



**FY 2016 Budget Narrative
National Processed Raspberry Council
For the Period October 1, 2015 – September 30, 2016**

INTRODUCTION

In 2007 a Raspberry Strategic Plan examined current market conditions and identified key strategies to increase consumer and end user knowledge about processed raspberries with a goal of increasing demand for and usage of raspberries. Four key elements of that Plan and the associated rationale were:

1. Conduct nutrition research: *Fund additional scientific research to link raspberries to health benefits.*
2. Health and wellness messaging: *Use simple messages to articulate raspberry's nutritional advantages; a diet rich in whole foods, including regular consumption of raspberries, may be a preventive practice that may offer protection from chronic illnesses. The message should also include a discussion of the advantages of frozen raspberries, and stress good for you flavor!*
3. New product introduction: *Provide technical support for new product development as appropriate.*
4. Trend analysis: *Address changing demographic patterns and the emerging power of digital media to carry a message.*

Periodically the industry has reviewed the Strategic Plan in regards to market conditions and assumptions, and to ensure that these key recommendations remain appropriate to address the overall goal of increasing demand. Although circumstances and conditions are evolving, the recommendations remain correct and should continue to provide guidance in considering marketing tactics.

The National Processed Raspberry Council (NPRC), at its organizational meeting held June 3-4, 2013, reviewed the Raspberry Strategic Plan and adopted it to provide guidance to NPRC programs.

During FY 2015, marketing communications programs were implemented by a team of independent contractors acting as virtual "staff" to the Council along with Salt &

Company, a Public Relations firm contracted after an extensive six-month long nation-wide search process. Together, this team reviewed and updated the Council's website, making for a more user friendly experience on multiple platforms, implemented a multi-tiered social media program that overlapped all communications channels, expanded the Council's trade show presence, introduced the Council to a broad base of health communicators, fashioned a series of simple recipes along with demonstration videos, conducted consumer, trade, and industry surveys, completed a digital audit of Council resources, created a message contact database, and transitioned the Council's newsletter to an electronic format.

At the same time, new nutrition and post-harvest technology research projects were funded along with completion of a review of all raspberry related research that has been conducted from 1990 to 2013. The database that resulted from this exhaustive review is focused on research related to raspberries' impact on health and disease risk, and the diet/disease relationship for red raspberries. It was scheduled to be published in two scientific journals during FY 2015 to extend its reach and recognition.

INCOME

NPRC assessment income is based on raspberry industry estimates of U.S. production of raspberries delivered to processors and imports of processed raspberries for the period October 1, 2015 through September 30, 2016. For FY 2016, assessment income is based on 65.0 million pounds of domestic production and 57.5 million pounds of imports. These estimates are the result of discussion with industry leaders. Import assessments since Jul 1, 2015, have been collected by U.S. Customs at the time of importation. Domestic assessment income, although received after October 1, 2015, is recognized as FY 2015 income as it results from deliveries of the 2015 crop. The same procedure will be followed for FY 2016 and subsequent years representing an accrual basis of accounting. Import assessment income is recognized in the month it is received, as imports are received at Ports of Entry throughout the year.

Minimal interest income will accrue from investments during FY 2016. No other non-assessment revenue is forecast for FY 2016.

NON-PROGRAM EXPENSES

Administrative Expenses

The Act and the Order limit administrative expenses to 15% of revenue. The recommended budget complies with the administrative spending limits, capping general administrative expenses at 9.3% of FY 2016 assessment revenue.

For FY 2016, the NPRC will renew Administrative or Professional Service contracts with its vendors to implement its programs. A Science Advisor was

added in FY 2015 to assist the Executive Director and be a resource for the Research Committee. With no employees, the Council will have no employer related costs. Contracts will be established for the Council's Executive Director, Legal Counsel, Science Advisor, and Administrative Services. A Memorandum of Understanding was executed in FY 2014 for outside counsel. All marketing and promotion programs will be implemented under contract to either Independent Contractors or the Council's Agency of record, Salt & Company.

