

California Raisin Marketing Board

2012/2013 ANNUAL REPORT

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This 2012/2013 Annual Report is produced by the staff of the California Raisin Marketing Board (CRMB). Staff members contributing to this report are: Gary Schulz, President; Larry Blagg, Senior Vice President of Marketing; Erika Paggett and Melinda McAllister, Marketing Specialists.

This annual report is distributed by mail to the 3,000 California raisin growers. Additional copies may be requested by contacting the CRMB, 2445 Capitol Street, Suite 200, Fresno, CA 93721. Contact us by phone (559) 248-0287 or info@raisins.org.

Every effort has been made to insure the accuracy of information contained in this publication. The California Raisin Marketing Board and its staff assume no responsibility for any errors, omissions or incorrect information appearing within.

San Joaquin Valley Grape Symposium
Wednesday January 8, 2014 - C.P.D.E.S. Hall
172 W. Jefferson Avenue - Easton, California

7:00 am	Registration
7:45 am	Morning Welcome
8:00-8:30 am	Research Update: Roots for Raisin Production <i>Sonet Van Zyl, California State University, Fresno</i>
8:30-9:15 am	Research Update: Canopy Management in Dry-on-Vine (DOV) Raisin Vineyards <i>Matthew Fidelibus, UC Davis & UC Kearney Ag Center, Parlier, CA</i>
9:15-9:45 am	Raisin Moth Biology, Damage and Management <i>Kent Daane, UC Berkeley & UC Kearney Ag Center, Parlier, CA</i>
9:45-10:15 am	BREAK
10:15-10:45 am	Research Update: Raisin Grape Breeding Program <i>Craig Ledbetter, USDA-ARS, Parlier</i>
10:45-11:15 am	Economics of Producing Raisins <i>Annette Levi, California State University, Fresno</i>
11:15 – 12:00 pm	Research Update: Grapevine Trunk Diseases and Grower Survey <i>Kendra Baumgartner</i>
12:00 pm	Lunch

Continuing education PCA and CCA hours have been requested.

Statement from the Chairman

Greetings:

What a difference a year makes for the California Raisin Marketing Board. The gains made by our industry in the world of health and nutrition research for the 2012/2013 marketing year have been absolutely phenomenal, as results of our most recently completed studies have been viewed by more than 970.0 million consumers, health & nutrition professionals and influencers of public opinion.

What has driven this threefold growth versus last year is the broadening acceptance of our earlier reported LMARC study, as well as the Satiety Study with Children and our Sports Nutrition Study for Distance Runners. Additionally, publicity was received this year with an equally strong Mom's Energy Study, a Dental Caries Study at Eastern Illinois University and a special supplement publication entitled Health Benefits of Raisins by the Institute of Food Technologists' Journal of Food Science.

Contained within the Health Benefits of Raisins is a summary of five of our most powerful research results. These are automatically distributed to all IFT members, who are the leading food researchers and product development managers for all food makers in North America. Additionally our contracted Registered Dietitians and our Food Blogger Ambassadors have made our research results known to all their readers and followers across America.

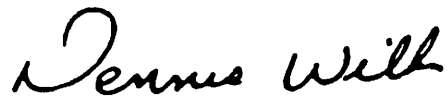
In my last year as CRMB Chairman, I was confident that I was leaving the CRMB in a solid position with another year of increased grower income, strong advertising and PR programs, increasingly important Health & Nutrition research findings, the launch of a new raisin cultivar and a solid staff along with the support of industry members on our subcommittees and committees to carry out the foreseeable duties was reassuring. The future of the CRMB looked secure.

Unfortunately, a negative ruling by the judge in the Sacramento County lawsuit on June 24, 2013 has thrown the industry in turmoil. Judge Cadei of the Superior Court ruled that the California Raisin Marketing Board formed in 1998 was "invalid as a matter of law because the finding that the Order would tend to effectuate the declared purposes and policies the California Agricultural Marketing Act of 1937 was not supported by substantial evidence." In other words the Court found that the raisin industry was not in dire economic straits at the time the new CRMB was created.

The CDFA has petitioned the Court and gained a “stay” to appeal this decision, and the Board has now reallocated its cash reserves to cover the costs to appeal the judge’s decision. This resulted in a curtailing of several 4th quarter CRMB events and a decision not to go forward with our typical \$20.00 per ton assessment for the 2013 crop year. Such action puts the CRMB in a “preserve cash” mode and eliminates nearly all of the upcoming year’s marketing plans. The Board felt that it must continue both the Health & Nutrition Research and the crop research for the 2013/2014 fiscal year, also preserving our relationship with the members of the Scientific Nutrition Research Panel.

Indeed, I have come to the end of my tenure as Chairman of the CRMB and recent events have turned what should have been a stewardship filled with promise and terrific accomplishments into one that leaves an uncertain future for the organization.

Be advised that I will continue to serve on the California Raisin Marketing Board and I will work to bring back the CRMB to its position as a leader and innovator in the marketing of the best selling all natural, sun-dried fruit in the world.

A handwritten signature in black ink that reads "Dennis Wilt". The signature is written in a cursive, flowing style.

