

**U.S. Highbush Blueberry Council  
Meeting Minutes  
March 1, 2013**

Chairman Parm Bains called the meeting of the U.S. Highbush Blueberry Council (USHBC) to order at 8:11am on Friday, March 1, 2013. The first order of business was roll call by USHBC Secretary Shelly Hartmann. The following USHBC members, as well as USDA representative Maureen Pello and USHBC staff members Mark Villata, Mary Nezbeth and Whitney Mustin, attended the meeting, held at the Savannah Marriott Riverfront Hotel in Savannah, Georgia:

|                                     |                                       |
|-------------------------------------|---------------------------------------|
| John Bennett (Georgia)              | Art Galletta (Region 3 Alternate)     |
| George Fritz, Jr. (Michigan)        | Bill Braswell (Region 4)              |
| Denny Doyle (New Jersey)            | Guy Cotton (Handler Alternate)        |
| Neil Moore (North Carolina)         | Stan Crafton (Importer #1)            |
| Doug Krahmer (Oregon)               | Parm Bains (Importer #3)              |
| Rob Dhaliwal (Washington Alternate) | Felipe Juillerat (Exporter Alternate) |
| Mark Hurst (Region 1)               | Amy Howell (Public Member)            |
| Shelly Ann Hartmann (Region 2)      |                                       |

Following roll call, the USHBC Chairman and Officers for 2013, as elected at the Fall 2012 meeting on October 5, were seated:

Chairman – Parm Bains  
Vice Chairman – Dave Arena  
Treasurer – Doug Krahmer  
Secretary – Shelly Hartmann  
Past Chairman – Art Galletta

Chairman Bains then provided a brief overview of what he believed the Council should try to accomplish in the months and years ahead and once again expressed his thanks for being selected as the new USHBC Chairman.

Agenda item two was the consideration of any additions to the current meeting agenda. It was noted that Mike Makara had an announcement on behalf of the British Columbia Blueberry Council and Bill Steed also had an announcement. Time for each announcement was added to the USHBC committee report section of the agenda.

The next order of business was the approval of minutes from the last Council meeting held on October 5, 2012. Minutes had been emailed to members and alternates following the October meeting. Denny Doyle moved, with a second from Doug Krahmer, to approve the minutes as written. The motion carried.

The fourth agenda item was an update from the USDA Agricultural Marketing Service by Maureen Pello. Pello presented an overview of USDA Marketing and Promotion programs, a review of the USHBC order, background on USDA's oversight, and member responsibilities. She noted that all members and alternates are required to sign an ethics policy and conflict of interest/lobbying prohibition statement. The entire ethics policy as noted in the USHBC By-Laws will be sent to members and alternates following the meeting.

Pello continued her update mentioning that the assessment rate increase rule has been drafted and cleared by legal counsel. The proposal has been reviewed by the USDA and the Office of General Counsel and is currently waiting to be signed by the Secretary of Agriculture. Once signed the proposal will be posted in the Federal Register for comment. The Secretary will make a final decision on the proposed assessment increase following the comment period.

Agenda item five was committee reports and recommendations. Prior to the committee reports, Mike Makara addressed the Council on behalf of the British Columbia Blueberry Council. He stated that on behalf of the approximately 800 growers in British Columbia, the BC Blueberry Council would like to donate \$100,000 to the USHBC to help fund the large clinical study the Health Research Committee is planning for 2013. Chairman Bains thanked the BC Blueberry Council on behalf of the USHBC for their generous donation.

The meeting continued with committee reports and recommendations. Bains called upon Finance Committee Chairman Doug Kraemer to present the report from his committee meeting on February 27. Kraemer noted that the USHBC Finance Committee meeting opened with a review of our 2012 audit. Jeff Delyser from our audit firm Propp, Christensen and Caniglia (PCC) gave his report to the committee via conference call. His review of financial statements showed no findings and the USHBC reviewed a clean audit. Kraemer noted copies of the audit will be made available to all USHBC members and alternates. He continued his report by reviewing the USHBC cash position and expenditures for 2012 noting assets totaled \$4,239,455 as of the end of 2012 compared to \$4,254,340 at the same point last year while liabilities total \$3,416,538 compared to \$3,551,973 in 2011 (see Exhibit #1). In 2012 the USHBC spent a total of \$3,931,296 out of a total budget of \$4,670,579 (see Exhibit #2). All categories came in under budget with the exception of USHBC Program Fees and Travel & Meeting Expenses. Out of this expenditure, 88% was allocated to marketing related costs and 12% to administration. Kraemer continued noting that the committee reviewed assessment collections on both the 2011 and 2012 crops and has collected on 93% of the 2011 domestic crop and a total of \$2,566,722 on the 2012 crop to date. Based on cash at the end of the year, accounts receivable and calendar year 2013 import assessments, less accounts payable, the committee projects a total of \$4,964,092 available for 2013. In addition to this total, as announced by Mike Makara, the British Columbia Blueberry Council would like to donate an additional \$100,000 to support USHBC expanded health research efforts bringing total funds available to \$5,064,092.

The committee reviewed the 2013 budget approved at the last meeting and has made some line item adjustments. With these revisions, budget categories will now be allocated as follows:

|                                |                  |
|--------------------------------|------------------|
| Market Promotion and Publicity | \$2,505,000      |
| Health Research                | \$1,575,000      |
| Industry Relations             | \$ 67,000        |
| Good Practices                 | \$ 74,000        |
| USHBC Program Fees             | \$ 198,000       |
| General Expenses               | \$ 88,285        |
| Administration Expenses        | \$ 381,033       |
| Travel and Meeting Expenses    | \$ 153,325       |
| <u>Uncommitted Expenses</u>    | <u>\$ 22,449</u> |
| TOTAL                          | \$5,064,092      |

The committee also reviewed proposals from various audit firms to conduct our 2013 audit. Based on this review, the committee will ask our current audit firm (PCC) and one other to submit second bids. The committee will review the two final bids and make a selection prior to our Fall meeting.

