



California Raisin Marketing Board

2013/2014 ANNUAL REPORT

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This 2013/2014 Annual Report is produced by the staff of the California Raisin Marketing Board (CRMB). Staff members contributing to this report are: Gary Schulz, President (as of the time of this writing); Larry Blagg, Senior Vice President of Marketing and Melinda McAllister, Marketing Specialist.

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.

Statement from the Chairperson

Greetings:

It is a privilege to be given the opportunity to serve as Chairman of the California Raisin Marketing Board. I would like to publicly thank outgoing CRMB Chairman Dennis Wilt, for his ten years of service to the California Raisin industry in this capacity.

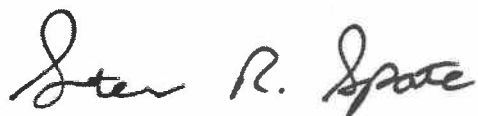
As a life-long raisin-grape farmer, I believe in the power of marketing, promotion, and research to the success of specialty crop commodities such as California Raisins. Unfortunately we are currently unable to operate in a normal capacity while we await a decision from the State Court of Appeals regarding a Superior Court decision against the CRMB. We have since taken the responsible action to suspend collecting the annual \$20 CRMB assessment from growers like you until there is a resolution to the litigation.

While we are awaiting the appeal, we have been moving forward to complete activities that began during the 2013/2014 fiscal year. One of those activities was the completion of the 6th Annual America's Best Raisin Bread Contest, in October 2013, at the International Baking Industry Exhibition in Las Vegas, Nevada. The sponsors of the largest baking trade show in the world provided the CRMB with nearly 8,000 square feet of space in which to conduct the event. More than 80 winning bakers from around the world were able to bake and sample their winning raisin recipes with IBIE attendees. Recipes presented during the contest became property of the CRMB to expand the usage of California Raisins within the baking industry.

We also continue to complete ongoing Health and Nutrition research projects that uncover more reasons for the public to include California Raisins in their diets. Finally, the CRMB is involved in the licensing of a new raisin-grape variety called "Sunpreme." This new cultivar has the ability to be dried-on-the-vine without cutting canes and may be the future of the California Raisin industry.

Thank you for your patience as we work our way through the court process and make every effort to provide value to the California Raisin industry with the limited resources available. Best wishes to you all in 2015.

Steve Spate

A handwritten signature in black ink that reads "Steve R. Spate". The signature is written in a cursive, flowing style.

Chairperson, California Raisin Marketing Board

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 2013/2014 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 marketing activities undertaken during August 1, 2013 to July 31, 2014
- 2013/2014 research projects
- 2013/2014 tradeshows and events
- 2014/2015 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: A number of platforms were used to stimulate demand for California Raisins including:

Trade media – press releases, consumer media and social media

School Foodservice (School Nutrition Association’s Annual National Conference (ANC) and K-12 Foodservice Directors telemarketing efforts)

Health & Nutrition - R&D, dietitians, influencers

CRMB’s website - LoveYourRaisins.com, Facebook, Twitter, and Pinterest

All aspects of pushing demand for California Raisins were folded into each one of the above mentioned platforms over the marketing year 2013/2014.

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

Response: During the 2013/2014 marketing year, CRMB staff continued to mail out copies of the Health Benefits of Raisins as published by the Journal of Food Science. In independent talks given by Dr. James Painter to members of the health and nutrition profession, several hundred copies were shared with attendees.

CRMB completed two projects on weight loss and another that measured the effects of raisins in reducing blood pressure and post meal blood sugar when consumed as a snack for those with Type 2 Diabetes Mellitus.

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

Response: As assessments were discontinued in April of 2013 at Board direction, no new crop research projects were undertaken for the 2013/2014 fiscal year. Three projects were extended on a no cost basis as the principle researchers were unable to complete the projects within the previous fiscal year. Also, work is continuing to register the new varietal grape "Sunpreme" and to license it to nurseries and for release to growers.

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

Response: CRMB staff is continuing to update the LoveYourRaisins.com website, and provide relevant content for our Facebook, Twitter and Pinterest accounts via daily postings, low cost recipe contests and sharing of recipes across all social media.

