AGENDA

BOARD OF DIRECTORS ANNUAL MEETING

Saturday, August 26, 2017
8:30 a.m. – 12:00 noon
St. Gallen
Swissotel Hotel
Chicago, Ill.

I. Call to Order

II. Review of Antitrust Statement Tab 1

III. Approval of Minutes from March 2016 Board Meeting Tab 2

IV. USApple Financial Report Tab 3

V. Report of the Executive Committee Tab 4

VI. Report of the USApplePAC Committee Tab 5

VII. Report of the Government Affairs Committee Tab 6

VIII. Report of the Membership Committee Tab 7

IX. Report of the Education Committee Tab 8

X. Report of the Industry Information Committee Tab 9
XI. Report of the Nominating Subcommittee
   a) Regular Directors
   b) Executive Committee
   c) Officers

XII. Passing of the Chairman’s Gavel

XIII. Recognition of Retiring Directors

XIV. Recognition of New & Reappointed Directors

XV. Report of the State Executive Nominating Subcommittee

XVI. Discussion of Board roster transition

XVII. Other Business

XVIII. Executive Session

XIX. Adjournment
2016-2017
Board of Directors

OFFICERS

Chairman
Jon Alegria* (District 5/2)
CPC International Apple Co.
P.O. Box 343
Tieton, WA 98947
509-673-3113
jon@cpcintappleco.com

Vice Chairman
Mark Boyer* (District 2/1)
Ridgetop Orchards, LLC
2953 Valley Road
Fishertown, PA 15539-0113
814-494-0963
mark@ridgetoporchards.com

Secretary
Kaari Stannard* (District 1/3)
New York Apple Sales, Inc.
17 Languish Pl.
Glenmont, NY 12077
518-477-7200
kaari@newyorkapplesales.com

Treasurer
John Graden* (R/1)
Crunch Pak, LLC
300 Sunset Ave
Cashmere, WA 98815
425-444-2554
johng@crunchpak.com

Past Chairman
Mike Wade* (R/3)
Columbia Fruit Packers, Inc.
2575 Euclid Street, P. O. Box 920
Wenatchee, WA 98801
509-662-7153
mike@columbiafruit.com

DIRECTORS

Chris Alpers* (District 3/2)
RedPath Orchards
7373 E. Pertner Rd.
Lake Leelanau, MI 49653
231-633-8378
redpath2205@gmail.com

Dave Benner (District 2/2)
El Vista Orchards, Inc.
1160 Cold Spring Road
Fairfield, PA 17320-9453
717-642-8414
evlusta@comcast.net

Tony Blattner (R/1)
BelleHarvest Sales, Inc.
11900 Fisk Road
Belding, MI 48809-9413
616-690-8167
tblattner@belleharvest.com

Steve Clement (District 5/1)
Sage Fruit Company
P.O. Box 2589
Yakima, WA 98907
509-494-1965
sclement@sagefruit.com

Jeff Colombini* (District 4/2)
Lodi Farming Inc.
11292 North Alpine Road
Stockton, CA 95212
209-334-3424
jeff@lodifarming.com

Mike Dietrich (District 3/2)
Leo Dietrich & Sons
1201 Wilson
Conklin, MI 49403
616-293-7218
thedietrichfamily@gmail.com
**Bill Dodd** (District 3/1)
Fruit Growers Marketing Association
50336 Telegraph Road
Amherst, OH 44001
440-670-2883
bill@ohioapples.com

**David Douglas** (District 5/3)
Douglas Fruit
110 Taylor Flats Rd.
Pasco, WA 99301
509-547-2727
david@douglasfruit.com

**Philip Glaize** (R/2)
Glaize Apples
112 E. Piccadilly Street
Winchester, VA 22601
philip@glaizeapples.com

**Kelly Henggeler** (R/3)
Henggeler Packing Co., Inc.
6730 Elmore Road, P.O. Box 313
Fruitland, ID 83619
208-452-4212
henggelerpkg@fmtc.com

**Craig Hinkle** (R/2)
Knouse Foods Cooperative, Inc.
800 Peach Glen-Idaville Road
Peach Glen, PA 17375-0001
717-677-8181 3290
CHinkle@Knouse.com