Dennis Wilt

Background

State of California – Department of Food and Agriculture Marketing Order for California Raisins

The Board's mission is to create a positive marketing environment within which the industry can collectively expand the worldwide demand for California Raisins. This is facilitated by:

- Identifying new markets, product and program opportunities through market research
- Conducting market development activities to improve the demand for all categories of raisin usage, including ingredient usage and for retail package, both branded and private label
- Coordinating an international marketing program with the Raisin Administrative Committee that may consist of both generic and branded activities including advertising, sales promotion and public relations
- Conducting production and processing research to improve the quality and functionality of the industry's products
- Representing the interest of all segments of the California Raisin industry by building positive relationships with the food trade, consumers and government agencies
- Evaluating the effectiveness of Board programs through advertising tracking studies, econometric modeling or other types of research

Marketing Order Requirements/Purpose of Annual Report

Pursuant to Article IV, section F of the Marketing Order, this report contains a review of all advertising and promotion plans implemented during 2012/2013 marketing season. This report includes the following information:

- A summary of all efforts implemented to measure the degree to which the stated objectives have been achieved
- An overview of all activities undertaken during August 1, 2012 to July 31, 2013
- An analysis of actions that can be taken to improve future performance
- Activities initiated in response to previous years' recommendations and an analysis of the extent to which these activities have produced the desired results
- 2012/2013 research projects
- 2012/2013 tradeshow and events
- 2013/2014 activities

Summary of All Marketing Objectives

Pursuant to Article 1V, section F of the Marketing Order for California Raisins, a summary of all efforts implemented to measure the degree to which the stated objectives have been achieved:

Objective 1: Stimulate marketplace demand for raisins.

Response: Several platforms were used to stimulate demand for California Raisins including:

- Trade media – food manufacturing, bakery, confectionery and ingredient organizations
- Consumer media in all forms – TV, online & social media
- Foodservice (institutional, commercial and non-commercial)
- School Foodservice (school lunch, commissary)
- Health & Nutrition - R&D, dietitians, influencers
- Baking – artisan, commercial bakers and pastry chefs
- New Product Development – Research chefs, R&D types

All aspects of pushing demand for California Raisins were folded into each one of the above mentioned platforms over the marketing year 2012/2013.

Objective 2: Develop reportable data regarding health and nutrition properties of raisins that can be used to promote raisin demand.

Response: Dr. James Painter, CRMB's Scientific Nutrition Research Director, along with the Scientific Nutrition Research Panel worked on reportable data. A total of two research projects were submitted for peer review and publication in 2012/2013. In addition, Health Benefits of Raisins published by the Journal of Food Science showcased five peer-reviewed raisin research projects.

CRMB contracted for two additional projects, one that will measure weight loss while consuming raisins and another that will measure the effects of raisins on Type 2 diabetics with the goal to reduce blood pressure and post meal blood sugar.

Objective 3: Undertake crop research projects that improve efficiencies, boost quality and/or deliver other attributes that enhance raisin appeal.

Response: A total of four crop research projects were funded by CRMB in 2012/2013. All of these projects have improved pest protection, earlier maturity and production efficiencies, and improved taste and quality of California Raisins.

Objective 4: Assure producer and industry stakeholders understand the value of CRMB activities.

Response: The 2012 CRMB Raisin Review served as our growers' newsletter informing our stakeholders of timely marketing activities. Also, the President's Weekly Update distributed via e-mail provided updates and topics of interest to growers and industry members. Lastly, the CRMB has included Board Members in key industry events, which serves two purposes: allows Board members to see how staff interacts with the members of the trade and also helps growers interact with members of the trade who may not know how raisins are grown and processed.

Objective 5: Safeguard the stakeholder assets and intellectual property of CRMB.

Response: The approval of the California Department of Food and Agriculture on the proper registration of CRMB intellectual property has been implemented to protect CRMB's most valuable assets. Trademark protection is well established and routinely reviewed. Licensing procedures for trademarks have been established and are in effect.

Objective 6: Assure CRMB is appropriately staffed, structured, and supported.

Response: The CRMB remained fully staffed the fiscal 2012/2013 year. The CRMB was supported by two agencies - Mering Carson and FleishmanHillard; as well as Mattson. Culinary support was provided by Knead-2-Know, Dr. Klaus Tenbergen.

Activities

Activities were performed to support the CRMB mission to educate consumers, food industry executives, and health & nutrition professionals regarding newly completed research:

There was a significant shift in the consumer advertising for 2012/2013, as we expanded the usage of the two new 'Solar Powered Goodness' commercials entitled 'Peleton' in which a young girl in pigtails zooms past professional bike riders sounding the "ching-ching" of her bike bell as the announcer states, "With California Raisins Solar Powered Energy your kids can achieve anything." With 'Soap Box,' two small boys get pulled over by a motorcycle cop for speeding and the announcer repeats the message stated in 'Peleton.' A total of 900 spot ads aired on four top cable networks: The Food Channel®, Entertainment Channel, ABC Family Channel, and the TBS Network.

Additionally, the CRMB filmed the same young girl and her Mom playing in the park as part of a Public Service Announcement (PSA) where both the Mom and a Registered Dietitian and Chef, Michelle Dudash, explained the health benefits of eating California Raisins. Such PSA's are aired at no charge on PBS and Commercial Channels as time permits and this PSA ran 8,564 times on 136 total channels across the U.S.

Online

Instead of print advertising, the CRMB focused its print message via online advertising with Banner Ads, Google Search and placement of California Raisin recipes on such sites as Pinterest, Facebook and the Relish Magazine site.