As is the case every other year, two members of the committee will travel to Folsom in the coming months to complete an internal review and will report back to the committee prior to our next meeting.

Doug Kraemer moved, with a second from Neil Moore to approve the finance report and the revised budget as noted in Exhibit #3. The motion carried.

Next, Health Research Committee Chairman Dave Brazelton gave a report from his committee meeting held on February 28. Brazelton referenced ongoing projects and noted that they do seem to be taking longer than expected; however, the committee is tracking them closely. He noted projects by Cefalu and Krikorian should be completed in 2013. Brazelton updated the Council on the clinical study to be completed by Dr. Aedin Cassidy and Dr. Eric Rimm noting that the clinical study should be completed in three years along with an epidemiological study funded with the help of the donation from the BC Blueberry Council. The clinical study will look at 144 subjects fed blueberries over a six month period and will be our first major human feeding trial. He followed by mentioning the committee had reviewed fifteen proposals from their RFP request this year and were going to fund up to five of the proposals. Proposals deal with metabolic syndrome with one new area of study (lung cancer) included. Finally, he noted that with the addition of the donation from the BC Blueberry Council, the 2013 Health Research budget totaled \$1,575,000.

Doug Krahmer moved, with a second from John Bennett to approve the Health Research Committee report and recommendations. The motion carried.

Industry Relations Chairman Francisco Allende then gave a report from his committee meeting on February 27. He noted that his committee had reviewed and updated actions taken to date as related to their committee strategic plan. Allende then provided an election update noting that the top six states, for terms beginning January 2014, have been determined by a three-year average of assessment collections and are identified as follows: Michigan, Oregon, Georgia, New Jersey, Washington and California. Selection of members and alternates for each of these states will take place over the coming months. The Industry Relations committee also recommends the following slate of nominees to the Council for the Handler, Importer #2 and Importer #3 positions beginning in January 2014:

|                            |                       |
|----------------------------|-----------------------|
| <b>Handler Member:</b>     | <b>Guy Cotton</b>     |
| <b>Alternate:</b>          | <b>Brian Caster</b>   |
| <b>Backup #1:</b>          | John Johnston         |
| <b>Backup #2:</b>          | Brian Miller          |
| <br>                       |                       |
| <b>Importer #2 Member:</b> | <b>Brian Bocock</b>   |
| <b>Alternate:</b>          | <b>Wayne Giddings</b> |
| <b>Backup #1:</b>          | Janice Honigberg      |
| <b>Backup #2:</b>          | Javier Mendez-Ruiz    |
| <br>                       |                       |
| <b>Importer #3 Member:</b> | <b>Parm Bains</b>     |
| <b>Alternate:</b>          | <b>Ray Biln</b>       |
| <b>Backup #1:</b>          | Sid Kwantes           |
| <b>Backup #2:</b>          | TBD (before deadline) |

Denny Doyle moved, with a second from Doug Krahmer to accept the nominations as presented. The motion carried.

Allende continued his report by updating the Council on actions that have been taken to inform the industry of the assessment rate increase. He noted that staff will be mailing out, to growers and handlers, a 2012 USHBC activity highlight video along with a white paper detailing the "Blue Wave" and a flyer on action needed to fuel blueberry demand. An announcement on the proposed assessment increase will be made in the March Bluespaper and grower meetings have been taking place across the country where the increase has been discussed. Currently, over 1,000 growers have been in attendance at these meetings. He encouraged state representatives to hold in person meetings in their states with Amy Howell or Leslie Wada attending to inform the industry on current health research projects. He also urged members to help improve the Bluespaper by

providing relevant information to Tom Peerbolt for inclusion in the Bluespaper. Allende mentioned that three individuals were approved to attend the spring meetings under the Ambassador Program. The individuals approved were: Margarita Caldera (Michigan), recommended by Shelly Hartmann, Buck Klein (California) recommended by Verne Gingerich, and Kiah Barnhill (North Carolina), recommended by Bill Braswell. Ms. Caldera and Mr. Klein were both introduced to meeting attendees. Mr. Barnhill was unable to attend this meeting due to illness.

Allende concluded his report with the locations of upcoming meetings. The Industry Relations Committee recommends the following locations for upcoming meetings:

|             |                         |
|-------------|-------------------------|
| Spring 2014 | Los Angeles, California |
| Fall 2014   | Chicago, Illinois       |
| Spring 2015 | Orlando, Florida        |
| Fall 2015   | Las Vegas, Nevada       |

Upon the conclusion of the Industry Relations committee report, Shelly Hartmann moved, with a second from Art Galletta to accept the report and recommendations as presented. The motion carried.

Denny Doyle then presented the Good Practices Committee report from their meeting held on February 27. Doyle noted that the committee reviewed our issue management plan progress with Norm Hartman who reviewed our updated media guide, finalization of our issue management plan dark website and a preliminary issue response plan dealing with Spotted Wing Drosophila (SWD) which will now be reviewed and finalized. The committee discussed the SWD issue and noted that a SWD working group was being established by the National Berry Crops Initiative (NBCI). The NABC will have a presence on the NBCI working group. The committee also had an overview of the Food Safety Modernization Act (FSMA) by Dan Haley. A NABC sub-committee with members from the Good Practices Committee will be assigned to take a look at the act and see if there are any potential issues for blueberries. Any potential issues will be reported to Dan Haley for his use in review of the act and for any NABC response during the comment period.

