



## ANTITRUST POLICY

Hass Avocado Board (HAB) Members and HAB event participants are subject to United States antitrust laws that prohibit, among other things, fixing prices, allocating geographic markets, unfair or deceptive practices, setting profit levels, and boycotts. Discussions at HAB events must not evolve into addressing or inducing or agreeing to private sector joint actions between industry members to resolve their competitive concerns, or to adversely affect other industry members. The Hass Avocado Board shall not permit or condone willful or inadvertent anti-competitive behavior in connection with any HAB organized event.

### GUIDELINES FOR HAB EVENTS AND MEETINGS

Proper Activities - Hass Avocado Board discussion may include, but shall not be limited to:

- Avocado industry-wide activities and concerns;
- Exchange of information on new developments in the avocado industry; and
- Promotion of markets for the avocado industry as a whole.

Improper Activities During meetings of the Hass Avocado Board, there shall be no anticompetitive discussion. This may include, but is not limited to, the following topics:

- Current or future prices or pricing policies;
- Price lists or procedures for coordinating price changes, sales quotas, allocation or division of territories or customers;
- Boycotting any party or denying any party access to markets, products, or information;
- Commercial practices of competitors or customers; or
- Anything dealing with trade abuses or excluding or controlling competition



## Hass Avocado Board Meeting Packet

May 25, 2021

## TABLE OF CONTENTS

*Some reports will be given orally and do not have corresponding documents.*

<b>Memorandum</b> .....	1
<b>HAC &amp; HAB Agendas</b> .....	2
<b>Consent Agenda</b> .....	
2a1. HAC – February 24, 2021, Meeting Minutes.....	5
2a2. HAB – February 24, 2021, Meeting Minutes.....	10
2b. Accounting and Internal Controls Policy and Procedures Memo.....	14
2c1. HAB Assessment Policy - Memo.....	15
2c2. HAB Assessment Policy - Draft.....	16
2d. HAB Assessment Re-Export Policy.....	21
2e. 2021 Nominations update.....	22
2f & g Board Member Requests for Information Policy & FOIA Response Policy - Memo....	23
2f. Board Member Requests for Information Policy.....	24
2g. FOIA Response Policy and Procedures.....	25
<b>Fiduciary/Governance</b> .....	
4a Chair Leadership Assessment (verbal report).....	
4b1. 2020 Financial audit results.....	26
4b2. HAB Financial statements 2020 - final.....	30
4b3. HAB commun with governance at audit conclusion.....	58
4c1. 2021 Financial - Memo.....	60
4c2. 2021 P&L board format P3-2021.....	61
4c3. 2021 Balance sheet P3-2021.....	64
4c4. 2021 HAB Cash & Investment Summary 3-31-21.....	65
4c5. 2021 2021-2022 Transition.....	66
4c6. 2021 Category Chart – 2021 CY Aggregate USA Volume 5-7-21.....	67
4d. HAB office lease renewal.....	71
4e1. HAB Bylaws to allow hybrid meetings - Memo.....	72
4e2. HAB Bylaws to allow hybrid meetings – redline version.....	74
4f. September board meeting.....	88
4g. Board member expense report exception to policy.....	89
<b>Strategy/Business Plan</b> .....	
5a1. 2021 Budget Amendment #3 - Memo.....	90
5a2. 2021 Budget Amendment #3.....	92
5b. Strategic Plan Dashboard.....	95
5c. Long-term nutrition research strategy - Memo.....	110
5d. Board Policy for Maintaining Independence and Ensuring the Integrity of the Scientific Research.....	111
5e. 2022 Planning budget parameters.....	112
<b>Committees</b> .....	
6a. Sustainability Center Update.....	113
6b. CGC Update.....	114
6c. HALC – BOLD Program Update.....	115
<b>Country Reports</b> .....	
7a1. California (CAC).....	116
7a2. Chile (CAIA).....	117
7a3. Colombia (CAB).....	118
7a4. Mexico (MHAIA).....	119
7a5. Peru (PAC).....	120



## MEMORANDUM

DATE: May 10, 2021  
TO: HAB & HAC Members/Alternates  
FROM: HAB Chairman, Jorge Hernandez  
SUBJECT: May 25 & 26 – HAB/HAC Meetings  
& Governance Workshop

Tuesday, May 25, 2021  
8:30 A.M. – 1:00 P.M.

Hass Avocado Committee Meeting

Tuesday, May 25, 2021  
2:00 P.M. – 3:00 P.M.\*

Hass Avocado Board Meeting

Wednesday, May 26, 2021  
9:00 A.M.\*\* – 12:30 P.M.\*

Hass Avocado Board Governance Workshop

### HAB ATTENDANCE POLICY FOR BOARD AND COMMITTEE MEETINGS INCLUDES THE FOLLOWING:

HAB members that fail to attend an entire meeting without an excused absence 50% or more of the board meetings in a single year will be asked to resign from the Board or will be removed from the committee. HAB alternate members who fail to attend an entire meeting without an excused absence 50% or more of the board meetings required to participate in a single year will be asked to resign from the Board. Refer to the entire Attendance Policy for full details.

PLEASE contact the Chairman of the Board, Jorge Hernandez at [jhernandez@meviavocados.com](mailto:jhernandez@meviavocados.com) and [silvia@hassavocadoboard.com](mailto:silvia@hassavocadoboard.com) if you are unable to attend.

### To ensure diversity, the HAB has adopted the following Diversity policy:

The Hass Avocado Board's programs are open to all individuals without regard to race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, and marital or family status or other basis protected by law; and it is the HAB's policy that membership on the Board and its committees reflect the diversity of individuals served by its programs. It is therefore the HAB's policy to have industry representatives from diverse backgrounds on the Board and committees. To this end, the HAB strongly encourages women, minorities, and persons with disabilities to seek nominations to the Board and committees, and to participate in Board and committee activities.

\*Scheduled adjournment meeting can run over the schedule to complete all agenda items.

\*\* Approximate time, the HAB meeting will follow immediately after the HAC meeting.

**VISION: FRESH HASS AVOCADOS WILL BE AMERICA'S MOST POPULAR AND DESIRED FRUIT BY 2025. THE AVERAGE ANNUAL INCREASE IN THE VALUE OF THE FRUIT CONSUMED ON A PER PERSON BASIS IN THE U.S. WILL BE 6%.**

**MISSION: HAB STRENGTHENS THE GLOBAL AVOCADO INDUSTRY AND ITS STAKEHOLDERS IN OUR COLLECTIVE EFFORTS TOWARD MARKET DEVELOPMENT IN THE U.S. THROUGH LEADERSHIP IN NUTRITION, COMMUNICATIONS, BUSINESS SUPPORT TOOLS AND INFORMATION, AND SUSTAINABILITY PRACTICES THROUGHOUT THE SUPPLY CHAIN.**



## Hass Avocado Committee Meeting Agenda (page 1 of 2)

Tuesday, May 25, 2021  
8:30 a.m. – 1:00 p.m. (PST)

Via Online Video/Teleconference  
Connection instructions below

- 8:30 A.M. I. CALL TO ORDER**  
1a. Roll Call - Establish quorum  
1b. Announcements  
1c. Public comment
- 8:45 A.M. 2. CONSENT AGENDA**  
2a. HAC February 24, 2021, meeting minutes  
2b. Accounting and Internal Controls Policy and Procedures  
2c. HAB Assessment Policy  
2d. HAB Assessment Re-Export Policy  
2e. 2021 Nominations update  
2f. Board Member Requests for Information Policy  
2g. FOIA Response Policy and Procedures
- 8:50 A.M. 3. USDA REPORT – Sue Coleman**
- 9:00 A.M. 4. FIDUCIARY/GOVERNANCE**  
4a. Chair Leadership Assessment  
4b. 2020 Financial audit results  
4c. 2021 Finance and volume report  
4d. HAB office lease renewal  
4e. Approval of HAB Bylaws to allow hybrid meetings  
4f. September board meeting  
4g. Board member expense report exception to policy  
4h. Diversity on the board
- 10:45 A.M. BREAK (15 minutes)**
- 11:00 A.M. 5. STRATEGY/BUSINESS PLAN**  
5a. 2021 Budget Amendment #3  
5b. Review strategic plan dashboard  
5c. Approval of the long-term nutrition research strategy  
5d. Board Policy for Maintaining Independence and Ensuring the Integrity of the Scientific Research  
5e. 2022 Planning budget parameters

HAC meeting agenda continued on next page



## Hass Avocado Committee Meeting Agenda (page 2 of 2)

Tuesday, May 25, 2021  
8:30 a.m. – 1:00 p.m. (PST)

Via Online Video/Teleconference  
Connection instructions below

- 12:00 P.M. 6 COMMITTEES**  
6a. Sustainability Center update  
6b. CGC update  
6c. HALC – BOLD program update
- 12:30 P.M. 7. INDUSTRY**  
7a. Country and market reports  
7b. Volume updates
- 12:55 P.M. NEW BUSINESS**
- 1:00 P.M. ADJOURN\***

\*Scheduled adjournment meeting time can run over schedule in order to complete all agenda items.

### Join Zoom Meeting

<https://us02web.zoom.us/j/88553323931>

Meeting ID: 885 5332 3931

### One tap mobile

+16699006833,,88553323931# US (San Jose)  
13462487799,,88553323931# US +(Houston)

### Dial by your location

+1 669 900 6833 US (San Jose)  
+1 301 715 8592 US (Washington DC)  
+56 41 256 0288 Chile  
+57 2 620 7388 Colombia  
+52 558 659 6002 Mexico  
+51 1 708 8312 Peru

Meeting ID: 885 5332 3931

### Find your local number:

<https://us02web.zoom.us/j/kzAhEvQU>



## Hass Avocado Board Meeting Agenda (updated 5-19-21)

Tuesday, May 25, 2021  
2:00 p.m. – 3:00 p.m. (PST)  
Via Online Video/Teleconference  
Connection instructions below

**2:00 P.M. 1. CALL TO ORDER AND CHAIRMAN REPORT**

- 1a. Roll Call - Establish quorum
- 1b. Announcements
- 1c. Public Comment

**2. CONSENT AGENDA**

- 2a. HAB February 24, 2021, meeting minutes
- 2b. Accounting and Internal Controls Policy and Procedures
- 2c. HAB Assessment Policy
- 2d. HAB Assessment Re-export Policy
- 2e. Nominations Update
- 2f. Board Member Requests for Information Policy
- 2g. FOIA Response Policy and Procedures

**2:15 P.M. 3. 2020 FINANCIAL AUDIT REPORT - DAVIS FARR, Jennifer Farr**

**2:30 P.M. 4. HASS AVOCADO COMMITTEE REPORT**

- 4a. Chair Leadership Assessment
- 4b. HAB office lease renewal
- 4c. Approval of HAB Bylaws to allow hybrid meetings
- 4d. September board meeting
- 4e. Board member expense report exception to policy
- 4f. Diversity on the board
- 4g. 2021 Budget amendment #3
- 4h. Approval of the long-term nutrition research strategy
- 4i. Board Policy for Maintaining Independence and Ensuring the Integrity of the Scientific Research
- 4j. 2022 Planning budget parameters

**2:50 P.M. NEW BUSINESS**

**3:00 P.M. ADJOURN\*\***

\*\*Scheduled adjournment meeting time can run overschedule in order to complete all agenda items.

**Join Zoom Meeting**

<https://us02web.zoom.us/j/88553323931>

**Meeting ID: 885 5332 3931**

**One tap mobile**

+16699006833,,88553323931# US (San Jose)

13462487799,,88553323931# US +(Houston)

**Find your local number:**

<https://us02web.zoom.us/j/88553323931>

**Dial by your location**

+1 669 900 6833 US (San Jose)

+1 301 715 8592 US (Washington DC)

+56 41 256 0288 Chile

+57 2 620 7388 Colombia

+52 558 659 6002 Mexico

+51 1 708 8312 Peru

**Meeting ID: 885 5332 3931**



## Hass Avocado Committee

### Meeting Minutes

February 24, 2021

8:30 a.m.

Via Online Video/Teleconference

A virtual meeting of the Hass Avocado Committee (HAC) was held on Wednesday, February 24, 2021, at 8:30 a.m., with the following people present:

#### **HAC DIRECTORS PRESENT**

Ben Van Der Kar  
Bob Schaar  
Charley Wolk  
CJ Shade  
Dave Fausset  
David Ruiz, MHAIA  
Gahl Crane  
Jacqueline Solares  
Jim Donovan  
Jorge Covarrubias, CAIA  
Jorge Hernandez  
Jorge Restrepo, CAB  
Jose Antonio Castro, PAC  
Salvador Dominguez  
Scott Bauwens  
Sergio Chavez  
Susan Pinkerton

#### **HAC ALTERNATES PRESENT**

Aaron Acosta  
Andy Bruno  
Elizabeth Ayala  
Jeff Dickinson  
Jim Swoboda  
John Cornell  
Keith Slattery  
Kimberlin Brown Pelzer  
Paul Romero  
Peter Shore  
Rachael Laenen, CAC  
Ricardo Vega, MHAIA  
Rigo Perez, CAIA

#### **HAC DIRECTORS ABSENT**

John Lloyd Butler, CAC

#### **HAC ALTERNATES ABSENT**

Will Carleton - excused  
Giovanni Cavaletto, PAC  
Ricardo Uribe, CAB

#### **GUESTS PRESENT**

Ron Campbell  
Ohannes Karaoghlanian  
William Watson  
Nick Garcia  
Dave Billings  
Gary Caloroso  
April Aymami  
Ken Melban

#### **OFFICIALLY PRESENT**

Sue Coleman, USDA  
Stacy Jones King, USDA  
Patrick Casey, JRG

#### **STAFF PRESENT**

Alejandro Gavito, HAB  
Emiliano Escobedo, HAB  
Gina Widjaja, HAB  
John McGuigan, HAB  
Nikki Ford, HAB  
Robert Rumph, HAB  
Silvia Standke, HAB



## **I. CALL MEETING TO ORDER**

### **1a. Roll Call**

Chairman Hernandez called the Hass Avocado Committee (HAC) meeting to order at 8:31 a.m. He proceeded with roll call and established a quorum making a note of the above excused and non-excused committee member absences. He then read Article 14 Section 2 of the HAB Bylaws.

### **1b. Announcements**

Hernandez noted that Escobedo will serve as the staff recorder of the HAC and will provide a report of the meeting to the Board when it reconvenes later today. Hernandez acknowledged the attendance of Sue Coleman and Stacy Jones King from USDA as well as Patrick Casey, Esq.

### **1c. Public Comment**

Hernandez opened the floor to public comments. There were no public comments. He mentioned that the board meeting packet is available on HAB's website.

## **2. CONSENT AGENDA**

### **2a – 2c.**

Hernandez stated that Items 2a through 2c of the Consent Agenda are non-controversial items, and entertained a motion approving the consent agenda. He asked if there are any items that should be discussed separately. There were no comments and he entertained the following motion:

*MOTION: The Hass Avocado Committee approves Consent Agenda items 2a through 2c as presented.*  
*2a. December 2, 2020, HAC meeting minutes*  
*2b. HAB Committee, Board Liaison & Task Force Roster – confirm HAC email vote*  
*2c. 2021 Nominations Schedule*  
**(Fausset) Motion Approved**

## **3. USDA REPORT**

Hernandez then asked Coleman to provide the group with the USDA report.

Coleman stated that the Senate had confirmed Thomas Vilsack, the 30th Secretary of USDA to be the 32nd Secretary. She provided an update on additional USDA staff changes, including that effective February 1, 2021, Stacy Jones King will replace Kelly Robertson as her backup to HAB's program. Coleman indicated that AMS is merging the Promotion & Economics Division and the Marketing Order & Agreement Division to take advantage of synergies and introduce efficiencies. PED has announced the creation of the Pecan Promotion, Research, and Information Order. Coleman also provided an update on the HAB Freedom of Information Act (FOIA) requests.

## **4. FIDUCIARY/GOVERNANCE**

### **4a. Finance Report**

Hernandez asked Rumph to provide the group with the Finance report. Rumph stated that there was a budget amendment in December. He also provided an update on the budget and explained why the final numbers changed by \$41,000, resulting in reserves ending closer to \$3.5 million for 2020. There were no comments on the financial report.

Rumph stated that the Finance Committee met earlier and discussed that it was premature to purchase a Cyber Liability Insurance policy. Instead, he would recommend approval of spending \$6,000 to have a third-party security assessment done and then remediate any potential security risks that they find or improve HAB's

IT infrastructure. He suggested revisiting the need for a policy once the assessment was complete. There were no questions. Hernandez thanked Rumph and entertained the following motion:

**MOTION:** *The Hass Avocado Committee recommends to the board approving an increase to the 2021 Professional Services and Consulting budget by \$6,000 for HAB staff to engage a third-party security assessment firm to perform a security assessment of HAB's IT infrastructure. (Dominguez) Motion Approved*

#### **4b. Reserve Analysis and Set Target**

Rumph continued to explain the reserves analysis and setting a target, with a new recommended target. He presented a reserve target level analysis and explained the basis for the recommendation. Hernandez entertained the following motion:

**MOTION:** *The Hass Avocado Committee recommends to the board approval of the HAB target ending reserve to be \$2,250,000. (Van Der Kar) Motion Approved*

#### **4c. Performance Evaluation and Compensation of Executive Director Policy**

Hernandez directed the committee to page 30 of the board packet and stated that since the last meeting in December, the Executive Compensation Committee and the Executive Committee worked on the revised policy. Both committees are recommending approval of the policy as presented. Hernandez entertained the following motion:

**MOTION:** *The Hass Avocado Committee recommends to the board approval of the Performance Evaluation and Compensation of Executive Director Policy and Procedures as presented. (Bauwens) Motion Approved*

#### **4d. Modification of Article 4, Section 3 of the Bylaws**

Hernandez directed the committee to page 36 of the board packet and stated that earlier this month, the Executive Committee looked at Article 4, Section 3 of the Bylaws and concluded that it needed to be changed. Staff was directed to eliminate the language that is crossed out in the document which simplifies it and makes it workable with other pertinent sections of the Bylaws. There were no questions, and Hernandez entertained the following motion:

**MOTION:** *The Hass Avocado Committee recommends to the board approval of the changes to Article 4, Section 3 of the Hass Avocado Board Bylaws as presented. (Restrepo) Motion Approved*

### **5. STRATEGY /BUSINESS PLAN**

#### **5a. Long Term Nutrition Research**

Hernandez asked Escobedo to provide an update on the Long Term Nutrition Research program. Escobedo explained in detail what the program has been uncovering with the health and nutrition benefits associated with consuming fresh Hass avocados, enabling programs like Love One Today to drive demand for Hass avocados in the U.S. marketplace. He stated that Dr. Nikki Ford has been thinking about the long-term nutrition research strategy and has a few ideas and vision for the next phase of the nutrition research for the Hass Avocado Board. He then asked Dr. Ford to present to the group her strategy.

Dr. Ford provided the group with a presentation on her long-term nutrition research strategy. There were several questions and discussions by the group, including the health claims messages and how the industry uses them. It was noted that the four health pillars are still the top concerns of the science pipeline and the target audience is quite large. There was a discussion on adding more value to the entire avocado (skin, pit, pulp), health claims, and how it could increase demand.

Dr. Ford reminded the group that no other organization funds Hass avocado research. There will be a motion to approve the long-term research strategy during the May 2021 board meeting.

