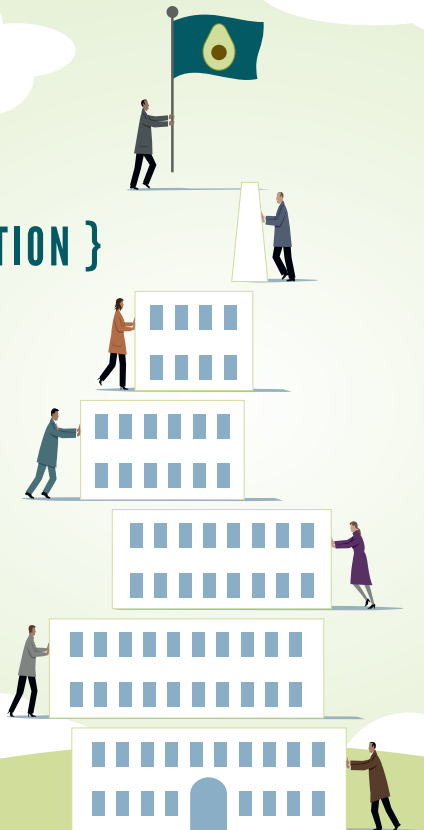


HAB

ANNUAL REPORT

two-thousand thirteen

{ COLLABORATION }



CONTENTS

- 2 BOARD OF DIRECTORS AND STAFF MEMBERS
- 3 LETTERS
- 5 INDEPENDENT AUDITOR'S REPORT
- 7 MANAGEMENT'S DISCUSSION AND ANALYSIS
- 11 STATEMENT OF NET POSITION
- 12 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
- 13 STATEMENT OF CASH FLOWS
- 14 NOTES TO BASIC FINANCIAL STATEMENTS
- 19 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS-BUDGET AND ACTUAL
- 20 SCHEDULE OF PROGRAM EXPENDITURES-BUDGET AND ACTUAL
- 21 SCHEDULE OF ADMINISTRATION EXPENDITURES-BUDGET AND ACTUAL
- 22 SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
- 23 REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
- 25 REPORT ON COMPLIANCE



2014 BOARD OF DIRECTORS AND STAFF MEMBERS

DIRECTORS



Jamie
JOHNSON *Chair*
Producer



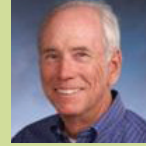
Scott
BAUWENS *Vice-Chair*
Importer



Chris
HENRY *Treasurer*
Importer



Bob
SCHAAR *Secretary*
Producer



Ed
EMBL
Producer



Gary
WOODWORTH
Producer



Isabel
FREELAND
Importer



Mark
GOLDEN
Producer



Rick
GREENWOOD
Producer



Ohannes
KARAOGHLANIAN
Producer



Sebastian
BULNES
Importer



Rodrigo
LOPEZ CAMPERO
Importer



Michael
PARR
Importer Alternate



David
FAUSSET
Importer Alternate



Will
CARLETON
Producer Alternate



Laurie
LUSCHIE
Producer Alternate



Casimir
WYTANIEC
Producer Alternate



Gahl
CRANE
Importer Alternate



Emily
GREENBERG
Producer Alternate



Javier
MEDINA
Importer Alternate



Fay L.
HALL
Producer Alternate



Jimmy
LOTUFO
Importer Alternate



VACANT



VACANT

STAFF MEMBERS



Emiliano
ESCOBEDO
Executive Director



Mariela
CACERES
Executive Assistant
to the Hass
Avocado Board



Gina
WIDJAJA
Marketing and
Communications
Manager



Dr. Nikki
FORD
Director of Nutrition



Robert
RUMPH
Controller/Financial
Services Manager

NUTRITION IS THE CORNERSTONE OF EVERYTHING WE'VE DONE



We worked diligently in 2013 to find ways to increase the closeness and collaboration of all avocado growers, importers and handlers.

As a result of the work by the International Representation Committee, offshore representatives of each importer organization receiving assessment funds and a representative from the California Avocado Commission will have a voice in matters that come before the board.

According to committee Chairman Bob Schaar, whose tireless work and that of his committee has brought about this positive change, the structure will strengthen HAB and the avocado industry. It is my belief that this organizational change will pay large dividends in inclusion and collaboration.

The Quality Committee also moved from consensus and agreement to evaluating research opportunities that move us closer to our goals. These efforts saw significant movement through the efforts of Reuben Hofshi and Ramón Paz (committee chairs).

HAB also laid the groundwork for a data collection system in 2013. The Global Data System Committee defined a legal framework and technical solution for a supply and demand data collection system that will be implemented in 2014. This groundbreaking project would not have been possible without Chairman Mike Sanders' dedicated work in obtaining the industry's support.

HAB strived toward collaboration in its nutrition research program as well, hosting a research innovation workshop with key industry leaders— growers, handlers and exporters from all countries that sell Hass avocados in the United States, as well as scientists whose work is funded by HAB.

