



Board Minutes

November 7, 2014

Farm Bureau Building - Sacramento, California

A meeting of the California Cling Peach Board was called to order by Chairman Sarb Johl at 10:11 am on Friday, November 7, 2014 in the California Farm Bureau's First Floor Conference Room in Sacramento, California. After self-introductions, roll was taken, showing a quorum was present with the following in attendance:

| Members | Promotion Staff | Guests |
|--------------------------|------------------------|-----------------------------------|
| Harinder Bains | Ken Berger, Canadian | Judith Cernota, Royal Food Import |
| Rajeev Davit | James Christie, BCI | Ajayab Dhaddey, CCPA |
| Joe Dickens | Kassie Fraser, BCI | Trudi Hughes, CLFP |
| Rich Hudgins, Ex-Officio | Ginny Hair, Echo | Kris King, PCP |
| Lance Jackson | Adrienne Hegarty, Echo | Brian Sowden, CCPA |
| Bob Jawanda | Michelle Paul, BCI | Ron Yoshimura, DMFI |
| Sarb Johl, Chairman | | |
| <i>*Jag Khera</i> | Board Staff | CDFA |
| Justin Micheli | JD Allen, Manager | Amy Uber, Economist |
| Chris Miller | John Gilstrap, Asst. | |
| Rick Zolezzi | | |

** Alternate acting in lieu of Member*

Minutes of Previous Meeting

The minutes of the meeting of May 21, 2014 were unanimously approved with a motion from Dickens, and a second from Zolezzi.

Nomination Meetings

Allen announced the schedule for nomination meetings to be held during the month of December, and distributed the schedule, (Exhibit "A", Attached). He noted the District 1 nomination meeting will be held in conjunction with the Sacramento Valley Cling Peach day in Yuba City and the District 2 & 3 nominations during the North San Joaquin Valley Cling Peach Day in Modesto. Johl said there would be a short Board update following nominations in Yuba City and Modesto, and encouraged all members to attend.

Crop Harvest Update

Hudgins said the 2014 harvest was down 11% from last year and represents the smallest peach crop in the last 50 years, due primarily to declining acreage. He also stated that following the 2014 harvest, another 7% of the acreage had been removed and the industry can expect another small crop in 2015.

California League of Food Processors (CLFP) Update

Trudi Hughes from the CLFP gave an update of several issues they have been following. She

said the recent elections had been a mixed bag for the industry, noting the democrat's loss of their supermajority, but capturing all eight statewide constitutional offices. She said there were two food labeling (GMO) laws opposed by CLFP that were defeated in the legislature, with CLFP arguing there is no scientific data supporting any unique hazards related to GMO crops or foods. Hughes also noted the passage of Proposition 1, the water bond, by two-thirds of the voters which among other things provides \$2.7 billion for much needed water storage in California. Additionally, back in September, Governor Brown signed three Senate Bills collectively known as the "Sustainable Groundwater Management Act of 2014", all three of which were opposed by CLFP. Hughes said this "Act" was written and passed within 3 weeks with no policy hearings and will give too much authority to State agencies to curb pumping, will have to create these sustainability agencies and will severely threaten existing water rights. The Office of Environmental Health Hazard Assessment's (OEHHA) proposal to enhance warning requirements in the "Safe Drinking Water and Toxic Enforcement Act" (Prop. 65) is in appeals with a decision expected sometime during the first quarter of 2015. Hughes said the League is also actively involved in opposing the CalRecycle regulations which would be costly and impractical for food processing operations.

Trade Policy Report

Pam Walther of McDermott Will & Emery spoke via telephone from her office in Washington DC regarding trade issues currently in front of Congress. Walther reported on continuing issues concerning the Trade Promotion Authority (TPA), the Trans-Pacific Partnership Agreement, US-EU Transatlantic Trade and Investment Partnership, Chinese subsidies, and the African Growth and Opportunity Act. For details of each of these items, please see Walther's attached report, (Exhibit "B").

Industry Issues Update

Hudgins gave an update on the NuVal situation, noting that pressure from this Board over the past several years have helped lead to the re-working of their scoring algorithm, giving canned fruits and vegetables scores that are more in line with reality, (Exhibit "C", attached). He then distributed a letter he sent to the FDA (Exhibit "D", attached) outlining CCPA's comments on the proposed revision of the Nutrition and Supplemental Facts Labels. In the letter, Hudgins urges FDA to follow the Institute of Medicine's recommendation that, "the FDA develop a single uniform FOP/shelf marker nutrition ranking system".