## 5b. Organization Design and Executive Coaching

Hernandez referred the committee to page 50 of the board packet and asked Escobedo to provide the group with an overview of his memo. Escobedo stated that this year, he would like to prioritize building HAB's management culture to empower the team for success, design a new organizational structure, and contract a consultant/team development coach to work with HAB on this. Hernandez entertained the following motion:

*MOTION: The Hass Avocado Committee recommends to the board to accept the organizational design and executive coaching plan, and amend the 2021 education, training, conferences and seminars budget with an increase of \$28,000. (Bauwens) Motion Approved*

## 5c. Board Leadership Development (BOLD) Program

Hernandez asked McGuigan to provide the group with an update on this program. McGuigan stated that the BOLD landing page on Hassavocadoboard.com went live on December 31, 2020. He informed the group of the 16 applicants the program attracted and outlined each candidate's association support and sponsorship. He then updated the group with UC Davis' involvement and progress. McGuigan also stated the importance of the mentorship module for this program and how HAB will be matching BOLD participants with experienced board or former board members to develop a mentoring relationship between the two. He noted that if there is any interest among the committee members to be a mentor, to reach out to him. McGuigan concluded that the program development is moving in a positive direction and that the first class should be seated in time by the end of March 2021. Learning modules and meetings should happen shortly after that. Hernandez thanked McGuigan for his report.

## 6. COMMITTEES

### 6a. Sustainability Center

Hernandez referred the committee to page 51 of the board packet and asked Sustainability Task Force Head, Dominguez, to update the group. Dominguez read through his memo and stated that the task force met for the first time on February 2, 2021. The task force considered the need for convening a facilitator to help effectively work on the taskforce objectives. There are funds available to cover the expense within the current board-approved sustainability budget. Hernandez entertained the following motion:

*MOTION: The Hass Avocado Committee recommends to the board to contract a facilitator for \$25,000, using the board-approved sustainability budget, to support the HAB Sustainability taskforce. (Fausset) Motion Approved*

### 6b. Corporate Governance Committee (CGC)

Hernandez referred the committee to page 53 of the board packet and asked CGC Chair, Bauwens to update the group. Bauwens stated that the committee met on January 12, 2021, where the building of culture of inquiry recommendations were discussed. The CGC reviewed and approved a proposal by Ann Cohen to support the CGC in developing recommendations to the board related to the culture of inquiry and engagement. HAB will contract with BoardSource to conduct the board self-assessment (BSA) right after the board meeting. The board member biographies will be completed and uploaded to BoardEffect and made available to HAC & HAB members. Hernandez thanked Bauwens for his report.

## 7. INDUSTRY

### 7a. Country Reports

Hernandez continued with the country reports and asked Laenen for the California report.

- **California (CAC)**

Laenen provided the CAC report since John Lloyd-Butler was absent. She went through the report as presented in the meeting packet. There were no comments. Hernandez thanked Laenen for her report and asked Covarrubias for the Chile report.

- **Chile (CAIA)**  
Covarrubias went through his report as presented in the meeting packet. There was a comment about the Colombian Hass avocados being allowed to go into Chile. It was noted that there is still some paperwork that needs to be completed, and the expectation is within the next three months before avocados can be exported into Chile. There were no further questions. Hernandez thanked Covarrubias for his report and asked Restrepo for the Colombia report.
- **Colombia (CAB)**  
Restrepo went through his report as presented in the meeting packet. There were no comments. Hernandez thanked Restrepo for his report and asked Rivas for the Mexico report.
- **Mexico (MHAIA)**  
Ruiz went through his report as presented in the meeting packet making an additional comment regarding supply. There were no further comments. Hernandez thanked Ruiz for his report and asked Castro for the Peru report.
- **Peru (PAC)**  
Castro provided an oral update on Peru and stated that he would be providing a written report as soon as it is finalized. Hernandez thanked Castro for his report.

#### **7a. The U.S. Market Report**

Hernandez asked the importers in the room to provide a market report and a discussion followed.

#### **NEW BUSINESS**

Chairman Hernandez stated that he would like to bring to the board's attention that over the past few months, Escobedo and himself have been dealing with requests for information from a grower and board member that he considers to be taking up a lot of staff time. He stated that the board needs a policy for handling these requests. He would like to direct the CGC to develop a recommendation so that those requests can be brought before the board so that the board, and not staff, himself, or the USDA, can decide if it is a legitimate request that staff should respond to.

#### **ADJOURNMENT**

Hernandez thanked everyone for their participation at the meeting. He noted that it was a very productive meeting and got a lot accomplished. He stated that there would be a 15-minute break before the Hass Avocado Board meeting begins.

Chairman Hernandez adjourned the Hass Avocado Committee meeting at 11:43 p.m. PST.

Respectfully submitted,

---

Silvia Standke, HAB Executive Assistant

I certify that the above is a true and accurate statement of the February 24, 2021, meeting minutes approved by the Hass Avocado Committee on May 25, 2021.

---

Jorge Hernandez, Hass Avocado Committee Chairman



## Hass Avocado Board

### Meeting Minutes

Wednesday, February 24, 2021

12:00 p.m.

Via Online Video/Teleconference

A virtual meeting of the Hass Avocado Board (HAB) was held on Wednesday, February 24, 2021, at 12:00 p.m., with the following people present:

#### **HAB MEMBERS PRESENT**

Ben Van Der Kar  
Bob Schaar  
Charley Wolk  
CJ Shade  
Dave Fausset  
Gahl Crane  
Jacqueline Solares  
Jorge Hernandez  
Salvador Dominguez  
Scott Bauwens  
Sergio Chavez  
Susan Pinkerton

#### **HAB ALTERNATES PRESENT**

Elizabeth Ayala  
Jeff Dickinson  
Jim Swoboda  
John Cornell  
Keith Slattery  
Kimberlin Brown Pelzer  
Peter Shore  
Paul Romero

#### **HAB ALTERNATES ABSENT**

Aaron Acosta  
Andy Bruno  
Will Carleton

#### **OFFICIALLY PRESENT**

Sue Coleman, USDA  
Stacy Jones King, USDA  
Patrick Casey, Esq.

#### **GUESTS PRESENT**

Dave Billings  
John Patrick

#### **STAFF PRESENT**

Emiliano Escobedo, HAB  
Alejandro Gavito, HAB  
Gina Widjaja, HAB  
John McGuigan, HAB  
Nikki Ford, HAB  
Robert Rumph, HAB  
Silvia Standke, HAB

### **I. CALL MEETING TO ORDER**

#### **Ia. Roll Call**

Chairman Hernandez called the Hass Avocado Board (HAB) meeting to order at 12:06 p.m. He proceeded with roll call and established a quorum making a note of the above excused and non-excused committee member absences. He then read Article 14 Section 2 of the HAB Bylaws.

#### **Ib. Announcements**

Hernandez welcomed everyone back to the meeting and read Article 14, Section 2 of the HAB Bylaws.

#### **Ic. Public Comment**

Hernandez opened the floor to public comments and invited members of the public to state their names to be recognized. John Patrick from Eco Farms and Dave Billings from Stonehill Produce introduced themselves. They provided a brief statement of why they would like to be considered by the board for the importer alternate vacancy position. There were no other public comments.

## 2. CONSENT AGENDA

### 2a – 2c.

Hernandez stated that Items 2a through 2c of the consent agenda are non-controversial items, and before he entertained a motion approving the consent agenda, he asked if any items should be discussed separately. There were no comments, and he entertained the following motion:

*MOTION: The Hass Avocado Board approves Consent Agenda items 2a through 2c as presented.*

- 2a1. December 1, 2021, HAB meeting minutes
- 2a2. December 2, 2021, HAB meeting minutes
- 2b. HAB Committee, Board Liaison & Task Force Roster – confirm HAB email vote
- 2c. 2021 Nominations Schedule

**(Schaar) Motion Approved**

## 3. NOMINATE TWO IMPORTER NAMES FOR VACANT ALTERNATE SEAT

Hernandez stated that there is an importer alternate vacancy seat on the board, that expires in October 2022. He continued by saying that four persons have contacted HAB expressing interest in the open position and have submitted information for the board's consideration. If there is no objection, he would like to include these names as nominees. (Dave Billings, Denise Junqueiro, Joe Nava, and John Patrick). Escobedo explained that since there are more than two nominees a vote will need to be cast by ballot. The top two names that receive the most votes will be submitted to the USDA for consideration. If there is a tie for the top two nominees, there shall be a drawing of lots by the USDA representative to determine the rank order. The floor was then opened for any additional nominations.

Dave Fausset nominates Chris Henry  
Jacqueline Solares nominates Nick Garcia

Escobedo then explained how the voting would take place via email. The board directors were reminded to read through the nominee information forms submitted by the nominees before voting. The votes were emailed to and counted by Sue Coleman, USDA; Stacy Jones King, USDA; and Patrick Casey, Esq, JRG. The results are as follows:

Chris Henry – 7 votes  
Dave Billings – 6 votes  
John Patrick – 5 votes  
Denise Junqueiro – 4 votes  
Nick Garcia – 2 votes  
Joe Nava – 0 votes

Based on the vote count above, the top two nominees, Chris Henry and Dave Billings, will be submitted to USDA for consideration.

## 4. HASS AVOCADO COMMITTEE REPORT

Hernandez then asked Escobedo to proceed with the Hass Avocado Committee Report.

Escobedo stated that there was discussion on several matters related to fiduciary, governance, strategy. The committee discussed HAB's long-term nutrition research strategy, and it was noted that Dr. Nikki Ford's presentation would be provided to the group via BoardEffect. The group also heard updates regarding the BOLD Leadership Program, the CGC Chair Scott Bauwens, and head of Sustainability Taskforce Sal Dominguez. Several actions were taken and proceeded to go down the list one by one.

#### 4. Finance

During the 2020 and 2021 Finance Report, The HAC considered a proposal from the Finance Committee and recommended approving increasing the 2021 Professional Services and Consulting budget by \$6,000 for staff to engage a third-party security assessment firm to perform a security assessment of HAB's IT infrastructure. Hernandez entertained the following motion:

*MOTION: The Hass Avocado Board approves an increase to the 2021 Professional Services and Consulting budget by \$6,000 for HAB staff to engage a third-party security assessment firm to perform a security assessment of HAB's IT infrastructure. (Dominguez) Motion Approved*

#### 4a. Reserve Analysis and Set Target

The Hass Avocado Committee reviewed a reserve analysis and recommended approval for the HAB target ending reserve to be \$2,250,000. Hernandez entertained the following motion:

*MOTION: The Hass Avocado Board approves for the HAB target ending reserve to be \$2,250,000. (Fausset) Motion Approved*

#### 4b. Performance Evaluation and Compensation of Executive Director Policy

The Hass Avocado Committee considered and is recommending approval of the revisions to the Performance Evaluation and Compensation of Executive Director Policy. Hernandez entertained the following motion:

*MOTION: The Hass Avocado Board approves the performance evaluation and compensation of executive director policy and procedures as presented. (Schaar) Motion Approved*

#### 4c. Modification of Article 4, Section 3 of the Bylaws

The Hass Avocado Committee considered and is recommending approval of a proposal by the Executive Committee to modify Article 4, Section 3 of the HAB Bylaws. There was no discussion, and Hernandez entertained the following motion:

*MOTION: The Hass Avocado Board approves the changes to Article 4, Section 3 of the Hass Avocado Board Bylaws as presented. (Dominguez) Motion Approved*

#### 4d. Organizational Design and Executive Coaching

The Hass Avocado Committee considered a proposal for organizational design and executive coaching and is recommending approval of the plan and amending the 2021 education, training, conferences, and seminars budget with an increase of \$28,000. There was no discussion, and Hernandez entertained the following motion:

*MOTION: The Hass Avocado Board approves the organizational design and executive coaching plan, and amend the 2021 education, training, conferences and seminars budget with an increase of \$28,000. (Bauwens) Motion Approved*

#### 4e. Sustainability Center

The Hass Avocado Committee recommends the approval of the Sustainability Taskforce proposal to contract a facilitator for \$25,000, using the board-approved sustainability budget, to support the HAB Sustainability Taskforce. There was no discussion, and Hernandez entertained the following motion:

*MOTION: The Hass Avocado Board approves to contract a facilitator for \$25,000, using the board-approved sustainability budget, to support the HAB Sustainability taskforce. (Dominguez) Motion Approved*

#### 4f. Corporate Governance Committee (CGC)

The Hass Avocado Committee heard an update from CGC Chair Scott Bauwens. The committee was reminded of the BoardSource self-assessment that will be sent out to them shortly after the meeting and to reach out to Scott Bauwens with any questions they may have about it.

Lastly, the Hass Avocado Committee heard country and market reports. Under new business, the chair directed the CGC to develop a recommendation for handling information requests.

Hernandez thanked Escobedo for his report.

## **NEW BUSINESS**

There was no new business.

## **5. ADJOURN**

Hernandez thanked everyone for attending and adjourned the Hass Avocado Board meeting at 1:08 p.m.

Respectfully submitted,

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Silvia Standke, HAB Executive Assistant

I certify that the above is a true and accurate statement of the February 24, 2021, approved by the Hass Avocado Board on May 25, 2021.

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Ben Van Der Kar, HAB Secretary

I certify that the above is a true and accurate statement of the February 24, 2021, meeting minutes approved by the Hass Avocado Board on May 25, 2021.

Need Board Approval





## MEMORANDUM

Date: May 24, 2021  
To: HAB Finance Committee  
From: Robert Rumph  
Subject: Accounting and Internal Controls Policies  
and Procedures Revisions

The 2020 audit report identified that HAB had no procedure to track employee flight credits that were for canceled flights due to COVID-19. The following language is proposed to be added to the policy:

### **4.11 CREDITS FOR CANCELLED TRAVEL, EVENTS, RETURNS, CANCELLED SERVICES, AND RETURNED PURCHASES**

#### **RESPONSIBILITIES:**

- Purchaser or their Designee will notify the Senior Director of Finance and Administration of the credit due to HAB when they have received notice of a credit for cancelled travel, events, services, returns, or other purchases.
- The Senior Director of Finance and Administration will record the credit due and work with the Purchaser to utilize the credit for future HAB projects or if appropriate, seek a refund.

In 2014, the board adopted a plan to allocate staff costs to programs, versus having all staff expenses classified as administration. Since 2014, those costs have been allocated to the program management line of each program. The following language is proposed to be added to the policy under Section 7.02 Payroll Submission and Approval:

Payroll and related staff costs are allocated in the programs where the work is performed. The Executive Director works with program managers and the Senior Director of Finance and Administration to determine the allocation percentage by program and adjusts the allocations on an annual basis based upon each program's requirements.



## MEMORANDUM

DATE: May 24, 2021  
TO: HAB Finance Committee  
FROM: Robert M. Rumph  
SUBJECT: Assessment Policy Revisions

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In reviewing the existing HAB Assessment Policy, HAB staff discovered the existing policy had missing language from the The federal Hass Avocado Promotion, Research and Information Act 7 U.S.C. 7801-7813 (“Act”) and the Hass Avocado Promotion, Research and Information Order 7 CFR 1219 (“Order”) and was overly complicated. HAB staff has worked with USDA to align the policy to reflect the Act and Order.

## HASS AVOCADO BOARD (HAB)

### ASSESSMENT POLICY<sup>1</sup>

#### 1. GENERAL OBLIGATIONS

The federal Hass Avocado Promotion, Research and Information Act 7 U.S.C. 7801-7813 (hereinafter referred to as "Act") and the Hass Avocado Promotion, Research and Information Order 7 CFR 1219 (hereinafter referred to as "Order") requires ~~handler~~first handlers ~~to deduct the payment of~~ assessments ~~from monies paid or credited producers from whom Hass or Lamb Hass, Hass-like, or GEM (hereinafter referred to as "Hass") avocados were received, and to pay such monies (which are held in trust) to the Hass Avocado Board.~~ The Order provides in §1219.54(e) that the Hass Avocado Board may charge a late payment and interest charges. The Act provides for civil penalties for violations in §7807(c).~~(7 U.S.C. 7804).~~

#### 2. DEFINITIONS

~~—The following definitions apply to this Policy:~~

~~"First Handler" ). The term "first handler" means a person operating in the Hass avocados marketing system that sells domestic or imported Hass avocados for United States domestic consumption, and who is responsible for remitting assessments to the Board. The term includes an importer or producer who sells directly to consumers Hass avocados that the importer or producer has imported into the United States or produced, respectively. means a person operating in the Hass avocado marketing system that sells domestic or imported Hass avocados for consumption in the United States and who is responsible for remitting assessments of the Hass Avocado Board.~~

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<sup>1</sup> Act Section 1205(h), 1208, 1210.60; Order Section 1219.54, 1219.55, 1219.64, 1219.65

~~For purposes of the federal Hass Avocado Promotion, Research, and Information Order (hereinafter referred to as “Order”), the term means the first person who handles Hass avocados for sale (except a common or contract carrier of Hass avocados owned by another person), including a producer who handles Hass avocados for sale of the producer’s own production. “Handler~~First handler” ~~does not include a person who has purchased Hass avocados where all such avocados have already been subject to assessments under the Order (“Exempt Handler”).~~

~~“Producer” means any person who is engaged in the business of producing Hass avocados in the United States for commercial use, who owns, or shares the ownership and risk of loss, of such Hass avocados.~~

~~“Importer” means any person who imports Hass avocados into the United States.~~

~~“Exempt Handler” means a person who would otherwise be considered a first handler, except that all avocados purchased by the person have already been subject to the assessment under the Act section (7 U.S.C. 7804)(h).~~

### 3. ASSESSMENT RATE

~~—The initial rate of assessment shall be 2.5 cents per pound on fresh Hass avocados produced and handled in the United States (U.S.) and on fresh Hass avocados imported into the U.S. The rate of assessment may be increased or decreased as recommended by the Hass Avocado Board and approved by the Secretary of Agriculture. The Act allows a maximum assessment rate of 5 cents per pound.~~

### 4. REPORTING AND PAYMENT

~~Assessment reports are to be filled out monthly, reporting the monthly volume received for handling. Assessment reports and payments are to be received within 30 days after the end of the month in which avocados were received for handling. The assessment rate applied shall be that rate which was in effect at the time avocados were received for handling.~~

### 5. IMPORTER REBATE CLAIMS

~~Organic import claims may be made in accordance with the HAB Organic Import Protocol and HAB Organic Import Policy.~~

## **56. PENALTY AND INTEREST**

- A. Assessments which are not received by the last day of the month following the month in which avocados were received for handling are considered delinquent and a one-time TEN (10) PERCENT (10%) late payment penalty will be added at that time. Due to inconsistencies in US postal delivery times, a seven (7) calendar day grace period for receipt of funds will be allowed as long as the payment is postmarked on or before the due date.
- B. In addition to the late payment penalty, an interest charge at the rate of 18% per annum will be charged. Therefore, ONE AND A HALF PERCENT (1.50%) per month will be charged on the unpaid balance. Interest begins accruing on the first day after the assessment payment is delinquent.
- C. If assessments are remitted past the due date, calculate the mandatory penalty and interest and apply to the assessment payment.
- D. The timeliness of a payment to the Hass Avocado Board shall be based on the date the payment is actually received by the Board.

## **7. PRODUCER OBLIGATIONS**

~~—The producer is obligated to pay the assessments and determine that appropriate amounts have been deducted from payments made or credited to him or her by the handler~~First handler.