Doyle continued the committee report by discussing actions taken by the Alliance for Food and Farming to date and efforts they are taking this year to counter dirty dozen publicity, noting the committee continues to be a strong supporter of Alliance efforts and will send a letter to state blueberry commissions and blueberry organizations asking that they consider contributions to the Alliance campaign as well. The committee also discussed their strategic directives, one of which is to support some type of food safety or good practices research. It was agreed that SWD research is a key need at the present time and the committee will notify the NBCI of our willingness to provide funds in 2014 to NBCI to help support research efforts to combat SWD or to provide for distribution of SWD related materials to berry growers by the NBCI. Doyle noted the committee reviewed and approved its revised 2013 budget which now totals \$74,000. The committee also began a review of a blueberry question and answer sheet developed by CRT/tanaka and will provide comments and edits to staff by April 1. This sheet will be used by CRT/tanaka to answer consumer questions or inquiries from the general media. At the conclusion of the report Mark Hurst moved, with a second from Doug Krahmer, to accept the Good Practices Committee report and recommendations. The motion carried.

Following the Good Practices committee report, Chairman Bains called upon Bill Steed, an independent grower and marketer, who wished to address the Council. Steed recognized the efforts taken this year by Naturipe to support the successful blueberry oatmeal promotion by McDonald's. He thanked Naturipe for their outstanding efforts in bringing blueberries to the attention of McDonald's, an action with great benefits to our industry.

Next, Promotion Committee Chairman Kirk McCreary gave a report from his committee meeting held on February 28. McCreary noted that the committee reviewed activities from the 2012 Consumer/Foodservice

Promotion Program including updates to the Little Blue Dynamo lifestyle campaign which now includes the new "face" of blueberries in 2013, spokesperson Alison Sweeney. The committee also reviewed the Food Manufacturer Publicity Plan and 2013 Export Market Promotion Plan presented by Tom Payne, as well as an update on activities in South Korea, presented by our in-market South Korean representative, Ken Yang.

McCreary continued his report noting they reviewed actions taken to date to lower the European Duty on U.S. dried blueberries, the 2014 UES MAP funding application, and the Usage & Attitude (U&A) study to be completed in 2013. The U&A questionnaire is in the process of being finalized, the study should begin in March or April with results of the study expected to be presented at the Fall 2013 meeting. He noted the Council will be requesting from \$2,000,000 to \$2,500,000 in USDA MAP funding for 2014 export promotion activity funding and Kent Sisson (a former USDA FAS Officer) will be assisting with our application and serving as our liaison.

The committee also approved a recommended revised budget of \$2,505,000 allocated as follows:

|                                      |                 |
|--------------------------------------|-----------------|
| Consumer/Foodservice Publicity       | \$1,670,000     |
| Food Manufacturer Publicity          | \$ 400,000      |
| Export Market Promotion              | \$ 325,000      |
| Market Research                      | \$ 85,000       |
| 2014 UES MAP Preparation             | \$ 20,000       |
| <u>Unallocated Marketing Expense</u> | <u>\$ 5,000</u> |
| Total                                | \$2,505,000     |

Upon conclusion of the Promotion Committee report, Doug Kraemer moved, with a second from Stan Crafton to accept the Promotion Committee report and recommendations as presented. The motion carried.

The next item on the agenda was consideration of 2013 budget modifications and finalization of the 2013 budget. Doug Kraemer reviewed the categories and amounts presented in his previous Finance Committee report (Exhibit #3) and moved, with a second from Art Galletta to approve the budget as presented in the Finance Committee report. The motion carried.

The seventh item on the agenda was USHBC activity updates. Bains called upon Rod Cook to provide an update on any actions taken by the USHBC Mechanical Harvesting Sub-committee. Cook reviewed the establishment of the committee and the mechanical harvesting issues. He noted that the contract for the proposal, approved at the last meeting, has been signed, and the Council has cut a check for the initial project costs. The researcher, Fumi Takeda, will now be beginning his project and the sub-committee will provide updates on progress as received.

Mark Villata continued USHBC activity updates with details on activities to be taken in publicizing the proposed assessment increase. He noted that the proposal would be announced in upcoming issues of the Bluespaper, a DVD highlighting USHBC activity and white paper on the need for the increase will be mailed to growers and the NABC is creating an electronic response letter for growers that can be sent directly to the USDA in response to the Federal Register.

The final activity update was consideration of expanding USHBC state member positions. Villata noted that adding a seventh seat may involve adding more than just one seat; it could involve adding additional handler, importer, or exporter member positions to the Council. One option the Council could consider is reducing regional representation, resulting in nine state member positions and one at-large position. Another option is going with seven state members and having three at-large members. Maureen Pello stated all of these options would require a rule making change and comment period. There is interest in seeing this issue resolved as many members would like to see that North Carolina continues to be represented on the Council. It was decided that a

sub-committee would be set up to evaluate all options. The following members have been assigned to this sub-committee: Denny Doyle, Mark Hurst, George Fritz, and Neil Moore. The sub-committee will discuss this issue and report back to the Council at its next meeting.

The next item on the agenda was questions and comments from the floor. Verne Gingerich addressed the Council noting that the International Blueberry Organization (IBO) will be holding its annual meeting April 22-23, 2013 in Santiago, Chile. Following the annual meeting, the Global Berry Congress will be held at the same location from April 24-26, 2013. Gingerich asked Cort Brazelton to provide additional information on the IBO meeting, Brazelton then provided an update on topics to be discussed and countries that will be represented. He noted that additional meeting details can be found on the IBO website ([www.internationalblueberry.org](http://www.internationalblueberry.org)).