He then informed the Board about a new challenge; the Environmental Working Group's (EWG) creation of a scoring system based on factors such as pesticide residues, BPA, processing concerns and nutrition. He noted the EWG system uses a scale of 1 to 10 (1 being the best) and that our products have been ranked between 1 and 6, with Chinese product inexplicably being ranked higher than California product.

Hudgins next reported the USDA has selected several states to participate in a pilot program that would permit canned, frozen and dried fruits and vegetables to be offered under the USDA Fresh Fruit and Vegetable Snack Program, in addition to the already allowed fresh product offerings. He said the pilot program would be offered to school districts in Alaska, Delaware, Kansas and Maine beginning in January 2015 and when asked how the Board might be able to help out, stated we should urge processors to ramp up their sales efforts as each individual school district will be initiating the purchases. Additionally, he noted it might be wise to coordinate with Echo Communications to mention peach cups in the School Nutrition Association (SNA) article to be submitted this spring. Regarding the peach cups, he said the

USDA won't buy shelf stable peach cups because they don't contain 4.4 oz. as does frozen product, however, the shelf stable peach cups might qualify for the school snack program.

Crop Audit and Financial Report

Allen led the Board through a discussion of the 2014 crop audit and then of the current financial report, (Exhibit "F", attached), stating the audit of the processors had just been completed showing a final paid tonnage for 2014 of 312,861. The audit showed that the processors do a great job of making accurate payments with only some minor adjustments in the assessable tonnage. He said the 2014-15 budget was based on 320,000 tons, leaving the Board about \$16,500 short of the estimated assessment income for the year. He also noted there is still a long way to go on the other income items, as the foreign promotion reimbursements, other income (Pacific Northwest and California League of Food Processor contributions) and the balance of the Specialty Crop Block Grant are yet to be collected. It was noted that only \$40,000 remains in the domestic promotion budget for the year. On a motion from Zolezzi, with a second from Dickens, the financial report unanimously accepted.

Domestic Promotion

Core Program: Ginny Hair and Adrienne Martin gave a comprehensive report of their recent activities, a full copy of which is available from the Board office. Hair walked the Board through the report, noting some of the key elements, including the press releases and articles from the new "Peach Nutrition Newsroom", social media updates, press kit items including one of the infographics available on the Board's website (Exhibit "E", attached) and her interactions with industry partners such as Produce for Better Health, the Canned Food Alliance and the Can Manufacturer's Institute. Hair also reported that, based on discussions with Johl and Allen, she has been sending out the "E-Blast" updates to interested industry members on a monthly, rather than quarterly basis as of August.

Specialty Crop Block Grant (SCBG): Hair said the in-store pilot sampling program, the final piece of the Board's SCBG project, will take place in January/February to take advantage of healthy New Year's resolutions. The program will consist of 18 dates between 3 different SaveMart stores in San Francisco, Sacramento and Clovis, each with 6 sampling dates. She said SaveMart will be able to track results and give us data comparing "same time last year" sales. When asked, Hair said the timeframe has moved twice because of delays due to reorganization of key personnel at SaveMart.

Foreign Promotion

Michelle Paul from Bryant Christie, Inc. (BCI) distributed a report (*available upon request from the Board office*) and gave an overview of the Canadian and Mexican programs, noting 2013-14 MAP expenditures to date of \$476,411 of the total allocation of \$499,386 for the program year. She said the final claim and contribution report is due by December 31, 2014 and the program should expend very nearly the entire allocation for the year. She also stated the current 2014-15 allocation is \$500,559, and the allocation for 2015-16 has now been approved at \$500,182, just slightly less than the current year amount. Paul also said she had been discussing with Echo Communications, the possibility of merging the Board's Canadian website into the Board's domestic site, while keeping the character of each market intact.