Travel and Meetings include direct meeting costs, travel for Board members and alternates to attend the two Council meetings scheduled for FY 2016, and for contractors to conduct the business and programs of the Council. To maximize efficiency and minimize expenses, the Council will either hold committee meetings in conjunction with scheduled Board meetings or by teleconference call as it did in FY 2015.

Operational expenses include equipment purchase/lease, insurance/bonds, memberships, supplies, phone/fax/internet, postage/shipping, printing/copies, repairs/maintenance, software purchases, subscriptions, and miscellaneous expenses.

Included within Administrative Expenses are costs associated with the Council's Food Safety Program and Strategic Plan Facilitation.

PROGRAM EXPENSES

Total FY 2016 revenue is forecast to be \$2.78 million. Of this total, \$1.55 million is carryforward from unexpended FY 2015 funds. The FY 2016 budget, in the amount of \$1.96 million will be utilized to fund market promotion, industry communications, nutrition research, new market development, and establish an operations reserve of \$.82 million. Detailed market communication and research strategies and tactics are described in their respective Narratives. The goals of these programs are summarized below.

Market Communication; Public Relations

Raspberries not only have a good story to tell but are a good story. The goal of market communication activity is to raise consumer, food manufacturer, and commercial end-user awareness of how raspberries can contribute to overall health and wellness, and through that increased awareness, expand usage and demand for processed raspberries. Trade education, print, electronic, and social media, and targeted public relations messages will be drawn from factual information flowing from the industry's nutrition research program. During FY 2015, a large investment in marketing communications was made by the industry to push the raspberry message out to the trade and consumers. This effort will be continued in FY 2016.

FY 2016 marketing communication and education programs will be executed by independent contractors, in conjunction with and under the supervision of Salt & Company.

Industry Communication

Industry Communications will keep industry members apprised of activities of the Council, events impacting raspberries, report on program successes, and encourage constructive discussion within the industry. The raspberry industry's sustainability story will be developed and disseminated. These activities will be accomplished through a combination of electronic media, newsletters, and face-to-face meetings with members of the raspberry industry.

Research

A growing body of research suggests that red raspberries, a rich source of bioactive polyphenols, may have anti-inflammatory properties and may offer beneficial effects against inflammatory-related diseases including diabetes, cardiovascular disease, cancer, and musculoskeletal inflammation. The general consensus is that chronic inflammation is at the root of all chronic illness, and food with anti-inflammatory properties may play an important role in preventing chronic illness and/or helping to manage a host of related health issues. The goal of funded research is to establish a link between raspberry consumption and its wellness potential. Findings generated by funded research will be incorporated into public awareness campaigns about the health benefits of raspberries.

New Markets/Products

Raspberry usage, attitude, and awareness studies will establish baselines among foodservice operators and food manufacturers. Subsequent studies will quantify the Council's ability to influence demand and be used to evaluate program effectiveness. Learnings from the trade as to potential new uses for raspberries will be explored.

Food Safety

For FY 2016, the Council has established a Food Safety Committee. Its first task will be to audit real and perceived food safety vulnerabilities and to bring forward recommendations on how to address these vulnerabilities. The Committee will examine best practices of other commodity organizations. A start-up budget was established to fund the vulnerability assessment.

Government Fees

Repayment of USDA costs for program development and start-up costs was completed in FY 2015. However, in the event that a subsequent audit of costs shows a remaining balance, funds will be available for this expense in FY 2016.

USDA estimated annual User Fees at \$102,000 for FY 2015, which would include normal, but not extraordinary, OGC expenses. The FY 2016 budget for this expense does not anticipate extraordinary USDA legal costs.

Through July 1, 2014, the Council collected all past due assessments and began quarterly assessment collection from importers and first handlers. Since that time, Customs began the process of direct collection of import assessments at the time of entry to the United States. Assessments from domestic handlers, collected and remitted by first handlers, are the responsibility of the Council. During FY 2015, Council staff and legal counsel presented to the OGC a report detailing remaining delinquent assessments and recommended action.

Reserve Fund

A reserve fund of approximately 31% of total funds available will be established during FY 2016.