## **8. HANDLERFIRST HANDLER OBLIGATIONS**

~~The handler is required to:~~

- ~~A. Collect assessments and hold such funds as a trustee;~~
- ~~B. File assessment reports and remit collected assessments to the Hass Avocado Board in a timely manner;~~
- ~~C. Keep complete and accurate reports (as described below in Section 9) of all avocados received, which shall be retained for at least two years beyond the~~

~~fiscal period of their applicability and made available on demand for inspection by the employees and agents of the Hass Avocado Board and U.S. Department of Agriculture; and~~

- ~~D. All assessments shall be paid to the Hass Avocado Board by the handler~~First handler ~~first handling the avocados. Every handler~~First handler ~~shall be primarily and personally liable for the payment of any such assessment, and failure of a handler~~First handler ~~to collect the assessment from any producer shall not exempt a handler~~First handler ~~from liability.~~

### **89. PRODUCERS ACTING AS HANDLERFIRST HANDLERS**

~~A producer who sells his avocados directly to a buyer who is not a handler~~first handler ~~is a handler~~first handler ~~and must also fulfill the assessment collection and reporting obligations of a handler~~first handler~~. When the producer is also the handler~~first handler~~, the assessment is based on the pounds sold, marketed, or distributed by the producer to buyers who are not handler~~first handlers~~.~~

### **910. RECORDS TO BE MAINTAINED BY HANDLERFIRST HANDLERS**

- ~~A. The Order states that the “handler~~first handler ~~shall maintain a separate record of domestic Hass avocados of each producer whose domestic Hass avocados are handled, including the domestic Hass avocados owned by the handler~~first handler ~~and domestic Hass avocados that are exported.”~~
- ~~B. Each first handler of domestic Hass avocados shall report to the administrative staff of the Hass Avocado Board, at such times and in such manner as the Board may prescribe, such information as may be necessary for the Board to perform its duties.~~
- ~~C. First handler reports shall include, but shall not be limited to, the following:~~
- ~~a. Number of pounds of domestic Hass avocados received during the reporting period;~~
  - ~~b. Number of pounds on which assessments were collected;~~
  - ~~c. Assessment collected during the reporting period;~~

- ~~d. Name and address of person(s) from whom the first handler collected the assessments on each pound handled;~~
- ~~e. Date collection was made on each pound handled;~~
- ~~f. Record of assessments paid, including a statement from the handler first handler that assessments have been paid on all domestic Hass avocados handled during the reporting period; and~~
- ~~g. Number of pounds exported during the reporting period.~~

## **119. PENALTIES**

You may, by law, be fined up to \$10,000, imprisoned up to five years or both for knowingly or willfully making false statements within the Monthly Report and Remittance of Amounts Due for Avocados Assessed and Collected (18 U.S.C. 1001).

[Civil penalty for violation of an order or regulation issued under the Hass Avocado Promotion, Research, and Information Act of 2000, codified at 7 U.S.C. 7807\(c\)\(1\)\(A\)\(i\), has a minimum of \\$1,417 and a maximum of \\$14,177 for each violation.](#)

[Civil penalty for failure to obey a cease and desist order under the Hass Avocado Promotion, Research, and Information Act of 2000, codified at 7 U.S.C. 7807\(e\)\(1\), has a maximum of \\$14,177 for each offense. Each day the violation continues is a separate violation.](#)

## **124. QUESTIONS**

In the event you have any questions regarding the payment of assessments, submission of assessment reports or other obligations under the Hass Avocado Promotion, Research, and Information Act and Order, please contact the Hass Avocado Board office [\(949\) 341-3250](tel:949-341-3250).



## MEMORANDUM

DATE: May 25, 2021  
TO: HAC/HAB  
FROM: Robert M. Rumph  
SUBJECT: Re-Export Policy Changes

The Finance Committee met on May 24, 2021, and amended the HAB Re-Export Policy with the language included in the attached policy. HAB staff requests the board approve a change in the policy to align the Re-Export Policy claim “tail period” with the HAB Organic Import Exemption Policy. This change will create a deadline for claims from re-exporters and prevent claims from closed fiscal years being processed. In addition, references to the Act and Order have been added. The addition of the following language to the existing policy is proposed:

*HAB will accept re-export refund requests on assessments up until the end of the marketing year in which the assessments were collected. HAB will accept valid refund requests from the prior marketing year (January to December) until February 15<sup>th</sup> of the following marketing year. Refund requests made after February 15 for the preceding marketing year will not be processed.*





## HASS AVOCADO BOARD RE-EXPORT OVERPAYMENT CREDIT PROCEDURES

The federal Hass Avocado Promotion, Research, and Information Order [7 CFR 1219](#) (hereinafter referred to as “Order”) provides [an exemption in §1219.55 that “any sale of Hass avocados for export from the United States is exempt from assessment.”](#) Further, the Order provides in [§1219.56](#) that “Overpayments shall be credited to the account of the person remitting the overpayment and shall be applied against any amounts due in succeeding months”. A re-export overpayment occurs when an importer pays an assessment for fruit that is imported into the United States and is later re-exported and sold in a third country.

### 2. DEFINITIONS

The following [Order](#) definitions apply to these procedures

**§1219.14 “Importer”** the term Importer means any person who imports Hass avocados into the United States. The term includes a person who holds title to Hass avocados produced outside of the United States immediately upon release by Customs, as well as any person who acts on behalf of others, as an agent, broker, or consignee, to secure the release of Hass avocados from Customs and the introduction of the released Hass avocados into the current of commerce and who is listed in the import records of Customs as the importer of record for such Hass avocados.

**§1219.13 “Hass Avocado Board or Board”** means the administrative body established pursuant to 1219.40 of the Order.

### 3. OVERPAYMENT REQUEST

Overpayment (refund) requests should be sent to the Board no later than 10 days following the close of the month re-export occurred. **HAB will accept re-export refund requests on assessments up until the end of the marketing year in which the assessments were collected. HAB will accept valid refund requests from the prior marketing year (January to December) until February 15<sup>th</sup> of the following marketing year. Refund requests made after February 15 for the preceding marketing year will not be processed.**

#### **4. SUPPORTING DOCUMENTATION**

In order to process the re-export overpayment requests, the following must be submitted:

- A. Copies of signed Bills of Lading for every shipment that clearly states the foreign destination, country of origin of fruit and number of packages for each shipment.
- B. Monthly summary spreadsheet, separated by country of origin, to include:
  - Re-export date
  - Customer
  - Destination
  - Order #
  - Number of packages
  - Type of package
  - Pounds per package
  - Requested Month pound summary
  - Requested Month credit amount
- C. Importer affidavit that acknowledges the accuracy of the submitted documentation signed by a corporate officer.
- D. Note Hass Avocados that are eligible to be labeled as “organic” or “100 percent organic” under the National Organic Program (NOP) (7 CFR part 205), or certified as “organic” or “100 percent organic” under a U.S. equivalency arrangement established under the NOP are not ineligible for re-export refunds because the deductions should be taken when the fruit is imported into the United States initially.

#### **5. REQUEST SUBMISSION AND DOCUMENTATION FORMATS**

The Board will only process those monthly requests that are sent via email and include the following three (3) attached files.

- One (1) PDF file that includes copies of all Bills of Lading for that month
- One (1) Excel Spreadsheet that includes the information required on Section 4. B (downloadable on [www.hassavocadoboard.com](http://www.hassavocadoboard.com))
- One (1) PDF file that includes copy of the signed Importer Affidavit Downloadable on [www.hassavocadoboard.com](http://www.hassavocadoboard.com))

The request should be sent to [robert@hassavocadoboard.com](mailto:robert@hassavocadoboard.com)

## **6. IMPORTER OBLIGATIONS**

The importer is required to:

- A. File re-export overpayment requests to the Hass Avocado Board in a timely manner as described in Section 3 and 4.
- B. Keep complete and accurate reports and records of all re-exported avocados, which shall be retained for at least two years beyond the fiscal period of their applicability and made available on demand for inspection by the employees and agents of the Hass Avocado Board and U.S. Department of Agriculture.

## **7. QUESTIONS**

In the event you have any questions regarding these procedures please contact the Hass Avocado Board office at 949-341-3250.

**THESE PROCEDURES CAN CHANGE AT ANY TIME AT THE DISCRETION OF THE HASS AVOCADO BOARD.**



## 2021 HAB Nominations Update

**Board of Directors Meeting**  
May 25, 2021

On March 1, 2021, the Announcement of Open Seats was mailed to 248 importers and 3464 producers eligible for a seat. There are 4 open importer seats on the Board of Directors (2 director seats and 2 alternate member seats.) There are also 4 open producer seats on the Board of Directors (2 director seats and 2 alternate member seats.) In this mailing, HAB included a brochure with basic information about HAB, Nomination Forms, USDA’s Memo, and a letter from Chairman, Jorge Hernandez with additional information about the Board.

The nomination was also announced on [hassavocadoboard.com/elections](http://hassavocadoboard.com/elections). The site included information about the nomination and downloadable forms. In addition, we added a nomination timeline and links to other sections of the site so that interested parties could learn about HAB, board member responsibilities, and meetings.

The deadline for receipt of nomination forms was March 30, 2021. We received 7 producer nomination forms and 7 importer nomination forms for a net total of 14 nominees. The deadline for receipt of Nominee Information forms was April 9, 2021. We received 7 producer Nominee Information forms and 7 importer Nominee Information forms. For a total of 14 Nominee Information forms. Ballots were mailed to all producers and importers on April 26, 2021. The deadline for receipt of ballots by the independent accounting firm is May 24, 2021.

The results of the nomination for nominee names to be submitted to USDA for consideration will be provided by the independent accounting firm no later than June 7, 2021. Once the Nomination AUP Report by the accounting firm with the nomination results is received, the nominees will be asked to complete a Background Form, which will be submitted to the USDA Secretary by July 1, 2021, as part of the Nomination Results Package for consideration and appointment.

<b>2021 HAB NOMINATION SCHEDULE</b>	
March 1	Announcement of open seats mailed to all eligible producers and importers
March 30	Deadline for receipt of nomination forms by HAB
April 9	Deadline for receipt of candidate statements
April 26	Ballots are mailed to all producers and importers
May 24	Deadline for receipt of ballots by independent accounting firm
June 7	Deadline to receive election results from accounting firm
June 9	Deadline for receipt of Background form/lobbying declaration by candidate
June 23	Forms, Outreach Summary to AMS and Nominee names to USDA Secretary
July 1	Term begins for new members and alternates
November 1	Term begins for new members and alternates



## MEMORANDUM

DATE: May 25, 2021  
TO: HAC & HAB  
FROM: Executive Director, Emiliano Escobedo  
SUBJECT: Board Member Requests for Information Policy and FOIA Response Policy and Procedures

On May 7, 2021, the Hass Avocado Board Executive Committee met and considered the following two draft policies from the Corporate Governance Committee (CGC):

- Board Member Requests for Information Policy, and
- FOIA Response Policy and Procedures

The CGC Executive Committee recommends Board approval of both policies.

### BACKGROUND

At the February 2021 board meeting, the CGC was directed to work on a policy to handle information requests from board members. The goal of the proposed policy is to improve HAB's accountability and transparency while balancing staff's workload by providing specific procedures for individual board members to request information.

This proposed policy would be added to the existing Hass Avocado Board Organizational Operating Procedures, Code of Conduct, Ethics, and Conflicts of Interest under Section V, "Managing HAB's Information & Records."

In addition, The Hass Avocado Board has been a target of many FOIA requests. To ensure transparency and accountability about HAB's response procedures, timekeeping, and cost tracking associated with each FOIA request, the CGC recommends that HAB adopt the proposed policies and procedures for handling FOIA requests. These policies and procedures outline how HAB will respond to FOIAs received from USDA and how it will keep track of time, costs and inform the board about such requests.



## **DRAFT**

# **BOARD MEMBER REQUESTS FOR INFORMATION**

This draft policy will be added to the Hass Avocado Board Organizational Operating Procedures, Code of Conduct, Ethics, and Conflicts of Interest under Section V, “Managing HAB’s Information & Records.”

### **BACKGROUND AND POLICY**

The board may obtain all the necessary information required to perform its duties and responsibilities under the act, order, and bylaws. Intending to improve Hass Avocado Board’s (HAB’s) accountability and transparency consistently while balancing staff workload, this policy and procedures provides the process for members and alternates of the board to request specific information that the board considers should be made available to its members.

### **BOARD MEMBER AND STAFF PROCEDURES FOR PROCESSING INFORMATION REQUESTS**

Any board member or alternate seeking to obtain financial or operational information about HAB (such as contracts, PO’s, invoices, reports, receipts, and transactions), shall contact the HAB Chair and/or Executive Director to include the request in a scheduled Hass Avocado Committee (HAC) and HAB meeting agenda. During the HAC and HAB meeting, the board member(s) or alternate(s) seeking the information must present the request and provide a legitimate business purpose within the oversight function of the board as justification for the request.

The HAC and HAB will consider and evaluate the request and determine if it is for a legitimate business purpose and within the oversight function of the board. Upon the board’s consideration of the request and determination that the request is for a legitimate business purpose, and within the board’s oversight function, the board shall direct staff through a resolution to provide the information to the board.

Responses to the request must be made to the board at the next regularly scheduled meeting and adhere to FOIA and Privacy Act exemption requirements.



## **DRAFT**

# **FOIA RESPONSE POLICY AND PROCEDURES**

This draft policy will be added as a standalone policy.

All Freedom of Information Act (FOIA) requests are initially submitted to the Agricultural Marketing Service (AMS) FOIA Office. If information is needed from the Hass Avocado Board (HAB), then they may be forwarded to HAB. HAB will share all FOIA requests received from AMS with the board. HAB will make every effort to promptly respond to all FOIA requests.

HAB's legal counsel shall review all responsive documents to FOIA requests prior to HAB submitting them to the AMS FOIA officer. Legal counsel will review all responsive documents and make any redactions for compliance with the following laws, regulations, policies, and guidelines:

- Federal FOIA laws and regulations.
- Federal Privacy Act laws and regulations.
- Hass Avocado Promotion, Research, and Information Act of 2000, Hass Avocado Promotion, Research and Information Order, and HAB Bylaws and Policies.
- USDA Guidelines for AMS Oversight of Commodity Research and Promotion Programs.

Staff shall keep an accounting of the time spent working on each FOIA request and the out-of-pocket costs (such as legal counsel review, IT, copier, communications, etc.) associated with the request.

Staff shall submit a FOIA report at each board meeting that includes the following for each FOIA request:

- The full request.
- The name of the requestor.
- The date the request was received by HAB and the date HAB responded.
- A tally of the time spent by staff responding to the request.
- An accounting of any out of pockets costs.

**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

Board of Directors  
Hass Avocado Board  
25212 Marguerite Pkwy #250  
Mission Viejo, CA 92692

We have performed the procedures enumerated below, which were agreed to by the Hass Avocado Board (HAB), solely to assist management with respect to the evaluation of HAB's receipt of handler assessments. The procedures performed related to the review of certain handler's records that have processed Hass avocados during the twelve-month period ended December 31, 2020. The handlers tested were the ten that paid the highest assessments to HAB during the period, representing 97% of California assessments collected. The handlers are responsible for the recordkeeping and reporting of Hass avocado assessments paid to HAB. The sufficiency of the procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures relating to the review of certain handler's records were conducted during March and April 2021 and consisted of the following:

1. We gained an understanding of the Hass avocado assessment policies and procedures (including exemptions from assessments) by reviewing the following documents: (1) Hass Avocado Promotion, Research, and Information Act of 2000, Sections 1205(h), 1208 and 1210 (2) Hass Avocado Promotion, Research and Information Order, 7 CFR Part 1219, sections 1219.8, 1219.9, 1219.11, 1219.2, 1219.54, 1219.55, 1219.56, 1219.60, 1219.61, 1219.63, 1219.64, 1219.65 and 1219.202 (3) Hass Avocado Board Terms and Conditions of Assessment Policy (4) Hass Avocado Board Memos to Handlers regarding exports and culls dated September 8, 2006 and October 2, 2007, respectively and change to fiscal year to calendar year; Federal assessment on Hass and Lamb avocados as amended by the USDA on March 30, 2012; clarification on the HAB assessment policy on culls; Hass Avocado Board organic exemption; Hass Avocado Board export exemption; and Hass avocado re-export overpayment credit procedure dated October 10, 2008; and Federal assessment on Gem avocados approved by the USDA on August 31, 2017.

We noted that a handler means "a person operating in the Hass Avocado Board marketing system that sells domestic or imported Hass avocados for consumption in the United States and who is responsible for remitting assessments to the Hass Avocado Board. For the purposes of the Federal Hass Avocado Promotion, Research, and Information Order (Order), the term means the first person who handles Hass avocados for sale (except a



common or contract carrier of Hass avocados owned by another person), including a producer who handles Hass avocados for sale of the producer's own production. A handler does *not* include a person who has purchased Hass avocados where all such avocados have already been subject to assessments under the order."

We also noted that the handler's obligations are to: (1) collect assessments on all Hass avocados handled and hold such funds as a trustee, (2) file assessment reports and remit collected assessments to HAB in a timely manner, (3) keep complete accurate reports of all avocados received, which shall be retained for at least two years beyond the fiscal period of their applicability and made available on demand for inspection by employees and agents of HAB and the United States Department of Agriculture (USDA), and (4) all assessments shall be paid to HAB by the handler first handling the avocados. Every handler shall be primarily and personally liable for the payment of any such assessment, and failure of a handler to collect the assessment from any producer shall not exempt a handler from liability.

Handlers are also required to maintain a separate record of domestic Hass avocados of each producer whose domestic Hass avocados are handled, including the domestic Hass avocados owned by the handler, domestic Hass avocados that are exported and domestic Hass avocados that are organic.

We noted that to claim an exemption from assessment for a particular year, a handler must: (1) state the basis for such exemption, (2) provide supporting documentation (i.e. system reports), and (3) verify that the exemption has been authorized by the Order.

2. We prepared a Handler Data Sheet and Handler Assessment Summary Form for each handler tested. These documents were provided to the Administrators of the Hass Avocado Board.
3. We tested the monthly summaries of production and assessments paid for mathematical accuracy.
4. We obtained an understanding of the handler's system for the compilation of data related to the calculation and reporting of assessments, including exemptions for organic and exports. Our understanding of this system was based on inquiry and observation of handler personnel.

We performed testwork to determine if all exemptions for organic and exports listed in the assessment reports had adequate supporting documentation. For *organics*, we requested samples of Exemption Certificates from the handler as well as verified each grower appeared on the HAB 2020 exemption list. For *exports*, we requested invoices, shipping documents, etc. We also tested to determine if the growers were not charged an assessment for those pounds that qualified for exemption. For the handlers that reported cull deductions, we requested supporting documentation (i.e. system reports) and inquired if the pounds were returned to the respective growers and not charged an assessment. If they were not returned, we inquired if the culls were dumped or sold. Handlers are required to pay the full assessment to HAB for culls if they are sold. If the culls were claimed to have not been placed into commerce, the Handler is required to maintain documentation to support the claim that the culls were dumped.

5. We reviewed supporting documents and tested each handler's monthly production and assessment data. Our procedures primarily consisted of: agreeing data from a monthly assessment summary to supporting documentation such as sales reports, daily pack out reports and field receipts; selecting a sample of individual growers to recalculate assessments based on weighing scale reports and, if applicable, calculate any refund or assessment and related penalties due; and obtaining an explanation for each finding based on discussion with handler personnel, if applicable.
6. We reviewed findings with a representative from each handler.

The results of our tests of handler records are summarized as follows:

- (a) There were eight (8) handlers with no assessments/penalties due to HAB.
- (b) There were two (2) handlers with assessments (including penalties) due to HAB totaling \$446.
- (c) There was one (1) handler with assessment refunds due from HAB totaling \$15.