Canadian Update: Paul introduced Ken Berger, the Board's in-country representative for Canada, who explained his recent activities with the Canadian trade. He said the results of his recent Canadian consumer research project showed that, much like the US consumer, Canadian

consumers prefer our product as a snack, rather than an ingredient to a recipe. This information has been very helpful in Berger's meetings with retail and procuring commitments for in-store promotions from Canadian brokers and distributors, and has led to some significant partnerships with ConAgra Foods (Del Monte) and Calkins and Burke (Wal-Mart and Overwaitea). Berger also explained his store audits and flyer ad tracking process, which is included in the above-mentioned report.

Mexico Update: Paul said the Mexican consumer utilizes our product in a very different way than the Canadian and US consumer, demanding mostly heavy syrup, and using the canned product in recipes, rather than as a snack. She also said that because of the smaller crop size this year, California product has fallen further back on the list of top exporters to Mexico, but that they continue to push our product through wholesale and retail promotions, and via social media outreach. She added the Board will be participating in the "Hecho de California" program through a multi-commodity Global Based Initiative grant.

Research Committee Report

Zolezzi informed the Board that the next meeting of the Research Committee would be held at 1:00 pm on Thursday, January 22, 2015 at UC Davis. He explained final reports for the current research projects are due on January 1st and would be reviewed by the Committee during that meeting. Allen distributed the mid-year reports, which are also available upon request from the Board office.

Executive Committee Report

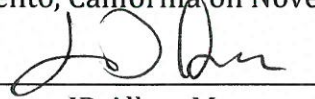
Davit said the Executive Committee had met earlier and reviewed the financial and audit reports as well as the domestic promotion budget. He said no formal action had been taken.

Next Meeting/Other Business

Johl announced the next Board meeting would be held in March with the exact time to be determined. Johl thanked everyone for their participation in the meeting and...

There being no further business, the meeting was adjourned to lunch at 12:21 p.m.

I, JD Allen, Manager of the California Cling Peach Board, do hereby certify that to the best of my knowledge, the foregoing is a true and correct copy of the minutes of the meeting of the California Cling Peach Board held in Sacramento, California on November 7, 2014.


JD Allen, Manager

SCHEDULE OF NOMINATION MEETINGS

Member Positions will be for 3 year terms
Alternate Positions for 1 year terms



DISTRICT 1 NOMINATION MEETING

Wednesday, December 17, 2014 – 10:15 am
 UCCE Sutter/Yuba Office
 142 Garden Hwy, Yuba City, California

DISTRICT 1: consists of those counties north of a line drawn along the southern boundaries of Marin, Sonoma, Napa, Solano, Sacramento, Amador and El Dorado Counties. District 1 is divided into four zones, (1,2,3 and 4).

- **Member Positions:** Nominations will be taken for the following member positions in District 1.
 Member Terms Expiring: Justin Micheli (zone 2), Bob Jawanda (zone 3), Rajeev Davit (zone 4)
- **Alternate Positions:** Nominations will be taken for two alternates and may be from anywhere within District 1.
 Alternate Terms Expiring: Anthony Laney and Jag Khera.

DISTRICT 2 & 3 NOMINATION MEETING

Tuesday, December 2, 2014 – 10:40 am
 Harvest Hall, Stanislaus County Ag Center
 Service & Crows Landing Roads, Modesto, California

DISTRICT 2: consists of Alameda, Contra Costa, Calaveras, and Alpine Counties and that portion of San Joaquin County north of the Mt. Diablo Base and Meridian. Zone 5 shall be coterminous with the District.

DISTRICT 3: consists of those counties or any portions of counties north of a line drawn along the southern boundaries of Monterey, San Benito, Merced, Madera, and Mono Counties, which are not included in Districts 1 or 2. District 3 is divided into three zones, (6,7 and 8).

- **Member Positions:** Nominations will be taken for the following member positions in District 3 (*the District 2 member position is not up for nomination this year*).
 Member Terms Expiring: Richard Lial (zone 6), Brian Noeller (zone 7), Chris Miller (zone 8)
- **Alternate Positions:** Nominations will be taken for two alternates and may be from anywhere within Districts 2 and 3.
 Alternate Terms Expiring: Lou Boer and Peter Martini.

DISTRICT 4 NOMINATION MEETING

Friday, December 5, 2014 – 9:00 am
 Cling Peach Board Office, Conference Room
 531-D North Alta Avenue, Dinuba, California

DISTRICT 4: consists of all counties in the State of California not included in District 1 through 3 which are those counties south of a line drawn along the northern boundaries of San Luis Obispo, Fresno and Inyo counties. Zone 9 is coterminous with this district.

