



**GALLINA** LLP  
CERTIFIED PUBLIC ACCOUNTANTS



## Agriculture and Cooperative Summer 2015 Financial Leadership Bulletin



### NSAC 59th Annual Conference - Far Western Chapter

#### GALLINA's own Shevar Goonerwardena and Robby Walker Present

Just recently on May 20th - 22nd, 2015, the National Society of Accountants for Cooperatives held their 59th Annual Conference in Napa, CA. GALLINA is proud to announce two of our very own, Senior Manager, Shevar Goonerwardena, and Partner, Robby Walker presented during the conference.

Robby Walker spoke about the Federal and State Tax Updates along with Brett Huston of KPMG.

Shevar Goonewardena spoke about the most recent audit and accounting updates with K-deep Dhaliwal of Moss Adams. Their update included new information on revenue recognition, lease accounting guidance, and ASC updates and new accounting pronouncements.

For further information on NSAC, please visit their website at: <http://www.nsacoop.org/>

## Water Tops List of Environmental Issues

Concerns about current and future water supplies were a unifying theme as Farm Bureau staff members from across the nation gathered in Sacramento last week to discuss environmental issues affecting American farmers and ranchers.

The American Farm Bureau Federation Environmental Issues Conference brought representatives from at least 20 states together, to discuss a range of topics including water quality, air quality, endangered-species rules and other regulations affecting family farmers and ranchers. But with the conference setting in California's capital, discussion of water supplies often rose to the fore.

In welcoming the group to Sacramento, California Farm Bureau Federation President Paul Wenger provided an update about the state's already stretched water supply and the regulatory and legislative impacts that have resulted from the drought.

"There is a mindset in California that we can conserve our way out of this. There is no way that I've ever seen that you can divvy up a dollar and make two dollars. You have to go bring in more water," Wenger said. "Three years ago, in May of 2012, all of our reservoirs were full to the brim. We should not be where we are today. The challenges are real, they are drastic, but we have to adapt to the challenges that we have."

CFBF Administrator Rich Matteis discussed how the state Legislature and voters responded to the drought last year, including by adopting statewide groundwater legislation and passing a bond measure that would set aside \$2.7 billion to construct additional water storage. This year, he said, Gov. Brown's order for mandatory cuts in urban water use resulted in a renewed focus on agricultural water.

"Certainly, the drought has caused a lot of attention to what we do and how we do it," he said, noting that Farm Bureau has responded through both one-on-one interactions with elected officials and regulators, and through the news media.

Joe Cain, commodity division director for the Kentucky Farm Bureau, reported that water issues are becoming more of a factor in his state.

"Kentucky is getting very engaged in water issues. We don't have water (supply) problems, but we want to be proactive," Cain said, adding that Kentucky Farm Bureau President Mark Haney established a Water Management Working Group that is meeting to develop a strategy on dealing with water.

Kentucky receives about 45 inches of rainfall annually and has several aquifers that feed into the state, which provide plenty of surface water, Cain said, but the Farm Bureau has taken a renewed



interest in water issues, as many farmers make a transition from on-farm water sources to municipal water.

"We feel like if there is a drought, we will have some issues. We are working on a more effective drought mitigation plan and have some strategies that will be announced this fall," Cain said. Cain's Farm Bureau neighbor to the east, Wilmer Stoneman, who handles government regulations at the Virginia Farm Bureau Federation, reported the organization is also looking into water as the state studies groundwater and "drastically low" aquifers.

During the conference, the CFBF team of environmental attorneys briefed fellow state Farm Bureau representatives on issues related to land use and property rights, the California water rights system, water quality regulation and the regulation of irrigated agriculture.

In talking about the future of farming in California, CFBF environmental attorney Chris Scheuring said, "In California, our protection of land through voluntary, incentive-based means for the most part is going to be successful, but land is only half of the equation. The other half of the equation is water."