Public Relations

The CRMB worked with FleishmanHillard (FH), where the objective was to get people talking about and reading about California Raisins in newspapers, magazines, online and on food and nutrition blogs. In 2012/2013, the CRMB & FH hosted our first ever Food Bloggers Tour in partnership with Relish Magazine. Nine of the leading Food and Nutrition Bloggers in the U.S. visited Fresno, toured vineyards, visited processors, and had a raisin packed dinner at the home of Chairman Wilt. Jill Melton, M.S., R.D. and Relish Editor also joined and spent several hours helping the bloggers learn how to cook with raisins and then let their readers know about the nutrition benefits of raisins.

Trade Print

Print advertising focused on ads running in trade magazines such as Baking & Snack, Snack Food & Wholesale Baking, Milling & Baking News, Food Business News and FoodService Director. Health and Nutrition messages were delivered electronically via RD411 and Smartbrief (industry e-mail newsletter for health care professionals and concerned consumers).

Foodservice

Dr. Painter delivered obesity and overeating messages to such commercial foodservice companies as Compass Group USA, Aramark and Sodexo. Non-commercial College and University foodservice operators such as the University of Miami in Ohio and University of North Texas were visited and shown how to make new salads, entrées and desserts with California Raisins.

Scholarships were awarded to the American Institute of Baking and at The French Pastry School of Kennedy-King College in Chicago to encourage a steady stream of new items from students who will become the next generation of commercial bakers and pastry chefs.

School Foodservice

The CRMB attended the National School Nutrition Association's Annual Nutrition Convention to share the message about how California Raisins help the schools meet their fruit and vegetable requirements in their meal programs.

Health & Nutrition

As the head of the CRMB's Scientific Nutrition Research Panel, Dr. Jim Painter works with our panel members in reviewing research proposals for the future and also is our lead presenter of completed research findings to medical and health care professionals at such events as the Academy of Nutrition and Dietetics' Food and Nutrition Conference & Expo and at a variety of state and regional conferences including IFT. In 2012/2013, Dr. Painter's speeches reached out to new science categories such as diabetic conventions, as well as health care providers such as Kaiser Permanente. As mentioned on page 4, the results of five separate and completed CRMB research studies were published in a stand-alone supplement entitled Health Benefits of Raisins in the Journal of Food Science published by the Institute of Food Technologists.

Baking

The baking category continued to be a significant part of the overall marketing plan as the grain-based foods industry remains the largest single commercial user of California Raisins. The Fifth Annual America's Best Raisin Bread contest drew 103 applicants and the 36 finalists were narrowed down to the 12 winners after preparing and showing their winning products to our judges at AIB International in Manhattan, Kansas on October 12-13, 2012. The CRMB hosted all 12 winners for an industry tour of the California raisin growing area, processor visits, and classes on California cuisine and trends in baking during the first week of March, 2013.

New Product Development

The CRMB participated in activities such as the Food Technology Innovation Forum and the Restaurant Leadership Conference. Dr. Painter was invited to be a keynote speaker at both of these events as manufacturers and restaurateurs seek to provide healthier ingredients and finished food products.

Analysis of Activities

Pursuant to Article IV, Section F of the Marketing Order, this Annual Report includes:

An analysis of activities that can be taken to improve future performance

Response: Expansion of the raisin health & nutrition story through the efforts of Dr. Painter and the Scientific Nutrition Research Panel was a major objective in the year. With Board approval, the CRMB entered into agreements to initiate a new weight loss study with Miami Research and to extend the original LMARC I study that provided evidence that daily raisin consumption affected a lowering of blood pressure and post meal blood sugar among pre-hypertensive males. LMARC II was undertaken to see if daily raisin consumption would have similar effects on those with Type 2 Diabetes.

Activities initiated in response to previous years' recommendations and an analysis of the extent to which these activities have produced the desired results.

Response: The results of the LMARC I study and the subsequent publicity received were remarkable. The study results made it very easy to have Dr. Painter and a number of our registered dietitians be invited as keynote speakers to a variety of annual meetings by state dietitian and diabetic educators. Additionally, Dr. Painter began speaking to associations of food scientists, product developers and to professional health care providers.

The newly initiated Miami Research weight loss study and LMARC II in the 2012/2013 marketing year have been fielded and are currently underway. We will keep our shareholders (growers) apprised of the results when received toward the end of this year.

Research

Crop Production Research

Breeding, Germplasm and Evaluation:

Peter Cousins, Breeding Rootstocks Resistant to Aggressive Root-Knot Nematode.

Objective: To breed, evaluate, and introduce rootstocks that are resistant to aggressive root-knot nematodes, resulting in improved varieties adapted to California viticulture.

David Ramming, Development of Improved Raisin Grapes for Mechanical Harvest Including Types Resistant to Powdery Mildew.

Objective: To develop and evaluate new natural dry-on-the-vine (DOV) raisin grape cultivars for mechanical harvest without cutting canes, develop new raisin cultivars resistant to powdery mildew and develop new raisin cultivars with high anthocyanins, phenolics and antioxidants.

Cultural:

Matthew Fidelibus, Node Position, Shoot Emergence, and Yield Components of Cane-Pruned Raisin Grapes.

Objective: Develop cane length, bud fruitfulness, and productivity data to help guide pruning decisions for dry-on-vine raisin grape cultivars on overhead arbor and open gable trellises.

Pest Management:

Stephen Vasquez and Sonet Van Zyl, Evaluation of Nematode Resistant Rootstocks for Use with Early Ripening Raisin Varieties Grown for Dried on the Vine Raisin Production.