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. This past year, CRMB discontinued trademarks which were created for specific media campaigns that are no longer in use for efficiency.

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

Response: With the discontinuance of grower assessments, CRMB staff was appropriately downsized and remains in place to continue those activities deemed necessary by the Board. Also, the CRMB was supported by MC Solutions for website hosting and by Chef Disler for foodservice recipe development.

Activities

School Foodservice

School Nutrition Association's Annual National Conference

The CRMB attended the School Nutrition Association's Annual National Conference (ANC) in Boston to showcase California Raisins as a naturally delicious breakfast or lunch option for the K-12 school segment. We shared the message that "¼ cup of California Raisins is equal to 1 fruit serving" to over 3,500 attendees. A follow up e-mail communication was sent to those who visited our booth with attached school foodservice raisin recipes – *California Veggie Burger, Raisin Mole & Chicken Flatbread*, and *Carrot and California Raisin & Pineapple Salad* along with a few other healthy kid recipes scaled for the foodservice kitchen.

Health & Nutrition

Update on WIC Program

On March 4th of 2014, there was a revision made in the United States Department of Agriculture's Federal Register / Vol. 79, No. 42 /, titled *Special Supplemental Nutrition Program for Women, Infants and Children (WIC): Revisions of the WIC Food Packages*. This revision, made by the Institute of Medicine (IOM), stems from comments received by the Food and Nutrition Services (FSN) asking that dried fruits be allowed for children. It cited a lack of evidence that raisins pose a choking hazard for all children. Recommendations made by the IOM for the Child and Adult Care Food Program will now allow dried fruits for children as long as they do not pose a choking hazard. Therefore, at the State agency's option, this final rule authorizes dried fruits and vegetables to be purchased with the cash-value voucher for children.

As a result of this final rule, CRMB has undertaken a follow-up campaign to contact all state WIC directors and administrators. CRMB has approached these officials by contracting with Rita Grandgenett, formerly a Kellogg's dietitian with close ties to WIC leadership. Over a three month period, Rita talked to every state official and was able to send a raisin information packet to 18 directors who were unaware of the rule change. Rita also learned that it may

take up to two years from the date of this writing before the various states could implement this revision to their regulations on a state by state vote. States cannot approve only raisins individually, but must approve the whole category of dried fruit.

In summary, it is good news that the regulation has finally been changed to allow raisins and other dried fruit, but be advised it will be a slow process for other states to sign on to the program. As of now, only California, with 1.36 million WIC participants (17% of U.S. total), has adopted the new regulation. Rita Grandgenett's report is available by request from interested California raisin growers by calling the office at 559-248-0287.

Research

Crop Production Research

Breeding, Germplasm and Evaluation:

Craig Ledbetter, Development of improved raisin grapes for mechanical harvest including types resistant to powdery mildew.

Objective: To develop and evaluate new natural dried-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.

Gan-Yan Zhong, 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.

Pest Management:

Kent Daane, Developing better controls for raisin moth.

Objective: To monitor raisin moth populations within infested zones to determine how far from a source population clean vines are vulnerable to new infestations and the common dispersal patterns of populations from alternate host site to grapes, to test different insecticides and application timing, focusing on materials that can be used in the organic market, and to record levels of natural enemy activity and determine their impact.

Tradeshow

School Nutrition Association's Annual National Conference

Agency Backgrounds

MC Solutions is a full-service marketing company with extensive experience in brand development and business promotion. MC Solution's team is led by Mandy Critchley and the team provides support to CRMB staff in advancing CRMB's social media efforts as well as providing website maintenance for LoveYourRaisins.com.

Chef Jennifer Disler provides recipe development, food styling, food photography, food writing and menu consulting at Flavor N Focus and Northern Indian Lakes Magazine/Britton Marketing Design Group in Huntington, Indiana. With a background in culinary arts from Purdue, Disler has worked alongside past CRMB Chef Todd Downs, CEC. In 2013-2014, she created eight kid friendly foodservice recipes for CRMB's telemarketing efforts in the K-12 school foodservice segment.

2014/2015 Activities

Special Assessment

CRMB contracted with Fleishman Hillard to develop marketing messages to promote California Raisins as a naturally sweet dried fruit.