**Mark Nicholson** (District 1/1)
Red Jacket Orchards, Inc.
957 Canandaigua Road
Geneva, NY 14456
315-787-0103
mnicholson@redjacketorchards.com

**Ned O’Neill** (District 1/2)
Joseph P. Sullivan & Co., Inc.
50 Barnum Road, P.O. Box 449
Ayer, MA 01432-0449
978-862-0729
noneill@jpsullivan.com

**Alex Ott** (SE/1)
California Apple Commission
2565 Alluvial Ave., Suite 182
Clovis, CA 93611
559-225-3000
aott@calapple.org

**Lee Peters** (R/1)
Fowler Farms
10273 Lummisville Road
Wolcott, NY 14590-3409
315-594-8068
leepeters@fowlerfarms.com

**Mike Preacher** (District 5/3)
Domex Superfresh Growers
151 Low Road
Yakima, WA 98908
509-966-1814
mpreacher@superfreshgrowers.com

**Bob Price** (R/2)
Price Cold Storage & Packing Co., Inc.
P.O. Box 4078
Yakima, WA 98904-0078
509-966-4110
bob@priceapples.com

**Steve Smith** (R/3)
Yakima Fresh LLC
111 University Pkwy., Ste. 101
Yakima, WA 98901
509-453-9081
steve.smith@yakimafresh.com

**Jaime Williams** (District 2/1)
Bowman Fruit Sales
17581 Mechanicsville Road
Timberville, VA 22853
540-896-3079
jwilliams@turkeyknobapples.com

**Jon Wyss** (District 5/2)
Gebbers Farms
P.O. Box 735
Brewster, WA 98812
509-689-3424
jonw@gebbersfarms.com

**Key**
* Executive Committee Member
R: Regular Director
D: District Director
SE: State Executive
1: Term expires Aug. 2017
2: Term expires Aug. 2018
3: Term expires Aug. 2019
Guide to Antitrust Compliance

Trade association meetings provide a lawful and important opportunity for competitors to meet and to discuss items of legitimate concern to the industry. At the same time, these meetings provide a potential opportunity for formal or informal discussions that could lead to conduct or agreements that violate the antitrust laws. Such discussions would give rise to serious risks for U.S. Apple and its individual members. U.S. Apple members should therefore adhere to the following general guidelines when participating in U.S. Apple activities including Board meetings:

- Do not discuss current or future prices, terms and conditions of sale, profit margins or costs.
- Do not discuss what constitutes a “fair” price or profit level or that a competitor’s pricing conduct constitutes an unfair trade practice.
- Do not ask competitors to explain or “justify” their pricing practices.
- Do not discuss pricing formulas or methodologies or any matters affecting the customer’s net price, such as cash discounts or credit terms.
- Do not discuss limiting output, production or otherwise controlling sales levels.
- Do not seek to restrict lawful advertising by competitors.
- Do not discuss allocating customers or markets to or among competitors.
- Do not discuss customer/supplier selection or customers or suppliers with whom members will or will not do business with.
- Do not vote or act in your capacity as a U.S. Apple member with the intention to harm a competitor or the competitive process.
MINUTES (DRAFT)

U.S. APPLE ASSOCIATION
BOARD OF DIRECTORS MEETING

Washington Court Hotel
Washington, DC

March 25, 2017

Directors Present:
John Alegria, Chairman
Mark Boyer
John Graden
Mike Wade
Chris Alpers
Dave Benner
Steve Clement
Jeff Colombini
Mike Dietrich
Bill Dodd
David Douglas
Kelly Henggeler
Craig Hinkle
Mark Nicholson
Ned O’Neill
Alex Ott
Mike Preacher
Bob Price
Steve Smith
Jaime Williams
Jon Wyss

Guests Present:
Joel Crist
Jon DeVaney
Bill Dodd
Todd Fryhover
Bruce Grim
Cynthia Haskins
Lindsey Huber
Marcus Jones
Jesse Mulbury
Matthew Murphy
Julia Rothwell
Megan Wade
Cristy Warnock
Elizabeth Wittenbach
Suzanne Wolter

Staff Present:
Jim Bair
Jessa Allen
Diane Kurrle
Mark Seetin
Niza Strike
Korenna Wilson
Ed Ruckert, General Counsel
Call to Order
Chairman Alegria called the meeting to order at 9:00 a.m.