During our tests of the ten handlers, the following items came to our attention:

(1) Mathematical Accuracy:

- (a) Assessments paid for one (1) handler were mathematically incorrect based on the number of pounds supported, which resulted in a refund due to the handler of \$15.

(2) Culls:

- (a) Six (6) handlers did not pay assessments on culls and claimed culls were not sold but could not provide evidence that the culls were dumped (i.e. not placed into commerce). We were also informed by the handlers that no culls were sold to third parties. Due to the lack of information provided, we were unable to calculate additional assessments.

- (b) Four (4) handlers paid assessments to HAB for all culls.

Recommendation: The Hass Avocado Board has issued memos to Handlers regarding culls, which informed the handlers that any Hass avocados, including culls, placed into commerce must be assessed at 2.5 cents per pound as well as requiring Handlers to document the disposal of culls/zero value fruit when assessment is not charged for the discarded fruit. We recommend that additional efforts be made to standardize the process to ensure that proper records are being maintained and are available for review.

(3) Organic Exemptions:

- (a) One (1) handler over-claimed organic exemptions during the year, resulting in additional assessment due to HAB of \$297.

(3) Organic Exemptions, (Continued):

- (b) One (1) handler under-claimed organic exemptions during the year resulting in a net refund of \$1; however it will be combined with an export assessment due.
- (c) One (1) handler provided system reports that did not agree month-to-month for organics reported; however, the total amount agreed to total organics reported, and as such, the net effect was \$0 on assessments owed.
- (d) Two (2) handlers were unable to provide the organic certificates for organic growers with exemptions claimed; however, auditor verified that all growers were included in the organic exemption list provided by the Board.

(4) Export Exemptions:

- (a) Four (4) handlers exported avocados this year. All return assessments to growers in a prorated manner based on the amount exported per pool.
- (b) One (1) handler over-claimed export exemptions during the year, resulting in additional assessment due to HAB of \$77.
- (c) One (1) handler provided system reports that did not agree month-to-month for exports reported; however, the total amount agreed to total exports reported, and as such, the net effect was \$0 on assessments owed.

\* \* \* \* \*

This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not perform an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the specified elements, accounts, or items. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Hass Avocado Board, and is not intended to be, and should not be, used by anyone other than the specified parties.

Irvine, California  
May xx, 2021

**HASS AVOCADO BOARD**

**Basic Financial Statements**

Year ended December 31, 2020

(With Independent Auditor's Report Thereon)

**HASS AVOCADO BOARD**  
**Basic Financial Statements**  
**Year ended December 31, 2020**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Basic Financial Statements:	
Statement of Net Position	7
Statement of Revenues, Expenses and Changes in Net Position	8
Statement of Cash Flows	9
Notes to Basic Financial Statements	10
Supplementary Information:	
Statement of Revenues, Expenses and Changes in Net Position – Budget and Actual	16
Schedule of Program Expenditures – Budget and Actual	17
Schedule of Administration Expenditures – Budget and Actual	18
Schedule of Cash Receipts and Disbursements	19
Schedule of Total Payroll Expenses	20
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21
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	23

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Hass Avocado Board  
Mission Viejo, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Hass Avocado Board (the "Board") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

### ***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, 2020 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.

## ***Report on Summarized Comparative Information***

We have previously audited the Board's financial statements for the year ended December 31, 2019, and we expressed an unmodified audit opinion on those financial statements in our report dated March 24, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## ***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 statement and 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.

### **Other Reporting Requirements by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated April 2, 2021 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.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California  
April 2, 2021



**HASS AVOCADO BOARD**  
**Management's Discussion and Analysis, Continued**  
**Year Ended December 31, 2020**

**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 fiscal year ended December 31, 2020. It has been prepared by management and should be read in conjunction with the audited financial statements for the period ended December 31, 2020.

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 the Hass Avocado Promotion, Research, and Information Order (Order), 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.

The board employs an Executive Director who is responsible for employing, contracting, supervision, and discharge of all Board employees, agencies, consultants, and other suppliers. The Board has 12 staff members who implement the various research and promotion programs.

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 assessment 2.5 cents per pound on fresh Hass avocados produced in the U.S. and on fresh Hass avocados imported into the United States.

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.

Producers and importers of certified organic Hass avocados can apply for an exemption from paying assessments (§ 1219.202 Exemption for organic Hass avocados). The Board is responsible for the efficient implementation of the process that issues organic exemption certificates and calculates and processes assessment refunds for those certified organic avocados.

**FINANCIAL HIGHLIGHTS**

- The assets of the Board exceeded its liabilities as of December 31, 2020 by \$3,502,312 (net position). Of this amount, 100% totaling \$3,502,312, is unrestricted net assets and may be used for Board promotions, research and information obligations.
- The Board's 2020 total net position of \$3,502,312 increased by \$1,340,160 from the December 31, 2019 amount of \$2,162,152. Of this amount, net position invested in capital assets, net of related debt, decreased to \$0 from \$9,273 in 2019. Net position unrestricted for promotions, research and information increased from \$2,152,879 to \$3,502,312

**HASS AVOCADO BOARD**  
**Management's Discussion and Analysis, Continued**  
**Year Ended December 31, 2020**

**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 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, 2019 has been presented in the accompanying supplemental schedules to facilitate financial analysis for the current year ended December 31, 2020.

**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 (100%) of the Board's total assets were current assets, consisting primarily of cash, investments, and accounts receivable, and prepaid expenses totaling \$9,216,982; up \$1,889,520 from the prior year amount of \$7,327,462. This increase was mainly attributable to a increase in and cash on hand, and increases of accounts receivable from U.S. Customs and avocado handlers. Total current assets to liabilities ratio is 1.61 to 1 and indicates adequate liquidity.

Liabilities totaled \$5,714,670 at December 31, 2020, which increased \$540,087 from \$5,174,583 from the prior year. The increase is mainly due to increased amounts owed to avocado importer associations and other vendors and an increase in accrued vacation balances. Liabilities were primarily assessment rebates payable and vendor accounts payable and are considered current liabilities.

Net position invested in capital assets, net of related debt, 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

**HASS AVOCADO BOARD**  
**Management's Discussion and Analysis, Continued**  
**Year Ended December 31, 2020**

(net of accumulated depreciation) total \$0 down from the prior year amount of \$9,273. The decrease was due to additional accumulated depreciation of information technology equipment and assessment system software.

Unrestricted net position for promotions, research, and information activities are subject to imposed restrictions by federal statute governing their use. Unrestricted net position total \$3,502,312, an increase of \$1,340,160 over the prior year amount of \$2,162,152 mainly due to a increase in revenues due to domestic and imported avocado volume. Unrestricted net assets are 100% of total net assets and are subject to restrictions on how they can be used.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

Key highlights and financial analysis are as follows:

- Actual operating revenues of \$66,148,676 in 2020 were \$3,782,287 higher than the \$62,366,389 in 2019. The increase was mainly attributable a significant increase in volume of domestically grown avocados. Of the operating revenue, the majority \$57,595,249 (approximately 87%) reflects assessments from imported volume; \$8,529,557 (approximately 13%) is generated from domestic volume and the remainder of \$23,870 is from late fees, and interest.
- Actual operating expenses totaled \$64,821,440 in 2020, which was an increase of \$2,415,605 or approximately 3.9% from the prior year amount of \$62,405,835. The increase was due to a rise in domestic assessable Hass volume resulting in higher assessment rebate expense to the domestic avocado association and increased business plan expenditures.
- At the end of the 2020 year, the Board reported ending net position of \$3,502,312, which was an increase of \$1,340,160 from the prior year of \$2,162,152. The increase was primarily due to increased volume in the marketplace, which boosted HAB's revenue. As the Board is statutorily barred from taking on debt, the Board considers its net position (reserves) an important indicator of the Board's financial strength and maintains a cash reserve. The Board's stakeholders expect funds to be expended responsibly during the year to grow consumer demand and maintain a reserve that supports continued operations through unforeseen potential market and/or government disruptions. The Order limits the Board to a operational reserve that does not exceed one fiscal period's budget (7CFR 1219.54(n)).

**BUDGETARY HIGHLIGHTS**

The 2020 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. All staff salaries and benefits are allocated to the various departments under research and promotion programs where the work is performed. The departmental allocation percentages for staff costs under research and promotion programs are updated on an annual basis. Three budget amendments were approved and passed by the board during 2020. The first amendment increased expenditures by \$18,000 for Financial Oversight. A second budget amendment increased revenue and rebates by \$2,500,000 and \$2,125,000, respectively. The second budget amendment recognized the final audited results from 2019 and increased beginning reserves by \$311,245 from \$1,850,908 to \$2,162,153. In addition, the second budget amendment increased nutrition research by \$10,000, increased office related expenses by \$5,000, and USDA Oversight by \$17,087. Additionally, there were some funds moved between subcategories under Nutrition Marketing that resulted in \$0 overall change. A third budget decreased revenue and rebates by \$2,400,000 and \$2,040,000, respectively. The third and final budget amendment decreased administration expenses by \$234,406, decreased Nutrition Marketing expenses by \$383,465, decreased target audience

**HASS AVOCADO BOARD**  
**Management's Discussion and Analysis, Continued**  
**Year Ended December 31, 2020**

research by \$48,000, decreased Nutrition Research by \$755,836, increased Nutrition Affairs by \$53,926, decreased Supply and Demand Information by \$40,364, decreased Industry Engagement by \$260,300, decreased Sustainability by \$80,000 and lastly decreased the Program Implementation Fee by \$1,000.

During the year, the Board was involved in developing, analyzing and implementing current and long-range financial goals. 2021 budget and programs were developed, reviewed and approved by the board and USDA for implementation.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

The Board's investment in capital assets for its business type activities as of December 31, 2020, total \$0 (net of accumulated depreciation), which is a \$9,273 decrease from December 31, 2019 year amount of \$9,273 (net of accumulated depreciation). The Board had no debt as of December 31, 2020.

**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 Rumph, Senior Director of Finance and Administration, Hass Avocado Board, 25212 Marguerite Parkway Suite 250, Mission Viejo, California 92692.

**HASS AVOCADO BOARD**  
**Statement of Net Position**  
**December 31, 2020**  
**(with comparative information for prior year)**

	2020	2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (note 2)	\$ 3,515,272	1,848,168
Receivables:		
Customs	5,569,698	5,451,931
Other	109,970	5,224
Deposits	6,051	6,051
Prepaid expenses	15,991	16,088
Total current assets	9,216,982	7,327,462
Noncurrent assets:		
Capital assets (note 4):		
Depreciable	350,296	350,296
Accumulated depreciation	(350,296)	(341,023)
Total noncurrent assets	-	9,273
Total assets	9,216,982	7,336,735
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and other liabilities	5,588,149	5,095,027
Compensated absences (note 5)	126,521	79,556
Total current liabilities	5,714,670	5,174,583
<b>Net Position</b>		
Investment in capital assets	-	9,273
Unrestricted	3,502,312	2,152,879
Total net position	\$ 3,502,312	2,162,152

See accompanying notes to the basic financial statements.

**HASS AVOCADO BOARD**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year ended December 31, 2020**  
**(with comparative information for prior year)**

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Assessments:		
Customs	\$ 57,595,249	57,492,191
California	8,529,557	4,846,601
Other income	<u>23,870</u>	<u>27,597</u>
Total operating revenues	<u>66,148,676</u>	<u>62,366,389</u>
Operating expenses:		
Rebate program:		
Mexican Hass Avocado Import Association	45,253,730	44,166,322
California Avocado Commission	7,268,445	4,119,359
Peruvian Avocado Commission	3,427,127	3,769,212
Columbian Avocado Board	149,043	-
Chilean Avocado Import Association	<u>75,772</u>	<u>781,608</u>
Total rebate program	<u>56,174,117</u>	<u>52,836,501</u>
Marketing/Research/Communications program:		
Nutrition marketing	3,371,325	3,101,562
Target audience research	163,419	273,364
Nutrition research	2,135,916	2,974,511
Nutrition affairs	192,057	249,624
Supply and demand information	575,105	610,044
Industry engagement	661,755	745,377
Quality	38,073	82,370
Sustainability	<u>260,666</u>	<u>100,177</u>
Total marketing/research/communications program	<u>7,398,316</u>	<u>8,137,029</u>
Other expenses:		
USDA oversight	196,028	247,456
Depreciation (note 4)	<u>9,273</u>	<u>14,011</u>
Total other expenses	<u>205,301</u>	<u>261,467</u>
Administration:		
Administration expenses	<u>1,043,706</u>	<u>1,170,838</u>
Total administration	<u>1,043,706</u>	<u>1,170,838</u>
Total operating expenses	<u>64,821,440</u>	<u>62,405,835</u>
Operating income (loss)	1,327,236	(39,446)
Non-operating revenues:		
Investment income	<u>12,924</u>	<u>72,160</u>
Total non-operating revenues	<u>12,924</u>	<u>72,160</u>
Increase in net position	1,340,160	32,714
Net position, at the beginning of year	<u>2,162,152</u>	<u>2,129,438</u>
Net position, at the end of year	<u>\$ 3,502,312</u>	<u>2,162,152</u>

See accompanying notes to the basic financial statements.

**HASS AVOCADO BOARD**  
**Statement of Cash Flows**  
**Year ended December 31, 2020**  
**(with comparative information for prior year)**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash received from producers and importers	\$ 65,926,166	62,833,158
Cash paid to employees	(1,759,614)	(1,590,259)
Cash rebate payments	(55,812,642)	(53,231,069)
Payments to suppliers for goods and services	<u>(6,699,730)</u>	<u>(8,069,844)</u>
Net cash provided by (used for) operating activities	<u>1,654,180</u>	<u>(58,014)</u>
Cash flows from investing activities:		
Interest income	<u>12,924</u>	<u>72,160</u>
Net cash provided by (used for) investing activities	<u>12,924</u>	<u>72,160</u>
Net increase (decrease) in cash and cash equivalents	1,667,104	14,146
Cash and cash equivalents at beginning of year	<u>1,848,168</u>	<u>1,834,022</u>
Cash and cash equivalents at end of year	<u>\$ 3,515,272</u>	<u>1,848,168</u>
Reconciliation of operating income (loss) to net cash provided by (used for) for operating activities:		
Operating income (loss)	\$ 1,327,236	(39,446)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	9,273	14,011
(Increase) decrease in receivables	(222,513)	462,029
(Increase) decrease in prepaid expenses	97	(10,798)
Increase (decrease) in accounts payable and other liabilities	<u>540,087</u>	<u>(483,810)</u>
Net cash provided by (used for) operating activities	<u>\$ 1,654,180</u>	<u>(58,014)</u>

Non-cash investing, capital and financing activities:

There were no significant non-cash investing, capital or financing activities during the years ended December 31, 2020 and 2019.

See accompanying notes to the basic financial statements.

## HASS AVOCADO BOARD

### Notes to the Basic Financial Statements

Year ended December 31, 2020

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 objective is to increase the consumption of Hass Avocado in the United States. The Board is authorized to levy an assessment against producers and importers 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 may be 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.

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. Organic refunds are recorded net of assessment revenue.

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.



**HASS AVOCADO BOARD**  
**Notes to the Basic Financial Statements**  
**Year ended December 31, 2020**  
**(Continued)**

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

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 acquisition 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

Compensated Absences

The Board permits employees to accumulate earned but unused vacation and sick leave benefits. Earned vacation hours accrue and may be paid out to a maximum of 240 hours. Accrued sick leave is not paid out upon termination and is not recorded as a liability. Compensated absences are accrued and reported as a liability in the period earned.

Tax Exemption

The Office of Chief Council 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.

**HASS AVOCADO BOARD**  
**Notes to the Basic Financial Statements**  
**Year ended December 31, 2020**  
**(Continued)**

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

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. In addition, certain minor reclassifications of the prior year data have been made to enhance their comparability to the current year.

2. Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2020 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and cash equivalents	<u>\$ 3,515,272</u>
---------------------------	---------------------

Cash and cash equivalents as of December 31, 2020 consist of the following:

Demand deposits	<u>\$ 3,515,272</u>
-----------------	---------------------

3. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Board's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by the state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public

## HASS AVOCADO BOARD

### Notes to the Basic Financial Statements

Year ended December 31, 2020

(Continued)

3. Custodial Credit Risk (Continued)

agencies. California law also allows financial institutions to secure Board deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The Board's deposits were collateralized as of December 31, 2020.

4. Capital Assets

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

	January 1, 2020	Additions	Deletions	December 31, 2020
Capital assets:				
Office equipment	\$ 59,433	-	-	59,433
Software	82,914	-	-	82,914
Tradeshaw booth	154,916	-	-	154,916
Leasehold improvements	53,033	-	-	53,033
Total capital assets	350,296	-	-	350,296
Accumulated depreciation:				
Office equipment	(59,433)	-	-	(59,433)
Software	(82,914)	-	-	(82,914)
Tradeshaw booth	(154,916)	-	-	(154,916)
Leasehold improvements	(43,760)	(9,273)	-	(53,033)
Total accumulated depreciation	(341,023)	(9,273)	-	(350,296)
Total capital assets, net	\$ 9,273	(9,273)	-	-

Depreciation expense was \$9,273 for the year ended December 31, 2020.

5. Compensated Absences

The following is a summary of changes in compensated absences, included in current liabilities, for the year ended December 31, 2020. All amounts are considered due within one year.

	January 1, 2020	Additions	Deletions	December 31, 2020
Compensated absences	\$ 79,556	123,189	(76,224)	126,521

6. Revenue Concentration

Approximately 45% of total operating revenue was derived from assessments collected from six Hass avocado handlers/importers.

**HASS AVOCADO BOARD**  
**Notes to the Basic Financial Statements**  
**Year ended December 31, 2020**  
**(Continued)**

7. Lease Commitments

On November 9, 2014, the Hass Avocado Board entered into an operating lease for office space located in Mission Viejo, California. The lease commenced on March 1, 2016 and is a 6 year, 3-month lease with payments ranging from \$0 a month to \$6,136 a month. Office space lease expense was \$73,635 for the year ended December 31, 2020. The Board entered into lease agreement on January 1, 2017 for a printer/copier. This lease is for 63 months at a rate of \$532 a month, expiring on March 31, 2022. Equipment lease expense was \$6,384 for the year ended December 31, 2020.

Future lease commitments under these agreements are as follows:

2021	\$ 43,202
2022	<u>1,596</u>
Total	<u>\$ 44,798</u>

8. Contract Commitments

The Board has significant active nutrition research agreements as of December 31, 2020 in the amount of \$11,722,701. At December 31, 2020, \$3,165,947 of such contract commitments had not yet been incurred.

9. Pension Plan

The Board contributes to the Hass Avocado Board Profit Sharing Plan (PSP), a defined contribution pension plan, for eligible Board employees. The PSP is administered by a third-party administrator. Due to the Board's limited administrative involvement, the investments of the PSP are not recorded in the Board's financial statements in accordance with the accounting standards.

Benefit terms, including contribution requirements, for PSP are established and may be amended by the Board. The plan limits contributions strictly from the Board. For each employee in the pension plan, 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 pension expense for the year ended December 31, 2020 were \$189,317.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in Board contributions and earnings on Board contributions after completion of 3 years of creditable service with the Board. Non-vested Board contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses and to offset future contributions. For the year ended December 31, 2020, forfeitures reduced the Board's pension expense by \$0.