With this high level of energy and activity, someone had to keep his eye on the financial ball. Treasurer and Finance Committee Chair Chris Henry, worked diligently to assure the financial health of the HAB, as the auditor's report clearly indicates.

In closing, HAB compiled its second, comprehensive five- year program evaluation in 2013. Conducted by UC Davis, the evaluation produced strong evidence that the combination of substantial growth in demand and impactful marketing programs by HAB and all member organizations have created a successful avocado marketplace and healthy return on investment for growers.

JAMIE JOHNSON
Chairman

BECOMING A PRODUCE STAR



In HAB's 2012 Annual Report, more collaboration was just a promise. Now it is a reality.

As Chairman Johnson indicated, in 2013 the results achieved because of this emphasis on inclusiveness were stellar. The year 2013 marked great progress on several other fronts. HAB continued its emphasis on nutrition research and marketing, a direction now so firmly established over the past few years as to be automatically assumed in all that we do.

That commitment took another large step in 2013 with the addition to the HAB family of Nikki Ford, Ph.D. as nutrition director. Following a decade of various research assignments in Texas and Illinois, Ford joined HAB from her position at the Dell Pediatric Research Institute in Austin, where she also served as an adjunct faculty member at Texas State University.

Our research pipeline includes seven clinical trials focused in cardiovascular health, weight management, diabetes and healthy living. Nikki's impressive background is increasing the complexity and sophistication of this critical program going forward.

The science behind our nutrition research program will continue to generate exciting news about avocados and health. However, this can't be done without a strategic marketing program in place. One visible example of our proactivity was the launch of a single-minded nutrition marketing strategy that leverages category resources and nutrition science to build avocado demand and enhance value to the consumer.

Love One Today™ is a science-based food and wellness education program that encourages Americans to include fresh Hass avocados in everyday healthy eating plans to help increase fruit and vegetable intake and as a delicious, cholesterol-free, whole food source of naturally good fats. The Love One Today™ mark unifies the nutrition platform for fresh Hass avocados with clear and simple nutrition messages, including a consistent call to action to consume avocados daily. It addresses the emotional values of consumers for our product while communicating simple and clear nutrition benefits that give consumers permission to love one every day.

Love One Today™ supports the category, blending in well with existing avocado brands on websites, boxes and existing point-of-sale material, without competing or interfering with the existing branding.

As we build the body of science and move from basic nutrient content claims to ownable benefits, our research pipeline will generate messages that support stronger reason to believe why consumers should Love One Today™.

In closing, The Dietary Guidelines for Americans recommend consuming 4.5 - 5 cups of fruits and vegetables a day, however; Americans on average only consume approximately half of this requirement. Last year, the avocado category was the fastest growing of all fruits. As we continue to educate consumers about avocados we are also helping Americans meet their daily fruit and vegetable intake in a significant way.

We continue to move forward with great energy.

Thank you for your continued support of our mission.

EMILIANO ESCOBEDO
Executive Director

4

INDEPENDENT AUDITOR'S REPORT



Mayer Hoffman McCann P.C.
An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

Board of Directors
Hass Avocado Board
Irvine, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statement of net position of the Hass Avocado Board (the "Board") as of December 31, 2013, and the related statement of revenues, expenses and changes in net position, and statement of cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 organization'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 organization'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 the Hass Avocado Board as of December 31, 2013 and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described further in note one to the financial statements, during the year ended December 31, 2013, the organization implemented GASB Statement Nos. 63 and 65. Our opinion is not modified with respect to these matters.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hass Avocado Board's basic financial statements. The Supplementary Information schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Board's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 12, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued a report dated March 28, 2014 on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in assessing the results of our audit.

Mayer Hoffman McCann P.C.

Irvine, California
March 28, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

HASS AVOCADO BOARD

Management's Discussion and Analysis

INTRODUCTION

This report, Management's Discussion and Analysis (MD&A), provides an overview and analysis of the financial activities of the Hass Avocado Board (Board) for the year ended December 31, 2013. It has been prepared by management and should be read in conjunction with the audited financial statements for the periods ended December 31, 2013.

The Board is a federal government instrumentality created September 6, 2002 by the Hass Avocado Promotion, Research, and Information Act. The Board is an administrative body established pursuant to 7 CFR Part 1219, with supervisory oversight by the United States Department of Agriculture. The purpose of the industry-funded program is to increase consumption and demand for domestic and imported Hass avocados in the U. S. market.

The Board consists of 12 Directors, 7 of whom represent domestic producers and 5 representing importers. Each Board member has an alternate. Appointed by the Secretary of Agriculture, the Board was officially seated March 18, 2003 in Washington D. C.

Producers and importers of Hass avocados pay an assessment under the program, with first handlers involved in the domestic assessment collection process and U. S. Customs responsible for assessment collections on imported Hass avocados. The initial rate of assessment was established at 2.5 cents per pound on fresh Hass avocados produced and handled in the U. S. and on fresh Hass avocados imported into the U. S. and remains unchanged.

