The Executive Director's Report

2015-2016

At each quarterly meeting of the Board of Directors, the ASTA strategic plan and operational plan that details specific projects to accomplish our goals is reviewed. Progress is evaluated and next steps agreed to and periodically the completed box is checked. But much of ASTA's work continues over lengthy periods of time as that is the nature of the work we are engaged in, particularly when that work involves regulatory agencies, such as noxious weed seeds or the establishment of pesticide tolerances. The timeframes established by regulatory agencies can be lengthy. Consider that the Food Safety Modernization Act (FSMA) was signed into law in January 2011 and final rules are just being issued with implementation dates still 18 months off. Yet much work is done behind the scenes in the interim and it is my hope that these reports and the updates we provide at the ASTA Regulatory Workshop each fall will provide a sense of the work the elected leadership and staff are engaged in.

There are some areas we can easily change. Attendees will once again notice a few changes at this year's Annual Meeting. After two years, we are eliminating the second track of sessions on Tuesday afternoon that was an alternative for attendees not interested in attending the crop reports. Despite strong support for the idea in the post-meeting evaluations, attendance at these sessions was quite low, while the crop report room was over flowing. Out of respect for the second track speakers who developed some outstanding presentations for a small number of attendees, we're reverting back to the single track for the entire meeting. We are moving forward with one other change though as there was strong support for the small city venue in Charleston. We'll be working some more urban locations into the mix, beginning with Austin, TX in 2017.

It is a privilege to represent ASTA at a number of meetings in the U.S and throughout the world. These meetings provide important opportunities to highlight ASTA's successes and activities and to promote participation in ASTA and our meetings. They also open the door to collaborate with our colleagues at other spice associations on key issues, perhaps best highlighted by the December meeting in Vietnam jointly attended by ASTA, the European Spice Association and the Canadian Spice Association to discuss concerns about pesticide residues with the Vietnam Pepper Association, government officials and numerous other stakeholders. It is our hope that these discussions can lead to changes in how the farmers address problems with their crops.

I also represented ASTA at the 2015 meeting of the International Association for Food Protection in Portland, OR, last summer, providing the spice industry perspective as part of a panel that included several representatives from FDA discussing the risks of pathogens in spices. A number of ASTA members who were attending the session shared my surprise when one of the FDA speakers claimed the spice industry relies on drying for pathogen reduction of most spices. While she was correct that drying isn't an effective pathogen reduction treatment, I was able to correct the other misinformation she presented, both during the question and answer session of her presentation and again during my presentation.

I continue to be fortunate to be supported by a great team. Senior Manager Margarita Passero has oversight of all day-to-day operations and makes sure I meet her deadlines. We celebrated Meegan Kavanaugh's promotion to Senior Coordinator this year. Government Relation's Director Kelley Poole had her hands full with the publication of FSMA final rules. And Kelly Marks rejoined ASTA as Director of Meetings. For those of you with long memories, Kelly and I attended our first ASTA Annual Meeting together in 2003 in Monterey.

Cheryl Deem
Executive Director
March 11, 2016

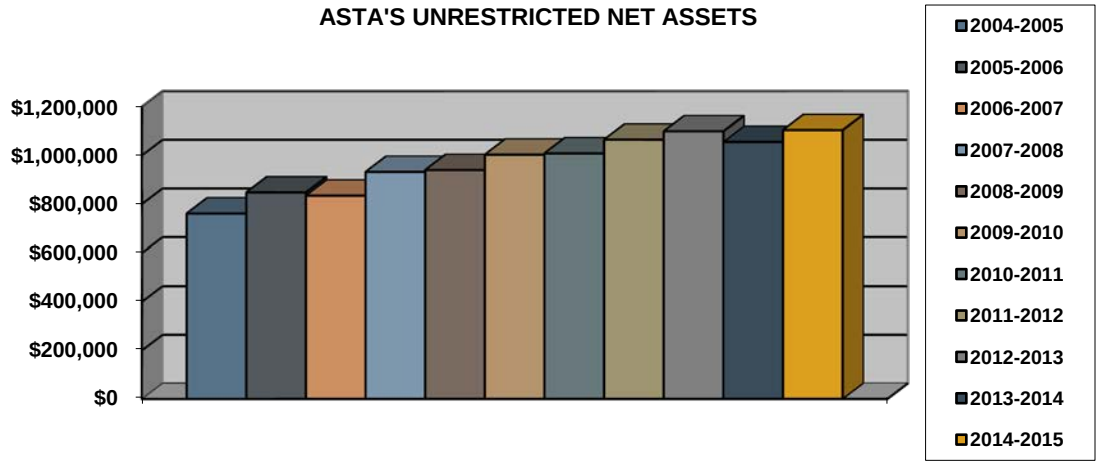
The Treasurer's Report

Financial Highlights

This report covers the audit for the fiscal year ending June 30, 2015 and actions taken by the ASTA Board of Directors related to financial policies.

The Board reviews ASTA's financial policies and investment strategies on an annual basis as part of the budget planning process. The approved 2014-2015 budget plan was developed to continue funding projects identified in the strategic plan. Funds spent on key projects included $5,100 to develop comments to submit to FDA on the Food Safety Modernization Act proposed rules, $25,000 for the second and final payment for surrogate development conducted jointly with ILSI North America, and approximately $10,000 for ongoing work related to noxious weed seed. In addition, the Board allocated $30,000 in unbudgeted funds for expert and legal assistance to address issues stemming from peanut protein found in ground cumin.