As part of the conference, CFBF environmental policy analyst Justin Fredrickson led a tour for Farm Bureau staff members that included the U.S. Bureau of Reclamation C.W. "Bill" Jones Pumping Plant in the Sacramento-San Joaquin Delta and the nearby Tracy Fish Collection Facility, which intercepts migrating fish before they enter the delta water pumps.

The group also visited Montna Farms in Sutter County, to see how California rice fields provide habitat for at least 230 different species of birds each year.

The AFBF Environmental Issues Conference attracted Farm Bureau staff members from as far away as New Jersey, Kentucky and Florida, and from states as diverse as Michigan, Texas and Wyoming.

"It really is a way for our professional regulatory staffers to get together and learn from one another, to put best practices into place and to gain information from one another that allows us to do our jobs better," said Don Parrish, AFBF senior director of regulatory relations. "And when we do our jobs better, our members benefit."

*This article is courtesy of California Farm Bureau Federation.*



### **Almond Industry Hosts Sustainability Summit**

MODESTO, Calif., June 2, 2015 /PRNewswire/ -- The Almond Board of California convened other California agricultural groups, food processors and interest groups to outline solutions on Monday to ongoing sustainability challenges in the state.

While many agricultural sectors have successful sustainability programs in place, the meeting

represented the first time these groups have come together to discuss cross-sector sustainability-related challenges. A diverse array of California's top agricultural products were represented including almonds, grapes, tomatoes, and other fruits and vegetables.

"If we are going to continue to successfully grow healthy and nutritious food in California, we need to extend our sustainable growing practices," said Dr. Gabriele Ludwig, Director of Sustainability and Environmental Affairs at the Almond Board of California. "We've all made great strides in our individual sectors but, by sharing information about how our programs work, we can uncover new opportunities and areas to explore."

As California suffers through a fourth year of drought, many questions have arisen about the sustainability of agriculture in the state. However, this concept is nothing new to the groups involved in this meeting. "The groups gathered here today have been working to increase the sustainability of their crops and California agriculture far prior to the current drought," said Dr. Ludwig. "While the drought is a poignant reminder of our natural resource limitations, sustainability encompasses much more than just water. We are all working toward an environmentally sound, economically viable and socially responsible future for California agriculture, and today we're more united than ever."

Several of the groups have already made key gains due in part to ongoing programs which were highlighted during the meeting. A sample of these programs include:

- The Almond Board of California's robust self-assessment and grower education program, the California Almond Sustainability Program, allows growers to review their current growing practices while learning about other sustainable opportunities available to them. Data collected through this program to date is representative of the California Almond industry and provides vital information on how practices are being adopted and used across the growing community.
- Sustainable Conservation is working together with agricultural companies, farmers, and government agencies to evaluate and promote new approaches to manage water and nutrients so farms and communities have clean, abundant water for years to come.
- The aim at Greener Fields Together is to deliver fresh food responsibly. With a commitment to innovation and sustainable best practices, Greener Fields Together will create long term value for our communities and create a future for food.

Twelve different organizations participated including Campbell Soup Company, Del Monte Foods, PRO\*ACT (Greener Fields Together), SureHarvest, Sustainable Conservation and the Almond Board of California.

#### About California Almonds

Almonds from California are a natural, wholesome and quality food. The Almond Board of California promotes almonds through its research-based approach to all aspects of marketing, farming and production on behalf of the more than 6,000 almond growers and processors in California, many of whom are multi-generational family operations. Established in 1950 and based in Modesto, California, the Almond Board of California is a non-profit organization that administers a grower-enacted Federal Marketing Order under the supervision of the United States Department of Agriculture. For more information on the Almond Board of California or almonds, visit [Almonds.com](http://Almonds.com) or check out California Almonds on Facebook, Twitter, Pinterest, Instagram and the California Almonds blog.