Marketing activities for the 2014/2015 fiscal year will be significantly curtailed similar to last year. Marketing will be limited to maintenance and updates of LoveYourRaisins.com, California Raisin's Facebook page with 18,000+ fans, the Twitter and Pinterest pages, and sharing raisin food images and field images with the international California Raisin representatives. Lastly, the direct marketing approach to elementary and secondary school foodservice segment nationally will continue.

Executive Committee

Chairperson

Mr. Steve Spate

Vice Chairperson

Mr. Jon Marthedal

Secretary

Ms. Kathy Merlo

Treasurer

Dr. Nindy Sandhu

2013-2015 CRMB Board Members and Alternates

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

Kimberly Bedrosian

Michael Bedrosian

Randy Cervelli

Courtney Chooljian

Dr. Douglas Cords

Richard Crowe

Ed Fanucchi

Glen Goto

Jackie Grazier

Dennis Housepian

Alan Kasparian

Michael Kazarian

Ron Kazarian

Dr. James Kennedy

Barry Kriebel

Jon Marthedal

Manuel Medeiros

Kathy Merlo

Jeff Milinovich

Michael Mikaelian

Victor Sahatdjian

Richard Sahatjian

George Salwasser

Dr. Nindy Sandhu

Monte Schutz

Ken Shinkawa

Steve Spate

Rick Stark

Dr. Sonet Van Zyl

Dennis Wilt

President's Executive Summary

"2013-14: a Successful Year for California Raisins!"

In closing the book on the 2013-14 crop year for California Raisins, we find the industry enjoying another successful year. Natural Seedless raisin deliveries by growers to handlers totaled 364,794 tons, making it the tenth largest crop in the last fifty years! Better yet, the industry marketed nearly the entire crop. Shipments of NS raisins were up 31% to destinations outside of the U. S. and up 10% domestically.

But . . . concerns exist about the availability of irrigation water, whether from canals or groundwater. Labor availability continues to be a challenge for the California specialty crop producer, and continued increasing government regulations hit the small family farmer directly in the pocketbook.

Even with a diminished spending budget, the California Raisin Marketing Board has continued to accomplish its mandated purposes. This annual report helps to tell our story. I am pleased with the work of the growers, packers, researchers, agencies, staff and board members as we have done much with little.

The ENTIRE raisin industry benefits from the work of a few. Read this report and decide for yourself.

Finally . . . I am pleased with our accomplishments at the CRMB over my six plus years as President. I am now moving on to serve as the President and Chief Executive Officer of the California Association of Pest Control Advisers (CAPCA) in Sacramento. I look forward to continuing my professional career in agriculture and hope to work collaboratively with the raisin industry in the future. Thank you one and all for your contributions to our success at the CRMB.

Sincerely,

A handwritten signature in cursive script that reads "Gary Schulz". The signature is written in black ink and is positioned above the typed name of the signatory.

Gary Schulz, President and General Manager, California Raisin Marketing Board

CALIFORNIA NATURAL SEEDLESS RAISIN SHIPMENTS (PACKED TONS)					
	2009/10	2010/11	2011/12	2012/13	2013/14
Natural Seedless Deliveries to Handlers	285,098	336,616	323,287	294,565	345,113
Domestic & Canada Shipments	186,176	180,344	183,703	184,417	202,809
Exports	152,246	129,197	119,373	108,816	142,757
Total Shipments	338,422	309,542	303,076	293,233	345,566