Bains closed the meeting noting that the next USHBC meeting will be held October 2 to October 4, 2013 in Wilmington, North Carolina at the Hilton Wilmington Riverside Hotel.

There being no further business Doug Kraemer moved, with a second from Denny Doyle, to adjourn the meeting. The motion carried and the meeting of the USHBC was adjourned at 9:49am.

**EXHIBIT #1**

**U.S. Highbush Blueberry Council**  
**Balance Sheet**  
As of December 31, 2012

|  | <u>Dec 31, 12</u>          | <u>Dec 31, 11</u>          | <u>\$ Change</u>         | <u>% Change</u>      |
|--|----------------------------|----------------------------|--------------------------|----------------------|
| <b>ASSETS</b>                          |                            |                            |                          |                      |
| <b>Current Assets</b>                  |                            |                            |                          |                      |
| <b>Checking/Savings</b>                |                            |                            |                          |                      |
| 100.00 · EL DORADO SAVINGS BANK        | 37,439.25                  | 40,378.48                  | -2,939.23                | -7.28%               |
| 105.00 · EL DORADO SAVINGS CD          | 456,241.77                 | 455,120.77                 | 1,121.00                 | 0.25%                |
| 110.00 · SAVINGS ACCOUNT               | 3,591,361.39               | 3,604,244.71               | -12,883.32               | -0.36%               |
| <b>Total Checking/Savings</b>          | <u>4,085,042.41</u>        | <u>4,099,743.96</u>        | <u>-14,701.55</u>        | <u>-0.36%</u>        |
| <b>Accounts Receivable</b>             |                            |                            |                          |                      |
| 120.00 · ACCOUNTS RECEIVABLE           | 332.34                     | 981.54                     | -649.20                  | -66.14%              |
| 120.10 · ACCOUNTS RECEIVABLE IMPORT    | 137,069.33                 | 140,865.49                 | -3,796.16                | -2.7%                |
| <b>Total Accounts Receivable</b>       | <u>137,401.67</u>          | <u>141,847.03</u>          | <u>-4,445.36</u>         | <u>-3.13%</u>        |
| <b>Other Current Assets</b>            |                            |                            |                          |                      |
| 145.00 · PROMOTIONAL MATERIAL          | 8,853.00                   | 10,536.48                  | -1,683.48                | -15.98%              |
| <b>Total Other Current Assets</b>      | <u>8,853.00</u>            | <u>10,536.48</u>           | <u>-1,683.48</u>         | <u>-15.98%</u>       |
| <b>Total Current Assets</b>            | <u>4,231,297.08</u>        | <u>4,252,127.47</u>        | <u>-20,830.39</u>        | <u>-0.49%</u>        |
| <b>Fixed Assets</b>                    |                            |                            |                          |                      |
| 130.00 · OFFICE EQUIPMENT              | 7,628.40                   | 7,628.40                   | 0.00                     | 0.0%                 |
| 131.00 · ACCUMULATED DEPRECIATION      | -5,904.53                  | -5,415.74                  | -488.79                  | 9.03%                |
| <b>Total Fixed Assets</b>              | <u>1,723.87</u>            | <u>2,212.66</u>            | <u>-488.79</u>           | <u>-22.09%</u>       |
| <b>Other Assets</b>                    |                            |                            |                          |                      |
| 155.00 · PREPAID EXPENSE               | 6,425.00                   | 0.00                       | 6,425.00                 | 100.0%               |
| <b>Total Other Assets</b>              | <u>6,425.00</u>            | <u>0.00</u>                | <u>6,425.00</u>          | <u>100.0%</u>        |
| <b>TOTAL ASSETS</b>                    | <u><b>4,239,445.95</b></u> | <u><b>4,254,340.13</b></u> | <u><b>-14,894.18</b></u> | <u><b>-0.35%</b></u> |
| <b>LIABILITIES &amp; EQUITY</b>        |                            |                            |                          |                      |
| <b>Liabilities</b>                     |                            |                            |                          |                      |
| <b>Current Liabilities</b>             |                            |                            |                          |                      |
| <b>Accounts Payable</b>                |                            |                            |                          |                      |
| 200.00 · ACCOUNTS PAYABLE              | 861,627.23                 | 1,171,012.31               | -309,385.08              | -26.42%              |
| <b>Total Accounts Payable</b>          | <u>861,627.23</u>          | <u>1,171,012.31</u>        | <u>-309,385.08</u>       | <u>-26.42%</u>       |
| <b>Other Current Liabilities</b>       |                            |                            |                          |                      |
| 205.00 · DEFERRED CROP ASSESSMENT REV. | 2,554,910.95               | 2,380,960.95               | 173,950.00               | 7.31%                |
| <b>Total Other Current Liabilities</b> | <u>2,554,910.95</u>        | <u>2,380,960.95</u>        | <u>173,950.00</u>        | <u>7.31%</u>         |
| <b>Total Current Liabilities</b>       | <u>3,416,538.18</u>        | <u>3,551,973.26</u>        | <u>-135,435.08</u>       | <u>-3.81%</u>        |
| <b>Total Liabilities</b>               | <u>3,416,538.18</u>        | <u>3,551,973.26</u>        | <u>-135,435.08</u>       | <u>-3.81%</u>        |
| <b>Equity</b>                          |                            |                            |                          |                      |
| 390.00 · RETAINED EARNINGS             | 702,366.87                 | 841,012.62                 | -138,645.75              | -16.49%              |
| Net Income                             | 120,540.90                 | -138,645.75                | 259,186.65               | -186.94%             |
| <b>Total Equity</b>                    | <u>822,907.77</u>          | <u>702,366.87</u>          | <u>120,540.90</u>        | <u>17.16%</u>        |
| <b>TOTAL LIABILITIES &amp; EQUITY</b>  | <u><b>4,239,445.95</b></u> | <u><b>4,254,340.13</b></u> | <u><b>-14,894.18</b></u> | <u><b>-0.35%</b></u> |