The operating budget was approved at ($2,620), with an additional $13,000 expected in returns on ASTA's investments. At year end, revenue was favorable to the budget, and ASTA's investments resulted in better than expected performance at $22,357. As a result, ASTA finished the year with a net gain of $48,873. ASTA's total unrestricted net assets at the end of the fiscal year were $1,103,722.



Membership dues continue to be ASTA's primary source of revenue. Total membership revenue, including new member initiation fees, was $850,675, exceeding the budgeted amount of $844,750. Complete details on membership are included in a separate membership report. ASTA's second largest revenue source is the annual meeting, with non-member registration fees, sponsorship, and exhibits accounting for the majority of the net profit.

Lydon Fetterolf Corydon, P.A., Certified Public Accountants conducted an audit of our statement of financial position as of June 30, 2015 and found that our financial statements present fairly ASTA's financial position. A copy of the audit report follows. They state that management of ASTA's funds was according to good practice and that no significant errors were identified.

ASTA staff continues to provide timely and complete financial reporting for the Treasurer and the Board to review. The Board approves all significant expenditures. In my opinion, the Board has acted responsibly throughout the year, for which I thank them all for their services.

Matthew J. Meilander
Treasurer
March 11, 2016

INDEPENDENT AUDITOR'S REPORT

PROVIDED BY LYDON FETTEROLF CORDYON, P.A. - JANUARY 5, 2016

AUDITED FINANCIAL STATEMENTS FOR JUNE 30, 2015 AND 2014

LYDON FETTEROLF CORYDON, P.A.
Certified Public Accountants • Management Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
American Spice Trade Association
Washington, DC 20036

Report on the Financial Statements
We have audited the accompanying financial statements of **American Spice Trade Association** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **American Spice Trade Association** as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Lydon Fetterolf Corydon, P.A.

Rockville, Maryland
January 5, 2016

(1)

9401 Key West Avenue • Rockville, Maryland 20850 • 301-948-4400 • Fax: 301-948-8620 • www.lfccpas.com

AMERICAN SPICE
TRADE ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2015 and 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 210,101	$ 106,271
Investments	992,782	982,300
Accounts receivable	13,171	32,061
Accrued interest	1,588	3,779
Prepaid expenses	13,550	22,899
TOTAL CURRENT ASSETS	1,231,192	1,147,310
PROPERTY AND EQUIPMENT		
Website	30,875	30,875
Less: Accumulated amortization	(9,266)	(3,088)
TOTAL PROPERTY AND EQUIPMENT	21,609	27,787
TOTAL ASSETS	$ 1,252,801	$ 1,175,097
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 22,583	$ 19,870
Deferred revenue - dues and other	126,496	71,016
Deferred revenue - ETO Project	0	29,362
TOTAL CURRENT LIABILITIES	149,079	120,248
TOTAL LIABILITIES	149,079	120,248
NET ASSETS		
Unrestricted	1,103,722	1,054,849
TOTAL NET ASSETS	1,103,722	1,054,849
TOTAL LIABILITIES AND NET ASSETS	$ 1,252,801	$ 1,175,097

The Accompanying Notes are an Integral Part of these Financial Statements
(2)

AMERICAN SPICE
TRADE ASSOCIATION
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2015 and 2014

UNRESTRICTED NET ASSETS	2015	%	2014	%
Unrestricted Revenues				
Membership dues and initiation fees	$ 850,675	62.6	$ 840,600	61.8
Annual meeting	383,456	28.1	360,145	26.4
ETO Project	0	0.0	22,055	1.6
Check sample program	62,283	4.6	65,540	4.8
Investment income	22,357	1.6	12,552	0.9
Government relations	33,860	2.5	27,886	2.0
Publications and education	4,909	0.4	2,598	0.2
Other income	2,170	0.2	9,412	0.7
	1,359,710	100.0	1,340,788	98.3
Net assets released from restrictions	0	0.0	22,668	1.7
TOTAL UNRESTRICTED REVENUES	1,359,710	100.0	1,363,456	100.0
Expenses				
Program services:				
Government relations	262,251	19.3	330,725	24.3
Annual meeting	229,420	16.8	301,386	22.1
ETO Project	51,399	3.8	22,055	1.6
Check sample and other programs	69,071	5.1	54,723	4.0
Web seminars	9,937	0.7	8,470	0.6
Publications and education	1,148	0.2	514	0.1
Governance	31,169	2.3	38,803	2.8
Supporting services:				
Management and administration	656,442	48.2	650,610	47.7
TOTAL EXPENSES	1,310,837	96.2	1,407,286	103.2
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	48,873	3.6	(43,830)	(3.2)
TEMPORARILY RESTRICTED NET ASSETS				
Net assets released from restrictions	0	0.0	(22,668)	(1.7)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	0	0.0	(22,668)	(1.7)
INCREASE (DECREASE) IN NET ASSETS	48,873	3.6	(66,498)	(4.9)
NET ASSETS - BEGINNING OF YEAR	1,054,849		1,121,347	
NET ASSETS - END OF YEAR	$ 1,103,722		$ 1,054,849	