Previous Meeting Minutes
The minutes of the August 27, 2016 meeting of the USApple Board of Directors were reviewed.

A motion was properly made, seconded and passed to approve the minutes of the August 27, 2016 meeting of the USApple Board of Directors as presented.

Financial Report
Jim Bair, President & CEO, presented the financial report.

A motion was properly made, seconded and passed to approve the financial report.

Executive Committee Report
Chairman Alegria presented a report of the Executive Committee including financial, Officers’ and President’s reports.

A motion was properly made, seconded and passed to approve the Executive Committee report.

USApplePAC Committee Report
Chair Rothwell gave a financial report for the PAC, stating that $7,750 was raised at Thursday’s reception. The PAC fund balance on February 28 was $33,790. The Committee approved the 2016-2018 Activity Plan and would be planning fundraising events.

A motion was properly made, seconded and passed to approve the USApplePAC Committee report.

Government Affairs Committee Report
Kurrle provided a summary of the Government Affairs Committee’s strategy meeting held in January. She said the issues discussed were the basis for the priorities laid out in the Hill leave-behind packets. Issues included: labor and immigration, NAFTA, Farm Bill, food safety updates, and pesticide policies.

The Committee approved the proposed FY17-18 Activity Plan at the January meeting and held a conference call in early March to discuss and recommend Board approval of the proposed budget.

A motion was properly made, seconded and passed to approve the Government Affairs Committee report.
Membership/Communications Committee Report

Membership Report
The Committee reviewed the analysis of USApple’s membership by category. As of March 9, there were 189 individual dues-paying members, generating $169,700 in dues revenue, exceeding the FY16-17 budget of $152,000 with four months yet to go in the fiscal year. Twelve new companies joined the Association generating $8,625 in revenue. There were 807 non-direct dues paying grower members (growers from states paying their full assessment to USApple).

The 2017 membership dues renewal invoices were mailed to each member company’s main contact on November 1. Follow up invoices were sent. The final notice will be sent April 10 and followed up with a phone call. To date, there are 22 pending renewals and the retention rate is 87%.

Communications Update
The Committee reviewed statistics on USApple’s member communications. Apple Bites continues to be emailed to members every other week. The “open” rates continue to average 34%. Members Alerts continue to be sent on a regular basis to keep members informed on industry-related issues and have performed well at a 34% “open” rate.

Young Apple Leaders (YAL) Program
Allen reported on the 2017 Young Apple Leaders Program. There was an overwhelming response of candidates and the class of 2017 included 17 Young Apple Leaders representing five states - California, Michigan, New York, Ohio, and Washington.

The Young Apple Leaders Program was sponsored by Domex Superfresh Growers, Farm Credit East, Knouse Foods Cooperative, Michigan Apple Committee, New York Apple Sales, Northwest Farm Credit, Ohio Apple Marketing Program, and Wilbur-Ellis. The total amount of 2017 sponsorship contributions was $35,000. An additional $3,822 was available from FY15-16 sponsorship funds.

The Committee adopted a motion to approve the proposed FY17-18 Activity Plan and recommend Board approval of the budget for the membership program.

A motion was properly made, seconded and passed to approve the Membership/Communications Committee report.

Education Committee Report
Committee Goals
The Committee discussed and agreed upon new, overall Committee objectives and outcomes:

Education Committee Objective
• Publicly position the organization as the leading advocate for the U.S. apple industry and raise overall awareness of the importance and impact of apple consumption on the U.S. population.

Outcomes
• Promote existing USApple initiatives/content and develop new campaigns (research, partnerships, media relationships, etc.)
  o Strengthen the connection between apple consumption and a healthy lifestyle.
• Articulate the value of member benefits (advocacy, networking, industry stats, etc.)
  o Drive member retention and growth.