An association of avocado importers is eligible to receive an amount of assessment funds equal to 85% of the assessments paid on Hass avocados imported by its members. Additionally, an avocado organization established by State statute in a State with the majority of Hass avocado production in the U. S. shall receive an amount of assessment funds equal to 85% of the assessments paid on Hass avocados produced in such State. Funds received by importer associations or a State avocado organization must be used to finance promotion, research, consumer information and/or industry information programs, plans or projects in the U. S.

As required by 7 CFR Part 1219, the Board contracted with the California Avocado Commission (CAC) to assist in its management of board marketing programs in 2013. The Board maintains a limited marketing program implementation contract with the CAC and expended no funds to CAC for this purpose in 2013.

FINANCIAL HIGHLIGHTS

- The assets of the Board exceeded its liabilities as of December 31, 2013 by \$1,578,378 (net position). Of this amount, \$1,418,947 totaling 90% is unrestricted net position and may only be used for Board promotions, research and information obligations.
- The Board's 2013 total net position of \$1,578,378 decreased by \$538,741 from the December 31, 2012 amount of \$2,117,119. Of this amount, net position invested in capital assets, increased to \$159,431 from \$0 in 2012. Net position unrestricted for promotions, research and information decreased from \$2,117,119 to \$1,418,947.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Board's financial reports. The Board's financial reports include three basic financial statements: Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position Budget and Actual; and Statement of

HASS AVOCADO BOARD Management's Discussion and Analysis

Cash Flows. These *basic financial statements* are designed to present a broad overview of the financial data for the Board, in a manner similar to a private-sector business.

Fund Financial Statements:

The *Statement of Net Position* presents information on all assets and liabilities of the Board using the accrual basis of accounting, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the current financial condition of the Board. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Board, like other federal government entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Board's fund is considered an *enterprise fund* (which is a proprietary fund type) and accounts for assessment collections for avocado marketing programs and activities.

Notes to the Financial Statements:

The notes provide additional information that is essential to a full understanding of the information provided in the basic financial statements.

FINANCIAL ANALYSIS

Comparative data for the year ended December 31, 2012 has been presented in the accompanying supplemental schedules to facilitate financial analysis for the current year ended December 31, 2013.

STATEMENT OF NET POSITION:

As noted earlier, net position may serve over time as a useful indicator of the Board's financial position.

The largest portion (97%) of the Board's total assets were current assets, consisting primarily of cash, investments, and accounts receivable, totaling \$4,970,127; down \$922,219 from the prior year amount of \$5,892,346. This decrease was mainly attributable to a decrease in cash and investments offset slightly by increases in accounts receivable related to U.S. Customs and Domestic Handlers. Total current assets cover liabilities 1.4 times, and indicate adequate liquidity.

Liabilities totaled \$3,551,180 at December 31, 2013, which decreased \$224,047 from \$3,775,227 from the prior year. The decrease is mainly due to amounts owed to vendors. Liabilities were primarily accounts payable and are considered current liabilities.

Net position invested in capital assets, represent the Board's capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Net position invested in capital assets (net of accumulated depreciation) total \$159,431, up from the prior year amount of \$0. The increase was due to investments in HAB's Global Data System (a.k.a. AVIS), a new tradeshow booth, and accounting software.

MANAGEMENT'S DISCUSSION AND ANALYSIS

HASS AVOCADO BOARD Management's Discussion and Analysis

Unrestricted net position for promotions, research, industry information and consumer information activities are subject to imposed restrictions by federal statute governing their use. Unrestricted net position total \$1,418,947, an decrease of \$698,172 over the prior year amount of \$2,117,119 mainly due to the Board's desire to optimize expenditures to drive avocado consumption. Unrestricted net assets are 90% of total net assets and are subject to external restrictions on how they can be used.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION-BUDGET AND ACTUAL:

Key highlights and financial analysis are as follows:

- Actual operating revenues of \$42,269,638 in 2013 were \$4,577,404 higher than the \$37,692,234 in 2012. The increase was attributable to a 6.6% increase in domestic assessment revenues combined with a 14.5% increase in revenue from imports. Of the operating revenue, the majority \$30,584,921 (approximately 72%) reflects assessments from imported volume; \$11,680,896 (approximately 28%) is generated from domestic volume and the remainder of \$3,821 is from late fees, and interest.
- Actual operating expenses totaled \$42,808,419 in 2013, which was an increase of \$5,237,723 or approximately 14% from the prior year amount of \$37,570,696. The large increase was due to an overall increase in assessable Hass volume resulting in higher assessment rebate expenses and available promotional and marketing funds.
- At the end of the 2013 year, the Board reported ending net position of \$1,578,378, which was a decrease of \$538,741 from the prior year of \$2,117,119. The decrease was intentional as the Board put funds to work driving consumption and demand versus building reserves.

BUDGETARY HIGHLIGHTS

The 2013 final budget for the Board's operations represents the original budget for the 12-month period and amendments that may have occurred during the period. The original revenue budget approved by the Board in September 2012 of \$37,500,000 was amended and increased to \$41,250,000 in January of 2013. In addition, the budget was amended once more in May of 2013 increasing spending on marketing and strategic initiatives by a total of \$604,314. Beginning budgeted reserves were also increased by \$454,314 to \$2,117,119 from the estimated \$1,662,805 to reflect the actual audited amount from the prior year financial statements.