Objectives: To measure plant growth and yield parameters of 'Selma Pete' raisin grapes on nine rootstocks with nematode resistance and compare them to grapevines grafted to Freedom rootstock using the open gable DOV trellis and to measure plant growth and yield parameters of a three-year old open gable 'Selma Pete' raisin grape vineyard planted to five nematode (root-knot and dagger) resistant rootstocks and compare them to grapevines grafted to Freedom rootstock.

Health and Nutrition Research

Weight Loss:

Miami Research Associates, A Clinical Trial to Evaluate the Effects of Raisins in Promoting Weight Loss in Overweight and Mildly Obese Healthy Adults.

Antioxidant & Disease Prevention:

Dr. Harold Bays, Raisin Effects on Glycemia and Cardiovascular Risk Factors of Subjects with Type 2 Diabetes: A Randomized Controlled Trial.

Tradeshows and Events

The CRMB staff attended and/or exhibited at these 2012/2013 events:

Industrial and Foodservice Tradeshows

- Chef Assist: Miami University, Kansas University, Oregon State University, University of Connecticut and University of North Texas
- Society for Foodservice Management
- Next Level Summit
- The Flavor Experience
- The Fresno Food Expo
- Menu Directions 2013
- Food Technology & Innovation Forum 2013
- Worlds of Flavor - Culinary Institute of America
- Healthy Kitchens, Healthy Lives - Culinary Institute of America
- Restaurant Leadership Conference

Consumer Tradeshows and Events

- BlogHer Conference
- The Big Fresno Fair
- Fresno County Farm & Nutrition Day
- Central Valley Grape & Raisin Expo
- Blissdom Social Media Conference

Baking Tradeshow

- All Things Baking 2012
- America's Best Raisin Bread Contest
- American Pie Council Crisco® National Pie Championships
- International Dairy-Deli Bake Show and Exposition

Health and Nutrition Tradeshow

- Annual Diabetes Practice Group
- Academy of Nutrition and Dietetics Food and Nutrition Conference & Expo
- Wisconsin's American Family Insurance
- Florida Dietetic Association's Annual Symposium
- FLIK Corporate Dining Services
- Solutions 3 Wellnology
- Blue Cross-Blue Shield
- Take Care of Your Diabetes
- Massachusetts' Dietetic Association
- Missouri, Iowa, Nebraska, and Kansas Nutrition Conference
- Association of Health Care Food Providers
- Texas Academy of Nutrition and Dietetics Exhibition
- The Donna Goll Allen 2013 Diabetes Symposium

School Foodservice Tradeshow

- School Nutrition Association's Annual National Conference
- Home Baking Association Annual Board Meeting
- Home Baking Association 4-H National Congress Baking Workshops

Scientific Nutrition Research Panel

One of the key missions of the CRMB is to conduct Health & Nutrition Research, the result of which is to be used to promote our products to health professionals and consumers. For example in fiscal year 2011/2012, California Raisins conducted a study with the Louisville Metabolic and Atherosclerosis Research Center (LMARC) on men with pre-hypertension. Those tested were asked to eat three (3)-1 oz. packs of raisins per day for 12 weeks. The test findings showed that those tested saw a significant drop in their blood pressure and in the post meal blood sugar. This information was conveyed to health professionals and to consumers around the world both by our panel members and via our PR agency, and subsequently was published in over a 100 newspapers, magazines and professional journals around the world. Results were also broadcast on dozens of TV shows through our contracted Registered Dietitians and a group of Food Blogger Ambassadors. Profiles of the scientists who help drive our Health & Nutrition Research are listed below:

James E. Painter, RD., PhD. is the Scientific Nutrition Research Director for the CRMB and works to coordinate all of our health and nutrition research. He is also our primary spokesperson, having appeared as a keynote speaker and panel member at nineteen different major health and nutrition events, such as the Academy of Nutrition and Dietetics Food and Nutrition Conference and Expo, and the Wellness Program for the Food Technology & Innovation Forum. He has also appeared on television and radio programs across the U.S., promoting increased usage of California Raisins as part of the new MyPlate program endorsed by Produce for Better Health (PBH). PBH fosters an environment where people can include fruits and vegetables at every eating occasion and touts the benefits of all natural, no-sugar added, sun-dried California Raisins.

Rui Hai Liu, M.D., PhD. is one of the key food scientists in the world, from Cornell University, and is exploring the value of phyto-nutrients in foods that are just now becoming known for their importance. In addition to being a panel member, Dr. Liu is currently working on a study entitled Phytochemical Profiles of Raisins: Isolation, Structure Elucidation and Their Bioactivities.

Just completed, this study so far has identified 22 phyto-nutrients in raisins, not previously known, and which may be unique to our product. Dr. Liu has found one compound, quercetin 3, which may help to cure breast cancer in women. Dr. Liu also assists the USDA as a consultant on such issues as defining and recommending guidelines for added sugar in fruit.

Dr. James Anderson, M.D., recently retired from the University of Kentucky, is likely the most distinguished expert in the U.S. on issues related to obesity, diabetes, and cardiac disease. Dr. Anderson has published more than 300 papers based on his research and is now preparing his second book related to healthy diets. He assisted the CRMB study by being the medical monitor on the original Antioxidant and Disease Prevention study conducted by Dr. Harold Bays of LMARC Research Company. He currently is the medical monitor for the LMARC II study underway among those with Type 2 Diabetes. It is hoped that this study will show that daily consumption of raisins will show a lowering of blood pressure and post-meal blood sugar as it did among pre-hypertensive males in the first study.