In Progress Activities
Committee reviewed the new fly-in toolkit, the response strategy to the Environmental Working Group’s 2017 Dirty Dozen list and the Apple Madness promotion. Apple Madness was at the height of the campaign during the meeting—all current metrics, sponsorship and engagement levels tracking higher than the previous year.

Research
One of three research projects is complete, with the remaining two slated for completion later this year. Each will provide content and proof points for all USApple messaging and campaigns.
  • San Diego State University: Childhood Obesity (done)
  • Florida State University: Diabetes (April)
  • Tufts University: Healthcare Cost Savings (August)

2016 On-Hold Projects
Staff recommended holding on the following 2016 proposed initiatives: crisis subject matter videos, animated apple education video and the American Heart Association Heart Health Check-Off Program. The Committee was in agreement.

2017 Activity Plan
The balance of Committee discussion centered on four general priority areas, brainstorming a variety of tactics for each namely:
• Media Relations and Consumer Voice (Media Tour, Social Media Audit, Media Panel at Outlook, Media Corps, Speaking Engagement Strategy, One-Pagers for Media)
• Partnerships and Sponsorships (Target List, 2 New Campaigns, PR Peer Group, Apples4Ed Refinement)
• Member Resources and Tools (Crisis Talking Points, Toolkits, Member Mobile App)
• Research and Content Pipeline (Shorter Consumer Surveys, New Topics, Relaunched Newsletter)

Budget
Staff is reviewing the Harvest PR contract and corresponding retainer, up for renewal in July of 2017. Staff will negotiate contract based upon the activity plan that was discussed during the Committee meeting. Staff will align new Committee objectives with in-house capabilities and predict a slight decrease in retainer.
A motion was properly made, seconded and passed to approve the Education Committee activity plan

Industry Information Committee Report
Committee Chair Preacher reported on the following:

Food Safety Modernization Act – Final Rule
FSMA final rule implementation
  • Partial guidance issued for Preventive Control Rule (packinghouses)
  • FDA to rework “farm” definition so packinghouses are regulated under the same rules
  • Awaiting Produce Rule Guidance for growers
  • USApple/FDA meeting held at FDA headquarters in December 2016 to discuss agricultural water rule issues
  • FDA is reconsidering the water rule provisions

Crop Insurance
USApple’s Risk Management Task Force worked with a consulting firm to examine the feasibility of developing a policy on apple trees
  • February 2017 - Federal Crop Insurance Corporation board approved funding for development of the apple tree policy
  • Consultant is gathering information and preparing actuarial analysis
  • Task Force will work with the consultant on terms and conditions of new policy
  • RMA will be working with Task Force on potential changes to apple policy in coming months

Regulatory Update
• Waters of the US (WOTUS) – President Trump’s Executive Order directing the EPA and Army Corps of Engineers to review rule was discussed.
• Agencies have issued “Intention to Review and Rescind or Revise the Clean Water Rule”
• Worker Protection Standard (WPS) - Industry and the National Association of State Departments of Agriculture (NASDA) jointly asked EPA to delay WPS final rule to allow for reevaluation and potential revisions
• US Apple is working with ag coalitions objecting to EPA plan to cancel important crop protection compounds without using the science–based process required under law

Research
USApple has provided letters of support to research grant applications for projects that represent research priorities for the industry
  • Supporting SCRI grant proposals for tree fruit research in automation, management and pollinator/IPM best management practices
  • Monitoring USDA budget process to defend apple research
  • Monitoring potential shutdown of apple postharvest research project
2017 Crop Outlook & Marketing Conference
We are on track to make the 2017 Outlook and Marketing Conference a success. Highlights include:
• Speakers being confirmed for crop outlook session
• Outreach to potential sponsors planned
• Working on program topics & speakers

A motion was properly made, seconded and passed to approve the Industry Information Committee report.

Other Business
There being no other general business, the Board convened in executive session. Minutes of the Executive session are available for review from the Association’s counsel.

Adjournment
A motion to adjourn was properly made, seconded and passed. The meeting adjourned at approximately 11am.