During the year, the Board was involved in developing, analyzing and implementing current and long-range financial goals and activities for strategic planning purposes. Next year's 2014 budget and programs were developed, reviewed and approved for implementation.

CAPITAL ASSET AND DEBT ADMINISTRATION

The Board's investment in capital assets for its business type activities as of December 31, 2013, total \$159,431 (net of accumulated depreciation), which is an \$159,431 increase from December 31, 2012 year amount of \$0 (net of accumulated depreciation). The Board had no debt as of December 31, 2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS

HASS AVOCADO BOARD

Management's Discussion and Analysis

CONTACTING THE BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Board's finances and to show the Board's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Robert M. Rumph, Controller/Financial Services Manager, Hass Avocado Board, 230 Commerce Suite 190 Irvine, California 92602.

STATEMENT OF NET POSITION

HASS AVOCADO BOARD

Statement of Net Position

December 31, 2013

(With Comparative Data for December 31, 2012)

	2013	2012
Assets		
Current assets:		
Cash and investments (note 2)	\$ 1,917,679	2,883,671
Receivables:		
California	5,437	2,475
Customs	3,034,494	2,995,780
Prepaid expenses	12,517	10,420
Total current assets	4,970,127	5,892,346
Noncurrent assets:		
Capital assets (note 3):		
Depreciable	239,027	81,584
Accumulated depreciation	(79,596)	(81,584)
Total noncurrent assets	159,431	-
Total assets	5,129,558	5,892,346
Liabilities		
Current liabilities:		
Accounts payable and other liabilities	3,551,180	3,775,227
Total current liabilities	3,551,180	3,775,227
Net Position		
Net investment in capital assets	159,431	-
Unrestricted	1,418,947	2,117,119
Total Net Position	\$ 1,578,378	2,117,119

See accompanying notes to basic financial statements.

STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION

HASS AVOCADO BOARD

Statement of Revenues, Expenses and Changes in Net Position

Year Ended December 31, 2013

(With Comparative Data for December 31, 2012)

	2013	2012
Operating revenues:		
Assessments:		
California	\$ 11,680,896	10,958,892
Customs	30,584,921	26,719,063
Miscellaneous	3,821	14,279
Total operating revenues	<u>42,269,638</u>	<u>37,692,234</u>
Operating expenses:		
Rebate program:		
California Avocado Commission	9,929,359	9,317,171
Chilean Avocado Import Association	1,029,003	1,993,673
Mexican Hass Avocado Import Association	23,841,408	19,840,861
Peruvian Avocado Commission	1,009,786	727,050
Total rebate program	<u>35,809,556</u>	<u>31,878,755</u>
Marketing/Research/Communications Program:		
Nutrition marketing	3,709,645	2,233,003
Nutrition research	907,007	942,877
Retail data and research	407,624	819,331
Industry communication	163,306	372,625
Strategic initiatives	123,623	81,152
Total Marketing/Research/Communications	<u>5,311,205</u>	<u>4,448,988</u>
Other Expenses:		
Program implementation fee	-	120,000
USDA oversight	124,378	59,863
Depreciation (note 3)	79,596	-
Total Other Expenses	<u>203,974</u>	<u>179,863</u>
Administration:		
Administration expenses	1,483,684	1,063,090
Total administration	<u>1,483,684</u>	<u>1,063,090</u>
Total operating expenses	<u>42,808,419</u>	<u>37,570,696</u>
Net operating income (loss)	(538,781)	121,538
Non-operating revenues:		
Investment income	40	1,045
Total non-operating revenues	<u>40</u>	<u>1,045</u>
Change in net position	(538,741)	122,583
Net position, at beginning of year	<u>2,117,119</u>	<u>1,994,536</u>
Net position, at the end of year	<u>\$ 1,578,378</u>	<u>2,117,119</u>

See accompanying notes to basic financial statements.

12

STATEMENT OF CASH FLOWS

HASS AVOCADO BOARD

Statement of Cash Flows

Year Ended December 31, 2013
(With Comparative Data for December 31, 2012)

	2013	2012
Cash flows from operating activities:		
Cash received from producers and importers	\$ 42,227,962	37,069,402
Cash paid to employees	(806,291)	(561,934)
Cash rebate payments and payments to suppliers for goods and services	(42,148,676)	(35,641,802)
Net cash provided by (used for) operating activities	(727,005)	865,666
Cash flows from capital and related financing activities:		
Cash paid for the acquisition of capital assets	(239,027)	-
Net cash provided by (used for) capital and related financing activities	(239,027)	-
Cash flows from investing activities:		
Interest income	40	1,045
Net cash provided by (used for) investing activities	40	1,045
Net increase (decrease) in cash and cash equivalents	(965,992)	866,711
Cash and investments at beginning of year	2,883,671	2,016,960
Cash and investments at end of year	\$ 1,917,679	2,883,671
Reconciliation of operating income to net cash provided by (used for) for operating activities:		
Operating income (loss)	\$ (538,781)	121,538
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	79,596	-
(Increase) decrease in receivables	(41,676)	(622,832)
(Increase) decrease in prepaid deposits	(2,097)	10,000
Increase (decrease) in accounts payable and other liabilities	(224,047)	1,356,960
Net cash provided by (used for) operating activities	\$ (727,005)	865,666

Non-cash investing, capital and financing activities:

There were no significant non-cash investing, capital or financing activities during the years ended December 31, 2013 and 2012.