**EXHIBIT #2**

**U.S. Highbush Blueberry Council  
Profit & Loss Budget vs. Actual  
January through December 2012**

|  | <u>Jan - Dec 12</u> | <u>Budget</u>       | <u>\$ Over Budget</u> | <u>% of Budget</u> |
|--|---------------------|---------------------|-----------------------|--------------------|
| <b>Income</b>  |                     |                     |                       |                    |
| 400.00 · INCOME                                      |                     |                     |                       |                    |
| 400.01 · DOMESTIC CROP ASSESSMENTS                   | 2,444,489.63        | 2,380,105.00        | 64,384.63             | 102.71%            |
| 400.02 · FOREIGN CROP ASSESSMENTS                    | 1,601,966.08        | 1,600,000.00        | 1,966.08              | 100.12%            |
| <b>Total 400.00 · INCOME</b>                         | <b>4,046,455.71</b> | <b>3,980,105.00</b> | <b>66,350.71</b>      | <b>101.67%</b>     |
| 400.09 · REFUNDS OF CROP ASSESSMENTS                 | -9,843.77           |                     |                       |                    |
| 400.10 · INTEREST INCOME                             |                     |                     |                       |                    |
| 400.11 · INTEREST INCOME CD                          | 1,121.00            |                     |                       |                    |
| 400.12 · INTEREST INCOME GENERAL                     | 92.38               |                     |                       |                    |
| 400.13 · INTERST INCOME SAVINGS                      | 6,767.69            |                     |                       |                    |
| 400.14 · INTEREST FOR LATE CROP PAYMENTS             | 1,387.29            |                     |                       |                    |
| <b>Total 400.10 · INTEREST INCOME</b>                | <b>9,368.36</b>     |                     |                       |                    |
| 400.20 · LATE FEE INCOME                             | 5,856.12            |                     |                       |                    |
| <b>Total Income</b>                                  | <b>4,051,836.42</b> | <b>3,980,105.00</b> | <b>71,731.42</b>      | <b>101.8%</b>      |
| <b>Gross Profit</b>                                  | <b>4,051,836.42</b> | <b>3,980,105.00</b> | <b>71,731.42</b>      | <b>101.8%</b>      |
| <b>Expense</b>                                       |                     |                     |                       |                    |
| 500.00 · MARKET PROMOTION AND PUBLICITY              |                     |                     |                       |                    |
| 500.10 · CONSUMER/FOOD SERVICE PUBLICITY             | 1,153,580.00        | 1,101,000.00        | 52,580.00             | 104.78%            |
| 500.20 · FOOD MANUFACTURER PUBLICITY                 | 406,734.20          | 400,000.00          | 6,734.20              | 101.68%            |
| 500.30 · EXPORT MARKET PROMOTION                     | 356,500.00          | 325,000.00          | 31,500.00             | 109.69%            |
| 500.50 · MAGAZINE ADVERTISING                        | 1,683.48            |                     |                       |                    |
| 500.68 · EXPANDED MARKET POSITIONING                 | 892,320.26          | 889,900.00          | 2,420.26              | 100.27%            |
| 500.692 · KOREAN MARKET ACCESS                       | 10,000.00           | 10,000.00           | 0.00                  | 100.0%             |
| 500.70 · UNALLOCATED EXP                             | 0.00                | 96,100.00           | -96,100.00            | 0.0%               |
| <b>Total 500.00 · MARKET PROMOTION AND PUBLICITY</b> | <b>2,820,817.94</b> | <b>2,822,000.00</b> | <b>-1,182.06</b>      | <b>99.96%</b>      |
| 550.00 · HEALTH RESEARCH                             |                     |                     |                       |                    |
| 550.20 · RESEARCH UNALLOCATED EXPENSE                | -4,200.00           | 305,000.00          | -309,200.00           | -1.38%             |
| 550.26 · TEXAS WOMAN'S UNIVERSITY                    | -1,812.50           |                     |                       |                    |