Signature: ________________________________ Date: ________________________________
U.S. Apple Association
Statement of Financial Position
As of June 30, 2017

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2017</th>
<th>June 30, 2016</th>
<th>PY Variance</th>
<th>PY Variance%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 2,523,843</td>
<td>$ 2,397,074</td>
<td>$ 126,769</td>
<td>5%</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>1</td>
<td>12</td>
<td>(11)</td>
<td>(92)%</td>
</tr>
<tr>
<td>Assessment Receivable, Net</td>
<td>216,448</td>
<td>230,716</td>
<td>(14,268)</td>
<td>(6)%</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>39,907</td>
<td>81,709</td>
<td>(41,802)</td>
<td>(51)%</td>
</tr>
<tr>
<td>Property and Equipment, Net</td>
<td>109,739</td>
<td>92,418</td>
<td>17,321</td>
<td>19%</td>
</tr>
<tr>
<td>Deposit with Landlord</td>
<td>30,742</td>
<td>8,466</td>
<td>22,276</td>
<td>263%</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$ 2,920,680</td>
<td>$ 2,810,395</td>
<td>$ 110,285</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Liabilities and Net Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$ 14,256</td>
<td>$ 10,552</td>
<td>$ 3,704</td>
<td>35%</td>
</tr>
<tr>
<td>Accrued Expenses</td>
<td>41,021</td>
<td>52,347</td>
<td>(11,326)</td>
<td>(22)%</td>
</tr>
<tr>
<td>Capital Lease Obligations</td>
<td>22,178</td>
<td>29,871</td>
<td>(7,693)</td>
<td>(26)%</td>
</tr>
<tr>
<td>Deferred Rent</td>
<td>41,584</td>
<td>7,044</td>
<td>34,539</td>
<td>490%</td>
</tr>
<tr>
<td>Deferred Revenue - Other</td>
<td>309,349</td>
<td>281,900</td>
<td>27,451</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>428,388</td>
<td>381,714</td>
<td>46,675</td>
<td>12%</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted Net Assets</td>
<td>1,674,485</td>
<td>1,555,415</td>
<td>119,069</td>
<td>8%</td>
</tr>
<tr>
<td>Designated Reserves</td>
<td>754,197</td>
<td>754,196</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Change in Net Assets</td>
<td>63,610</td>
<td>119,070</td>
<td>(55,459)</td>
<td>(47)%</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>2,492,292</td>
<td>2,428,681</td>
<td>63,610</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td>$ 2,920,680</td>
<td>$ 2,810,395</td>
<td>$ 110,285</td>
<td>4%</td>
</tr>
</tbody>
</table>

Notes:
A. Prepaid Expenses has decreased by $41K when compared to last year. This can be attributed to the timing of payments made.
B. Property and Equipment has increased by $17k when compared to the same period last year. This is due to new office furniture purchase and leasehold improvement.
C. Deposit with landlord has increased by $22k when compared to prior year. This is due to the deposit made for the new office lease.
D. Accrued Expenses has decreased by $11k when compared to this period prior year. The timing of payments is the result of the variance from prior year.
E. Deferred Rent has increased by $34k when compared to the same period last year. This is due to monthly deferred rent adjustments recorded between July 2016 and June 2017.
F. Deferred Revenue has increased by $27K when compared to last year. This is mainly due to the timing difference of Outlook Registration payments.

These financial statements were prepared by Tate & Tryon, CPAs. The statements were not subject to an audit, or other assurance services. Management has elected to omit the statement of cash flows and substantially all required disclosures.
### U.S. Apple Association Statement of Activities