Rita Grandgenett, M.S., R.D. of Battle Creek, Michigan, has worked in the area of nutrition science for the Kellogg Company for more than 10 years and is an expert on the Women, Infants and Children Programs (WIC) administered by the USDA. Rita has been helpful to the CRMB for getting raisins reinstated in the California WIC program, which could lead to more states authorizing the use of raisins. She has also provided guidance to eliminating the myth that raisins were a choking hazard to small children and gave guidance to Dr. Painter's graduate students who have convinced several major institutions to retract their hazard warnings on raisins, including the New York Department of Health and the Mayo Clinic.

Dr. Stacey Bell, D.Sc., R.D., formerly of Harvard University, has helped the CRMB by identifying top quality researchers in the area of sports nutrition and dental caries. She was a strong proponent of rescinding raisins as a choking hazard and in getting pediatric dentists to promote consumption of raisins as beneficial to teeth. Dr. Bell has also reviewed many of our past research projects and has gotten them published in scientific journals which gives the CRMB more credibility for studies not previously published. Dr. Bell appeared at a symposium on healthy eating co-sponsored by the Harvard Medical Center and the Culinary Institute of America. She presented the results of the LMARC I study described earlier to medical doctors who attended the event to learn how to better care for their patients' nutrition needs. She also assisted in the creation of the Miami Research Weight Loss Study now underway.

Arianna Carughi, Ph.D., C.N.S., employed by Sun-Maid Growers, is as a contributing member to the Scientific Nutrition Research Panel. The CRMB is fortunate to have her input. She has completed a compendium of all research on raisins around the world and the panel has used that information to help give us direction and focus.

We are fortunate to have such an amazing group of scientists working on the CRMB's behalf to promote California Raisins to other scientists, to state and federal government officials and policy makers, and to educators.

Agency Backgrounds

FleishmanHillard, Inc.

The FleishmanHillard Public Relations team was led by senior strategist, Dan Barber, and program director, Shelly Kessen, with support from a team of digital, social, event-planning and media-relations experts including Brooke Burgess, David Burk, Sarah Hamblen and Sallie Poggi. Examples of the CRMB/FleishmanHillard collaboration include:

- Recruited and trained a network of registered dietitians to help tell the California Raisins' health and nutrition story to consumers and nutrition influencers and worked with the CRMB's Scientific Nutrition Research Director to spread the nutrition message through media-relations activities
- Developed multi-media assets and press releases to announce new nutrition research findings that highlight the positive health and nutrition benefits of California Raisins
- Supported the CRMB staff at the Academy of Nutrition and Dietetics Food and Nutrition Conference & Expo and the California Raisins-sponsored breakfast and booth
- Provided media and online influencers creative and delicious California Raisins' recipes and supported www.LoveYourRaisins.com and the California Raisins' Facebook page

Mering Carson

Mering Carson personnel worked on the California Raisins brand helping to provide great creative and client service. John Keys, General Manager, an Account Supervisor for California Raisins, has been with MeringCarson for 10 years. Wade Bare, Brand Manager, helped manage and steward the California Raisins brand. Cori Boone, Account Planner headed up the research for California Raisins. Media Planners, Lori Richards and Casey Soulies, provided media planning and buying support. And in the Creative Department, key personnel included Dave Mering – CEO/Creative Director, Greg Carson, Creative Director, Colm Conn, Art Director, and Scott Conway, Senior Copywriter.

Mattson

Mattson is the largest independent developer of new products for the food and beverage industry and has been growing steadily since its early days in the San Francisco Bay Area. From conceptualizing new business opportunities to formulating and scaling up new products, Mattson collaborated in ways with CRMB to create successful new products. This included helping CRMB identify new product concepts for current and potential new California Raisin customers. Mattson then created edible "protocepts" showcasing how California Raisins are an ingredient that is a perfect fit for their business. By providing customers with commercially-formulated and processed edible samples, Mattson helped move CRMB from a supplier to a valued development partner. Key personnel included Barb Stuckey, Executive Vice President, Marketing and Carol Borba, Vice President, Innovation.

Knead-2-Know

Dr. Klaus Tenbergen, CMB, CEPC, ASBPB, MCFE, emigrated from Germany and began his career as an educator in Chicago as the department chair of the Baking and Pastry degree program at Kendal College from 1998 to 2006.

Awarded Bäckermeister and Master Baker while living abroad, Tenbergen added Certified Master Baker, Certified Executive Pastry Chef, Professional Baker and Master Certified Food Executive while in the U. S. He earned a bachelor's degree from Chicago's Kendall College and a master's degree in management from Cardinal Stritch University in Milwaukee, Wisconsin. Tenbergen obtained the Doctor of Education (Ed. D.) from California State University, Fresno (CSUF) and has been an assistant professor in the Department of Food Science and Nutrition at CSUF as the Culinology® Director since 2006. Since December 2012, Tenbergen has been integral in culinary and baking support for the CRMB in the following areas:

- Preparing raisin recipes, formatting raisin recipes, food styling and food photography (find at LoveYourRaisins.com)
- Serving as Judge in America's Best Raisin Bread Contest
- Supporting efforts in the Volume Channel with recipe formulation and recipe concepts
- Assisting with local media opportunities, The Big Fresno Fair and the Fresno Food Expo, as well as participating in activities related to the efforts of the Marketing Order as it promotes California Raisins

2013/2014 Activities

Marketing activities for the 2013/2014 fiscal year will be significantly curtailed versus any past year since the formation of the CRMB. Nearly all consumer marketing dollars have been eliminated from the budget in order to support the defense of the Marketing Order in appeal of the Sacramento County Superior Court's decision in June 2013 against the CDFA and the CRMB.