The Accompanying Notes are an Integral Part of these Financial Statements
(3)

AMERICAN SPICE
TRADE ASSOCIATION
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2015 and 2014

CASH FLOWS FROM OPERATING ACTIVITIES	2015	2014
Increase (decrease) in net assets	$ 48,873	$ (66,498)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Amortization expense	6,178	3,088
Realized and unrealized investment (gains) losses	(1,119)	(2,005)
(Increase) decrease in operating assets:		
Decrease (increase) in accounts receivable	18,890	(9,614)
Decrease (increase) in accrued interest	2,191	(613)
Decrease (increase) in prepaid expenses	9,349	(5,234)
Increase (decrease) in operating liabilities:		
Increase (decrease) in accounts payable and accrued expenses	2,713	(8,634)
Increase (decrease) in deferred revenues - dues and other	55,480	(63,250)
Increase (decrease) in deferred revenues - ETO Project	(29,362)	(22,054)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	113,193	(174,814)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	0	30,875
Purchases of investments	(570,348)	(445,934)
Proceeds from sales of investments	560,985	328,639
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(9,363)	(86,420)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES - NONE	0	0
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	103,830	(261,234)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	106,271	367,505
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 210,101	$ 106,271

The Accompanying Notes are an Integral Part of these Financial Statements
(4)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the **American Spice Trade Association** (the "Association") is presented to assist in understanding the Association's financial statements. The financial statements and notes are representations of the Association's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States of America, and have been consistently applied in the preparation of the financial statements.

Purpose of the Association:
The **American Spice Trade Association** is a non-profit membership corporation, established in New York in 1907 as the voice of the U.S. spice industry, works to ensure clean, safe spice and shape public policy on behalf of the global industry.

The Association's significant accounting policies are as follows:

Basis of Accounting:
The financial statements of the Association have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, prepaid expenses, payables, accruals and other liabilities.

ASC Codification:
During June 2009, the FASB issued SFAS No. 168 *"The FASB Accounting Standards Codification (ASC) and the Hierarchy of Generally Accepted Accounting Principles - A Replacement of FASB Statement No. 162,"* (now codified within ASC No. 105, Generally Accepted Accounting Principles (GAAP) (ASC No. 105)). ASC No. 105 establishes the Codification as the single source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. All guidance contained in the Codification carries an equal level of authority. Following this statement, FASB will not issue new standards in the form of statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates, which will serve only to: (1) update the Codification; (2) provide background information about the guidance; and (3) provide the bases for conclusions on the change(s) in the Codification. ASC No. 105 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of ASC No. 105 did not have any impact on the results of operations or financial position.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation:
Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958 Not-for-Profit Entities (formerly Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*). Under FASB ASC 958-205, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Association did not have any permanently restricted net assets as of June 30, 2015 and 2014.

Cash and Cash Equivalents:
For purposes of the statements of cash flows, the Association considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments:
The Association has adopted Accounting Standards Codification (ASC) 958 Not-for-Profit Entities (formerly Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*). Under FASB ASC 958-320, investments in marketable equity securities with readily determinable fair values and all investments in marketable debt securities are valued at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets.

Accounts Receivable:
Member dues and other accounts receivable from members are stated at the amount management expects to collect from balances outstanding at year-end. Management closely monitors outstanding balances throughout the year, and writes off any balances it deems will not be collected. If amounts become uncollectible, they will be charged against net assets when that determination is made.

Prepaid Expenses:
Convention revenues and expenses are recognized in the period during which the function is held. Expenses paid in advance result in prepaid expenses.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition and Deferred Membership Dues and Other:
The Association's annual membership year is the same as its fiscal year. Membership dues and other project revenues are recognized during the period to which they relate, and therefore, monies collected in advance are reflected as deferred revenues on the statements of financial position. Active membership dues are based on pounds of spices purchased or sold, and are billed based on members' certificates filed with the Association. All other types of dues are billed at flat rates.

Donated Services:
The Association recognizes donated services which create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the years ended June 30, 2015 and 2014, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Income Tax Status:
The Association is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code. However, income from activities not directly related to the Association's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Association has been classified as an entity that is not a "private foundation" under Section 509(a)(2) of the Internal Revenue Code.

During the year ended June 30, 2011, the Association adopted the authoritative guidance relating to uncertainty in income taxes included in ASC Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and de-recognition of tax positions taken or expected to be taken in a tax return. The Association performed an evaluation of uncertain tax positions for the years ended June 30, 2015 and 2014, and determined that there were no material matters that would require recognition in the financial statements or that may have an effect on its tax-exempt status. As of June 30, 2015, the statute of limitation for the Form 990 for the tax years 2011-2013 remain open with the Internal Revenue Service. It is the Association's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

AMERICAN SPICE TRADE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2015 and 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates:
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications:
Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Property, Equipment and Depreciation:
The Association capitalizes all expenditures for property and equipment in excess of $1,000. Purchased property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets for financial reporting purposes, while accelerated methods are used for income tax reporting purposes.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2015 and 2014, consist of the following:

	2015	2014
Cash on hand and demand deposits	$ 37,522	$ 25,688
Money market funds	172,579	80,583
	$ 210,101	$ 106,271