| 550.30 · BLUEBERRY RESEARCH BANK                     | 20,895.08           | 40,000.00           | -19,104.92            | 52.24%             |
| 550.40 · RESEARCHER TRAVEL                           | 1,497.77            | 7,500.00            | -6,002.23             | 19.97%             |
| 550.60 · RESEARCH ADMINISTRATOR                      | 37,934.94           | 36,000.00           | 1,934.94              | 105.38%            |
| 550.70 · SPONSORSHIPS                                | 2,000.00            | 7,500.00            | -5,500.00             | 26.67%             |
| 550.71 · BERRY HEALTH SYMPOSIUM 2013                 | 17,000.00           | 17,000.00           | 0.00                  | 100.0%             |
| 550.206 · TEXAS WOMAN'S UNIV STUDY (JUMA)            | 8,000.00            | 8,000.00            | 0.00                  | 100.0%             |
| <b>Total 550.00 · HEALTH RESEARCH</b>                | <b>81,315.29</b>    | <b>421,000.00</b>   | <b>-339,684.71</b>    | <b>19.32%</b>      |
| 600.00 · INDUSTRY RELATIONS                          |                     |                     |                       |                    |
| 600.10 · INDUSTRY RELATIONS ACTIVITIES               | 22,690.60           | 40,000.00           | -17,309.40            | 56.73%             |
| 600.21 · LABOR SEMINARS                              | 0.00                | 24,000.00           | -24,000.00            | 0.0%               |
| 600.22 · GROWER ENGAGE/EDUCATION                     | 2,276.00            | 28,000.00           | -25,724.00            | 8.13%              |
| 600.26 · ASSOCIATION MEMBERSHIPS                     | 5,930.00            | 9,500.00            | -3,570.00             | 62.42%             |
| 600.28 · INTERNATIONAL BLUEBERRY GWR MTG             | 0.00                | 5,000.00            | -5,000.00             | 0.0%               |
| 600.30 · IND RELATIONS UNALLOCATED EXP               | 1,187.35            | 25,900.00           | -24,712.65            | 4.58%              |
| 600.31 · BIRD HARVES/HAND STUDY (TAKEDA)             | 129,100.00          | 129,100.00          | 0.00                  | 100.0%             |
| <b>Total 600.00 · INDUSTRY RELATIONS</b>             | <b>161,183.95</b>   | <b>261,500.00</b>   | <b>-100,316.05</b>    | <b>61.64%</b>      |
| 610.00 · GOOD PRACTICES                              |                     |                     |                       |                    |
| 610.02 · RELY ALERT SITE SERVER/MAINT                | 9,033.75            | 23,000.00           | -13,966.25            | 39.28%             |
| 610.03 · TMT RETAINER/CRISIS PLAN MAINT              | 18,163.25           | 16,500.00           | 1,663.25              | 110.08%            |
| 610.031 · MEDIA TRAINING (TMT)                       | 10,924.05           | 23,000.00           | -12,075.95            | 47.5%              |
| 610.032 · ISSUE MANAGEMENT RESERVE (TMT)             | 0.00                | 5,000.00            | -5,000.00             | 0.0%               |
| 610.04 · PRINTING                                    | 1,936.89            | 10,000.00           | -8,063.11             | 19.37%             |
| 610.05 · ALLIANCE FOR FOOD AND FARMING               | 15,000.00           | 15,000.00           | 0.00                  | 100.0%             |
| 610.10 · GP UNALLOCATED EXPENSE                      | 0.00                | 15,500.00           | -15,500.00            | 0.0%               |
| <b>Total 610.00 · GOOD PRACTICES</b>                 | <b>55,057.94</b>    | <b>108,000.00</b>   | <b>-52,942.06</b>     | <b>50.98%</b>      |
| 650.00 · USHBC PROGRAM FEES                          |                     |                     |                       |                    |
| 650.20 · USDA AMS ADMINISTRATION FEE                 | 104,782.48          | 98,500.00           | 6,282.48              | 106.38%            |
| 650.30 · US OFFICE GENERAL COUNSEL FEE               | 0.00                | 3,000.00            | -3,000.00             | 0.0%               |
| 650.50 · NABC RESOURCES & SERVICE FEE                | 100,000.00          | 100,000.00          | 0.00                  | 100.0%             |
| <b>Total 650.00 · USHBC PROGRAM FEES</b>             | <b>204,782.48</b>   | <b>201,500.00</b>   | <b>3,282.48</b>       | <b>101.63%</b>     |