- **Member Positions:** (*there are no member positions up for nominations this year*)
- **Alternate Positions:** Nominations will be taken for one alternate within District 4.
 Alternate Term Expiring: Bill Hammerstrom

November 7, 2014 California Cling Peach Board Meeting Trade Issues Update

With the U.S. mid-term elections on Tuesday ensuring a Republican-led Congress next year, 2015 may offer the best opportunity in recent years to get trade legislation and free trade agreements approved. Yesterday, both the President and the expected future leader of the Senate Mitch McConnell named trade as one of four areas they can work together on in 2015. Following is an overview of the trade issues of concern to the California cling peach industry that will be taken up next year. We are working with USTR and USDA on all of these issues since they all have commercial implications for the California cling peach industry.

1. Trade Promotion Authority (TPA)

TPA limits the ability of Congress to approve trade agreements (FTAs) by requiring that both houses of Congress vote up or down on a trade agreement, with no amendments. The President has been without TPA authority since 2007. TPA is considered essential for passing new U.S. FTA agreements, including the one with 11 Asia-Pacific countries (TPP) and the one with Europe (TTIP).

Timing: Lame-duck session: Republicans have not “given up” on moving TPA over the next few weeks, but not likely. First quarter of 2015, prior to closing the TPP agreement: Likely.

Industry Issues:

- The California cling peach industry wants TPA provisions that ensure special treatment for import-sensitive U.S. agriculture products, including canned peaches. Under those provisions U.S. tariffs on import-sensitive agriculture products could not be reduced in trade agreements without special consideration, consultation, and analysis by the US Government. Similar provisions were in the expired 2007 law.
- If a TPA bill moves during the lame-duck session, we are told that the import-sensitive agriculture provisions described above will be included. Those provisions were included in the bipartisan bill that was introduced in January 2014 by Senators Baucus and Hatch and House Ways and Means Chairman Camp.
- If TPA reauthorization is not taken up until after the new Congress takes office in January, there may be efforts to make changes to the Baucus-Hatch-Camp bill. That will require close monitoring to ensure that the import-sensitive agriculture provisions are included in any legislation that moves forward.

2. Trans-Pacific Partnership Agreement (Free Trade Agreement)

The TPP negotiations, when complete, will create a 12-country (the U.S., Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam) free trade area under which most tariffs and other barriers covering intra-member trade will be eliminated. Of the 11 countries the U.S. is negotiating with, Japan is of most concern to the Board because of its canned peach production and processing/repacking capabilities.

Timing: End of 2014 is possible, but not likely. First quarter of 2015, probable. The principal delay has been disagreement between the U.S. and Japan on agriculture and autos. USG negotiators, who returned this week from TPP talks, say they are making progress with Japan. Once there is a U.S.-Japan agreement, the other 10 countries will still need to finalize their market access packages with Japan, and all 12 TPP countries will need to come to agreement on a number of outstanding issues before a TPP agreement is closed.

Board Issues: The Board is seeking (i) strong canned fruit rules of origin, and (ii) maximum import-sensitive phase-out periods for its U.S. cling peach tariffs, especially with respect to Japan. We are staying in close contact with USTR and USDA negotiators on both issues.

- **Rules of Origin:** The US Government is strongly supporting canned fruit rules of origin that would require that the peaches used in canned peaches, canned fruit mixtures, and frozen peaches be grown in a TPP country for the finished product to be eligible for preferential TPP tariff treatment into the U.S. market. The proposed U.S. rules also include special rules for peaches in gelatin, and would not allow any de minimis amount of non-TPP peaches in the Board's canned fruit products.
- Several of the TPP countries are resisting the U.S. proposed rules, especially with respect to pears used in the canned fruit mixtures, and the de minimis exceptions.
- **U.S. Cling Peach Tariffs:** The tariff issue applies to the five TPP countries that do not already have FTAs with the U.S. (Japan, Malaysia, Vietnam, New Zealand, Brunei). The Board is seeking maximum phase-out periods for its U.S. canned peach, canned fruit mixture and frozen peach tariffs, especially for Japan. The Board's three U.S. tariffs (canned peaches, canned fruit mixtures, frozen peaches) have been placed in the U.S. government's import-sensitive category for Japan. The U.S. is expected to offer a phase-out period of more than 10 years.