Marketing will be limited to maintenance of the CRMB's website and Facebook page, a direct marketing approach to elementary and secondary school foodservice segment nationally and completion of two health/nutrition projects and our crop research projects.

Additionally, the Sixth Annual America's Best Raisin Bread Contest (ABRBC) took place in October, 2013 at the International Baking Industry Exposition (IBIE) in Las Vegas with a record number of 121 applicants. The hierarchy of the baking industry, consisting of The American Society of Baking, the Baking Equipment Manufacturers Association, the Retail Bakers Association and the Bread Bakers Guild of America, invited the CRMB to hold the finals at this year's largest worldwide bakery expo. The ABRBC was a featured highlight as the CRMB was able to construct a fully functioning 6,000 square foot bakery on site thanks to the generosity of the equipment and ingredient manufacturers in this industry. More than 23,000 attendees were given the chance to sample the finished products of our 36 finalists and observed the judging that determined the 12 winners.

Executive Committees

Term: June 1, 2011 to May 31, 2013

Chairperson	Mr. Dennis Wilt
Vice Chairperson	Mr. Jon Marthedal
Secretary	Mr. Steve Spate
Treasurer	Dr. Nindy Sandhu

Term: June 1, 2013 to May 31, 2015

Chairperson	Mr. Steve Spate
Vice Chairperson	Mr. Jon Marthedal
Secretary	Ms. Kathy Merlo
Treasurer	Dr. Nindy Sandhu

The CRMB staff wishes to recognize the members and alternates of the California Raisin Marketing Board for their service:

2011-2013 and 2013-2015* CRMB Board Members and Alternates

Kimberly Bedrosian*	Barry Kriebel*
Michael Bedrosian*	Jon Marthedal*
Jeffrey Bortolussi	Manuel Medeiros*
Randy Cervelli*	Kathy Merlo*
Dr. Douglas Cords*	Victor Sahatdjian*
Stacy Creasy	George Salwasser*
Ed Fanucchi*	Dr. Nindy Sandhu*
Glen Goto*	Monte Schutz*
Chris Gunlund	Ken Shinkawa*
Harold Hilker	Harvey Singh
E.G. Huter	Steven Spate*
Alan Kasparian*	Rick Stark*
Ron Kazarian*	Dr. Sonet Van Zyl*
Dr. James Kennedy*	Dennis Wilt*
Michael Koligian	
Vaughn Koligian	

2013-2015 CRMB Board Members and Alternates

Courtney Chooljian	Michael Kazarian
Richard Crowe	Michael Mikaelian
Jackie Grazier	Jeff Milinovich
Dennis Housepian	Richard Sahatjian

President's Executive Summary

By Gary Schulz

"An Organization in Transition"

The work of the California Raisin Marketing Board for the 2012/2013 crop year is a picture of success. The work of the Board, the staff, the Scientific Nutrition Research Panel, the crop scientists, consulting chefs, agencies, blogger ambassadors and all others involved with our industry are described in detail in this annual report. Your dollars have been wisely spent!

However, as you have likely noted, this year's annual report is much lower-key due to the adverse decision by Sacramento County Superior Court Judge Raymond Cadei in the actions of Lion, Boghosian and Raisin Valley Farms versus the California Department of Food and Agriculture in their formation and oversight of the California Raisin Marketing Board. This court decision, while stayed pending appeal, has caused the Board to forgo assessments in order to calm the industry waters.

Looking ahead to the 2013/2014 program and marketing year, the CRMB has severely scaled-back marketing and operations in order to preserve available cash and to focus on support for the appeal.

As in recent years, I have provided raisin industry data as compiled by the USDA and the RAC for your enjoyment. More information is always available at our website: LoveYourRaisins.com or e-mail at gary@raisins.org or by calling 559-248-0287.

A handwritten signature in black ink that reads "Gary Schulz". The signature is written in a cursive, flowing style with a large, prominent loop at the end of the last name.

Gary Schulz
President and General Manager, California Raisin Marketing Board

CALIFORNIA NATURAL SEEDLESS RAISIN SHIPMENTS (PACKED TONS)

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Natural Seedless Deliveries to Handlers	271,679	316,116	349,697	285,098	336,616	323,287	294,565
Domestic & Canada Shipments	188,944	193,609	191,929	186,176	180,344	183,703	184,417
Exports	101,684	142,541	125,789	152,246	129,197	119,373	108,816
Total Shipments	290,628	336,150	317,718	338,422	309,542	303,076	293,233