2013-14 RAISIN CROP

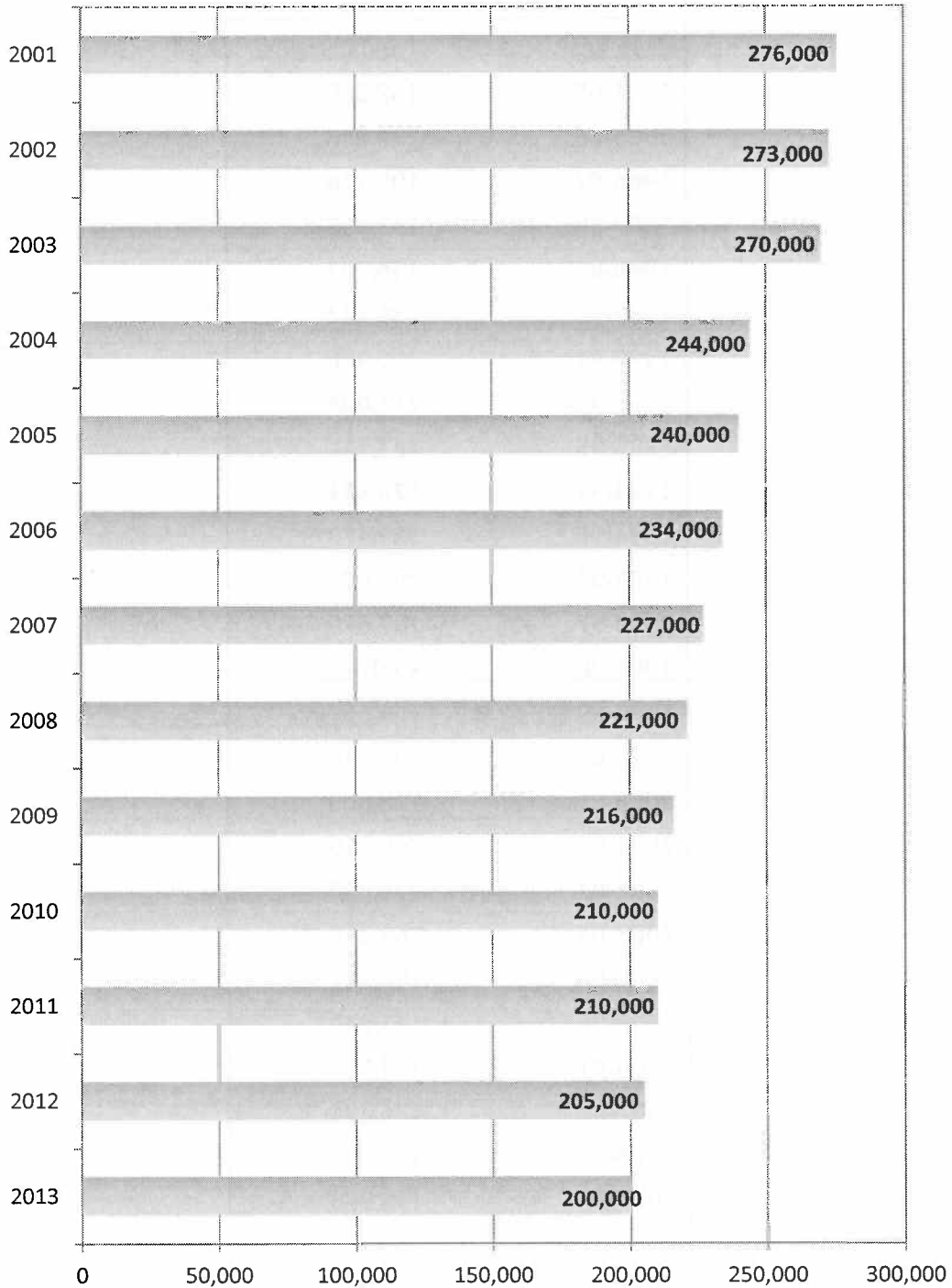
Comparative Data for Deliveries to Handlers, in sweatbox tons, as compiled and released by the Raisin Administrative Committee:

Varietal Type	2009/10	2010/11	2011/12	2012/13	2013/14
Natural Seedless	298,532	354,878	346,132	311,090	364,794
Dipped Seedless	3,827	4,440	2,352	3,644	4,925
Golden Seedless	17,008	21,827	21,960	17,340	21,402
Zante Currants	2,708	3,468	3,167	2,976	2,885
Sultanas	63	66	76	68	58
Muscats	8	6	3	0	0
Monukkas	155	140	130	111	85
Other Seedless	7,304	11,351	9,035	9,655	10,469
Other Seedless Sulfured	413	809	471	381	530
Total	330,018	396,985	383,326	345,265	405,148