See accompanying notes to basic financial statements.

HASS AVOCADO BOARD

Notes to Basic Financial Statements

Year Ended December 31, 2013

1. Summary of Reporting Entity and Significant Accounting Policies

Reporting Entity

The Hass Avocado Board is authorized under the *United States Department of Agriculture (USDA), Code of Federal Regulations (7 CFR Part 1219) - Hass Avocado Promotion, Research, and Information Order* (the Order) to implement and manage a comprehensive research, marketing, and information program whose overarching object is to increase the consumption of Hass Avocado in the United States. The Board is authorized to levy an assessment against producers of Hass avocados for purposes of carrying out its programs. Under the Order, producers and importers pay an assessment of 2.5 cents per pound on fresh hass avocados produced in or imported into the United States for consumption in the United States. Organically grown and exported U.S. Hass avocados are exempt from assessment.

Fund Accounting

The basic accounting and reporting entity is a *fund*. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, recording resources, related liabilities, obligations, reserves and equities segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Net Position

The accompanying financial statements reflect the implementation of GASB Statement Nos. 63 and 65. Impacts of GASB Statement No. 63 include changing the title of the statement of net assets to the statement of net position and reformatting the statement of net position to add separate sections for deferred inflows of resources and deferred outflows of resources, which was not applicable to the Board. There were no significant impacts as a result of the implementation of GASB Statement No. 63.

Measurement Focus and Basis of Accounting

Enterprise funds are accounted for on the economic resources measurement focus. Accordingly, all assets and liabilities are included on the Statement of Net Position, and the reported net position provides an indication of the historical net worth of the fund. Operating statements for enterprise funds report increases (revenues) and decreases (expenses) in total historical net worth.

The Board uses the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded when the liability is incurred for receipt of the related goods and services.

HASS AVOCADO BOARD

Notes to Basic Financial Statements

(Continued)

1. Summary of Reporting Entity and Significant Accounting Policies, (Continued)

Measurement Focus and Basis of Accounting, (Continued)

Enterprise funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses result from providing goods and services related to the fund's ongoing operations. Operating expenses include the cost of program services provided, general and administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

Investments

Investments are reported in the accompanying balance sheet at fair value. Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined to include demand deposits, as well as any direct investment in short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of three months or less. Investments in federal agency securities are not considered to be cash equivalents as defined above and, therefore, are excluded from the statements of cash flows.

Capital Assets

Capital assets purchased by the Board are capitalized at historical cost. Capital assets that are contributed are recorded as contributed capital assets, which increases the net position of the Board. Such contributed capital assets are recorded at their fair market value at the time of donation.

Any single item purchased by the Board with a cost greater than or equal to \$5,000 and an estimated useful life of greater than one year is capitalized and depreciated. Depreciation is charged to operations using the straight-line method based on the estimated useful life of the asset. The estimated useful lives are as follows:

Software	3-5 years
Office equipment	3-5 years
Tradeshow booth	3-5 years

HASS AVOCADO BOARD

Notes to Basic Financial Statements

(Continued)

1. Summary of Reporting Entity and Significant Accounting Policies. (Continued)

Tax Exemption

The Office of Chief Counsel of the Internal Revenue Service, U.S. Treasury Department ruled on October 22, 1992, that research and promotion boards, such as the Hass Avocado Board, are not subject to federal income taxation. Such boards are also generally exempt from all forms of taxation, including personal, real property taxes, and sales taxes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Board's prior year financial statements, from which this selected financial data was derived.

2. Cash and Investments

Cash and investments as of December 31, 2013 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	<u>\$ 1,917,679</u>
----------------------	---------------------

Cash and investments as of December 31, 2013 consist of the following:

Demand deposits	<u>\$ 1,917,679</u>
-----------------	---------------------

HASS AVOCADO BOARD

Notes to Basic Financial Statements

(Continued)

2. Cash and Investments, (Continued)

Investments Authorized by the United States Department of Agriculture and the Hass Avocado Board

Under provision of the USDA Guidelines for Agricultural Marketing Service Oversight of Commodity Research and Promotions Programs investment policy, and the investment policy adopted by the Board, authorized investments include the following:

- U.S. Government securities and other obligations
- California state and local government securities
- Commercial paper
- Bankers' acceptances
- Nonnegotiable certificates of deposit
- Bonds, debentures, and notes issued by corporations organized and operating within the United States. Such securities shall be within the top three ratings of a nationally recognized rating service
- Money market funds (broker accounts)
- Merrill Lynch insured savings accounts