SUPPLEMENTARY INFORMATION

**HASS AVOCADO BOARD**  
**Statement of Revenues, Expenses and Changes in Net Position - Budget and Actual**  
**Year ended December 31, 2020**  
**(with comparative information for prior year)**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual 2019
Operating revenues:				
Assessment revenues	\$ 66,350,000	66,124,806	(225,194)	62,338,792
Other income	-	23,870	23,870	27,597
Total operating revenues	<u>66,350,000</u>	<u>66,148,676</u>	<u>(201,324)</u>	<u>62,366,389</u>
Operating expenses:				
Rebate program:				
Rebates	56,397,500	56,174,117	223,383	52,836,501
Total rebate program	<u>56,397,500</u>	<u>56,174,117</u>	<u>223,383</u>	<u>52,836,501</u>
Marketing/Research/Communications program:				
Nutrition marketing	3,460,060	3,371,325	88,735	3,101,562
Target audience research	117,000	163,419	(46,419)	273,364
Nutrition research	2,143,675	2,135,916	7,759	2,974,511
Nutrition affairs	303,126	192,057	111,069	249,624
Supply and demand information	676,073	575,105	100,968	610,044
Industry engagement	664,667	661,755	2,912	745,377
Quality	32,834	38,073	(5,239)	82,370
Sustainability	170,515	260,666	(90,151)	100,177
Total marketing/research/ communications program	<u>7,567,950</u>	<u>7,398,316</u>	<u>169,634</u>	<u>8,137,029</u>
Other expenses:				
USDA oversight	233,087	196,028	37,059	247,456
Depreciation	9,274	9,273	1	14,011
Total other expenses	<u>242,361</u>	<u>205,301</u>	<u>37,060</u>	<u>261,467</u>
Administration:				
Administration expenses	1,074,207	1,043,706	30,501	1,170,838
Total administration	<u>1,074,207</u>	<u>1,043,706</u>	<u>30,501</u>	<u>1,170,838</u>
Total operating expenses	<u>65,282,018</u>	<u>64,821,440</u>	<u>460,578</u>	<u>62,405,835</u>
Net operating income (loss)	1,067,982	1,327,236	259,254	(39,446)
Non-operating revenues:				
Investment income	-	12,924	12,924	72,160
Total non-operating revenues	<u>-</u>	<u>12,924</u>	<u>12,924</u>	<u>72,160</u>
Operating income (loss)	1,067,982	1,340,160	272,178	32,714
Net position, at beginning of year	<u>2,162,152</u>	<u>2,162,152</u>	<u>-</u>	<u>2,129,438</u>
Net position, at the end of year	<u>\$ 3,230,134</u>	<u>3,502,312</u>	<u>272,178</u>	<u>2,162,152</u>

**HASS AVOCADO BOARD**  
**Schedule of Program Expenditures - Budget and Actual**  
**Year ended December 31, 2020**  
**(with comparative information for prior year)**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual 2019
<b>Nutrition marketing:</b>				
Program management	\$ 706,359	725,810	(19,451)	662,802
Message testing and approval	-	-	-	54,357
Creative content	401,145	360,313	40,832	215,330
Events	24,131	24,131	-	239,371
Online/website/social media	308,000	308,895	(895)	185,927
Nutrition and research promotion	1,753,094	1,666,231	86,863	1,458,025
Strategic partnerships	45,891	61,291	(15,400)	18,783
Strategy, issues radar and reporting	221,440	224,654	(3,214)	266,967
Total nutrition marketing	<u>3,460,060</u>	<u>3,371,325</u>	<u>88,735</u>	<u>3,101,562</u>
<b>Target audience research:</b>				
Research insights and tracking	117,000	163,419	(46,419)	273,364
Total target audience research	<u>117,000</u>	<u>163,419</u>	<u>(46,419)</u>	<u>273,364</u>
<b>Nutrition research:</b>				
Program management	291,160	366,887	(75,727)	288,651
Science pipeline	1,852,515	1,769,029	83,486	2,685,860
Total nutrition research	<u>2,143,675</u>	<u>2,135,916</u>	<u>7,759</u>	<u>2,974,511</u>
<b>Nutrition affairs:</b>				
Events	115,213	16,409	98,804	79,630
Strategy/issues radar and reporting	187,913	175,648	12,265	169,994
Total nutrition affairs	<u>303,126</u>	<u>192,057</u>	<u>111,069</u>	<u>249,624</u>
<b>Supply and demand information:</b>				
Program management	295,337	300,920	(5,583)	285,457
Communications	125,000	26,191	98,809	82,545
Data services	121,236	119,644	1,592	74,273
Avis	39,000	45,166	(6,166)	38,901
Track and monitor	70,500	62,212	8,288	87,053
Research and information	25,000	20,972	4,028	41,815
Total supply and demand information	<u>676,073</u>	<u>575,105</u>	<u>100,968</u>	<u>610,044</u>
<b>Industry engagement:</b>				
Program management	481,967	471,275	10,692	377,803
Annual report	6,000	6,000	-	-
HAB promotional materials	6,000	4,860	1,140	2,227
Industry meetings and events	40,500	50,630	(10,130)	51,812
Industry website	51,200	47,303	3,897	206,312
Outreach	15,000	8,000	7,000	-
Communications	64,000	73,687	(9,687)	107,223
Total industry engagement	<u>664,667</u>	<u>661,755</u>	<u>2,912</u>	<u>745,377</u>
<b>Quality:</b>				
Program management	22,834	22,361	473	61,049
Research and information	10,000	15,712	(5,712)	21,321
Total quality	<u>32,834</u>	<u>38,073</u>	<u>(5,239)</u>	<u>82,370</u>
<b>Sustainability:</b>				
Program management	50,515	51,339	(824)	100,177
Strategy and development	120,000	209,327	(89,327)	-
Total sustainability	<u>170,515</u>	<u>260,666</u>	<u>(90,151)</u>	<u>100,177</u>
Total marketing/research/communications	<u>\$ 7,567,950</u>	<u>7,398,316</u>	<u>169,634</u>	<u>8,137,029</u>

**HASS AVOCADO BOARD**  
**Schedule of Administration Expenditures - Budget and Actual**  
**Year ended December 31, 2020**  
**(with comparative information for prior year)**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	<u>Actual 2019</u>
Other expenses:				
USDA oversight	\$ 233,087	196,028	37,059	247,456
Depreciation	<u>9,274</u>	<u>9,273</u>	<u>1</u>	<u>14,011</u>
Total other expenses	<u>\$ 242,361</u>	<u>205,301</u>	<u>37,060</u>	<u>261,467</u>
Administration expenses:				
Financial oversight - audit	\$ 57,912	57,912	-	33,796
Board travel/meetings/elections	97,661	78,689	18,972	196,981
Office related	221,775	219,377	2,398	208,673
Professional services and consulting	21,568	21,800	(232)	129,783
Legal services	42,311	38,831	3,480	-
Corporate insurance	58,020	47,350	10,670	37,991
Salaries/wages/benefits	570,342	578,129	(7,787)	500,507
Education/training/conferences/seminars	1,940	1,440	500	16,514
Corporate governance	<u>2,678</u>	<u>178</u>	<u>2,500</u>	<u>46,593</u>
Total administration expenses	<u>\$ 1,074,207</u>	<u>1,043,706</u>	<u>30,501</u>	<u>1,170,838</u>



**HASS AVOCADO BOARD**  
**Schedule of Cash Receipts and Disbursements**  
**Year ended December 31, 2020**  
**(with comparative information for prior year)**

	<u>2020</u>	<u>2019</u>
Cash receipts:		
California assessments	\$ 8,424,814	4,847,248
Customs assessments	57,501,352	57,985,910
Interest income	<u>12,924</u>	<u>72,160</u>
Total cash receipts	<u>65,939,090</u>	<u>62,905,318</u>
Cash disbursements:		
Rebates	55,812,642	53,231,069
Nutrition marketing	3,302,732	3,125,277
Target audience research	202,471	294,809
Nutrition research	2,120,942	2,962,197
Nutrition affairs	191,057	312,201
Supply and demand information	581,317	605,079
Industry engagement	621,750	795,511
Quality	38,073	89,870
Sustainability	247,612	105,177
USDA oversight	203,483	207,742
Administration	<u>949,907</u>	<u>1,162,240</u>
Total cash disbursements	<u>64,271,986</u>	<u>62,891,172</u>
Excess of receipts over disbursements	1,667,104	14,146
Cash and investments, at beginning of year	<u>1,848,168</u>	<u>1,834,022</u>
Cash and investments, at end of year	<u>\$ 3,515,272</u>	<u>1,848,168</u>

**HASS AVOCADO BOARD**  
**Schedule of Total Payroll Expenses**  
**Year ended December 31, 2020**  
**(with comparative information for prior year)**

	<u>2020</u>	<u>2019</u>
Salaries and wages	\$ 1,758,241	1,590,259
Payroll taxes	106,251	94,181
Pension expenses	189,317	167,441
Benefits (health, life, dental and vision)	<u>236,276</u>	<u>216,606</u>
Total payroll expenses	<u>\$ 2,290,085</u>	<u>2,068,487</u>

**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**

Board of Directors  
Hass Avocado Board  
Mission Viejo, California

**Independent Auditor's Report**

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, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated April 2, 2021.

**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 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*.**

## 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.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California  
April 2, 2021

**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**

Board of Directors  
Hass Avocado Board  
Mission Viejo, California

**Independent Auditor's 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, 2020. 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, 2020.

- Complied with the allowability provisions of 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 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.

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 Hass Avocado Promotion, Research and Information Act of 2000 and Order 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 Hass Avocado Promotion, Research and Information Act of 2000 and Order 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 Hass Avocado Promotion, Research and Information Act of 2000 and Order 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.

A handwritten signature in blue ink that reads "Davis Fan LP". The signature is written in a cursive, flowing style.

Irvine, California  
April 2, 2021

To the Board of Directors  
Hass Avocado Board  
Mission Viejo, California

We have audited the financial statements of the Hass Avocado Board (the "Board") for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards*), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated August 28, 2019. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Board are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the Board during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no estimates made by management that we consider particularly sensitive.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No such misstatements were identified during the audit.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated April 2, 2021.



### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### Restriction on Use

This information is intended solely for the use of the Board of Directors and management of Hass Avocado Board and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California  
April 2, 2021



## MEMORANDUM

DATE: May 24, 2021  
TO: HAB  
FROM: Robert M. Rumph  
SUBJECT: Finance / Administration Report

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### FINANCIAL REPORT

#### Three Months Ending March 31, 2021

HAB revenues = \$18.7 M dollars — up \$2.4 M from the same period prior year amount of \$16.3 M.

HAB net revenues = \$2.9 M dollars — up \$0.1 M from the same period prior year amount of \$2.8 M.

HAB reserves as of March 31, 2020 = \$4.0 M up \$0.5 M from the \$3.5 M December 2020 ending amount.

#### Schedule of Cash & Investments as of March 31, 2021

Cash in bank — checking account = \$3,192,492  
TOTAL CASH and INVESTMENTS = \$3,192,492

#### Statement of Net Assets, Revenue, and Expenditures as of March 31, 2021

Total assets \$10,507,770  
Total liabilities = \$6,450,927  
Total net assets = \$4,056,843  
Total revenues = \$18,669,960  
Total expenditures = \$18,115,428  
YTD excess revenues over/(under) expenditures = \$554,532



**HASS AVOCADO BOARD**  
**2021 STATEMENT OF REVENUES AND EXPENSES**  
**YTD ACTUAL VS. BUDGET AND % OF ANNUAL BUDGET REALIZED**

REVENUES:	MAR 2021 YTD	% of Total	2021 BUDGET	% of Total	% of Annual Budget Realized
ASSESSMENT REVENUES	\$18,669,960	100.0%	\$67,500,000	100.0%	27.7%
OTHER INCOME	\$0	0.0%	\$0	0.0%	N/A
<b>TOTAL REVENUES</b>	<b>\$ 18,669,960</b>	<b>100.0%</b>	<b>\$ 67,500,000</b>	<b>100.0%</b>	<b>27.7%</b>
<b>EXPENSES:</b>					
<b>85% REBATE PROGRAM</b>					
REBATES	\$15,787,533	84.6%	\$57,375,000	85.0%	27.5%
<b>REBATE SUB-TOTAL</b>	<b>\$15,787,533</b>	<b>84.6%</b>	<b>\$57,375,000</b>	<b>85.0%</b>	<b>27.5%</b>
<b>NET REVENUE</b>	<b>\$2,882,427</b>	<b>15.4%</b>	<b>\$10,125,000</b>	<b>15.0%</b>	<b>28.5%</b>
<b>PROMOTION, RESEARCH, AND INFORMATION PROGRAMS</b>					
COMMUNICATIONS	\$1,084,745	6.0%	\$4,264,319	6%	25.4%
NUTRITION	\$654,047	3.6%	\$3,099,222	5%	21.1%
BUSINESS SUPPORT TOOLS AND INFORMATION	\$148,232	0.8%	\$861,229	1%	17.2%
INDUSTRY ENGAGEMENT AND LEADERSHIP	\$146,771	0.8%	\$854,068	1%	17.2%
SUSTAINABILITY	\$57,081	0.3%	\$470,023	1%	12.1%
PROMOTION, RESEARCH, AND INFORMATION PROGRAMS SUBTOTAL	\$2,090,875	11.5%	\$9,548,860	14%	21.9%
<b>ADMINISTRATION OF HAPRIO</b>					
BOARD MEMBERS, OFFICE, STAFF, PROFESSIONAL SERVICES, EQUIPMENT/SUPPLIES	\$212,577	1.2%	\$1,378,315	2%	15.4%
ADMINISTRATION OF HAPRIO SUB-TOTAL	\$212,577	1.2%	\$1,378,315	2%	15.4%
<b>OVERSIGHT</b>					
USDA/OGC/PROGRAM REVIEW	\$24,442	0.1%	\$237,600	0%	10.3%
OVERSIGHT SUB-TOTAL	\$24,442	0.1%	\$237,600	0%	10.3%
<b>TOTAL EXPENDITURES</b>	<b>\$18,115,428</b>	<b>100.0%</b>	<b>\$68,539,775</b>	<b>100.0%</b>	<b>26.4%</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$554,532</b>		<b>(\$1,039,775)</b>		
TOTAL SALARIES AND BENEFITS (INCLUDED & ALLOCATED IN ADMINISTRATION AND PROGRAMS ABOVE)	\$570,599	3.1%	\$2,696,558	3.9%	21.2%



**HASS AVOCADO BOARD**  
**2021 STATEMENT OF REVENUES AND EXPENSES**  
**YTD ACTUAL VS. BUDGET AND % OF ANNUAL BUDGET REALIZED**

<b>EXPENSES</b>	<b>MAR 2021 YTD</b>	<b>% of Total</b>	<b>2021 BUDGET</b>	<b>% of Total</b>	<b>% of Annual Budget Realized</b>
<b>REBATE PROGRAM</b>	\$15,787,533	87.1%	\$57,375,000	85%	27.5%
<b>COMMUNICATIONS</b>					
PROGRAM MANAGEMENT	\$154,223	0.9%	\$763,819	1%	20.2%
CREATIVE CONTENT	\$43,349	0.2%	\$426,050	1%	10.2%
EVENTS	\$6,510	0.0%	\$13,000	0%	50.1%
ONLINE/WEBSITE/SOCIAL MEDIA	\$37,885	0.2%	\$400,000	1%	9.5%
NUTRITION AND RESEARCH PROMOTION	\$807,731	4.5%	\$2,227,350	3%	36.3%
STRATEGIC PARTNERSHIPS	\$28,955	0.2%	\$195,000	0%	14.8%
STRATEGY, ISSUES RADAR AND REPORTING	\$6,093	0.0%	\$239,100	0%	2.5%
COMMUNICATIONS PROGRAM SUB-TOTAL	\$1,084,745	6.0%	\$4,264,319	6%	25.4%
<b>NUTRITION</b>					
PROGRAM MANAGEMENT	\$108,293	0.6%	\$504,222	1%	21.5%
SCIENCE PIPELINE	\$492,795	2.7%	\$2,314,910	3%	21.3%
EVENTS	\$0	0.0%	\$18,000	0%	0.0%
STRATEGY, ISSUES RADAR AND REPORTING	\$52,959	0.3%	\$262,090	0%	20.2%
NUTRITION PROGRAM SUB-TOTAL	\$654,047	3.6%	\$3,099,222	5%	21.1%
<b>BUSINESS SUPPORT TOOLS AND INFORMATION</b>					
PROGRAM MANAGEMENT	\$62,583	0.3%	\$297,029	0%	21.1%
COMMUNICATIONS	\$0	0.0%	\$44,670	0%	0.0%
DATA SERVICES	\$65,028	0.4%	\$113,200	0%	57.4%
AVIS	\$6,762	0.0%	\$64,000	0%	10.6%
TRACK AND MONITOR	\$9,046	0.0%	\$88,200	0%	10.3%
RESEACRH AND INFORMATION	\$0	0.0%	\$25,000	0%	N/A
CONSUMER INSIGHTS AND TRACKING STUDIES	\$4,814	0.0%	\$229,130	0%	2.1%
BUSINESS SUPPORT TOOLS AND INFORMATION PROGRAM SUB-TOTAL	\$148,232	0.8%	\$861,229	1%	17.2%



**HASS AVOCADO BOARD**  
**2021 STATEMENT OF REVENUES AND EXPENSES**  
**YTD ACTUAL VS. BUDGET AND % OF ANNUAL BUDGET REALIZED**

	MAR 2021 YTD	% of Total	2021 BUDGET	% of Total	% of Annual Budget Realized
<b>INDUSTRY ENGAGEMENT AND LEADERSHIP</b>					
PROGRAM MANAGEMENT	\$94,720	0.5%	\$491,868	1%	19.3%
ANNUAL REPORT	\$0	0.0%	\$6,000	0%	0.0%
HAB PROMOTIONAL MATERIALS	\$0	0.0%	\$6,000	0%	0.0%
INDUSTRY MEETINGS AND EVENTS	\$11,570	0.1%	\$15,000	0%	77.1%
INDUSTRY WEBSITE	\$11,951	0.1%	\$82,500	0%	14.5%
OUTREACH	\$0	0.0%	\$15,000	0%	0.0%
COMMUNICATIONS	\$26,030	0.1%	\$207,700	0%	12.5%
BOARD LEADERSHIP DEVELOPMENT	\$2,500	0.0%	\$30,000	0%	8.3%
INDUSTRY ENGAGEMENT AND LEADERSHIP PROGRAM SUB-TOTAL	\$146,771	0.8%	\$854,068	1%	17.2%
<b>SUSTAINABILITY</b>					
PROGRAM MANAGEMENT	\$35,581	0.2%	\$170,023	0%	20.9%
STRATEGY	\$9,000	0.0%	\$100,000	0%	9.0%
RESEARCH	\$12,500	0.1%	\$200,000	0%	6.3%
SUSTAINABILITY PROGRAM SUB-TOTAL	\$57,081	0.3%	\$470,023	1%	12.1%
<b>ADMINISTRATION OF HAPRIO</b>					
FINANCIAL OVERSIGHT - AUDITING	\$0	0.0%	\$50,000	0%	0.0%
BOARD: TRAVEL, MEETINGS, ELECTIONS	\$5,366	0.0%	\$245,000	0%	2.2%
OFFICE RELATED (RENT, NETWORK, COMMUNICATIONS, & EQUIPMENT/SUPPLIES & SERVICES)	\$62,557	0.3%	\$233,417	0%	26.8%
PROFESSIONAL SERVICES AND CONSULTING	\$1,740	0.0%	\$28,800	0%	6.0%
LEGAL SERVICES	\$7,500	0.0%	\$72,000	0%	10.4%
CORPORATE INSURANCE	\$6,457	0.0%	\$62,000	0%	10.4%
SALARIES/WAGES/BENEFITS	\$121,579	0.7%	\$574,098	1%	21.2%
EDUCATION, TRAINING, CONFERENCES, SEMINARS	\$6,130	0.0%	\$48,000	0%	12.8%
CORPORATE GOVERNANCE	\$1,248	0.0%	\$65,000	0%	1.9%
ADMINISTRATION OF HAPRIO EXPENSES SUB-TOTAL	\$212,577	1.2%	\$1,378,315	2%	15.4%
<b>USDA OVERSIGHT</b>					
USDA USER FEE	\$24,442	0.1%	\$237,600	0%	10.3%
USDA OVERSIGHT SUB-TOTAL	\$24,442	0.1%	\$237,600	0%	10.3%