NOTE C – INVESTMENTS

Investments at June 30, 2015 and 2014, consist of the following:

	2015	2014
Certificates of deposit	$ 658,801	$ 713,887
Fixed income securities	309,201	243,593
Equity fund securities	24,780	24,820
	$ 992,782	$ 982,300

(8)

AMERICAN SPICE TRADE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2015 and 2014

NOTE C – INVESTMENTS (Continued)

Investment returns at June 30, 2015 and 2014, consist of the following:

	2015	2014
Interest and dividends	$ 21,238	$ 10,547
Realized gain/(loss) on investments	910	15
Unrealized gain/(loss) on investments	209	1,990
	$ 22,357	$ 12,552

NOTE D – SUPPLEMENTAL CASH FLOW STATEMENT DISCLOSURES

Supplemental disclosure of consolidated cash flows information:

Cash paid during year ended June 30, 2015 for:

Interest	$ 0
Income taxes	$ 0

Cash paid during year ended June 30, 2014 for:

Interest	$ 0
Income taxes	$ 0

NOTE E – COMMITMENTS AND CONTINGENCIES

Future Meetings:
The Association has entered into contracts for services and accommodations for future meetings. These contracts include penalty clauses which would require the Association to pay certain amounts if meetings were cancelled or other commitments were not met. However, the Association does not have any intentions of cancelling these events.

Annual Meeting Management Agreement – SmithBucklin Corporation:
Effective July 1, 2012 the Association entered into a two-year agreement with SmithBucklin Corporation. Under the terms of the agreement, SmithBucklin Corporation provided event management services for the Association's 2013 and 2014 Annual Meetings. The agreement with SmithBucklin Corporation has not been renewed. During the years ended June 30, 2015 and 2014 the Association paid fees of $0 and $79,564, respectively, for these services.

NOTE E – COMMITMENTS AND CONTINGENCIES (Continued)

Association Management Agreement – Verto Solutions, LLC:
Effective July 1, 2012, the Association entered into an association management services agreement with Verto Solutions, LLC ("Verto"). Under the terms of the agreement, Verto will provide facilities, staffing, government relations and other management services to the Association. The contract may be terminated without cause by either party by giving the other party a one-hundred and eighty day (180) notice. During the years ended June 30, 2015 and 2014, the Association paid fees of $739,887 and $676,200, respectively, for these services. In addition, effective July 1, 2014 Verto Solutions, LLC provides annual meeting management services for the Association. The Association's Executive Director and Director of Finance are paid employees of Verto Solutions, LLC. In addition, Verto Legal Solutions, LLC, a division of Verto Solutions, LLC, provides legal services to the Association. During the years ended June 30, 2015 and 2014, the Association paid fees of $3,445 and $2,253, respectively, for these legal services.

Concentrations of Credit Risk:
Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash and investments held with banks and/or brokers in excess of the insurance limitations of the Federal Deposit Insurance Corporation (FDIC) and/or the Securities Investor Protection Corporation (SIPC). Securities balances in excess of these limitations are automatically invested in federal funds and/or certificates of deposit with various banks. At June 30, 2015, the Association's balances were fully insured.

NOTE F – PERMANENTLY AND TEMPORARILY RESTRICTED NET ASSETS

The Association has elected to adopt Accounting Standards Codification (ASC) 958 Not-for-Profit Entities (formerly Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*). Under FASB ASC 958-205, the Association is required to classify its net assets into three categories: permanently restricted, temporarily restricted, and unrestricted. Permanently restricted net assets contain donor-imposed restrictions that require that contributed funds be maintained by the Association in perpetuity. As of June 30, 2015 and 2014 the Association did not have any permanently restricted net assets. Temporarily restricted net assets contain donor-imposed use limits on contributed funds that relate to specific periods of time or specified purposes. As of June 30, 2015 and 2014 the Association did not have any temporarily restricted net assets. Unrestricted net assets are funds received that do not include any restriction as to the use by the donor. The Association's Board may subsequently designate unrestricted net assets for a specified purpose.

NOTE G – FAIR VALUE OF FINANCIAL INSTRUMENTS

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 – These inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Association has the ability to access.

Level 2 – These are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, default rates and other similar data.

Level 3 – These are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs should be developed based on the best information available in the circumstances and may include the Association's own data.

The carrying amounts reflected in the statements of financial position for cash and cash equivalents, investments, receivables, payables and deferred revenues approximate their respective fair values due to the short maturities of those instruments. The Association estimates that the fair value of all financial instruments at June 30, 2015 and 2014, do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position. The estimated fair value amounts have been determined by the Association using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Association could realize in a current market exchange.

NOTE H – FUNCTIONAL EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE I – SUBSEQUENT EVENTS

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through January 5, 2016, the date of the auditors' report.

Arbitration Board Report

2015-2016

Since the writing of the last annual report, four requests for arbitration were received. The first hearing was held in April 2015. The second hearing, which involved two arbitrations with the same parties, was held in September 2015. Following that hearing, an appeal request was filed. The Arbitration Board reviewed that request and it was denied in December 2015. A hearing is scheduled for March 2016 on the fourth arbitration request.

Results of all arbitrations are posted on the ASTA website.