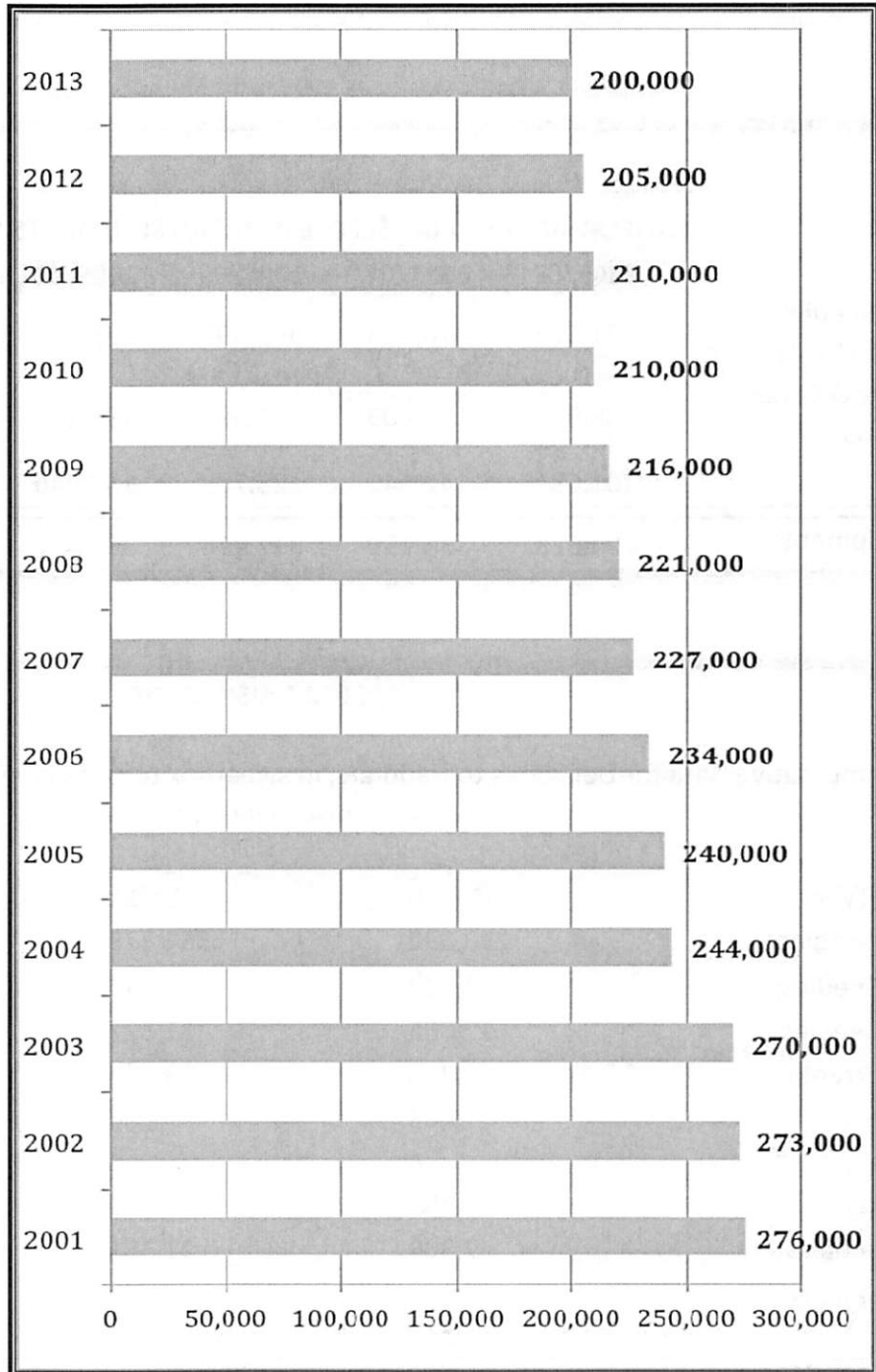
2012 RAISIN CROP

Comparative Data for Deliveries to Handlers, in sweatbox tons, as compiled and released by the Raisin Administrative Committee:

Varietal Type	2009/10	2010/11	2011/12	2012/13
Natural Seedless	298,532	354,878	346,132	311,090
Dipped Seedless	3,827	4,440	2,352	3,644
Golden Seedless	17,008	21,827	21,960	17,340
Zante Currants	2,708	3,468	3,167	2,976
Sultanas	63	66	76	68
Muscats	8	6	3	0
Monukkas	155	140	130	111
Other Seedless	7,304	11,351	9,035	9,656
Other Seedless Sulfured	413	809	471	381
Total	330,018	396,985	383,326	345,265

California Raisin Grape Acreage, as Estimated By USDA

NATURAL SEEDLESS INVENTORIES, FREE TONNAGE AND RESERVE SWEATBOX TONS	
Crop Year	Total Carry-in
1981-82	100,703
1982-83	93,152
1983-84	84,503
1984-85	162,265
1985-86	186,046
1986-87	199,176
1987-88	133,517
1988-89	146,703
1989-90	136,722
1990-91	200,980
1991-92	211,004
1992-93	163,747
1993-94	170,351
1994-95	153,470
1995-96	202,854
1996-97	137,679
1997-98	93,071
1998-99	164,657
1999-00	101,946
2000-01	138,503
2001-02	269,319
2002-03	236,860
2003-04	262,250
2004-05	196,361
2005-06	141,049
2006-07	160,930
2007-08	126,294
2008-09	106,896
2009-10	138,978
2010-11	83,214
2011-12	110,208
2012-13	132,061
<u>2013-14</u>	<u>132,407</u>