3. U.S.-EU Transatlantic Trade and Investment Partnership (TTIP) (FTA)

The U.S. began negotiating a comprehensive FTA with the 28 EU member countries in July 2013. A final U.S.-EU FTA will eliminate all or almost all U.S. and EU tariffs, but is not likely to cover EU canned fruit subsidies. The 7th round of negotiations was in October. The 8th round is expected to be held in January 2015.

Timing: The goal is to complete the negotiations by the end of 2015, before the 2016 U.S. Presidential election cycle begins. There are geopolitical reasons to close an agreement. The comprehensive scope of the FTA agreement may need to be narrowed (*i.e.*, regulatory convergence) if that goal is to be met.

Board Issues:

- **U.S. Tariffs:** The Board's priority TTIP goal is to protect the industry's three U.S. tariffs from reduction to the maximum extent possible since U.S. imports of subsidized Greek and Spanish canned peaches continue to enter the U.S. market and displace U.S. industry sales. The U.S. has made one tariff offer, which placed all three cling peach tariffs in the U.S.

import-sensitive category. That category has not yet been defined in terms of phase-out years.

- **Strong rules of origin** are also important to prevent transshipments of non-EU canned peaches through EU countries to the U.S. market that would benefit from FTA tariff preferences.
- The Board is also concerned about the EU's interest in eliminating **U.S. Buy American** provisions that could weaken or eliminate the Buy American provisions under the USDA school lunch program.
- Little progress was made at the October 2014 negotiating round largely because the new EU Commission had not yet taken office. With the new EU Commission now in place, the EU is calling for a renewed TTIP effort in 2015. The Board will need to be ready to protect its interests when negotiations begin again in earnest in early 2015.

4. China

China continues to be the biggest threat to U.S. canned peach sales in the U.S. market and is the leading exporter of canned peaches to the U.S. market by a large margin. The Board's joint study with FAS on China's use of "bases" has been instrumental in documenting that China is heavily subsidizing its canned peach industry. Confirmation of China's large subsidies to its canned peach industry has been essential to supporting the California industry's continuing import-sensitive designation in U.S. trade initiatives and TPA legislation.

Board Issues

- So far, the Board has used the China study to support its efforts to get import-sensitive treatment in the TPP and TTIP FTA negotiations and will also use it for purposes of TPA and AGOA renewal (discussed below).
- USTR's trade enforcement center and legal office continue to consider ways to use the Study's findings in a larger, multi-sector initiative against Chinese subsidies. Given the U.S. Government's political sensitivities with China, if there is any movement on the USTR front, it will not occur until after the annual U.S.-China bilateral meeting in December.

5. African Growth and Opportunity Act (AGOA)

The AGOA law is expected to be renewed before September 30, 2015, when it is set to expire. The U.S. cling peach industry has special treatment under the current AGOA law because its U.S. canned peach, canned fruit mixture, and frozen peach tariffs are excluded from duty-free treatment. Duty-free access into the U.S. market is extended to South Africa and most other African countries for almost all other products. Key in the renewal process will be keeping the exemptions from duty-free treatment for the three U.S. cling peach tariffs.

Timing: There is a high probability that AGOA renewal legislation will be approved before September 30, 2015.

Board Issues:

- The Administration and Congress have begun assessing ways to improve the AGOA program including expanding the program's coverage to additional U.S. products that do not now have duty-free access into the U.S.
- The South African canned peach industry has already begun contacting US Government officials to urge duty-free access for South African canned peaches in AGOA renewal.
- Continued efforts with USTR and USDA will be necessary to ensure that efforts to expand AGOA duty-free coverage do not include the Board's three cling peach products.

