been a year of zoom meetings, which have now all blended into one another and a year with limited in-person human interaction to mark and celebrate rites of passage like birthdays, holidays and anniversaries. Even physical markers of time were missed like growth spurts, crows feet and the little things that help give us a sense of forward movement and the cycles of life. It's stretched us, shifted us, and here we are, together.

This July we held our only in-person Board meeting which felt like a soothing dip in the lake. After the meeting adjourned, we stayed, simply wanting to be ... together. It is a lucky thing and I feel blessed to be part of a Board that values and admires one another and is committed to our Co-op. Despite the virtual nature of our work, I know the relationships we have fostered helped us accomplish the goals we set in Fall 2020.

This year, the Recruitment Committee and Owner Engagement Committee reviewed and strengthened our Board of Directors Code of Conduct, Code of Ethics and Conflict of Interest Policies. They are now consistent with best practices and able to address the breadth of backgrounds and experiences of future board candidates. And, while doing so, revised the language to reflect gender neutrality in these policies.

In addition, a majority of our Board members committed their time to improve their financial literacy by attending a four-week evening trainings on all things financial like balance sheets, income statements, profit and loss statements, which helped to deepen the bench of financial acumen and financial oversight for our cooperative.

This spring, we engaged in scenario planning to help us prepare and plan for the future. We explored various scenarios including the opening of the new Costco, climate-related supply chain

disruptions, food industry consolidation, an influx of climate refugees as well as deepened food insecurity and its associated impacts on the long-term health and viability of our Co-op.

This year, prior to our Board meetings, we tasked ourselves with learning and assigned ourselves readings. Each meeting we set aside time to discuss and explore trends, opportunities and challenges facing the grocery and broader economic sectors. Topics included structural racism in the food system, the challenges to traditional grocery from big box stores, shifts in consumer demand and online shopping, the false notion of food deserts, the importance of understanding food insecurity as a systemic economic issue, and the inspiring example of the Evergreen Cooperatives of Cleveland to help grow a local living economy.

Finally, we did our best to support the Board's one employee, our General Manager Sarah Hannigan, as she worked to successfully navigate our Co-op through a year that was unimaginable in every sense of the word. This, of course, does not diminish the contributions of an extraordinary staff under these same conditions, but rather, to acknowledge and support Sarah's vital contribution as part of the whole.

I'm pleased that we made it through the year relatively financially unscathed and that we met the budget we set one year ago. And, the financial picture is only a small snapshot of the whole. This year has been hard on all our staff. I appreciate all who have been able to show grace and appreciation for our staff and to hold the understanding that many challenges, such as supply chain disruptions, are beyond our control. I appreciate the incredible slate of board candidates that have stepped up to serve and continue our success and investment in the long-term health of our community. In many respects this year has been an unveiling, a reawaking to the awareness that daily we walk into uncertainty and the mystery of life. I feel appreciation and gratitude walking this walk with all of you. Thank you!

*In cooperation,
Jamie Harvie, Board 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