**EXHIBIT #2**

**U.S. Highbush Blueberry Council  
Profit & Loss Budget vs. Actual  
January through December 2012**

|   | <u>Jan - Dec 12</u>            | <u>Budget</u>       | <u>\$ Over Budget</u> | <u>% of Budget</u> |
|---|--------------------------------|---------------------|-----------------------|--------------------|
| <b>700.00 · GENERAL EXPENSES</b>                  |                                |                     |                       |                    |
| 700.30 · OFFICE RENT                              | 25,894.34                      | 26,010.00           | -115.66               | 99.56%             |
| 700.40 · OFFICE INSURANCE/TAXES                   | 680.00                         | 1,020.00            | -340.00               | 66.67%             |
| 700.50 · SUBSCRIPTIONS                            | 914.70                         | 2,000.00            | -1,085.30             | 45.74%             |
| 700.60 · PRINTING                                 | 12,883.87                      | 15,000.00           | -2,116.13             | 85.89%             |
| 700.70 · OFFICE SUPPLIES                          | 4,957.95                       | 8,000.00            | -3,042.05             | 61.97%             |
| 700.80 · PHONE/FAX                                | 9,544.18                       | 11,900.00           | -2,355.82             | 80.2%              |
| 700.90 · EQUIPMENT REPAIRS/MAINTENANCE            | 914.29                         | 7,400.00            | -6,485.71             | 12.36%             |
| 700.100 · EQUIPMENT RENTAL                        | 7,606.69                       | 8,075.00            | -468.31               | 94.2%              |
| 700.110 · POSTAGE/SHIPMENT                        | 4,106.68                       | 13,175.00           | -9,068.32             | 31.17%             |
| 700.120 · AUTO ALLOWANCE                          | 5,850.00                       | 5,850.00            | 0.00                  | 100.0%             |
| 700.130 · BANK CHARGES                            | 258.80                         | 680.00              | -421.20               | 38.06%             |
| 700.140 · OFFICERS LIABILITY INSURANCE            | 2,876.00                       | 3,575.00            | -699.00               | 80.45%             |
| 700.145 · BONDING INSURANCE                       | 0.00                           | 750.00              | -750.00               | 0.0%               |
| 700.150 · COMMODITY COALITION INITIATIVE          | 990.00                         | 1,000.00            | -10.00                | 99.0%              |
| 700.160 · GENERAL UNALLOCATED EXP.                | 0.00                           | 15,000.00           | -15,000.00            | 0.0%               |
| <b>Total 700.00 · GENERAL EXPENSES</b>            | <b>77,477.50</b>               | <b>119,435.00</b>   | <b>-41,957.50</b>     | <b>64.87%</b>      |
| <b>800.00 · ADMINISTRATION EXPENSES</b>           |                                |                     |                       |                    |
| 800.10 · SALARIES, P/R TAXES, INSURANCE BENEFITS  | 307,043.63                     | 321,289.00          | -14,245.37            | 95.57%             |
| 800.110 · CALIFORNIA WORKER'S COMP                | 4,026.96                       | 3,400.00            | 626.96                | 118.44%            |
| 800.120 · BOOKKEEPING SERVICE                     | 17,220.00                      | 17,220.00           | 0.00                  | 100.0%             |
| 800.121 · RETIREMENT PROGRAM ADMIN                | 850.00                         | 2,210.00            | -1,360.00             | 38.46%             |
| 800.130 · LEGAL/AUDIT FEES                        | 15,300.00                      | 16,830.00           | -1,530.00             | 90.91%             |
| 800.140 · DEPRECIATION                            | 1,092.25                       | 200.00              | 892.25                | 546.13%            |
| 800.150 · ADMINISTRATIVE UNALLOCATED EXP          | 0.00                           | 5,000.00            | -5,000.00             | 0.0%               |
| <b>Total 800.00 · ADMINISTRATION EXPENSES</b>     | <b>345,532.84</b>              | <b>366,149.00</b>   | <b>-20,616.16</b>     | <b>94.37%</b>      |
| <b>850.00 · TRAVEL AND MEETING EXPENSES</b>       |                                |                     |                       |                    |
| 850.10 · EXECUTIVE DIRECTOR TRAVEL                | 9,087.49                       | 18,000.00           | -8,912.51             | 50.49%             |
| 850.15 · ADMINISTRATIVE STAFF TRAVEL              | 7,985.79                       | 10,000.00           | -2,014.21             | 79.86%             |
| 850.20 · OFFICER/MEMBER TRAVEL                    | 130,752.26                     | 95,000.00           | 35,752.26             | 137.63%            |
| 850.30 · MEETINGS                                 | 37,302.04                      | 25,000.00           | 12,302.04             | 149.21%            |
| <b>Total 850.00 · TRAVEL AND MEETING EXPENSES</b> | <b>185,127.58</b>              | <b>148,000.00</b>   | <b>37,127.58</b>      | <b>125.09%</b>     |
| <b>900.10 · UNALLOCATED EXPENSES</b>              | <b>0.00</b>                    | <b>222,995.00</b>   | <b>-222,995.00</b>    | <b>0.0%</b>        |
| <b>Total Expense</b>                              | <b>3,931,295.52</b>            | <b>4,670,579.00</b> | <b>-739,283.48</b>    | <b>84.17%</b>      |
| <b>Net Income</b>                                 | <b>120,540.90</b>              | <b>-690,474.00</b>  | <b>811,014.90</b>     | <b>-17.46%</b>     |
| <b>Cash Flow</b>                                  | <b>BEGINNING CASH 12/31/11</b> | <b>4,099,743.96</b> |                       |                    |
|   | <b>SOURCE OF FUNDS</b>         |                     |                       |                    |
|   | REVENUES                       | 4,051,836.42        |                       |                    |
|   | ACCOUNTS RECEIVABLE            | 4,445.36            |                       |                    |
|   | ACCOUNTS PAYABLE               | 0.00                |                       |                    |
|   | DEFERRED CROP ASSESSMENTS      | 173,950.00          |                       |                    |
|   | DEPRECIATION                   | 488.79              |                       |                    |
|   | PROMOTIONAL MATERIAL           | 1,683.48            |                       |                    |
|   | PREPAID EXPENSE                | 0.00                |                       |                    |
|   | <b>APPLICATION OF FUNDS</b>    |                     |                       |                    |
|   | EXPENSES                       | 3,931,295.52        |                       |                    |
|   | ACCOUNTS RECEIVABLE            | 0.00                |                       |                    |
|   | OFFICE EQUIPMENT               | 0.00                |                       |                    |
|   | ACCOUNTS PAYABLE               | 309,385.08          |                       |                    |
|   | DEFERRED CROP ASSESSMENTS      | 0.00                |                       |                    |
|   | PREPAID EXPENSE                | 6,425.00            |                       |                    |
|   | <b>ENDING CASH 12/31/12</b>    | <b>4,085,042.41</b> |                       |                    |