For the Twelve Months Ended June 30, 2017

#### Year To Date 06/30/2017

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>YTD Budget</th>
<th>Budget % Var</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Assessments</td>
<td>$1,580,847</td>
<td>$1,520,000</td>
<td>4 %</td>
<td>$1,520,000</td>
</tr>
<tr>
<td>Dues</td>
<td>179,131</td>
<td>152,000</td>
<td>18 %</td>
<td>152,000</td>
</tr>
<tr>
<td>Registrations</td>
<td>183,417</td>
<td>182,000</td>
<td>1 %</td>
<td>182,000</td>
</tr>
<tr>
<td>Sponsorships</td>
<td>186,297</td>
<td>158,200</td>
<td>19 %</td>
<td>158,200</td>
</tr>
<tr>
<td>Reimbursement Share Expense</td>
<td>51,200</td>
<td>58,500</td>
<td>(12%)</td>
<td>58,500</td>
</tr>
<tr>
<td>Nutritional Research</td>
<td>60,629</td>
<td>35,000</td>
<td>73 %</td>
<td>35,000</td>
</tr>
<tr>
<td>Interest</td>
<td>3,023</td>
<td>3,750</td>
<td>(19) %</td>
<td>3,750</td>
</tr>
<tr>
<td>Miscellaneous Revenue</td>
<td>2,637</td>
<td>300</td>
<td>1,779 %</td>
<td>300</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>2,206,101</td>
<td>2,057,100</td>
<td>7 %</td>
<td>2,057,100</td>
</tr>
</tbody>
</table>

#### Expenses

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>818,977</td>
<td>808,500</td>
<td>1 %</td>
<td>808,500</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>48,031</td>
<td>50,100</td>
<td>(4) %</td>
<td>50,100</td>
</tr>
<tr>
<td>Payroll Taxes</td>
<td>52,338</td>
<td>65,500</td>
<td>(20) %</td>
<td>65,500</td>
</tr>
<tr>
<td>Advertising</td>
<td>152</td>
<td>0</td>
<td>0 %</td>
<td>0</td>
</tr>
<tr>
<td>Audit</td>
<td>19,125</td>
<td>22,700</td>
<td>(16) %</td>
<td>22,700</td>
</tr>
<tr>
<td>Bank Charges</td>
<td>10,649</td>
<td>10,000</td>
<td>6 %</td>
<td>10,000</td>
</tr>
<tr>
<td>Coalition &amp; Subscriptions</td>
<td>86,283</td>
<td>93,700</td>
<td>(8) %</td>
<td>93,700</td>
</tr>
<tr>
<td>Consulting Fees</td>
<td>326,236</td>
<td>321,400</td>
<td>2 %</td>
<td>321,400</td>
</tr>
<tr>
<td>Database</td>
<td>3,477</td>
<td>3,420</td>
<td>2 %</td>
<td>3,420</td>
</tr>
<tr>
<td>Depreciation</td>
<td>26,821</td>
<td>23,600</td>
<td>14 %</td>
<td>23,600</td>
</tr>
<tr>
<td>Design &amp; Production</td>
<td>9,072</td>
<td>7,800</td>
<td>16 %</td>
<td>7,800</td>
</tr>
<tr>
<td>Equipment Lease/Rental</td>
<td>7,905</td>
<td>3,420</td>
<td>65 %</td>
<td>3,420</td>
</tr>
<tr>
<td>Education Materials</td>
<td>932</td>
<td>0</td>
<td>0 %</td>
<td>0</td>
</tr>
<tr>
<td>Insurance</td>
<td>13,249</td>
<td>8,700</td>
<td>52 %</td>
<td>8,700</td>
</tr>
<tr>
<td>Legal</td>
<td>71,546</td>
<td>94,560</td>
<td>(24) %</td>
<td>94,560</td>
</tr>
<tr>
<td>Outlook &amp; March Meetings</td>
<td>150,092</td>
<td>186,600</td>
<td>(20) %</td>
<td>186,600</td>
</tr>
<tr>
<td>Miscellaneous Expense</td>
<td>19,501</td>
<td>2,000</td>
<td>875 %</td>
<td>2,000</td>
</tr>
<tr>
<td>Pension</td>
<td>46,101</td>
<td>49,000</td>
<td>(6) %</td>
<td>49,000</td>
</tr>
<tr>
<td>Postage &amp; Shipping</td>
<td>4,264</td>
<td>9,200</td>
<td>(54) %</td>
<td>9,200</td>
</tr>
<tr>
<td>Printing</td>
<td>27,792</td>
<td>24,630</td>
<td>13 %</td>
<td>24,630</td>
</tr>
<tr>
<td>Registration Expense</td>
<td>1,865</td>
<td>6,500</td>
<td>(71) %</td>
<td>6,500</td>
</tr>
<tr>
<td>Rent</td>
<td>125,605</td>
<td>113,700</td>
<td>11 %</td>
<td>113,700</td>
</tr>
<tr>
<td>Research &amp; Education</td>
<td>5,813</td>
<td>82,000</td>
<td>34 %</td>
<td>82,000</td>
</tr>
<tr>
<td>Staff Training</td>
<td>1,015</td>
<td>3,500</td>
<td>(71) %</td>
<td>3,500</td>
</tr>
<tr>
<td>Supplies</td>
<td>20,278</td>
<td>24,150</td>
<td>(16) %</td>
<td>24,150</td>
</tr>
<tr>
<td>Taxes &amp; Licenses</td>
<td>1,725</td>
<td>1,500</td>
<td>15 %</td>
<td>1,500</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>20,864</td>
<td>15,800</td>
<td>32 %</td>
<td>15,800</td>
</tr>
<tr>
<td>Temporary Assistance</td>
<td>14,909</td>
<td>4,200</td>
<td>255 %</td>
<td>4,200</td>
</tr>
<tr>
<td>Travel/Staff Expenses</td>
<td>102,571</td>
<td>103,800</td>
<td>(1) %</td>
<td>103,800</td>
</tr>
<tr>
<td>Website</td>
<td>1,000</td>
<td>650</td>
<td>54 %</td>
<td>650</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>2,142,491</td>
<td>2,142,010</td>
<td>481 %</td>
<td>2,142,010</td>
</tr>
</tbody>
</table>