**HASS AVOCADO BOARD**  
**Statement of Net Assets**  
**Previous Year Comparison**  
**As of March 31, 2021**

	<u>3/31/2021</u>	<u>3/31/2020</u>	<u>Variance</u>	<u>% Change</u>
<b>Assets</b>				
Current assets:				
Cash and investments	3,192,492	859,320	2,333,172	272%
Receivables:				
California	584,099	806,453	(222,354)	-28%
Customs	6,658,077	5,211,359	1,446,718	28%
Interest	-	-	-	N/A
Leases	-	-	-	N/A
Miscellaneous	-	-	-	N/A
Prepaid expenses	47,510	47,925	(415)	-1%
Deposits	6,051	6,051	-	0%
<b>Total current assets</b>	<u>10,488,229</u>	<u>6,931,108</u>	<u>3,557,120</u>	<u>51%</u>
Noncurrent assets:				
Capital assets :				
Depreciable	369,839	350,297	19,542	6%
Accumulated depreciation	(350,297)	(341,023)	(9,273)	3%
<b>Total noncurrent assets</b>	<u>19,542</u>	<u>9,273</u>	<u>10,269</u>	<u>111%</u>
<b>Total assets</b>	<u>10,507,770</u>	<u>6,940,382</u>	<u>3,567,389</u>	<u>51%</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts payable	6,450,927	5,189,846	1,261,081	24%
<b>Total liabilities</b>	<u>6,450,927</u>	<u>5,189,846</u>	<u>1,261,081</u>	<u>24%</u>
<b>Net Assets</b>				
Invested in capital assets, net of accumulated depreciation	-	-	-	N/A
Restricted for:				
Promotions, research and information	4,056,843	1,750,535	2,306,308	132%
<b>Total net assets</b>	<u>4,056,843</u>	<u>1,750,535</u>	<u>2,306,308</u>	<u>132%</u>
<b>Total Liabilities and Net Assets</b>	<u>10,507,770</u>	<u>6,940,382</u>	<u>3,567,389</u>	



Schedule of Cash & Investments

3/31/2021

Purchase / Settlement Date	Maturity Date	Investment Type*	Institution	Term / Days	Yield	Ledger Balance	Current Market Value	Collateralization
N/A	Cash	<u>Checking Account</u>	Wells Fargo Bank		0.00%	\$3,192,492	\$3,192,492	FDIC/FEDERAL RESERVE BANK

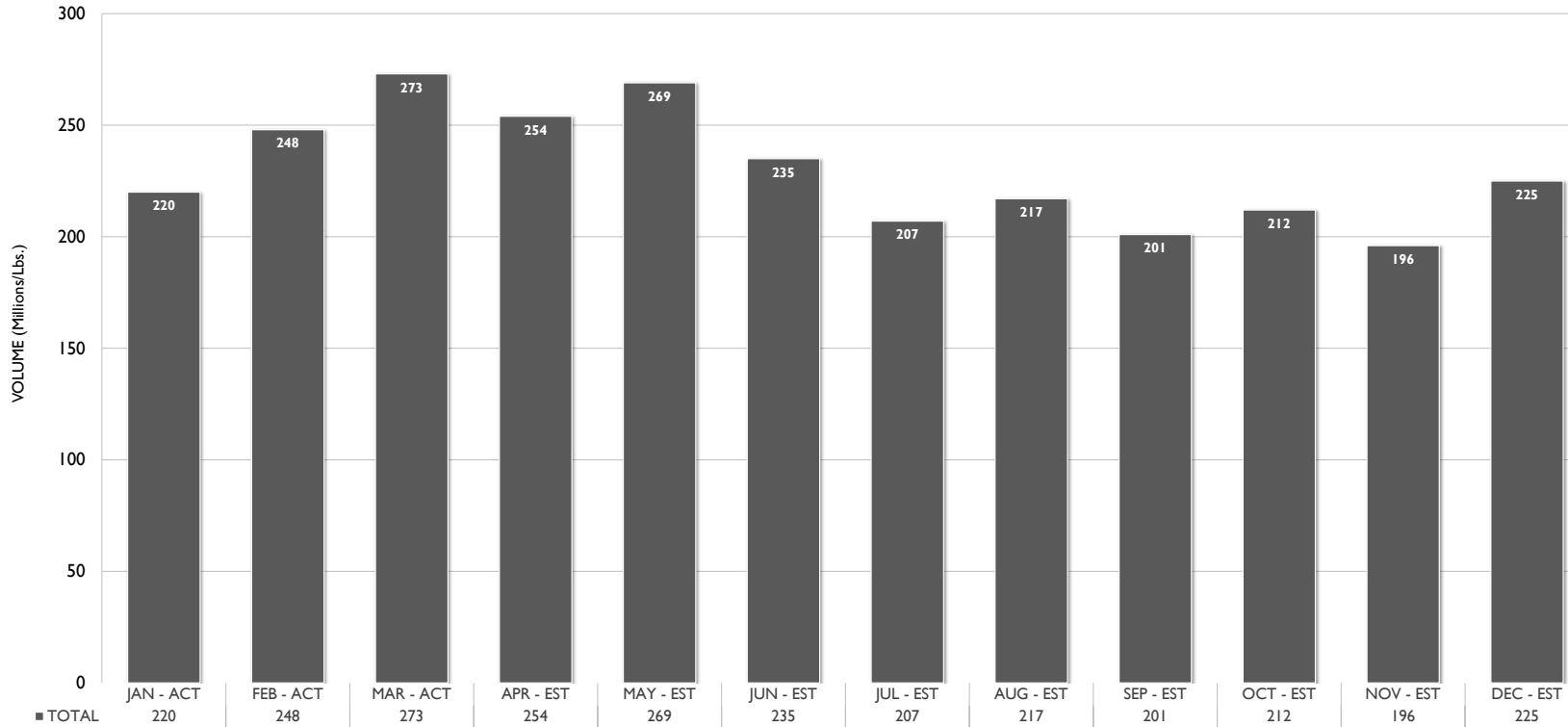
FDIC - Federal Deposit Insurance Corporation

FEDERAL RESERVE - \$5,000,000 Collateralization secured through USDA

## 2021 RESERVE ANALYSIS

	<b>BUDGET# A2</b>	<b>BUDGET# A3</b>	<b>Variance</b>
<b>VOLUME (LBS.)</b>	2,700,000,000	2,900,000,000	200,000,000
<b>ACTUAL BEGINNING RESERVES</b>	\$ 3,502,312	\$ 3,502,312	\$ -
REVENUE	\$ 67,500,000	\$ 72,500,000	\$ 5,000,000
REBATES	\$ 57,375,000	\$ 61,625,000	\$ 4,250,000
EXPENSES	\$ 11,164,775	\$ 11,164,775	\$ -
EXCESS REVENUE OVER/(UNDER) EXPENSES	\$ (1,039,775)	\$ (289,775)	\$ 750,000
<b>ESTIMATED ENDING RESERVES</b>	<b>\$ 2,462,537</b>	<b>\$ 3,212,537</b>	<b>\$ 750,000</b>
<b>Reserve Target</b>	<b>\$ 2,225,000</b>	<b>\$ 2,225,000</b>	<b>\$ -</b>
<b>Excess (Under) Reserves</b>	<b>\$ 237,537</b>	<b>\$ 987,537</b>	<b>\$ 750,000</b>

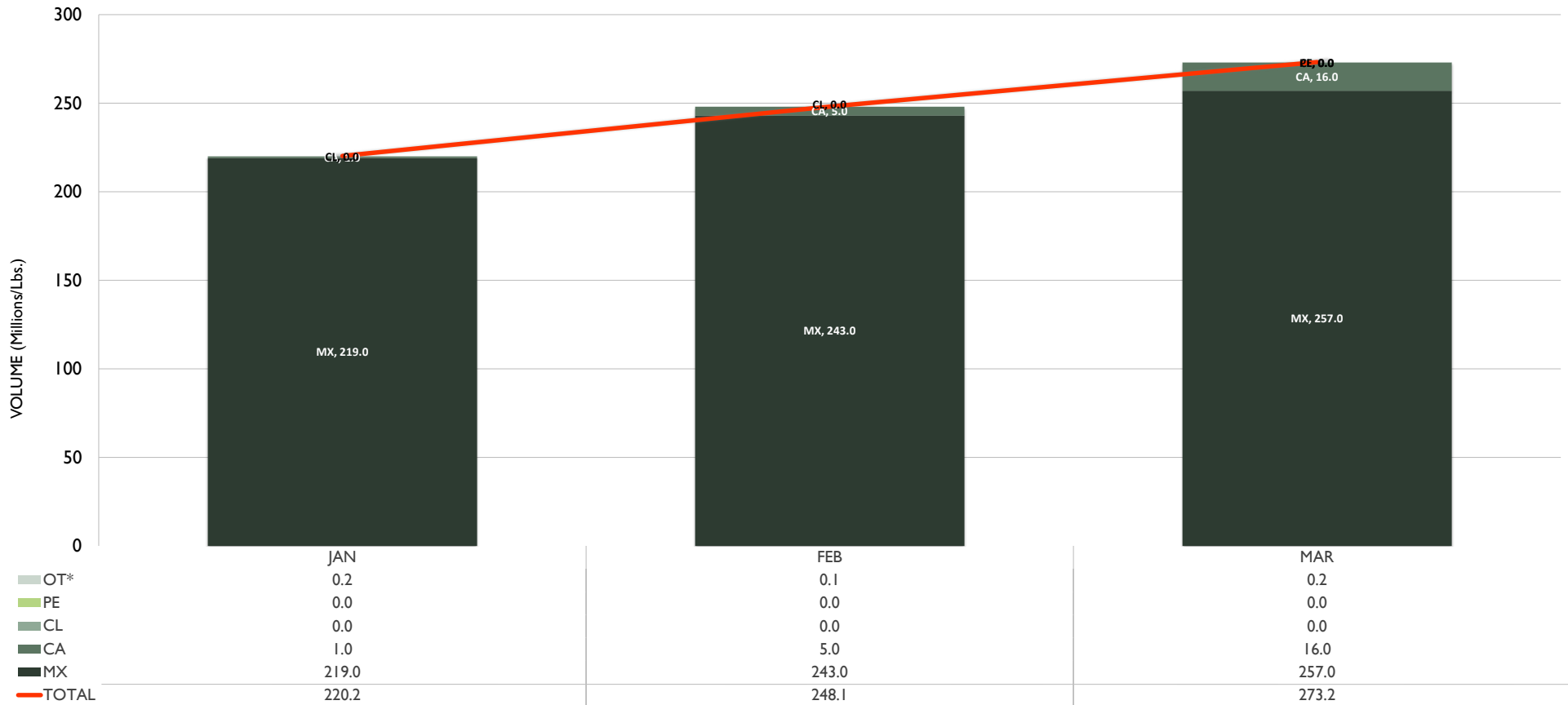




**ASSESSABLE VOLUME**

Country Data	Volume (lb)
Subtotal   California Hass	250,000,000
Subtotal   Imported Hass	2,507,600,000
Mexico	2,269,000,000
Chile	10,000,000
Peru	220,000,000
Others (COL, DR & NZ)	8,600,000
<b>ANNUAL TOTAL</b>	<b>2,757,600,000</b>

The Hass Avocado Board accepts no liability for the content of this report, or for the consequences of any actions taken on the basis of the information provided herein.

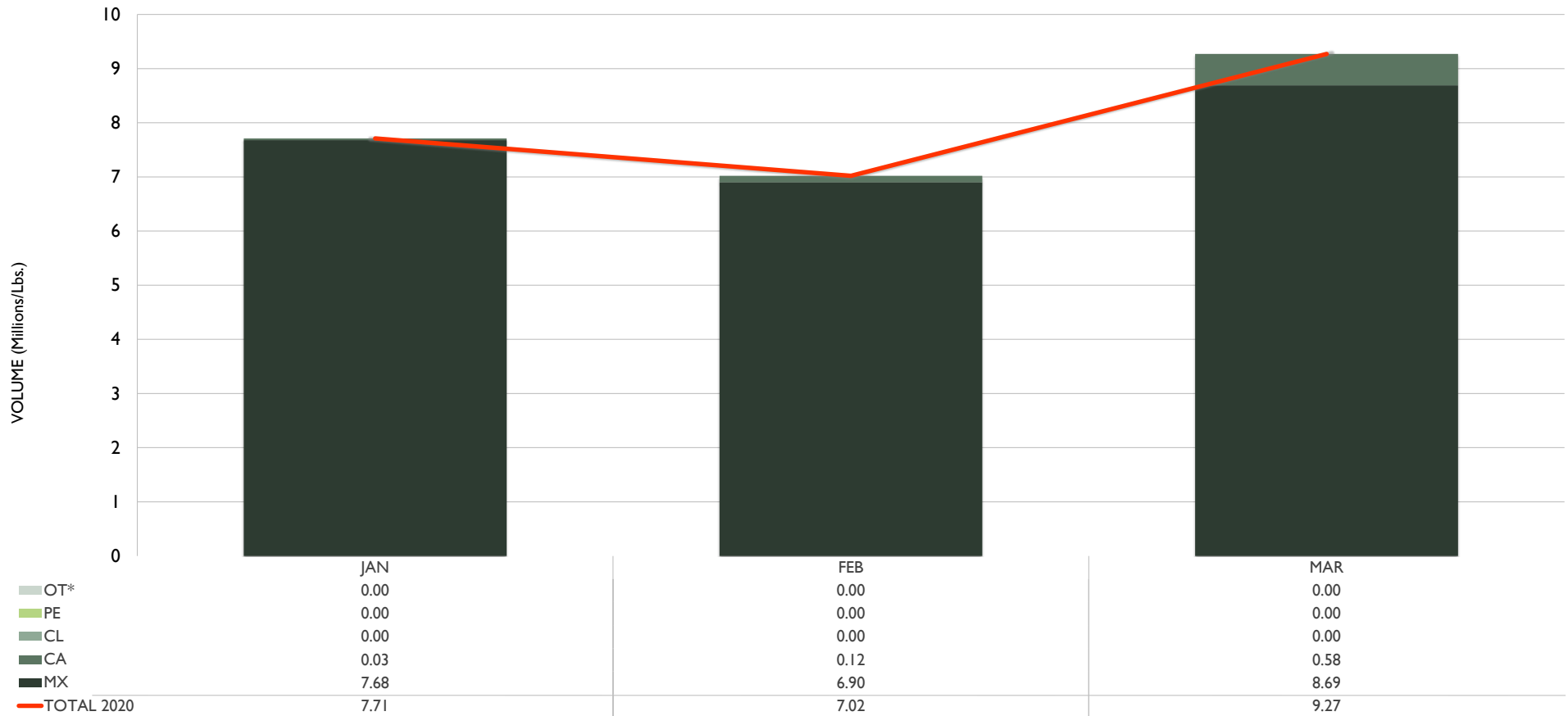


**ASSESSABLE VOLUME**

Country Data	Volume (lb)
Subtotal   California Hass	250,000,000
Subtotal   Imported Hass	2,507,600,000
Mexico	2,269,000,000
Chile	10,000,000
Peru	220,000,000
Others (DR & NZ)	8,600,000
<b>YEAR TO DATE TOTAL</b>	<b>2,757,600,000</b>

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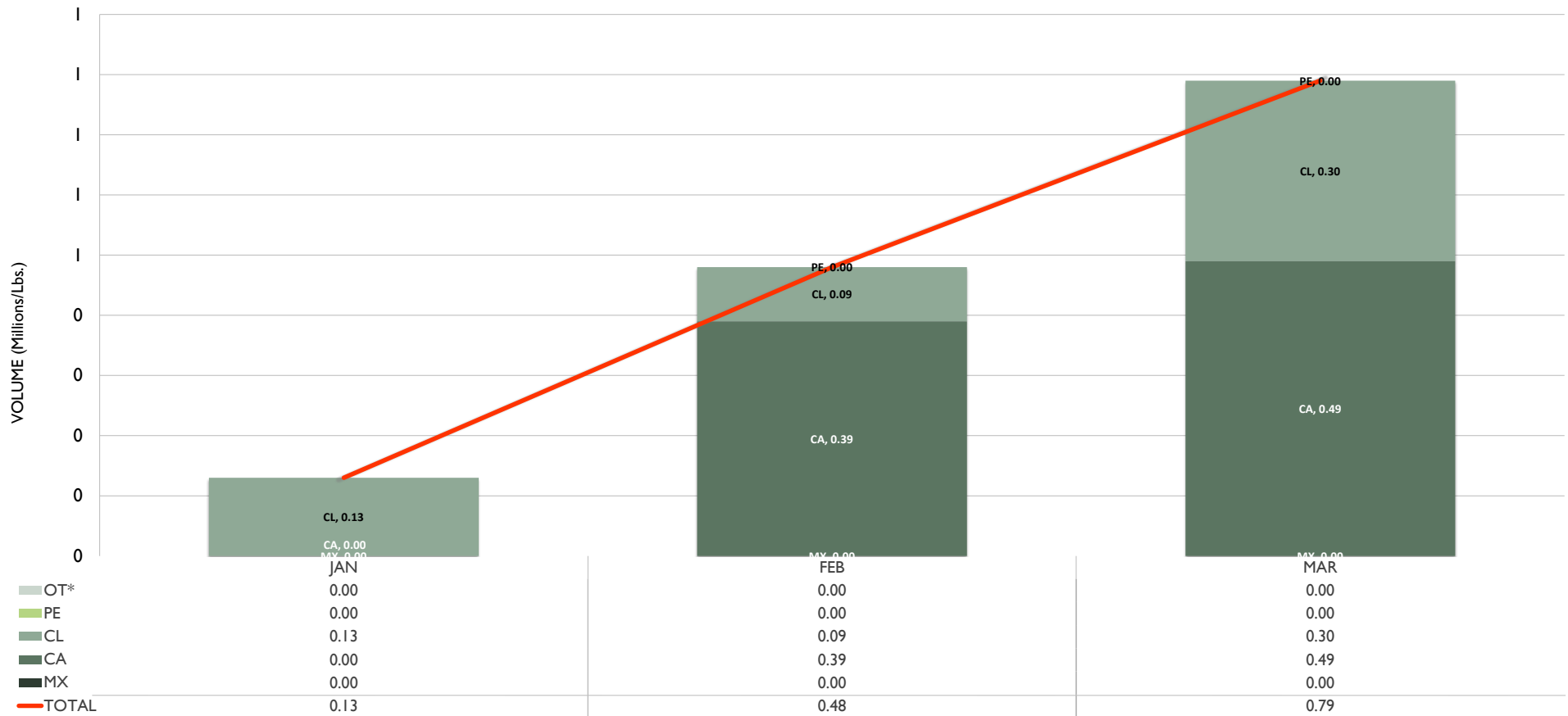
2021 CALENDAR YEAR - ACTUALS



Country Data	2021 YTD	2020
Subtotal   California Hass	700,000	17,300,000
Subtotal   Imported Hass	23,300,000	64,800,000
Mexico	23,300,000	58,000,000
Chile	-	-
Peru	-	6,800,000
Others (DR & NZ)	-	-
<b>TOTAL</b>	<b>24,000,000</b>	<b>82,100,000</b>

\*California organic volume reported by CA handlers, unaudited.