SOURCE: Almond Board of California



## **Air Resources Board Develops a Strategy on Short-Lived Climate Pollutants**

Recently, Ag Council has been participating in a Short-Lived Climate Pollutants (SLCP) workgroup assembled by the California Department of Food and Agriculture. As background, SLCPs include methane and black carbon (such as diesel).

The goal of the workgroup is to compile a suite of recommendations regarding the reduction of SLCPs from the agricultural sector in California. The

recommendations will be provided to the California Air Resources Board (CARB) as it develops a draft strategy on SLCPs. CARB is undertaking this effort as a result of a law passed last year, SB 605, authored by Senator Lara.

While the final list of recommendations is not yet complete, Ag Council wanted to share the key themes that have emerged from the discussion:

1. Emissions of methane from agricultural sources are due to natural biological processes and are difficult to measure.
2. California agriculture contributes nutritional food products and has a key role in global food security.
3. There must be flexibility in policies to accommodate changing environmental or economic conditions.
4. Regulations on agricultural operations have dramatically increased, particularly since 2004.

In addition to the workgroup, Ag Council attended and spoke at a workshop on SLCPs held by CARB on May 27. At this workshop, CARB staff explained their initial ideas and potential SLCP strategies. CARB also heard from stakeholders to help inform the development of a draft strategy planned for release this summer on SLCPs.

Read the Short-Lived Climate Pollutants Reduction Strategy Concept Paper on the California Air Resources Board website [HERE](#).

## **Brown Defends Delta Tunnels Project, Agriculture Industry**

California Gov. Jerry Brown says opponents of his Delta water tunnel proposal should just "shut up." He spoke to the Association of California Water Agencies in Sacramento Wednesday.

One day after the State Water Resources Control Board set mandatory reduction requirements for every local water agency, Brown thanked the agencies for helping California through the drought.



And then, he turned to what many in the room believe is their future water source: two tunnels underneath the Sacramento-San Joaquin Delta to move water south. Brown said his administration has already spent a million hours planning the project. So, he told opponents, "Until you put a million hours into it, shut up! Cause you don't know what the hell you're talking about!"

The governor's office later said he was speaking in jest. "We listen to critics and supporters alike," Press Secretary Evan Westrup said in a statement. "That's a big part of the million hours we've put into this project and we'll keep the same open spirit in the coming months."

One of the project's leading opposition groups, Restore the Delta, said it will not shut up, adding: "When the governor ignores the voice of the people, the people need to speak louder." Brown also defended the agriculture industry, which faces calls to further reduce water use during the drought.

"Okay, let's control almonds," Brown said, alluding to a frequent complaint that almonds require too much water. "Who's gonna control almonds? If we control almonds, how about broccoli? How about steaks? How about our whole life?"

The governor said California must strike a balance to live within existing water resources while preserving individual liberty and decision-making.

This article is courtesy of <http://www.caprado.org/news> and can be viewed in it's entirety online at: <http://www.caprado.org/articles/2015/05/06/brown-defends-delta-tunnels-project.-agriculture-industry/>.



**How to Get Reimbursed for Training through California's Employment Training Panel (ETP)**

**Featured Presenters and Topics:**

**Michael Sneed**  
President with Sierra Consulting Services  
Learn how your company could be reimbursed for training through California's Employment Training Panel (ETP). The ETP was created in 1982 by the California State Legislature and is funded by California employers through a special payroll tax.

- Small companies can be reimbursed up to \$75,000 for employee training. Large companies can be reimbursed up to \$750,000 for employee training
- Funds can be used for general business skills, technical commercial skills, computer skills, hazardous materials, and OSHA safety training.

**Bob Simon**  
Risk Control Manufacturing Specialist with CNA

**Roland Guillen**  
Account Executive/Partner with Warren G. Bender Co.  
In today's competitive business environment, manufacturers are faced with many challenges, including identifying and improving operational efficiencies.