#### Total Change in Net Assets

|                      | $ 83,610 | $(84,910) | $148,520 | 175% | $(84,910) |

Notes:
A. Dues revenue is $27k more than budget mainly due to new members who joined in the current fiscal year.
B. Sponsorship revenue is $38k more than budget due to Outlook and Young Apple Leader sponsorship raised above and beyond budget.
C. Nutrition Research revenue is $25k more than budget mainly due to earmarked funds released from prior year.
D. Payroll taxes are $13K less than budget because Social Security tax limit was not taken into consideration when calculating budget.
E. Legal is $23k under budget as less hours billed by McDermott between November and December 2016.
F. Outlook & March Meetings are $36k less than budget as outlook speakers were used that required small or no fees. Variance also relates to the fact that board member travel expenses were less than budget.
G. Miscellaneous Expense is $15K more than budget due to moving expenses and real estate agent fee.
H. Rent is $13k more than budget due to overlap of old and new leases for the months of February and March 2017.
I. Research & Education is $27K more than budget mainly due to earmarked funds released from prior year.
J. Temporary Assistance is $10k more than budget because a temporary staff was hired to fill Admin position vacancy from May to June 2017.

These financial statements were prepared by Tate & Tryon CPAs. The statements were not subject to an audit, or other assurance services. Management has elected to omit the statement of cash flows and substantially all required disclosures.
U.S. Apple Association  
Statement of Activities By Programs  
For the Twelve Months Ended June 30, 2017

<table>
<thead>
<tr>
<th></th>
<th>General &amp; Admin</th>
<th>Industry Information</th>
<th>Membership Service</th>
<th>Government Affairs</th>
<th>Education Program</th>
<th>Tree TAC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year To Date</td>
<td>Year To Date</td>
<td>Year To Date</td>
<td>Year To Date</td>
<td>Year To Date</td>
<td>Year To Date</td>
</tr>
<tr>
<td></td>
<td>06/30/2017</td>
<td>06/30/2017</td>
<td>06/30/2017</td>
<td>06/30/2017</td>
<td>06/30/2017</td>
<td>06/30/2017</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Assessments</td>
<td>$ 0 $</td>
<td>0 $</td>
<td>1,580,847 $</td>
<td>0 $</td>
<td>0 $</td>
<td>1,580,847 $</td>
</tr>
<tr>
<td>Dues</td>
<td>0 $</td>
<td>179,131</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>179,131</td>
</tr>
<tr>
<td>Registrations</td>
<td>0 $</td>
<td>183,417</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>183,417</td>
</tr>
<tr>
<td>Sponsorships</td>
<td>0 $</td>
<td>128,400</td>
<td>38,897</td>
<td>0</td>
<td>21,000</td>
<td>188,297</td>
</tr>
<tr>
<td>Reimbursement Share Expense</td>
<td>5,120</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5,120</td>
</tr>
<tr>
<td>Nutritional Research</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>60,629</td>
<td>60,629</td>
</tr>
<tr>
<td>Interest</td>
<td>3,023</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3,023</td>
</tr>
<tr>
<td>Miscellaneous Revenue</td>
<td>5,637</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5,637</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>13,780</td>
<td>311,817</td>
<td>1,798,875</td>
<td>0</td>
<td>81,629</td>
<td>2,206,101</td>
</tr>
</tbody>
</table>