3. Capital Assets

Changes in capital assets and related accumulated depreciation were as follows:

	<u>January 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2013</u>
Capital assets:				
Office equipment	\$ 81,584	15,411	(81,584)	15,411
Software	-	68,700	-	68,700
Tradeshow booth	-	154,916	-	154,916
Accumulated depreciation:				
Office equipment	(81,584)	(5,132)	81,584	(5,132)
Software	-	(22,877)	-	(22,877)
Tradeshow booth	-	(51,587)	-	(51,587)
Total capital assets, net	<u>\$ -</u>	<u>159,431</u>	<u>-</u>	<u>159,431</u>

Depreciation expense was \$79,596 for the year ended December 31, 2013.

4. Revenue Concentration

Approximately 48% of total operating revenue was derived from assessments collected from four Hass avocado handlers/importers.

HASS AVOCADO BOARD

Notes to Basic Financial Statements

(Continued)

5. Lease Commitments

The Hass Avocado Board entered into an operating lease on September 25, 2009 for office space. The operating lease is a 5.5 year lease expiring on February 28, 2015. The Board also entered into an agreement to lease a printer/copier. This lease is 63 months at a rate of \$381 a month expiring on June 3, 2018.

The future commitments of the Board for the year ended December 31, 2013 are:

2014	\$ 117,612
2015	23,516
2016	4,572
2017	4,572
2018	<u>2,286</u>
Total	<u>\$ 152,558</u>

6. Pension Plan

The Board of Directors of the Hass Avocado Board (Board) implemented a defined contribution retirement plan for eligible Board employees, effective November 1, 2007. The plan limits contributions strictly from the Board. The Board contributes 10% of the participant's compensation. Employees are eligible to receive the Board's contribution after 1,500 hours of employment. Total Benefit expenses for the year ended December 31, 2013 was \$63,933.

STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION - BUDGET & ACTUAL

HASS AVOCADO BOARD

Statement of Revenues, Expenses and Changes in Net Position - Budget and Actual

Year Ended December 31, 2013
(With Comparative Data for December 31, 2012)

	Final Budget	2013	Variance with Final Budget Positive (Negative)	2012
Operating revenues:				
Assessment Revenues	\$ 41,250,000	42,265,817	1,015,817	37,677,955
Other Income	-	3,821	3,821	14,279
Total operating revenues	<u>41,250,000</u>	<u>42,269,638</u>	<u>1,019,638</u>	<u>37,692,234</u>
Operating expenses:				
Rebate program:				
Rebates	<u>34,892,500</u>	<u>35,809,556</u>	<u>(917,056)</u>	<u>31,878,755</u>
Marketing/Research/Communications Program:				
Nutrition marketing	4,163,619	3,709,645	453,974	2,233,003
Nutrition research	856,490	907,007	(50,517)	942,877
Retail data and research	414,009	407,624	6,385	819,331
Industry communication	280,745	163,306	117,439	372,625
Strategic initiatives	<u>411,000</u>	<u>123,623</u>	<u>287,377</u>	<u>81,152</u>
Total Marketing/Research/Communications	<u>6,125,863</u>	<u>5,311,205</u>	<u>(814,658)</u>	<u>4,448,988</u>
Other Expenses:				
Program implementation fee	60,000	-	60,000	120,000
USDA oversight	104,600	124,378	(19,778)	59,863
Depreciation	-	<u>79,596</u>	<u>(79,596)</u>	-
Total Other Expenses	<u>164,600</u>	<u>203,974</u>	<u>39,374</u>	<u>179,863</u>
Administration:				
Administration expenses	<u>1,334,156</u>	<u>1,483,684</u>	<u>(149,528)</u>	<u>1,063,090</u>
Total administration	<u>1,334,156</u>	<u>1,483,684</u>	<u>149,528</u>	<u>1,063,090</u>
Total operating expenses	<u>42,517,119</u>	<u>42,808,419</u>	<u>291,300</u>	<u>37,570,696</u>
Net operating income (loss)	(1,267,119)	(538,781)	1,310,938	121,538
Non-operating revenues:				
Investment income	-	40	40	1,045
Total non-operating revenues	<u>-</u>	<u>40</u>	<u>40</u>	<u>1,045</u>
Change in net position	(1,267,119)	(538,741)	1,310,978	122,583
Net Position, at beginning of year	<u>2,117,119</u>	<u>2,117,119</u>	-	<u>1,994,536</u>
Net Position, at the end of year	<u>\$ 850,000</u>	<u>1,578,378</u>	<u>1,310,978</u>	<u>2,117,119</u>

SCHEDULE OF PROGRAM EXPENITURES BUDGET & ACTUAL

HASS AVOCADO BOARD

Schedule of Program Expenditures - Budget and Actual

Year Ended December 31, 2013

(With Comparative Data for December 31, 2012)