Revised NuVal Scoring

August, 2014

| | <u>Serving Size</u> | <u>Original NuVal Score</u> | <u>Revised NuVal Score</u> |
|--|-------------------------|---------------------------------|--------------------------------|
| Fresh Peaches | 147 g | 90 | 90 |
| Libby Sliced Peaches in Splenda | 121 g | 29 | 85 |
| Dole 4 oz. Cup in Juice | 113 g | 23 | 74 |
| Dole Sliced Peaches in Juice | 122 g | 20 | 74 |
| Raley's 4 oz. Cup in Light Syrup | 113 g | 7 | 28 |
| Del Monte Sliced Peaches in Heavy Syrup | 127 g | 4 | 24 |
| Del Monte Sliced Peaches in Extra Light Syrup | 124 g | 14 | 37 |

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California Canning Peach Association

July 29, 2014


Ms. Leslie Kux
Assistant Commissioner for Policy
c/o Dockets Management Branch
Food and Drug Administration
5630 Fishers Lane, Room 1061
Rockville, MD 20852

**RE: Food Labeling: Revision of the
Nutrition and Supplemental Facts Panels
Docket No.: FDA-20120N-1210
RIN: 0910 – AF22**

Dear Ms. Kux:

On behalf of the nearly 500 grower members of the California Canning Peach Association who produce 80% of the nation's domestic canned/plastic cup packaged peach supply, we appreciate the opportunity to submit the following comments on the proposed Revision of the Nutrition and Supplemental Facts Labels.

While we fully support the Agency's efforts to ensure that consumers make healthy eating choices, we believe that a narrow focus on changes to the nutrition facts panel will not eliminate all the sources of confusion for consumers who are interested in making better dietary decisions. Simply put, consumers see the front of the food label before they can read the nutrition facts panel on the back of the package. We believe that the FDA should address the presence of misleading and confusing nutrition rating symbols on front of package labeling as part of this labeling update. In the absence of a uniform national standard for FOP/shelf marker nutrition rating, several private models of FOP labeling have emerged with differing messages for consumers. A prime example is the NuVal system which is based on a proprietary algorithm that is not available to the general public. In fact, in a 2011 report, the Institute of Medicine reviewed existing FOP nutrition rating systems and specifically criticized the NuVal system which scores foods on the basis of 1-100. (This system has awarded higher scores to frozen ice cream desserts, Cracker Jacks, and Diet Coke than it gives to many canned fruit items.) Following their own review, the USDA's Food Safety and Inspection Service has already prohibited the use of the NuVal system on meat and poultry products that fall under the Department's jurisdiction. At the very least, we would urge the FDA to take interim enforcement action against NuVal's misleading scores and proprietary algorithm.



Ms. Leslie Kux
July 29, 2014
Page 2

In a 2012 follow-up report, the Institute of Medicine (IOM) recommended that the FDA develop a single uniform FOP/shelf marker nutrition ranking system to assist consumers in making healthy eating choice. We firmly believe that the FDA should act on the IOM recommendation and immediately begin efforts to establish a single uniform FOP/shelf marker nutrition rating system through a transparent process with ample opportunity for the food industry to provide input. As former FDA Commissioner Dr. David Kessler has recently noted, a revised Nutrition Facts panel combined with a streamlined, comprehensive ingredient list, and trustworthy front-of-package labeling can have a powerful impact on consumer behavior. We urge the FDA to move forward in a comprehensive manner to provide consumers with the best information available regarding healthy food choices in an easily understood format.

Thank you for the opportunity to provide these comments. We stand ready to work with the FDA in achieving these goals.

Sincerely yours,

A handwritten signature in dark ink, appearing to read 'Rich Hudgins', with a long horizontal line extending to the right.

Rich Hudgins
President & CEO

dle



The 411 on Canned Peach Nutrition

The science is in: researchers at Oregon State University and the Linus Pauling Institute have discovered that canned peaches pack a nutritional punch! Picked and packed at the peak of freshness, canned peaches offer year-round nutrition.

Reality Check

Only **33%** of Americans are meeting the recommendation for fruit consumption
(Source: CDC)

Only **42%** of Americans realize that the nutrients in canned fruit count towards meeting the U.S. Department of Agriculture guidelines (Source: Canned Food Alliance)

52% of all FRESH produce grown every year is wasted
(Source: Rodale News)

Nutrition Check: Canned Peaches vs. Fresh Peaches

Canned Peaches are...



4x's higher in Vitamin C

10x's higher in Folate

1.5x's higher in Antioxidants

Comparable in Vitamin E

(Source: Oregon State University)

Bonus!