I would like to thank the members of the Arbitration Board and alternates for their dedication and service.

Arbitration Board:
Peter Landes, K.H.L. Flavors, Inc.
Fletcher Sayia, A.A. Sayia & Co., Inc.

Alternates:
Ron Elton, John H. Elton, Inc.
Alan Milroy, Jupiter Commodities
Ed Sands, Max Van Pels, Inc.
Frank Wells, Culinary Farms, Inc.

Neil Caplan, Ludwig Mueller, Inc. Co.
Arbitration Board, Chair
March 11, 2016

Education Committee Report

2015-2016

The primary focus for the Education Committee was to look at ways to supplement educational efforts already underway for the implementation of the Food Safety Modernization Act (FSMA). ASTA continued its jointly sponsored webinar series as the final rules were published and the Education Committee focused on development of more in-depth education focused on implementation.

The Committee designed the topics and identified speakers for the Pre-Conference Workshop to be held in conjunction with the April 2016 Annual Meeting. The workshop was developed to help attendees break down two primary rules into the key areas for implementation. Two sessions will focus on the Preventive Controls rule looking at the food safety plan and how to build one and then a closer look at the qualified individual who develops and validates the plan. Another session will look at the Foreign Supplier Verification Program (FSVP) and how both a U.S. company and an overseas supplier are preparing. There will also be a series of table top exercises for attendees to work through to discuss these rules and different interpretations based on particular scenarios.

The committee continues to review a priority list of other educational topics to begin development of new projects and coordinates with the Food Safety and Government Relations and Advocacy Committees to ensure key topics in their areas are also addressed.

I served as the committee's liaison to the Annual Meeting Program Committee as part of the Education Committee's commitment to ensure all of ASTA's education is coordinated.

I would like to thank the members of the Education Committee for their commitment to making their ideas become programs for our members and we look forward to continuing to provided necessary resources and education for the spice industry.

Education Committee:
Freddy Compean, Ecumexa - Compean
Rebeca Hard, ConAgra Foods
Doug Marshall, Eurofins
David Solomon, BDS Natural Products
Don Stephens, ACH Food Companies
James McKinley Thomason, The Doug Jeffords Group
Simone Cormier, Allegro Coffee Company, Board Liaison

Larry Lichter, McCormick & Company, Inc.
Education Committee, Chair
March 11, 2016

Food Safety Committee Report

2015-2016

During 2015, ASTA's Food Safety Committee (FSC) made significant progress to align its priorities with ASTA's strategic plan and provide food safety and technical resources to ASTA. The committee worked in conjunction with ASTA's Education Committee to ensure alignment of priorities.

During 2015, the FSC met twice in person. The committee has participation from a diverse group of professionals who contributed their technical and business expertise through years of experience in the industry.

HIGHLIGHTS OF FSC ACCOMPLISHMENTS DURING 2015 ARE:

- ASTA's Website now hosts a complete section on Food Safety. As the focus on food safety continues to rise across the world, earning the trust of customers, consumers and regulatory agencies will create distinctive value for the spice industry. The section now hosts a variety of information in detail for members to access.
- The HACCP Guide was revised to account for changes companies need to implement related to Preventive Controls in the Food Safety Modernization Act (FSMA).
- A new Good Manufacturing Practices Guide (GMP Guide) was published following a very rigorous approach by a group of focused FSC member. This new Guide provides a very comprehensive tool for use by the spice industry worldwide.
- During 2015, the FSC Committee has formed four subcommittees to enable more focused work in the key areas of Microbiology, Pathogen Reduction, Analytical Methods and Food Safety and Regulatory Compliance Tools. Work in some of these groups was already underway while two of them are new.

Microbiology Subcommittee

- The subcommittee has reviewed the methods specifically used in detection of *Salmonella* in spices and the dilution protocols which need standardization to ensure that industry is following standardized methodologies. The reviewed document was submitted to FDA for feedback and recommendations, with the Agency currently considering additional changes.
- ASTA continues to fund research with ILSNI North America to identify suitable surrogates for validation of microbial reduction processes. The research was originally expected to be completed by October 2015, but has been delayed by six months. Once completed it will be published and the surrogates will be available at no cost to ASTA members through ILSI North America.

Analytical Methods Subcommittee

- A draft method for rapid screening of dressed black pepper has been circulated for review of the recommended time /temperature parameters.
- Method 29.0 – method for illegal dyes in spices is being taken up as a collaborative project. The committee agreed to add information about the need to use a spiked sample for validation on the product matrix of interest.
- It was concluded that there is not a need for an ASTA method to detect ochratoxin/aflatoxin as there is an AOAC method in place for individual matrices.
- A revision for ASTA Method 18.0 for determination of cucuminoids in turmeric is being reviewed for publication during 2016.

- A number of ASTA members participated in a project led by FARRP to evaluate testing options for allergens. Preliminary results have been shared with ASTA and the research is expected to be published in 2016.

Check Sample Program

- The Check Sample Program was successful in 2015 with higher number of participants for the program, up to 64 labs from 61 the previous year. The committee is considering revising instructions in the pathogen detection methods based on the proposed changes in the dilution protocols as soon as it is agreed with FDA.
- Members of the Food Safety Committee continue to volunteer to donate the spices required for the Check Sample Program.