**NATURAL SEEDLESS INVENTORIES,
FREE TONNAGE & RESERVE
SWEATBOX TONS**

<u>Crop Year</u>	<u>Total Carry-in</u>
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
2013-14	132,407
2014-15	138,215

■ CALIFORNIA RAISIN GRAPE ACREAGE, as estimated by USDA



Top 20 Destinations for Crop Year 2013/2014

Natural Seedless Packed Tons

YTD Rank	Destination	YTD Tonnage 8/01/13 - 7/31/14	Previous YTD tonnage 8/01/12 - 7/31/13
1	United States	191,998	175,204
2	United Kingdom	22,925	11,999
3	Japan	22,009	19,450
4	Germany	16,223	11,099
5	Canada	10,811	9,213
6	China*	9,544	9,006
7	Sweden	6,466	6,532
8	Australia	5,875	3,199
9	Netherlands	5,764	3,337
10	South Korea	5,415	4,551
11	Taiwan	4,403	4,476
12	Malaysia	4,370	3,557
13	Mexico	3,923	3,131
14	Denmark	3,785	2,928
15	Norway	3,124	3,146
16	Philippines	2,643	2,380
17	New Zealand	1,961	1,753
18	Singapore	1,889	1,562
19	Hong Kong	1,694	1,600
20	Thailand	1,543	2,024

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

**Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended July 31, 2014**

REVENUE

Interest	482
Miscellaneous	10
Total Revenue	492

EXPENSES

General and Administrative:

Salaries	147,959
Payroll Taxes	13,181
Retirement - Employer Contribution	14,193
Employee Benefit Administration	4,116
Staff Education and Training	285
Insurance - General	39,834
Insurance - Group Health	38,537
Rent	73,777
Utilities	6,198
Telephone	8,587
Postage	3,108
Office Supplies	2,048
Repairs & Maintenance	1,720
Memberships & Surveys	1,960
Consulting - HR/General Counsel	920
Consulting - DC Liaison	8,611
Consulting - Trademark Registration	14,512
Auditing Fees	15,700
Equipment Lease	7,928
Depreciation Expense	-
Travel - Office	961
Committee Meetings	798
Bank Charges	8,144
Software/Programming	3,348
Legal Fees Litigation	117,172
Compliance	156
Product Samples	562
Marketing Branch	40,998
Support Services	157,860
Equipment reimbursement	9,000
Special Activities (Miscellaneous)	3,286
Total General and Administrative	745,459

**Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended July 31, 2014**

Advertising, Public Relations and Publicity	
Website Development & Maintenance	13,792
Public Relations	1,004
Printing - General Use	2,207
Trade Shows/Event Marketing	
School Trade Shows	9,992
Health Trade Shows	15,850
Baking, Snacking, and Confectionary	4,000
Research	
Health & Nutrition Research	39,968
Crop Research	226,267
Channel Development	
Baking, Snacking, and Confectionary	196,102
Marketing and Export	
Export Market	708,838
Special Assessment Expenses	
Special Assessment Public Relations	49,146
Total Marketing Activities	1,267,166
Total Expenditures	2,012,625
Excess Revenue over (under) Expenditures	(2,012,133)
Fund Balance/Net Position:	
Beginning of Year, as previously stated	5,159,172
Prior period adjustment – correction of an error in previously issued financial statements	(284,033)
End of Year	\$ 2,863,006



CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE

Karen Ross, Secretary

September 22, 2014

**MARKETING ORDER FOR CALIFORNIA RAISINS
ASSESSMENT RATE FOR THE
2014-2015 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 2014-2015 marketing season, being August 1, 2014 to July 31, 2015.

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.

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

2014 0919 | 2014 0926 | 1868



Staff Contact Information

Gary Schulz
President and General Manger (through 1/23/2015)

Larry Blagg
Senior Vice President of Marketing
larry@raisins.org

Dori Rothweiler
Marketing Project Coordinator
dori@raisins.org

Melinda McAllister
Marketing Specialist
melinda@raisins.org

California Raisin Marketing Board
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Contact us by phone (559)248-0287 or info@raisins.org.
For delicious recipes and more, visit LoveYourRaisins.com.

Follow us on Facebook, Twitter and Pinterest.



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