Grown locally in the USA



Picked Fresh, Packed Fresh

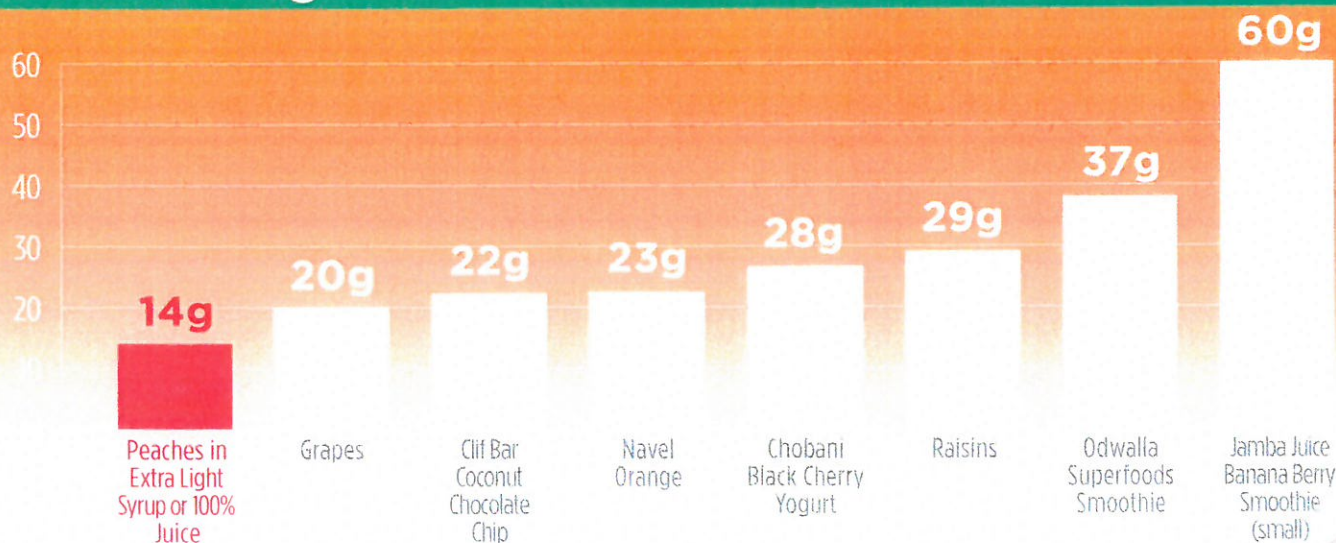


Recipe Ready



Reduced Waste + Recyclable Container

Let's Talk Sugar



California Cling Peaches



@CalClingPeach

www.calclingpeach.com

CLING PEACH BOARD

FISCAL YEAR ENDING 5/31/15

October 31, 2014

| INCOME | CARRYOVER | 647,550 | |
|---------------------------------------|------------------|----------------|----------------|
| | BUDGET | YTD | BALANCE |
| 90-110 Current | 736,000 | 718,862 | 17,138 |
| 90-120 Interest Income | 3,200 | 1,102 | 2,098 |
| 90-132 Foreign Promotion Reimbursemer | 500,000 | - | 500,000 |
| 90-140 Other Income | 42,400 | - | 42,400 |
| TOTAL INCOME | 1,281,600 | 719,964 | 561,636 |

EXPENSES

ADMINISTRATION

| | | | |
|----------------------------|----------------|---------------|----------------|
| 90-305 Management Services | 88,200 | 29,400 | 58,800 |
| 90-315 Audits | 6,250 | - | 6,250 |
| 90-320 Office Supplies | 2,500 | 378 | 2,122 |
| 90-330 Telephone | 1,200 | 432 | 768 |
| 90-335 Postage | 2,000 | 81 | 1,919 |
| 90-355 Travel & Mileage | 15,000 | 642 | 14,358 |
| 90-360 Meetings | 4,500 | 96 | 4,404 |
| 90-370 Insurance | 1,600 | 153 | 1,447 |
| 90-390 Miscellaneous | 500 | - | 500 |
| 90-710 Marketing Branch | 28,000 | 7,116 | 20,884 |
| | 149,750 | 38,298 | 111,452 |

PROMOTION

| | | | |
|---------------------------|----------------|----------------|----------------|
| 90-407 Domestic Promotion | 307,500 | 267,182 | 40,319 |
| 90-490 Foreign Promotion | 650,000 | 55,544 | 594,456 |
| | 957,500 | 322,725 | 634,775 |