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Country Data	Volume (lb)
Subtotal   California Hass	900,000
Subtotal   Imported Hass	500,000
Mexico	-
Chile	500,000
Peru	-
Others (DR & NZ)	-
<b>TOTAL</b>	<b>1,400,000</b>

\*California export volume reported by CA handlers, unaudited.

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## MEMORANDUM

DATE: May 25, 2021  
TO: HAB  
FROM: Robert M. Rumph  
SUBJECT: HAB Lease Renewal and  
Proposed Expansion

The current lease for the HAB office expires on July 27, 2021. HAB management would like to expand the current space and renew the lease for 62 months commencing July 28, 2021. The current space consists of 3,708 square feet with 6 private offices, a shared workspace, small conference room, server/phone/alarm room, storage room, copier/mail room, common kitchen area, and an entry lobby.

The neighboring tenant has recently vacated the building providing an opportunity for HAB to expand its footprint. HAB management would like to expand the current space by approximately 837 square feet, which would add three (3) offices, providing space for four (4) additional workstations.

The current lease payment is running approximately \$10,221 per month including CAM charges.

The proposal for the new lease with the additional expanded space is approximately \$10,681 per month for the first 12 months starting September 28, 2021. CAM charges of about 15% of the lease are not included in the first 12 months of the term. The landlord offers an allowance of approximately \$68,175 (\$15 per square foot on the expanded space) to help pay for the build out of the expansion space and make repairs in the existing space. The buildout and repairs cost is estimated to be approximately \$110,000 plus \$15,000 for architectural fees; HAB's portion would be approximately \$56,825 and would be amortized over five years – (approximately \$11,365 annual impact on financials).

On May 7, 2021, the HAB Executive Committee directed staff to explore the possibility of expanding the space by an additional 450 square feet (expanding the existing space by approximately 1,287 total square feet). See Option A below.

Option A: 2021 budget increase of \$43,619 is required to cover: \$7,959 in increased rent for year 1, \$18,000 in additional depreciation for HAB's portion of the buildout, \$500 for existing alarm monitoring, \$7,160 for lease security deposit, and \$10,000 for furniture and contingencies.

Option B: 2021 budget increase of \$32,586 is required to cover: \$4,751 in increased rent year 1, \$11,365 in additional depreciation for our portion of the buildout, \$500 for existing alarm monitoring, \$5,970 for lease security deposit, and \$10,000 for furniture and contingencies.



## MEMORANDUM

Date: May 25, 2021  
To: HAB & HAC  
From: Chairman, Jorge Hernandez  
Subject: HAB bylaws to allow hybrid meetings

The Hass Avocado Board Executive Committee met on May 7, 2021, and approved a recommendation to the board for the approval of the amended HAB Bylaws to allow hybrid meetings.

### BACKGROUND

The pandemic has forced the board to hold meetings via video conferencing service. The technology has been effective at assembling members, alternates, and the public and facilitated open communication by everyone on the board. In addition, the board was able to save considerable money in travel, meals, hotels, and other board meeting-related expenses.

The current Hass Avocado Board bylaws prevent board members who attend an assembled meeting via electronic means to count towards quorum and vote on matters before the board. Knowing that videoconference meetings are an effective way to hold meetings, the board may want to change its bylaws to allow members that attend an assembled meeting via electronic means to count towards quorum and to be able to vote during the meeting.

This change in the bylaws would provide the board flexibility to hold meetings—where attendance is by any means of communication available, electronic or otherwise, that effectively assembles members and the public and facilitates open communication.

The sections of the bylaws that would be updated are article 9, section 3, and article 10, section I. Both of those paragraphs reference Section 1219.30(a) of the Order (see background information below), which states that “At assembled meetings, all votes shall be cast in person.” The proposed language in the revised bylaws comes from Title 7 of the Code of Federal Regulation § 900.83 Conducting Meetings via Electronic Communication or Otherwise (see background information below).

### BACKGROUND INFORMATION

**Bylaws Article 9 Section 3.** Meetings may be held at locations that are selected for the convenience of the Board members or for enhancement of relations with program participants. Attendance may be telephonic, if by telephonic means the attendee can hear all deliberations and make comments freely and immediately, but voting must be by personal attendance at assembled meetings. See Order, Section 1219.39 (a). Meetings of any committees may be entirely telephonic.

**Bylaws Article 10 Section 1.** At a properly convened Board meeting, seven (7) board members, including alternates acting in place of members of the Board, shall constitute a quorum. Board members attending telephonically at assembled meetings are not to be counted as part of a quorum. See Order, Section 1219.39 (a).

**HAPRIO § 1219.39 Board Procedure (a).** At a properly convened meeting of the Board, seven (7) members, including alternates acting in place of members of the Board, shall constitute a quorum: Provided, that such alternates shall serve only when the member is absent from a meeting. Any action of the Board shall require the concurring votes of a majority of those present and voting. At assembled meetings, all votes shall be cast in person.

**§ 900.83 Conducting Meetings via Electronic Communication or Otherwise.**

Notwithstanding any other provisions of a marketing order in this part, administrative bodies of fruit, vegetable, and specialty crop marketing orders, and their committees/subcommittees may, upon due notice to all members and the public:

- (a) Conduct meetings by any means of communication available, electronic or otherwise, that effectively assembles members and the public, and facilitates open communication.
- (b) Vote by any means of communication available, electronic or otherwise; Provided, That votes cast are verifiable and that quorum and other procedural requirements of each respective marketing order are met.
- (c) With the approval of the Secretary, each administrative body may prescribe any additional procedures necessary to carry out the objectives of paragraphs (a) and (b) of this section.

## BYLAWS OF THE HASS AVOCADO BOARD

### ARTICLE 1

#### Name

**Section 1.** The organization governed by these Bylaws shall be known officially as the Hass Avocado Board, hereinafter referred to as the "Board." The Board administers the Hass Avocado Promotion, Research, and Information Order [7 CFR part 1219], hereinafter referred to as the "Order." The Board and the Order are authorized by the Hass Avocado Promotion, Research, and Information Act of 2000. (7 U.S.C. 7801-7813)

### ARTICLE 2

#### Purpose

**Section 1.** The purpose of the Board, the Order, and these Bylaws shall be to implement the provisions of the Hass Avocado Promotion, Research, and Information Act of 2000 (the "Act") and to carry out an effective national program of promotion, research, consumer information, and industry information for Hass avocados, and to establish a fair and orderly procedure whereby adequate funds can be assembled to fulfill the provisions of this program, the Act, and the Order according to USDA policies, and Agricultural Marketing Service ("AMS") guidelines. The Board is an instrumentality of the U.S. Department of Agriculture (the "Department") and is authorized to make recommendations to the Secretary of Agriculture as specified under the Order.

### ARTICLE 3

#### Principal Place of Business

**Section 1.** The Board's principal place of business shall be located at the HASS AVOCADO BOARD offices located at 25212 Marguerite Parkway, Suite 250 Mission Viejo, CA 92692 or any other location designated by the Board.



## **ARTICLE 4**

### **Officers and Their Duties**

**Section 1.** The Board's officers shall consist of a Chairperson, Vice-Chairperson, Secretary, and Treasurer.

**Section 2.** The Board's officers shall be elected by the Board from among the voting Board members for a term of one year or until their successors are elected.

**Section 3.** The election shall be held during the regular Annual Meeting, provided that the Secretary has completed appointments for that year.

**Section 4.** Nominations and elections will be conducted using the following procedures: (a) USDA representative, or the Executive Director in his or her absence, will call the meeting to order and conduct roll call; (b) USDA representative will call for nominations in the following order: Chairperson, Vice-Chairperson, Secretary, and Treasurer. (c) Board members may nominate members, a nomination does not require a second. (d) Nominees will be given the opportunity to accept or decline the nominations; (e) Nominees and Board members will be given the opportunity to speak on behalf of nominees before the vote; (f) If there is only one nominee, a motion to dispense with balloting and cast a unanimous ballot is in order. If there are multiple nominees, a secret ballot is conducted with each Board member voting for one nominated person. If one nominee receives a majority of the vote, that person is elected. If no nominee receives a majority of the votes cast, a run-off ballot will be conducted with the two nominees receiving the greatest number of votes.

**Section 5.** To be eligible to serve as an officer, a Board member is strongly recommended to fulfill at least three of the following requirements: (a) serve on at least two committees for a period of one year; (b) serve as a mentor to a new board member; (c) in the year preceding his or her candidacy for an officer position, attend orientation and any trainings offered; or (d) possess a strong understanding of the governing responsibilities of the Board and the officer duties. The requirement to serve on two committees for a period of one year (a) may be fulfilled concurrently. To be eligible to serve as Chairperson, a Board member is strongly recommended to fulfill at least three of the requirements in (a) through (d) above and serve on either the finance or

governance committee for at least one year.

**Section 6.** Officers may be re-elected annually to the office held or to any other office of the Board but shall not serve for more than three (3) consecutive terms in any one (1) office. No member shall hold more than one office at a time. In the event of death, resignation, or disqualification of an officer or an Executive Committee member a successor shall be elected by the Board members as soon as practical, with any such successor to serve until the next Annual Meeting or when their successor is elected. In the event that the departing member was the Chairperson, the Vice-Chairperson shall become the new Chairperson and a new Vice-Chairperson shall be elected by the voting Board members as soon as practical.

**Section 7.** The Chairperson's duties shall be to: (a) preside at all Board meetings; (b) call special Board meetings when deemed necessary; (c) perform all acts and duties usually incidental to and required of a presiding officer and perform duties designated in board approved policies; (d) serve as chair of the Executive Committee, serve as chair of the Hass Avocado Committee, serve as chair of the Executive Compensation Committee; and (f) serve as an ex-officio member of all other committees (non-voting and not counting towards quorum).

**Section 8.** The Vice-Chairperson's primary duty shall be to act in the place of the Chairperson in the Chairperson's absence, disqualification, or at the Chairperson's direction and perform duties designated in board approved policies.

**Section 9.** The Secretary's duties shall be to: (a) keep a complete record of the proceedings at all Board and Executive Committee meetings; and (b) attest to all papers, documents, and other instruments on behalf of the Board and perform duties designated in board approved policies.

The Secretary may delegate such duties to the administrative services Staff. Another duty of the Secretary shall be to act in the place of the Chairperson and Vice-Chairperson if both are absent.

**Section 10.** The Treasurer's duties shall be to serve as Chairperson of the Finance Committee and perform duties designated in board approved policies. The Treasurer shall serve as custodian of all insurance policies, and any fidelity bonds covering Board officers, employees and agents and delegates

to the administrative services staff hired by the Board to ensure: (a) that the Board has custody of all funds and property belonging to or under control of the Board; (b) the keeping of regular books of account under the direction of the Board; (c) the deposit of all funds of the Board, or under its control, in an approved bank or banks designated by the Board; (d) adhere to AMS policies on investment, security, and collateralization of public monies, and (e) the submission to the Board and the Secretary of Agriculture all reports, which include a balance sheet, an income statement, an expense budget.

## **ARTICLE 5**

### **Executive Committee**

**Section 1.** The Executive Committee shall consist of the elected officers and all members shall count towards quorum and shall be voting members.

**Section 2.** The Executive Committee shall carry out the Board's responsibilities as follows: exercise oversight relating to all board approved plans, operations and functions of the Board; recommend to the board policies and objectives in accordance with Board directives; carryout duties and responsibilities designated to it across policies approved by the board; maintain an inclusive and collaborative leadership culture through regular meetings and consultation on decisions and actions to be taken by the Board; and ensure that all Board activities comply with the Act, Order, AMS Guidelines, and these Bylaws.

**Section 3.** The Executive Committee term of office shall be one (1) year or until their successors are elected.

The number of subsequent terms for any Board member on the Executive Committee shall be limited only by the Board member or alternate's term of office pursuant to Article 7 section 1 or the limitation on officer term limits in Article 4, Section 2.

**Section 4.** The Executive Committee shall meet upon the call of the Chairperson or by the call of a majority of its members.

**Section 5.** All Executive Committee meetings shall be in compliance with the provisions of Article 9, Sections, 3, and 4. A majority of the Executive Committee shall constitute a quorum for any Executive Committee meeting.

Article 10, Sections 2 and 3 shall also apply to voting by the Executive Committee. No proxy votes shall be permitted.

## **ARTICLE 6**

### **Hass Avocado Committee**

**Section 1.** There shall be a special committee, composed of (1) current Board members appointed by the Secretary of Agriculture (a board member's alternate will serve as alternate on the committee) and (2) a representative for each state or importer organization that receives assessments pursuant to the Act and the Order.

**Section 2.** In advance of its consideration by the Board, the committee is expected (1) to consider business that will come before the Board with the exception of bylaws, the election of officers, grievances and employee matters, (2) make recommendations as appropriate on the business, and (3) report to the Board any recommendations of the committee and other information as appropriate.

**Section 3.** The chairperson of the Board shall be chairperson of the committee and shall appoint the committee members. Committee members shall include all current Board members. For the representatives for each state or importer organization that receives assessments pursuant to the Act and the Order, the appointments shall be from names submitted by the respective organizations after notification is made to affected stakeholders regarding the nomination process. The representative (member or alternate) for each state or importer organization may also be a board member or alternate but shall only serve on the Hass Avocado Committee in a single capacity and declare their position during roll call of the meeting. The chairperson of the Board shall also appoint alternates for each member on the committee.

**Section 4.** The term of service on the committee shall be for one year, but members may be reappointed, and may continue to serve until a new committee has been named. Board members and alternates on the committee shall serve for terms pursuant with the term of office specified in section 1219.35 of the order.

**Section 5.** A majority of the members of the committee, which may

include participation by telephone or other electronic means, shall constitute a quorum for taking any action.

**Section 6.** For any action to be approved by the committee, it must receive concurring votes representing more than 50 percent of those present and voting from each of the following groups: (1) producer members, (2) importer members, and (3) state or importer organization members.

## **ARTICLE 7**

### **Hass Avocado Board**

**Section 1.** The Board shall consist of no more than 12 domestic producers and importers and their alternates as defined in the Order. Each term of office will end on October 31, with new terms of office beginning on November 1 (pursuant to 1219.35 of the order).

**Section 2.** The Board shall be appointed by the Secretary of Agriculture. Upon receipt of the appointed alternates, the Board staff will match an alternate to a member by proximity to the region where he or she produces or imports avocados and then by the number of votes received in the nomination election.

**Section 3.** All nomination procedures shall be in accordance with the Order and any subsequent rules and regulations issued thereunder. The Board shall issue a call for nominations by March 1 of each year in which nominations for an appointment to the Board are to be made. Nominations for positions whose terms will expire at the end of the year shall be obtained in accordance with procedures recommended by the Board and approved by the Secretary pursuant to §1219.33 of the Order. These nominations shall be submitted to the Secretary of Agriculture by July 31 of each year.

**Section 4.** The Board shall develop policies to plan, develop, and implement such promotion, research, consumer information and industry information programs, plans, and projects as necessary to meet its purpose under the Act. The Board, through the executive director, shall further act in authorizing contracts or agreements for the development and carrying out of such programs, plans, and projects, and the payment of the costs thereof, including entering into agreements authorizing other organizations to collect assessments on behalf of the Board.

**Section 5.** The Board may contract with an outside accounting firm for the purposes of accounting for funds received and recordkeeping and any other projects directed by the Board.

## **ARTICLE 8**

### **Financial Oversight**

**Section 1.** It is the Board's duty to develop and amend, with approval of the Secretary, budgets for the implementation of the Order. The Board will direct staff to prepare a budget for its consideration. The Board shall submit to the Secretary, on a fiscal period basis, annual budgets and statement of revenues and expenses of the Board in administering the Order. The Board's responsibility is to ensure revenues and expenses are managed within the board approved budget for the fiscal period. To ensure fiscal integrity the board shall conduct an annual financial statement audit in accordance with Generally Accepted Government Auditing Standards and submit a report of the audit directly to the department and publish the audit report on its website. The Board shall adhere to its fiduciary responsibilities and ensure that all monies are spent in accordance with the Act and the Order.

## **ARTICLE 9**

### **Meetings**

**Section 1.** The Board shall hold its Annual Meeting before the end of each fiscal year, unless otherwise directed by the Board. Regular meetings of the Board will be determined at the Annual Meeting, and may only be revised by the Board.

**Section 2.** Special meetings of the Board may be held whenever called by the Chairperson, or by the Vice Chairperson acting in the Chairperson's stead, or by the joint call of a majority of the Board members. Any and all business coming before the Board may be transacted at such meetings.

**Section 3.** Meetings may be held at locations that are selected for the convenience of the Board members or for enhancement of relations with program participants. ~~Meetings may be conducted by any means of communication available, electronic or otherwise, that effectively assembles members and the public, and facilitates open communication. Attendance may be telephonic, if by telephonic means the attendee can hear all deliberations and make comments freely and immediately, but voting must be by personal attendance at assembled~~

~~meetings. ay be entirely telephonic.~~

**Section 4.** Notice of all Board and Executive Committee meetings, together with a written agenda, shall be provided to each member and alternate of the Board at their last known address by mail or electronic mail. Notice of all other committee meetings, together with a written agenda, shall be provided to each such committee member at their last known address by mail or electronic mail. Notice of all meetings will be provided at least ten (10) days prior to the meeting date. In case of an emergency, all possible advance notice will be given by fastest practical means of delivery without regard to the ten (10) day requirement. Such notice may be waived by Board members in writing. The Secretary of Agriculture shall be given notice of all Board and committee meetings.

**Section 5.** The order of Board business for regular meetings, unless otherwise determined by the Chairperson, shall be as follows:

1. Roll call
2. Approval of previous meeting minutes
3. Additions to agenda items
4. Action on written agenda matters
5. New business
6. Adjournment

**Section 6.** All Board proposals, programs, plans, projects or recommendations, including those to the Secretary of Agriculture, shall be in the form of motions. See Order, Section 1219.39 (d). All motions, upon adoption, shall be recorded and shall become a part of the official Board minutes. All adopted motions which constitute Board policy shall remain as such until amended by Board action.

**Section 7.** Board members will focus on long-term goals that meet the policies of the Act, connect with the stakeholders, and spend sufficient time to understand or question each agenda item presented.

## **ARTICLE 10**

### **Voting Procedures**

**Section 1.** At a properly convened Board meeting, seven (7) board members, including alternates acting in place of members of the Board, shall constitute a quorum. ~~Board members attending telephonically at assembled meetings are not to be counted as part of a quorum.~~ Voting may be by any means of communication available, electronic or otherwise; provided, that votes cast are verifiable and that quorum and other procedural requirements are met.

**Section 2.** Any Board action shall require the concurring votes of members representing more than 50 percent of those present and voting.

**Section 3.** In lieu of voting at a properly convened meeting, and when in the opinion of the Chairperson such action is necessary, the Board, after consideration of the matter by the Hass Avocado Committee as provided for in Article 6, Section 2, may take action upon the concurring votes of members representing more than 50 percent of those present and voting of its members



by mail, telephone, electronic mail, facsimile or any other means of communication. In such event, all members must be notified and provided the opportunity to vote. Any action so taken shall have the force and effect as though such action had been taken at a properly convened meeting.