	Final Budget	2013	Variance with Final Budget Positive (Negative)	2012
Nutrition marketing				
Program management	\$ 122,000	92,222	29,778	2,057,316
Message testing and approval	60,000	11,069	48,931	96,250
Consumer research insights	15,000	16,265	(1,265)	-
Consumer research tracking	158,500	222,225	(63,725)	-
Creative content	371,119	344,812	26,307	2,500
Events	480,780	263,765	217,015	-
Hispanic marketing and communications	275,000	43,982	231,018	59,500
Miscellaneous	-	-	-	197
Online/website/social media	397,500	382,661	14,839	-
Research publications announcements	1,209,000	1,255,603	(46,603)	1,019
Strategic partnerships	134,200	245,652	(111,452)	16,221
Strategy, issues radar and reporting	344,820	407,458	(62,638)	-
Third party endorsement/announcements	330,000	17,566	312,434	-
Thought leader education	265,700	406,365	(140,665)	-
Total nutrition marketing	4,163,619	3,709,645	453,974	2,233,003
Nutrition research				
Project management	214,800	229,762	(14,962)	121,354
Events	37,500	30,587	6,913	98,871
Science pipeline	449,191	501,935	(52,744)	90,794
Strategy and issues radar	155,000	144,723	10,277	631,858
Total nutrition research	856,491	907,007	(50,516)	942,877
Retail data and research				
Communications	37,175	38,016	(841)	121,554
Data services	117,500	111,015	6,485	98,999
Market performance	61,790	66,165	(4,375)	11,496
Performance/outreach	-	-	-	254,952
Retail best practices	27,500	31,134	(3,634)	48,047
Retail purchase behaviors	35,225	37,637	(2,412)	119,937
Track and monitor	134,819	123,657	11,162	164,346
Total retail data and research	414,009	407,624	6,385	819,331
Industry communications				
Project management	15,800	30,531	(14,731)	35,869
Annual report	17,000	7,609	9,391	22,503
Board reports	9,500	16,144	(6,644)	64,122
HAB promotional materials	20,000	18,751	1,249	58,414
Industry meetings and events	41,500	12,748	28,752	21,145
Content design	50,000	10,341	39,659	58,488
Industry website	48,451	42,505	5,946	18,485
Newsletter	54,000	23,398	30,602	66,180
Outreach	24,495	1,279	23,216	27,419
Total industry communications	280,746	163,306	117,440	372,625
Strategic initiatives				
Global data system	230,000	73,491	156,509	18,856
International presentation	20,000	20,894	(894)	18,920
Planning meetings	21,000	12,000	9,000	33,842
Quality	140,000	17,238	122,762	9,534
Total strategic initiatives	411,000	123,623	287,377	81,152
Total Marketing/Research/Communications	\$ 6,125,865	5,311,205	814,660	4,448,988

20

SCHEDULE OF ADMINISTRATION EXPENDITURES BUDGET & ACTUAL

HASS AVOCADO BOARD

Schedule of Administration Expenditures - Budget and Actual

Year Ended December 31, 2013
(With Comparative Data for December 31, 2012)

	Final Budget	2013	Variance with Final Budget Positive (Negative)	2012
Other expenses:				
Program implementation fee	\$ 60,000	-	60,000	120,000
USDA oversight	104,600	124,378	(19,778)	59,863
Depreciation (note 3)	-	79,596	(79,596)	-
Total industry information	<u>\$ 164,600</u>	<u>203,974</u>	<u>(39,374)</u>	<u>179,863</u>
Administration expenses:				
CPA - auditor	\$ 50,000	33,342	16,658	38,288
Bank fees	13,951	5,758	8,193	6,602
Consulting fees/temp services	15,000	29,874	(14,874)	48,093
Courier charges	1,000	1,383	(383)	412
Meeting/board member expenses	109,500	94,077	15,423	75,796
Nomination/election	20,000	10,069	9,931	13,636
Postage	5,000	2,026	2,974	2,427
Printing	1,800	1,553	247	7,275
Professional fees - legal	50,000	43,958	6,042	47,435
Insurance liability	30,000	29,273	727	24,131
Communication expense	5,500	6,871	(1,371)	5,414
Travel expense	65,000	177,598	(112,598)	44,789
Salaries/wages	509,410	621,176	(111,766)	413,069
Benefits	200,389	121,182	79,207	104,909
Pension	50,000	63,933	(13,933)	43,956
Payroll taxes	31,446	35,277	(3,831)	25,031
Furniture/equipment	24,351	24,369	(18)	11,430
Office supplies and expenses	5,000	10,793	(5,793)	8,539
Photo copying	4,000	4,439	(439)	4,298
Computer supplies and expenses	4,500	1,970	2,530	7,065
Equipment maintenance and expenses	2,000	4,034	(2,034)	1,695
Internet/email expense	20,000	43,459	(23,459)	29,642
Education, training, conferences, seminars	14,460	16,345	(1,885)	7,540
Fixed expenses (rent, supplies, fax, etc.)	<u>101,849</u>	<u>100,925</u>	<u>924</u>	<u>91,618</u>
Total administration expenses	<u>\$ 1,334,156</u>	<u>1,483,684</u>	<u>(149,528)</u>	<u>1,063,090</u>