RESEARCH

| | | | |
|------------------------------------|----------------|---------------|----------------|
| 90-503 Processor Audits | 5,000 | - | 5,000 |
| 90-513 Production Research Reserve | 100,000 | - | 100,000 |
| 90-550 Production Research | 137,329 | 29,095 | 108,235 |
| | 242,329 | 29,095 | 213,235 |

GOVERNMENT/TRADE RELATIONS

| | | | |
|-------------------------|----------------|---------------|----------------|
| 90-317 Consultants | 196,500 | 92,567 | 103,933 |
| 90-355 Travel & Mileage | 6,000 | 2,269 | 3,731 |
| | 202,500 | 94,836 | 107,664 |

| | | | |
|-----------------------|------------------|----------------|------------------|
| TOTAL EXPENSES | 1,552,079 | 484,954 | 1,067,125 |
|-----------------------|------------------|----------------|------------------|

| | | |
|--------------|----|----------------|
| NET INCOME | \$ | 235,010 |
| CASH BALANCE | \$ | <u>882,559</u> |

CLING PEACH BOARD
FISCAL YEAR ENDING 5/31/14

October 31, 2014

| INCOME | CARRYOVER | 741,714 | |
|---------------------------------------|------------------|------------------|----------------|
| | BUDGET | YTD | BALANCE |
| 90-110 Current | 1,015,000 | 1,005,272 | 9,728 |
| 90-120 Interest Income | 5,000 | 4,733 | 267 |
| 90-132 Foreign Promotion Reimbursemer | 499,386 | 382,836 | 116,550 |
| 90-140 Other Income | 55,000 | 44,502 | 10,498 |
| 90-165 Specialty Crop Block Grant | 112,827 | 82,068 | 30,759 |
| TOTAL INCOME | 1,687,213 | 1,519,410 | 167,803 |

EXPENSES

ADMINISTRATION

| | | | |
|----------------------------|----------------|----------------|----------------|
| 90-305 Management Services | 92,400 | 92,400 | - |
| 90-315 Audits | 6,000 | 7,439 | (1,439) |
| 90-320 Office Supplies | 2,500 | 3,850 | (1,350) |
| 90-330 Telephone | 1,200 | 1,119 | 81 |
| 90-335 Postage | 2,000 | 1,957 | 43 |
| 90-355 Travel & Mileage | 15,000 | 13,703 | 1,297 |
| 90-360 Meetings | 5,000 | 7,678 | (2,678) |
| 90-370 Insurance | 1,600 | 1,015 | 585 |
| 90-390 Miscellaneous | 500 | 168 | 332 |
| 90-710 Marketing Branch | 28,000 | 27,714 | 286 |
| | 154,200 | 157,042 | (2,842) |

PROMOTION

| | | | |
|-----------------------------------|------------------|------------------|---------------|
| 90-407 Domestic Promotion | 435,000 | 434,637 | 363 |
| 90-408 Specialty Crop Block Grant | 112,827 | 81,262 | 31,565 |
| 90-490 Foreign Promotion | 624,233 | 577,135 | 47,098 |
| | 1,172,060 | 1,093,033 | 79,027 |

RESEARCH

| | | | |
|------------------------------------|----------------|----------------|----------------|
| 90-503 Processor Audits | 5,000 | 4,790 | 210 |
| 90-513 Production Research Reserve | 100,000 | - | 100,000 |
| 90-515 CA Specialty Crops Council | 1,000 | 1,000 | - |
| 90-550 Production Research | 150,411 | 150,357 | 54 |
| | 256,411 | 156,147 | 100,264 |

GOVERNMENT/TRADE RELATIONS

| | | | |
|-------------------------------|----------------|----------------|---------------|
| 90-317 Consultants | 195,000 | 195,000 | - |
| 90-355 Travel & Mileage | 15,000 | 7,315 | 7,685 |
| 90-444 World Peach Conference | 10,000 | 5,037 | 4,963 |
| | 220,000 | 207,352 | 12,648 |

| | | | |
|-----------------------|------------------|------------------|----------------|
| TOTAL EXPENSES | 1,802,671 | 1,613,575 | 189,096 |
|-----------------------|------------------|------------------|----------------|

NET INCOME **\$ (94,165)**

CASH BALANCE **\$ 647,550**