LEADERSHIP TRANSITION:

During the Annual Meeting in 2016, Lynda Lathrop will take over the chair of the ASTA FSC. I would like to take this opportunity to thank and congratulate all members of the FSC for their active participation and accomplishments through voluntary work. It has been a learning experience for me in the last two years and I would like to thank the ASTA Board and Cheryl for having the confidence in me and providing guidance to lead the FSC.

Food Safety Committee:
Lynda Lathrop, Griffith Laboratories, Vice Chair
Stan Bailey, Biomerieux Industry
Abdul Basit, Kalustyan Corp.
Roger Clarke, Cannamela Divisione Di Bonomelli S.R.I.
Paula Coe, Mincing Overseas Spice Company
Alain Darriet, Wixon, Inc.
Rebeca Hard, ConAgra Foods
Dan Hemming, Sensient Natural Ingredients
Matt Hollister, Oregon Spice Company
Sebnem Karasu, Birlik A.S.
Karim-Franck Khinouche, Novolyze
Erik Knedgen, Kalsec, Inc.
Amy Lytle, ACH Food Companies Inc.
Marty Mitchell, Certified Laboratories, Inc.
Supat “Sam” Sirivicha, Eurofins US Food Division
David Lessans, Chesapeake Spice Company, Board Liaison

Siva Subramanian, Olam Spices and Vegetable Ingredients

Food Safety Committee, Chair

March 11, 2016

Government Relations and Advocacy Report

2015-2016

Once again it has been a busy year for the Government Relations and Advocacy Committee, holding two face-to-face meetings and several conference calls over the past twelve months.

The primary focus for the committee was once again implementation of the Food Safety Modernization Act (FSMA), although our efforts shifted from trying to shape the rules to analysis and education as the final rules were issued. ASTA signed on to a food industry coalition letter opposing FDA user fees and fees associated with the Voluntary Qualified Importers Program (VQIP). ASTA held three webinars on FSMA rules to provide details on the final rules relating to the Foreign Supplier Verification Program and the Preventive Controls for Human Foods as well as FSMA inspections.

ASTA's advocacy efforts from years past also paid off. The Dietary Guidelines for Americans 2015-2020 included a mention of spices as a tool that can be used for healthier eating. Published every five years, the Guidelines serve as the basis for federal nutrition policy and encourage Americans to shift food choices to healthier options. When discussing the Guideline recommendation to reduce sodium intake, the published Guidelines included "cooking foods from scratch to control the sodium content of dishes; limiting sauces, mixes, and "instant" products, including flavored rice, instant noodles, and ready-made pasta; and flavoring foods with herbs and spices instead of salt."

The publication of the final FSMA rules sparked attendance at the 2015 ASTA Regulatory Workshop held on October 14th in Crystal City, VA, with 90 attendees at the 10th annual workshop. Representatives from FDA provided insight on FSMA implementation and the just-released rules. There was also discussion on enforcement tools at FDA's disposal and the directive from the U.S. Department of Justice to pursue criminal enforcement. Other speakers provided information on tools available to assist in FSMA implementation such as guidance on food fraud mitigation, economically motivated adulteration (EMA), and FSMA readiness self-assessment.

The committee also focused on adding regulatory resources to the ASTA website. Several tools were added this year, including links to FDA subject matter experts for FSMA compliance related questions, import volume and spice consumption data and global trade statistics, links to USDA treatment information on spices, an international maximum residue level database and information on California Proposition 65.

I would like to thank my fellow committee members for volunteering over the past year to increase our voice on behalf of ASTA and the spice industry and for providing their industry expertise.

Government Relations & Advocacy Committee:
Bev Tschirhart, McCormick & Co., Inc., Board Liaison
Karen Burns, ETO Sterilization-Cosmed Group
Ron Elton, John H. Elton, Inc.
Joanne Ferrara, ConAgra Foods
Darrell Portz, Griffith Laboratories
JennieAnn Reitemeyer, Van de Vries Spice Corporation
Janis Rich-Gutierrez, Kalustyan Corporation
Manoj Ruparelia, Mincing Overseas Spice Company
Sara Sanders, Kalsec, Inc.

Whitney Sayia, A.A. Sayia & Co., Inc.
Tim Sonntag, Wixon, Inc.
Vinay Sreekumar, Olam Spices and Vegetables, Inc.