**EXHIBIT #3**

**2013 USHBC BUDGET**  
**Revised March 1, 2013**

|  | <u>2013</u>      |
|--|------------------|
|  | <u>USHBC</u>     |
|  | <u>BUDGET</u>    |
| <b>Expense</b>                                       |                  |
| 500.00 · MARKET PROMOTION AND PUBLICITY              |                  |
| 500.10 · CONSUMER/FOOD SERVICE PUBLICITY             | 1,670,000        |
| 500.20 · FOOD MANUFACTURER PUBLICITY                 | 400,000          |
| 500.30 · EXPORT MARKET PROMOTION (USHBC \$)          | 325,000          |
| 500.60 · MARKET RESEARCH ALLOCATION                  | 100,000          |
| 500.70 · UNALLOCATED MARKETING EXPENSES              | 10,000           |
| <b>Total 500.00 · MARKET PROMOTION AND PUBLICITY</b> | <u>2,505,000</u> |
| 550.00 · HEALTH RESEARCH                             |                  |
| 550.20 · RESEARCH UNALLOCATED EXPENSE                | 500,000          |
| 550.21 · RESEARCH RESERVE-EXPANDED STUDY             | 1,000,000        |
| 550.30 · BLUEBERRY RESEARCH BANK                     | 30,000           |
| 550.40 · RESEARCHER TRAVEL                           | 5,000            |
| 550.60 · RESEARCH ADMINISTRATOR                      | 37,500           |
| 550.70 · SPONSORSHIPS                                | 2,500            |
| <b>Total 550.00 · HEALTH RESEARCH</b>                | <u>1,575,000</u> |
| 600.00 · INDUSTRY RELATIONS                          |                  |
| 600.10 · INDUSTRY RELATIONS ACTIVITIES               | 30,000           |
| 600.21 · LABOR SEMINARS                              | 5,000            |
| 600.22 · GROWER ENGAGEMENT/EDUCATION                 | 20,000           |
| 600.26 · ASSOCIATION MEMBERSHIPS                     | 8,500            |
| 600.28 INTERNATIONAL BLUEBERRY GROWER MEETING        | 1,000            |
| 600.30 · UNALLOCATED INDUSTRY RELATIONS EXPENSE      | 2,500            |
| <b>Total 600.00 · INDUSTRY RELATIONS</b>             | <u>67,000</u>    |
| 610.00 · GOOD PRACTICES                              |                  |
| 610.02 · RELY ALERT SITE SERVER/MAINTENANCE          | 12,000           |
| 610.03 · TMT RETAINER/CRISIS PLAN MAINTENANCE        | 16,500           |
| 610.031 · MEDIA TRAINING (TMT)                       | 23,000           |
| 610.032 · ISSUE MANAGEMENT RESERVE (TMT)             | 5,000            |
| 610.04 · PRINTING                                    | 5,000            |
| 610.05 · ALLIANCE FOR FOOD AND FARMING               | 10,000           |
| 610.10 · GOOD PRACTICES UNALLOCATED EXPENSE          | 2,500            |
| <b>Total 610.00 · GOOD PRACTICES TOTAL</b>           | <u>74,000</u>    |
| 650.00 · USHBC PROGRAM FEES                          |                  |
| 650.20 · USDA AMS ADMINISTRATION FEE                 | 97,000           |
| 650.30 · US OFFICE GENERAL COUNSEL FEE               | 1,000            |
| 650.40 · US CUSTOMS FEE                              | 0                |
| 650.50 · NABC RESOURCES & SERVICE FEE                | 100,000          |
| <b>Total 650.00 · USHBC PROGRAM FEES</b>             | <u>198,000</u>   |
| 700.00 · GENERAL EXPENSES                            |                  |
| 700.30 · OFFICE RENT                                 | 27,625           |
| 700.40 · OFFICE INSURANCE/TAXES                      | 1,020            |
| 700.50 · SUBSCRIPTIONS                               | 1,250            |
| 700.60 · PRINTING                                    | 10,500           |
| 700.70 · OFFICE SUPPLIES                             | 5,650            |
| 700.80 · PHONE/FAX                                   | 10,200           |
| 700.90 · EQUIPMENT/REPAIRS/MAINTENANCE               | 2,550            |
| 700.100 · EQUIPMENT RENTAL                           | 8,925            |
| 700.110 · POSTAGE/SHIPMENT                           | 8,625            |
| 700.120 · AUTO ALLOWANCE                             | 5,850            |
| 700.130 · BANK CHARGES                               | 765              |
| 700.140 · OFFICERS LIABILITY INSURANCE               | 3,575            |
| 700.145 · BONDING INSURANCE                          | 750              |
| 700.150 · COMMODITY COALITION INITIATIVE             | 1,000            |
| 700.160 · GENERAL UNALLOCATED EXPENSES               | 0                |
| <b>Total 700.00 · GENERAL EXPENSES</b>               | <u>88,285</u>    |
| 800.00 · ADMINISTRATION EXPENSES                     |                  |

**EXHIBIT #3****2013 USHBC BUDGET  
Revised March 1, 2013**

|   |                         |
|---|-------------------------|
| 800.10 · SALARIES, P/R TAXES, INSURANCE BENEFITS  | 339,264                 |
| 800.110 · CALIFORNIA WORKER'S COMP                | 3,825                   |
| 800.120 · BOOKKEEPING SERVICE                     | 18,480                  |
| 800.121 · RETIREMENT PROGRAM ADMINISTRATION       | 2,465                   |
| 800.130 · LEGAL/AUDIT FEES                        | 15,300                  |
| 800.140 · DEPRECIATION                            | 200                     |
| 800.150 · ADMINISTRATIVE UNALLOCATED EXPENSE      | 1,500                   |
| <b>Total 800.00 · ADMINISTRATION EXPENSES</b>     | <b><u>381,033</u></b>   |
| <br>  |                         |
| 850.00 · TRAVEL AND MEETING EXPENSES              |                         |
| 850.10 · EXECUTIVE DIRECTOR TRAVEL                | 12,000                  |
| 850.15 · ADMINISTRATIVE STAFF TRAVEL              | 10,625                  |
| 850.20 · OFFICER/MEMBER TRAVEL                    | 103,500                 |
| 850.30 · MEETINGS                                 | 27,200                  |
| <b>Total 850.00 · TRAVEL AND MEETING EXPENSES</b> | <b><u>153,325</u></b>   |
| <br>  |                         |
| 900.00 UNCOMMITTED EXPENSES                       | 22,449                  |
| <b>Total Expense</b>                              | <b><u>5,064,092</u></b> |