- Learn how IR Thermography can reduce your exposure to unplanned downtime from breakdowns or fires and help generate cost savings by reducing energy losses
- Learn how the process flow technique can contribute to your bottom line by improving quality and reducing waste

<b>Wednesday, June 10, 2015</b> <b>3:30pm - 6:30pm</b> Arden Hills Resort 1220 Arden Hills Lane Sacramento, CA 95864	<b>Agenda</b> 3:30pm - Networking 4:00pm - Seminar 5:30pm - Reception Wine, beer, and appetizers will be served
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**Space is limited.**  
Register for this complimentary seminar by June 3rd, 2015  
by visiting <http://tinyurl.com/GALLINA-SME3>

GALLINA LLP, in partnership with the SME Sacramento Valley Chapter, is proud to announce the 3rd topic in a series of seminars for manufacturers. Join us for an informative seminar to help position your company to thrive in a competitive business environment.

## How to Get Reimbursed for Training through California's Employment Training Panel (ETP)

GALLINA LLP, in partnership with SME Sacramento Valley Chapter and SARTA, is proud to announce the 3rd topic in a series of tax and accounting related seminars for manufacturers.

This complementary seminar is being held on Wednesday, June 10, 2015, 3:30 pm to 6:30 pm, at the Arden Hills Resort in Sacramento, CA. You can register [here](#), but don't delay. Space is limited!

## Asian Citrus Psyllid Quarantine Expansion in San Luis Obispo County

SACRAMENTO, May 29, 2015 - An additional portion of San Luis Obispo County has been placed under quarantine for the Asian citrus psyllid (ACP) following the detection of one psyllid within the City of Arroyo Grande, in the Highlands area. The quarantine expansion adds 32 square miles, bringing the total quarantine area in San Luis Obispo County to 275 square miles. The 32 square mile expansion is bordered on the north by Los Padres National Forest; on the south by the Southern Pacific Railroad; on the west by Georgia Avenue; and on the east by Villa Creek. A link to the quarantine map may be found here: [www.cdfa.ca.gov/plant/go/acp-qmaps](http://www.cdfa.ca.gov/plant/go/acp-qmaps).



The quarantine prohibits the movement of citrus and curry tree nursery stock out of the quarantine area and requires that all citrus fruit be cleaned of leaves and stems prior to moving out of the quarantine area. An exception may be made for nursery stock and budwood grown in USDA-approved structures that are designed to keep ACP and other insects out. Residents with backyard citrus trees in the quarantine area are asked not to transport citrus fruit or leaves, potted citrus trees, or curry leaves from the quarantine area.

ACP county-wide quarantines are now in place in Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, Tulare, and Ventura counties, with portions of Fresno, Kern, Madera, San Benito, San Joaquin, San Luis Obispo and Santa Clara counties also under quarantine.

The ACP is an invasive species of grave concern because it can carry the disease huanglongbing (HLB), also known as citrus greening. All citrus and closely related species, such as curry trees, are susceptible hosts for both the insect and disease. There is no cure once a tree becomes infected, the diseased tree will decline in health and produce bitter, misshaped fruit until it dies. HLB has been detected just once in California - in 2012 on a single residential property in Hacienda Heights, Los Angeles County. This plant disease does not affect human health.

Residents in the area who think they may have seen ACP or symptoms of HLB on their citrus trees are urged to call CDFA's Pest Hotline at 1-800-491-1899. For more information on the ACP and HLB, please visit: [www.cdfa.ca.gov/go/acp](http://www.cdfa.ca.gov/go/acp).

Please visit [here](#) to view the press release in it's entirety.



GALLINA Can Help

The experts at GALLINA can help you and your company navigate the complexities of your business as well as make sure you are taking advantage of every opportunity to maximize tax savings. If you have any questions, call us today at 877.638.1188 to discuss the right steps for you and your company.

For more information about how GALLINA LLP can help you achieve your financial goals, visit our web site at [www.gallina.com](http://www.gallina.com).

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