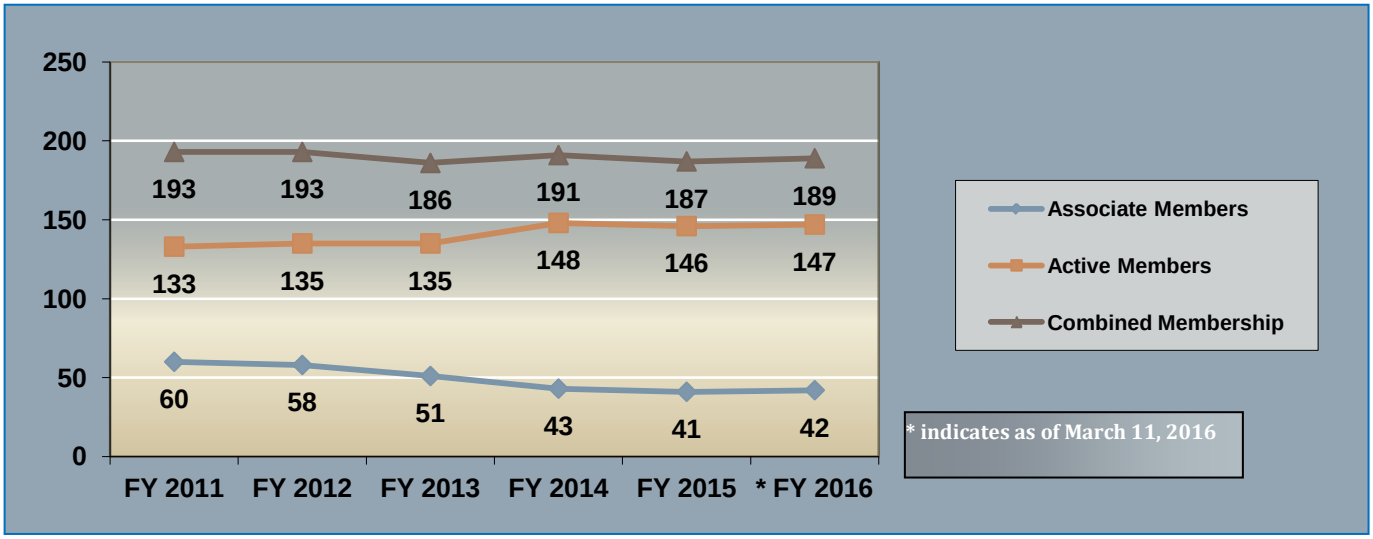
Carol Kitchen, ACH Foods
Government Relations and Advocacy, Chair
March 11, 2016

Membership Report

2015-2016

I am pleased to join the committee as the new Chair and present a report on membership. The Membership Committee met throughout the year, focusing its efforts on member recruitment and retention strategies.

Following is an overview of membership activity since the release of the last Annual Report, showing an increase of one in both the Active and Associate membership categories.



Active Member Activity

Three new members joined ASTA since last April while there were two resignations. Active membership has been fairly flat in the past few years, however, we are seeing signs of increased interest with five companies currently in the process of joining ASTA.

Associate Member Activity

The decline in Associate membership that we experienced over the past five to six years appears to have finally reversed, with a net increase of one new member this past year. Two companies joined ASTA and one resigned.

New Member Recruitment and Outreach

The Membership Committee is working to identify companies that can benefit from ASTA membership. Committee members continue to reach out to prospective members from ASTA's non-member database and continue to add prospects to the list. ASTA staff continues to follow-up on these leads to provide prospective members with information on membership and upcoming events.

The Membership Committee continues to look at the value proposition for membership overall and what more could be done to recruit and retain members. ASTA will be conducting a member needs assessment in 2017 and the Committee will use the results to build on its recruitment efforts. Committee members continue to co-host the First Timers Reception with the Board of Directors and are available to answer questions and help new attendees have a positive experience at their first Annual meeting as well as encourage non-member attendees to join.

Growing Individual Member Participation

In an effort to reach more individuals within each member company, ASTA sent an "Add me" email that could be forwarded to individuals at member companies to assist them with obtaining login username and passwords for the ASTA website. This also ensured that these individuals receive regular communication from ASTA, like *FYI ASTA* and *ASTA Advocate*. ASTA staff continues to add new individuals.

Social Media Strategies

ASTA launched its Twitter account in November of 2015. The account is monitored by ASTA staff and is used as one more way to provide information on upcoming events and other association issues. ASTA's Twitter account is protected and only open to current members. The Membership Committee will continue to look at ways to better communicate with members.

I would like to thank the members of the Membership Committee for their dedication and service.

Membership Committee:
Kerri Goad-Berrios, Kalustyan
Troy Dryden, Chesapeake Spice Co. LLC
Elizabeth Harszy, C.A.P.S. Inc.
Simon Orrell, Trace Gains, Inc.
Fletcher Sayia, A.A. Sayia & Co., Inc.
Sushama Srikandath, AVT McCormick Ingredients, Pvt., Ltd., Board Liaison

Greg Sommerville, McCormick Global Ingredients
Membership Committee, Chair
March 11, 2016

Nominating Committee Report

2016-2017 SLATE

The Nominating Committee is please to present the following slate of nominees for the Board of Directors and the Arbitration Board for approval by the Membership at the 2016 Annual Meeting.

DIRECTORS TO SERVE ONE YEAR TERMS

Simone Cormier, Allegro Coffee Company
Kent DeVries, Silva International, Inc.
Ryan Goularte, Sensient Natural Ingredients
David Lessans, Chesapeake Spice Co. LLC
Greg Lightfoot, Kalustyan Corporation
Greg Metschke, Griffith Foods
Vinayak Narain, Olam Spices and Vegetables, Inc.
David Solomon, BDS Natural Products
Sushama Srikandath, AVT McCormick Ingredients Pvt., Ltd.
Bev Tschirhart, McCormick & Company, Inc.
Alfons van Gulick, Nedspice Sourcing BV

Frank Collette of Glendale Warehouse will serve the second year of a two year term as the non-voting representative of the Associate Membership.