| **Expenses**      |                 |                      |                    |                    |                   |           |
| Salaries          | 818,978         | 0                    | 0                  | 0                  | 0                | 818,977   |
| Employee Benefits | 48,030          | 0                    | 0                  | 0                  | 0                | 48,031    |
| Payroll Taxes     | 52,338          | 0                    | 0                  | 0                  | 0                | 52,338    |
| Advertising       | 152             | 0                    | 0                  | 0                  | 0                | 152       |
| Audit             | 19,125          | 0                    | 0                  | 0                  | 0                | 19,125    |
| Bank Charges      | 7,513           | 2,671                | 89                 | 0                  | 0                | 10,649    |
| Coalition & Subscriptions | 2,271 | 59 | 4,865 | 67,224 | 11,864 | 86,283 |
| Consulting Fees   | 93,573          | 0                    | 0                  | 0                  | 232,663          | 326,236   |
| Database          | 3,477           | 0                    | 0                  | 0                  | 0                | 3,477     |
| Depreciation      | 26,821          | 0                    | 0                  | 0                  | 0                | 26,821    |
| Design & Production | 5,112 | 0 | 0 | 0 | 9,072 | 9,072 |
| Equipment Lease/Rental | 7,905 | 0 | 0 | 0 | 0 | 7,905 |
| Education Materials | 933 | 0 | 0 | 0 | 932 | 932 |
| Insurance         | 13,249          | 0                    | 0                  | 0                  | 0                | 13,249    |
| Legal             | 65,934          | 0                    | 5,611              | 0                  | 0                | 71,546    |
| Outlook & March Meetings | 724 | 54,592 | 75,586 | 19,191 | 0 | 150,092 |
| Miscellaneous Expense | 19,500 | 0 | 0 | 0 | 0 | 19,500 |
| Pension           | 46,101          | 0                    | 0                  | 0                  | 0                | 46,101    |
| Postage & Shipping | 427 | 0 | 0 | 0 | 4,264 | 4,264 |
| Printing          | 9,494           | 13,309               | 4,361              | 629                | 0                | 27,793    |
| Registration Expense | 1,290 | 0 | 0 | 500 | 75 | 1,865 |
| Rent              | 125,805         | 0                    | 109,915            | 0                  | 109,915          | 235,715   |
| Research & Education | 109,915 | 0 | 0 | 0 | 0 | 109,915 |
| Staff Training    | 1,015           | 0                    | 0                  | 0                  | 0                | 1,015     |
| Supplies          | 8,535           | 8,507                | 1,222              | 0                  | 1,613            | 20,278    |
| Taxes & Licenses  | 1,725           | 0                    | 0                  | 0                  | 0                | 1,725     |
| Telecommunications | 20,864 | 0 | 0 | 0 | 0 | 20,864 |
| Temporary Assistance | 14,909 | 0 | 0 | 0 | 0 | 14,909 |
| Travel/Staff Expenses | 102,571 | 0 | 0 | 0 | 0 | 102,571 |
| Website           | 1,000           | 0                    | 0                  | 0                  | 0                | 1,000     |
| **Total Expenses** | 1,395,632       | 100,486              | 161,565            | 98,761             | 380,436          | 2,142,491 |

| **Total Change in Net Assets** | $ (1,381,852) | $ 211,331 | $ 1,637,310 | $ (98,761) | $ (298,807) | $ (5,811) | $ 63,610 |

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