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

HASS AVOCADO BOARD

Schedule of Cash Receipts and Disbursements

Year Ended December 31, 2013
(With Comparative Data for December 31, 2012)

	2013	2012
Cash receipts:		
California assessments	\$ 11,677,934	10,958,939
Customs assessments	30,550,028	26,110,463
Interest income	40	1,045
Total cash receipts	<u>42,228,002</u>	<u>37,070,447</u>
Cash disbursements:		
Rebates	35,097,788	30,990,183
Nutrition marketing	4,802,473	1,766,807
Nutrition research	907,007	942,877
Retail data & research	407,624	819,331
Industry communication	163,306	372,625
Strategic initiatives	192,323	81,152
Program implementation fee	-	120,000
USDA oversight	124,378	59,863
Administration	<u>1,499,095</u>	<u>1,050,898</u>
Total cash disbursements	<u>43,193,994</u>	<u>36,203,736</u>
Excess of receipts over disbursements	(965,992)	866,711
Cash and investments at beginning of year	<u>2,883,671</u>	<u>2,016,960</u>
Cash and investments at end of year	<u>\$ 1,917,679</u>	<u>2,883,671</u>

22

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING



Mayer Hoffman McCann P.C.
An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

Board of Directors
Hass Avocado Board
Irvine, California

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hass Avocado Board (the "Board"), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated March 28, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. Such provisions included those provisions of

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

laws and regulations identified in the *Code of Federal Regulations (7 CFR Part 1219)- Hass Avocado Promotion, Research, and Information Order*, issued by the United States Department of Agriculture (USDA) and as interpreted in the *Guidelines for Agricultural Marketing Service Oversight of Commodity Research and Promotion Programs*, issued by the USDA. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mayer Hoffman McLean P.C.

Irvine, California
March 28, 2014

REPORT ON COMPLIANCE



Mayer Hoffman McCann P.C.
An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

Board of Directors
Hass Avocado Board
Irvine, California

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH THE HASS AVOCADO PROMOTION, RESEARCH AND
INFORMATION ACT OF 2000 AND ORDER**

Independent Auditors' Report

Compliance

We have audited the Hass Avocado Board's (the "Board"), compliance with the compliance requirements of the Hass Avocado Promotion, Research and Information Act of 2000 and Order that are indicated below for the year ended December 31, 2013. Compliance with the requirements referred to below is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, and contracts, applicable to the Hass Avocado Promotion, Research and Information Act of 2000 and Order.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of the Board's requirements of the Hass Avocado Promotion, Research and Information Act of 2000 and Order based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to below that could have a direct and material effect on the Board has occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of Board's compliance with those requirements. In our opinion, the Board complied, in all material respects, with the compliance requirements referred to below that are applicable for the year ended December 31, 2013.

REPORT ON COMPLIANCE

- Complied with the *Code of Federal Regulations (7 CFR Part 1219)- Hass Avocado Promotion, Research, and Information Order*, issued by the United States Department of
- Agriculture (USDA) and as interpreted in the *Guidelines for Agricultural Marketing Service Oversight of Commodity Research and Promotion Programs*, issued by the USDA.
- Complied with Section 575, Subsection (g) of the Hass Avocado Promotion, Research and Consumer Information Act of 2000 and Section 1219.42, Subsection (b) of the Order, relating to the use of assessment funds for the purpose of influencing governmental policy or action.
- Expended assessment funds for purposes authorized by the Hass Avocado Promotion, Research and Consumer Information Act and Order.
- Expended or obligated assessment funds only for projects in the fiscal year authorized to be expended by the Board's approved budget and marketing plan.
- Funds were used only for projects and other expenses in a budget approved by the USDA.
- Obtained a written contract or agreement with any person or entity providing goods or services to the Board.
- Complied with the Agriculture Marketing Service (AMS) investment policy as interpreted by Direction 2210.2 and the Research and Promotion Branch paper, "Securing Research and Promotion Brand Funds," relating to the limitations on the types of investments which may be purchased by the Board and the insurance or collateral that must be obtained for all Board deposits and investments.
- Complied with the by-laws of the Board or any other policy of the Board, specifically as they relate to all financial matters, including time, attendance, and travel.

Internal Control Over Compliance

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board's internal control over compliance with the types of requirements that could have a direct and material effect to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with compliance requirements of the Hass Avocado Promotion, Research and Information Act of 2000 and Order, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

REPORT ON COMPLIANCE

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over

compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Hass Avocado Promotion, Research and Information Act of 2000 and Order. Accordingly, this report is not suitable for any other purpose.

Mayer Hoffman McCann P.C.

Irvine, California
March 28, 2014

HASS AVOCADO BOARD



HassAvocadoBoard.com
AvocadoCentral.com
Facebook.com/HassAvocados
Twitter.com/HassAvocados
Pinterest.com/HassAvocados
YouTube.com/HassAvocadoBoard

230 Commerce
Suite 190
Irvine, CA 92602
949.341.3250