ARBITRATION BOARD

The following is nominated for a two year term as Arbitration Board Chair:

Tom Overby, Nedspice USA

The following will serve the second year of the two year term as Board members:

Peter Sayia Jr., A.A. Sayia & Co., Inc.
Stephen Bermingham, Polytrade International, Inc.

Alternates

The following are nominated for one year terms:

Dan Crabbe, A.A. Sayia & Co., Inc.
Spencer Martin, Wm. E. Martin & Sons Co., Inc.
Alan Milroy, Jupiter Commodities
Frank Wells, Culinary Farms, Inc.

NOMINATING COMMITTEE

Roger Clarke, Cannamela Divisione Di Bonomelli S.R.I.
Gaspare Colletti, Cell Foods, Inc.
Kerri Goad-Berrios, Kalustyan Corporation
Don Stephens, ACH Food Companies, Inc.

Kirk Bewley, Culinary Farms
Nominating Committee, Chair
March 11, 2016

2015 Annual Business Meeting

RECORD OF THE PROCEEDINGS AT THE 2015 ANNUAL BUSINESS MEETING OF THE AMERICAN SPICE TRADE ASSOCIATION, INC. HELD ON TUESDAY, APRIL 14, 2015, AT THE BELMOND CHARLESTON PLACE HOTEL IN CHARLESTON, SC.

WELCOME AND CALL TO ORDER

President Kirk Bewley called the 2015 Annual Business Meeting to order at 9:07 a.m. A quorum was present.

SUSAN L ABBOTT MEMORIAL SCHOLARSHIP

Representing the Scholarship Committee Kerri Goad, Kalustyan, described the scholarship process and announced the four winners of the Susan L. Abbott Memorial Scholarship award:

- Joy (Nikki) Schauer, daughter of Judy Schauer with Adams Extract & Spice
- Mackenzie Fuller, daughter of Brad Fuller with Eurofins
- Alyssa Tainter, daughter of Donna Tainter with ACH Food Companies
- Christopher Blythe, son of Mary Kapler with ACH Food Companies

Attendees were encouraged to contribute to the scholarship to fund next year's award.

TREASURER'S REPORT

Vinayak Narain reviewed the audit and the current financial state of the association. He also discussed financial commitments the Board made this year to fund major projects in line with the strategic plan. The audit, annual report and the financial policies and procedures can be found on the ASTA website.

PRESIDENT'S REPORT

Kirk Bewley provided an overview of ASTA's accomplishments and activities of the past year. He reviewed the progress made on achieving the goals of ASTA's strategic plan and noted that participation at this year's annual meeting was a record with over 315 attendees. Annual Meeting attendance doubled in the last ten years.

ELECTIONS

Nominating Committee Chair Gaspare Colletti presented the slate for the Board of Directors.

Directors to serve one year:
Greg Lightfoot, ConAgra Foods
Vinayak Narain, Olam Spices and Vegetables, Inc.
Matt Meilander, ACH Food Companies, Inc.
Simone Cormier, Allegro Coffee Company
Dan Crabbe, A. A. Sayia & Co., Inc.
Kent DeVries, Silva International, Inc.
David Lessans, Chesapeake Spice Co. LLC
Bev Tschirhart, McCormick & Company, Inc.
Sushama Srikandath, AVT McCormick Ingredients Pvt., Ltd.
Alfons van Gulick, Nedspice Sourcing BV

Frank Collette of Glendale Warehouse will serve the first year of a two year term as the non-voting representative of the Associate Group as the Member of the Board of Directors.

Motion made and seconded to elect the Board of Directors. **Motion Carried**

Gaspare Coletti presented the slate for the Arbitration Board:

To serve second year of two year term as Chair:
Neil Caplan, Ludwig Mueller, Inc. Co.

Board Members to serve a two year term:
Peter Sayia Jr., A.A. Sayia & Co., Inc.
Stephen Bermingham, Polytrade International

Alternates to serve one year terms:
Ron Elton, J.H. Elton, Inc.
Alan Milroy, Jupiter Commodities
Frank Wells, Culinary Farms, Inc.
Daniel Saber, Accurate Ingredients

Motion made and seconded to elect the Arbitration Board. **Motion Carried**

ASTA President Kirk Bewley announced that in accordance with the Bylaws, the ASTA Board of Directors will elect officers at their next meeting. He introduced Greg Lightfoot as the incoming President of ASTA.

He recognized outgoing Board members and Arbitration Board members for their service and dedication to ASTA.

Greg Lightfoot presented outgoing President Kirk Bewley with a gift and thanked him for his service as president.

NEW BUSINESS

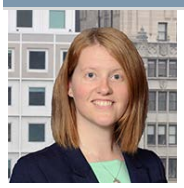
John Hallagan reported on the Noxious Weed Seed update.

ADJOURNMENT

The 2015 Annual Business Meeting adjourned at 9:57am.

ASTA Staff

CHERYL DEEM EXECUTIVE DIRECTOR	JOHN HALLAGAN GENERAL COUNSEL	MEEGAN KAVANAUGH SENIOR COORDINATOR

KELLY MARKS MEETINGS DIRECTOR	MARGARITA PASSERO SENIOR MANAGER	KELLEY POOLE GOVERNMENT RELATIONS
		

Contact Information

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