Top 20 Destinations for Crop Year 2012/2013

Natural Seedless Packed Tons

YTD Rank	Destination	YTD Tonnage	Previous YTD tonnage
		8/01/12-7/31/13	8/01/11-7/31/12
1	United States	175,204	174,381
2	Japan	19,450	18,727
3	U.K.	11,999	13,282
4	Germany	11,099	10,788
5	Canada	9,213	9,322
6	China*	9,006	11,949
7	Sweden	6,532	7,033
8	South Korea	4,551	3,730
9	Taiwan	4,476	4,007
10	Malaysia	3,557	3,563
11	Netherlands	3,337	3,608
12	Australia	3,199	8,511
13	Norway	3,146	3,305
14	Mexico	3,131	4,015
15	Denmark	2,928	3,504
16	Philippines	2,380	2,311
17	Thailand	2,024	2,123
18	New Zealand	1,753	1,652
19	Finland	1,649	1,726
20	Hong Kong	1,600	1,642

* Historically a large volume of China exports are transshipped directly to Japan.

Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances, Year Ended July 31, 2013

REVENUE

Assessments	\$	6,101,168
Interest		8,821
Miscellaneous		149
Total Revenue		6,110,138

EXPENSES

General and Administrative:

Salaries	330,453
Payroll Taxes	26,797
Retirement - Employer Contribution	30,735
Employee Benefit Administration	2,245
Staff Education and Training	634
Insurance - General	52,193
Insurance - Group Health	116,421
Rent	75,965
Utilities	6,522
Telephone	10,481
Postage	26,264
Office Supplies	4,383
Repairs & Maintenance	3,272
Memberships & Surveys	64,373
Consulting - HR/General Counsel	1,547
Consulting - DC Liaison	10,474
Consulting - Trademark Registration	29,627
Consulting - Sustainability	12,000
Auditing Fees	15,100
Equipment Lease	16,199
Travel - Committee	7,456
Travel - Office	5,178
Committee Meetings	1,760
Bank Charges	9,132
Software/Programming	8,104
Legal Fees Litigation	331,884
Legal Fees Crop	660
Travel Legal Costs	3,924
Compliance	2,508
Product Samples	23,162
Marketing Branch	57,129
Support Services	414,132
Equipment reimbursement	15,000
Special Activities (Miscellaneous)	13,153
Total General and Administrative	1,728,867

Advertising, Public Relations and Publicity	
Account Management Fee	22,408
Pre-Production	72,764
Media Buy - Consumer	978,615
Media Buy - Trade	86,975
Media Buy - Online	193,550
Website Development & Maintenance	65,171
Public Relations	782,072
Printing - General Use	17,593
Channel Development	
Foodservice	1,000
Baking, Snacking, and Confectionary	155,120
Trade Shows/Event Marketing	
Foodservice	98,602
Industrial	56,884
School Food Service	25,909
Event Marketing	38,276
Health & Nutrition Research	75,804
Baking, Snacking, and Confectionary	86,856
Research	
Market Research	22,981
Health & Nutrition Research	377,139
Food Research & Development	107,029
Crop Research	154,357
Marketing and Export	
CIA	60,424
California Dried Fruit Coalition	32,450
Special Assessment Expenses	
Special Assessment Public Relations	3,477
Special Assessment Trade Shows & Events	2,330
Other Varietal Types:	
Golden, Zantes and Other Minor Varietals - Export	
Domestic Goldens	251,342
Domestic Zantes	107,531
Other Minor Varietals	86,094
Total Marketing Activities	3,962,753
Total Expenditures	5,691,620
Excess Revenue over (under) Expenditures	418,518
Change in Net Position	
Fund Balance/Net Position:	
Beginning of Year	4,740,654
End of Year	\$ 5,159,172



CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE
Karen Ross, Secretary

August 23, 2013

**MARKETING ORDER FOR CALIFORNIA RAISINS
ASSESSMENT RATE FOR THE
2013-2014 MARKETING SEASON ESTABLISHED AT \$0.00**

TO THE CALIFORNIA RAISIN PACKER OR PRODUCER ADDRESSED:

Upon the recommendation of the California Raisin Marketing Board (CRMB), the California Department of Food and Agriculture (Department) has established an assessment rate of zero (\$0.00) per ton or the equivalent thereof, on all California raisins delivered by producers. This assessment applies to all free tonnage, all reserve tonnage sold for free use and all reserve tonnage sold to packers as replacement tonnage for export programs during the 2013-2014 marketing season, which begins on August 1, 2013, and runs through July 31, 2014.

The CRMB set the assessment rate at zero for the upcoming marketing season pending the outcome of current litigation. The Board determined it can fund limited activities with existing non-restricted reserves.

While the assessment rate for the 2013-2014 fiscal year has been set to zero dollars (\$0.00 dollars), packers are reminded of their obligation to remit to the CRMB any grower assessments that may be outstanding from prior fiscal years. Assessments due for prior years under the Marketing Order for California Raisins should be remitted directly to the California Raisin Marketing Board at 2445 Capitol Street, Suite 200, Fresno, CA 93721. As usual, the Department will handle the collection of any delinquent prior-year assessments.

A copy of the Order of the Department establishing the assessment rate is available upon request. If you have any questions concerning the assessment rate or the Marketing Order for California Raisins, please feel free to contact Gary Schulz, the President of the Board, at (559) 248-0287, or Kathy Diaz-Cretu at the Marketing Branch.

Sincerely,

Robert Maxie, Chief
Marketing Branch

2013 0816 2013 0823 2013 0822 1079



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For delicious recipes and more, visit **LoveYourRaisins.com**