**Section 4.** Except for telephonic meetings of any committees, any Board vote taken by mail, telephone, electronic mail, facsimile or any other means of communication shall cover only: (1) non-controversial matters which do not require deliberation and the exchange of views; and (2) matters of an emergency nature when it would be impossible or impractical to call an assembled Board meeting. However, voting by such means shall not be permitted if a majority of Board members object. Voting by such means shall occur only upon the Chairperson's order. A record of the vote shall be confirmed at the next Board meeting and will become part of the official Board minutes. Votes taken by telephone shall be confirmed promptly in writing.

## **ARTICLE 11**

### **Committees**

**Section 1.** The Board may establish standing, special or ad hoc committees as deemed necessary to carry out the purposes and objectives of the Order. The results of the committee's motioned efforts will be given to the Board as a recommendation.

**Section 2.** The Board establishes the following standing committees:  
(a) Executive Compensation Committee, (b) Corporate Governance Committee, (c) Finance Committee.

The Chairperson of the Board shall appoint all committee chairpersons and shall appoint all members of each committee after consultation with the committee chairperson affected. Appointments are subject to approval by the Board and may be changed from time to time as determined by the Chairperson of the Board with the concurrence of the Board.

**Section 3.** The Chairperson of the Board may appoint committee members from among the Board members and alternates and from non-Board members.

**Section 4.** Each Board committee shall meet at the call of the committee chairperson with the consent of the Board Chairperson. No committee or any member thereof, shall have the authority to obligate the Board. In the Board Secretary's or Executive Director's absence, the committee's chairperson shall arrange for and authenticate the committee meeting minutes.

**Section 5.** To constitute a quorum for a committee meeting, at least one more than half of those assigned to the committee must be present. No proxy voting shall be allowed at a committee meeting.

**Section 6.** The terms for committees shall be for one year or until new committees are approved by the board.

## **ARTICLE 12**

### **Bonds**

**Section 1.** Board officers, employees and agents who handle funds for the Board shall be placed under fidelity bonds issued by a reputable bonding company in an amount to be fixed by the Board. The premiums of such bonds shall be paid by the Board.

## **ARTICLE 13**

### **Personal Liability**

**Section 1.** No member, alternate member, employee, or agent of the Board shall be held personally responsible, either individually or jointly with others, in any way whatsoever, to any person for errors in judgment, mistakes, or other acts of either commission or omission of such member, alternate, employee, or agent, except for acts of dishonesty or willful misconduct.

**Section 2.** The Board shall maintain appropriate Directors and Officers liability insurance coverage. The premiums for all such insurance shall be paid for by the Board.

## ARTICLE 14

### Procedure and Transaction of Business

**Section 1.** The Board shall be governed in its deliberations and in the transaction of business by these Bylaws, and the provisions of the Order and the Act. Any matter of procedure not covered by these Bylaws shall be governed by "Robert's Rules of Order Newly Revised."

**Section 2.** No person who is not a Board member, alternate, ex-officio member, or employee or representative of the Secretary of Agriculture shall be entitled to participate in the deliberations and proceedings or speak at official meetings of the Board, its Executive Committee, or its other committees, unless authorized by the Chairperson or the committee chairperson. No Board member, other than the chair or his/her designate will ever speak on behalf of the Board, unless directed to by the chairperson of the Board.

## ARTICLE 15

### Powers of the Board

**Section 1.** The Board is empowered to perform all necessary and proper activities required to fairly implement the provisions of the Act and to carry out an effective national program of promotion, research, consumer information, and industry information for Hass avocados, and to establish a fair and orderly procedure whereby adequate funds can be assembled to fulfill the provisions under the Act.

**Section 2.** Any officer, agent, or employee appointed, elected or employed by the Board shall be subject to removal or suspension by the Board at any time. No Board officer, member, alternate, employee, or agent shall have the authority to obligate the Board unless such authority has been expressly delegated in writing. All decisions, acts or performances of any such officer, member, alternate, employee, or agent shall be subject to the continuing right of the Board to disapprove of the same, and upon disapproval by the Board, shall be deemed null and void to such extent as the Board may determine.

**Section 3.** While Board members and alternates are not restricted in exercising any of their rights as individual citizens, they do so independently and not as representatives of this Board. Except with respect to the provisions of the Order, this Board may not, as a body, participate in any advocacy to influence

government action. Whenever any individual members or alternates participate in such advocacy, they may do so as individuals and not as representatives of this Board.

**Section 3a.** The Board speaks with one voice or not at all. This does not imply that there has to be unanimity or lack of diversity but when a vote is taken or a policy developed, the Board acts and supports the decision made, until it is changed by the Board.

**Section 4.** When the Board determines that there has been an interference with the Board's ability to perform pursuant to Article 15, Section 1, or an event which is in violation of the Act or the Order, the Board may establish Board Operating Policies (including legal action) to resolve the interference or to enforce the Act or the Order. The Board may establish Board Operating Policies which govern the procedures used to receive, investigate, and report to the Secretary any complaints of violations of the Act or the Order.

**Section 5.** If a member or alternate of the Board consistently refuses to perform his or her duties including but not limited to adhering to HAB's Code of Conduct, Ethics, Conflict of Interest, Fraud and Attendance Policies, or if a member or alternate of the Board engages in acts of dishonesty or willful misconduct, the Board may recommend to the Secretary that the member or alternate be removed from office. Any vacancy created by this Section shall be filled in accordance with Section 1219.36 of the Order and the Board's election procedures.

## **ARTICLE 16**

### **Expenses**

**Section 1.** Board members and alternates, committees, or employees, when acting on authorized business shall be reimbursed for necessary and reasonable expenses incurred by them in the performance of their duties in accordance with the policies of the Board.

## **ARTICLE 17**

### **Employees and their Duties**

**Section 1.** The Board may employ a person, who shall not be a member of the Board, to serve as Executive Director. The performance and

compensation of the Executive Director, who shall serve at the pleasure of the Board, shall be evaluated annually and in accordance with the Performance Evaluation & Compensation of Executive Director Policy.

**Section 2.** Subject to the general supervision and control of the Board, the Executive Director shall: (a) employ, contract, supervise, and be responsible for the discharge of all Board employees, agencies, consultants, and other suppliers; (b) be responsible for all notices the Board is required to give; (c) assemble, compile, analyze, and provide all information necessary in connection with the performance of official Board duties; (d) prepare all resolutions setting forth Board actions; and (e) be responsible to the Board at all times for the proper administration of Board activities.

## **ARTICLE 18**

### **Amendments**

**Section 1.** The Board may amend these Bylaws at any Board meeting by an affirmative vote of no less than seven (7) Board members. Members must be provided with ten (10) days notice of proposed changes to the Bylaws. Such notice may be waived in writing.

## **ARTICLE 19**

### **Effective Date**

**Section 1.** These Bylaws and any amendments thereto shall become effective immediately upon adoption by the Board.

Bylaws Approved by the Board on April 16, 2003, as amended January 19, 2005, March 15, 2006, March 19, 2008, November 17, 2010, January 22, 2013, January 22, 2014, September 1, 2016, November 16, 2016, March 22, 2017, August 31, 2017 and September 12, 2019, February 24, 2021.



## MEMORANDUM

Date: May 25, 2021  
From: Executive Director, Emiliano Escobedo  
To: HAC and HAB  
Subject: September 20, 2021, Board Meeting

The Executive Committee met on May 7, 2021, and discussed whether the September board meeting should be held in-person or virtual. After a year of hosting virtual meetings, some people are eager to have in-person meetings. However, some considerations may need to be taken into account. At this point, it is too early to know what the CDC, State, and County guidelines and restrictions will be like in September. Therefore, the Executive Committee believes that it is too early to commit to having an in-person meeting four months away. It is recommending to the board that it authorize the Executive Committee to determine sometime in August whether the September HAC and HAB meetings will be in-person, virtual, or hybrid.



## MEMORANDUM

DATE: May 25, 2021

TO: HAB

FROM: Robert M. Rumph

SUBJECT: Board Member Expense Report Exception to Policy

On January 10, 2021, HAB staff received two expense reports from a HAB member for expenses related to attending board meetings in November of 2019 and February 2020.

The November 2019 report was submitted 430 days after the event (340 days late) and the February 2020 report was submitted 319 days after the event (229 days late).

*HAB Policy: "Expense reports should be submitted to the HAB Vice President of Finance after completion of each trip, and within a reasonable amount of time, not to exceed 3 months. Electronic submission is preferred for processing."*

*Amounts:*

*November 2019: \$1,001.02 (corrected)*

*February 2020: \$597.85*

*Total: \$1,598.87*

No explanation for the late submissions was provided. The member is asking that HAB waive the policy and provide reimbursement for the expenses incurred.



## MEMORANDUM

From: Emiliano Escobedo  
To: Finance Committee, HAC and HAB  
Re: 2021 Budget Amendment  
Date: May 24, 2021

Audited ending reserves for 2020 are \$3,502,312. Volume in 2021 is trending higher to 2.9 billion pounds, up 200 million pounds from the budgeted 2.7 billion pounds. Management is proposing increasing the total revenue in the 2021 budget by 2 \$5,000,000 which will result in \$750,000 in net revenue after rebates of \$4,250,000 to the associations.

To support our strategic plan, management is proposing amending the 2021 budget as follows for each priority.

- Communications - total increase: \$703,000
- Industry engagement and leadership - total increase: \$134,000
- Business support tools and information - total increase: \$24,000
- Administration total - decrease: \$66,381

The details for each priority are below:

### **COMMUNICATIONS PRIORITY TOTAL INCREASE: \$703,000**

- **Nutrition & Research Promotion – \$565,000:** additional media buys targeting general and Hispanic market consumers, and the trade.
- **Creative Content – \$51,000:** develop a new ad to support the incremental media buy listed above.
- **Online/Website/Social Media – \$87,000:** implement enhancements on [www.LoveOneToday.com](http://www.LoveOneToday.com) as a result of user experience testing conducted earlier this year with the goal of improving our website performance. Additional funding for development of e-commerce strategy within the communications priority.

### **INDUSTRY ENGAGEMENT AND LEADERSHIP PRIORITY TOTAL INCREASE: \$134,000**

- **Communications – \$74,000:** Additional budget is needed for crisis communications to cover previously unforeseen issues from activist groups and to address future ones if



needed. We will produce a new video about the Love One Today and Avocado Nutrition Center programs which will be promoted across various digital channels. We will update communication templates and create high impact content to communicate our programs to target audiences

- **Industry Website – \$60,000:** HAB will launch new webinar series to reach our industry target audience with HAB programs that equip the industry for success. Incremental budget will support new content on the website including modifications to HassAvocadoBoard.com to host the webinars. Also, a new page and email template with key retail data about avocado and total produce will be developed.

**BUSINESS SUPPORT TOOLS AND INFORMATION PRIORITY TOTAL INCREASE: \$24,000**

- **Consumer insights and tracking studies – \$24,000:** incremental funds will be needed to modify our tracking study design with the goal of better understanding the behaviors & perception of key health professionals. Using insights from ecommerce research, a new ecommerce leadership toolkit will be developed by HAB to support our industry with winning strategies and best practices to grow the avocado business in this channel.

**ADMINISTRATION TOTAL DECREASE: \$66,381**

- **Office related (rent, network, communications, equipment, supplies, & services) – Option A \$43,619:** Office expansion and lease renewal. See Memo under item 4d of the HAC meeting agenda.
- **Board: travel, meetings, elections – decrease by \$110,000:** Savings from having two virtual board meetings so far this year.



**HASS AVOCADO BOARD  
 CALENDAR YEAR (CY) 2021 BUDGET**

	CY 2021 BUDGET AMENDMENT #2 2/24/2021	CY 2021 BUDGET AMENDMENT #3 5/25/2021	VARIANCE INCREASE/ (DECREASE)	PERCENT CHANGE
<b>REVENUES:</b>				
ASSESSMENT REVENUES	\$67,500,000	\$72,500,000	\$5,000,000	7.41%
OTHER INCOME	\$0	\$0	\$0	0.00%
<b>TOTAL REVENUES</b>	<b>\$67,500,000</b>	<b>\$72,500,000</b>	<b>\$5,000,000</b>	<b>7.41%</b>
<b>85% REBATE PROGRAM</b>				
REBATES	\$57,375,000	\$61,625,000	\$4,250,000	7.41%
REBATE SUB-TOTAL	\$57,375,000	\$61,625,000	\$4,250,000	7.41%
<b>NET REVENUE</b>	<b>\$10,125,000</b>	<b>\$10,875,000</b>	<b>\$750,000</b>	<b>7.41%</b>
<b>PROMOTION, RESEARCH, AND INFORMATION PROGRAMS</b>				
COMMUNICATIONS	\$4,264,319	\$4,967,319	\$703,000	16.49%
NUTRITION	\$3,099,222	\$3,099,222	\$0	0.00%
BUSINESS SUPPORT TOOLS AND INFORMATION	\$861,229	\$885,229	\$24,000	2.79%
INDUSTRY ENGAGEMENT AND LEADERSHIP	\$854,068	\$988,068	\$134,000	15.69%
SUSTAINABILITY	\$470,023	\$470,023	\$0	0.00%
PROMOTION, RESEARCH, AND INFORMATION PROGRAMS SUBTOTAL	\$9,548,860	\$10,409,860	\$861,000	9.02%
<b>ADMINISTRATION OF HAPRIO</b>				
BOARD MEMBERS, OFFICE, STAFF, PROFESSIONAL SERVICES, EQUIPMENT/SUPPLIES	\$1,378,315	\$1,311,934	(\$66,381)	-4.82%
ADMINISTRATION OF HAPRIO SUB-TOTAL	\$1,378,315	\$1,311,934	(\$66,381)	-4.82%
<b>OVERSIGHT</b>				
USDA/OGC/PROGRAM REVIEW	\$237,600	\$237,600	\$0	0.00%
OVERSIGHT SUB-TOTAL	\$237,600	\$237,600	\$0	0.00%
<b>TOTAL EXPENDITURES</b>	<b>\$68,539,775</b>	<b>\$73,584,394</b>	<b>\$5,044,619</b>	<b>7.36%</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(\$1,039,775)	(\$1,084,394)	(\$44,619)	4.29%
EST/BEGINNING RESERVES	\$3,230,135	\$3,502,312	\$272,177	8.43%
<b>EST ENDING RESERVES</b>	<b>\$2,190,360</b>	<b>\$2,417,918</b>	<b>\$227,558</b>	<b>10.39%</b>
SALARIES AND BENEFITS (ALLOCATED IN ADMINISTRATION AND PROGRAMS ABOVE)	\$ 2,696,558	\$ 2,696,558	\$0	0.00%



**HASS AVOCADO BOARD  
 CALENDAR YEAR (CY) 2021 BUDGET**

<b>EXPENSES</b>	<b>CY 2021 BUDGET AMENDMENT #2 2/24/2021</b>	<b>CY 2021 AMENDMENT #3 BUDGET 5/25/2021</b>	<b>VARIANCE INCREASE/ (DECREASE)</b>	<b>PERCENT CHANGE</b>
<b>REBATE PROGRAM</b>	<u>\$57,375,000</u>	<u>\$61,625,000</u>	<u>\$4,250,000</u>	<u>7.41%</u>
<b>COMMUNICATIONS</b>				
PROGRAM MANAGEMENT	\$763,819	\$763,819	\$0	0.00%
CREATIVE CONTENT	\$426,050	\$477,050	\$51,000	11.97%
EVENTS	\$13,000	\$13,000	\$0	0.00%
ONLINE/WEBSITE/SOCIAL MEDIA	\$400,000	\$487,000	\$87,000	21.75%
NUTRITION AND RESEARCH PROMOTION	\$2,227,350	\$2,792,350	\$565,000	25.37%
STRATEGIC PARTNERSHIPS	\$195,000	\$195,000	\$0	0.00%
STRATEGY, ISSUES RADAR AND REPORTING	\$239,100	\$239,100	\$0	0.00%
NUTRITION MARKETING PROGRAM SUB-TOTAL	<u>\$4,264,319</u>	<u>\$4,967,319</u>	<u>\$703,000</u>	<u>16.49%</u>
<b>NUTRITION</b>				
PROGRAM MANAGEMENT	\$504,222	\$504,222	\$0	0.00%
SCIENCE PIPELINE	\$2,314,910	\$2,314,910	\$0	0.00%
EVENTS	\$18,000	\$18,000	\$0	0.00%
STRATEGY, ISSUES RADAR AND REPORTING	\$262,090	\$262,090	\$0	0.00%
NUTRITION RESEARCH PROGRAM SUB-TOTAL	<u>\$3,099,222</u>	<u>\$3,099,222</u>	<u>\$0</u>	<u>0.00%</u>
<b>BUSINESS SUPPORT TOOLS AND INFORMATION</b>				
PROGRAM MANAGEMENT	\$297,029	\$297,029	\$0	
COMMUNICATIONS	\$44,670	\$44,670	\$0	0.00%
DATA SERVICES	\$113,200	\$113,200	\$0	0.00%
AVIS	\$64,000	\$64,000	\$0	0.00%
TRACK AND MONITOR	\$88,200	\$88,200	\$0	0.00%
RESEARCH AND INFORMATION	\$25,000	\$25,000	\$0	0.00%
CONSUMER INSIGHTS AND TRACKING STUDIES	\$229,130	\$253,130	\$24,000	10.47%
SUPPLY AND DEMAND INFORMATION PROGRAM SUB-TOTAL	<u>\$ 861,229</u>	<u>\$ 885,229</u>	<u>\$24,000</u>	<u>2.79%</u>



**HASS AVOCADO BOARD  
 CALENDAR YEAR (CY) 2021 BUDGET**

	CY 2021 BUDGET AMENDMENT #2 2/24/2021	CY 2021 AMENDMENT #3 BUDGET 5/25/2021	VARIANCE INCREASE/ (DECREASE)	PERCENT CHANGE
<b>INDUSTRY ENGAGEMENT AND LEADERSHIP</b>				
PROGRAM MANAGEMENT	\$491,868	\$491,868	\$0	0.00%
ANNUAL REPORT	\$6,000	\$6,000	\$0	0.00%
HAB PROMOTIONAL MATERIALS	\$6,000	\$6,000	\$0	0.00%
INDUSTRY MEETINGS AND EVENTS	\$15,000	\$15,000	\$0	0.00%
INDUSTRY WEBSITE	\$82,500	\$142,500	\$60,000	72.73%
OUTREACH	\$15,000	\$15,000	\$0	0.00%
COMMUNICATIONS	\$207,700	\$281,700	\$74,000	35.63%
BOARD LEADERSHIP DEVELOPMENT	\$30,000	\$30,000	\$0	0.00%
INDUSTRY ENGAGEMENT PROGRAM SUB-TOTAL	<u>\$854,068</u>	<u>\$988,068</u>	<u>\$134,000</u>	<u>15.69%</u>
<b>SUSTAINABILITY</b>				
PROGRAM MANAGEMENT	\$170,023	\$170,023	\$0	0.00%
STRATEGY	\$200,000	\$200,000	\$0	-44.90%
RESEARCH	\$100,000	\$100,000	\$0	18.69%
SUSTAINABILITY PROGRAM SUB-TOTAL	<u>\$470,023</u>	<u>\$470,023</u>	<u>\$0</u>	<u>0.00%</u>
<b>ADMINISTRATION OF HAPRIO</b>				
FINANCIAL OVERSIGHT - AUDITING	\$50,000	\$50,000	\$0	0.00%
BOARD: TRAVEL, MEETINGS, ELECTIONS	\$245,000	\$135,000	(\$110,000)	-44.90%
OFFICE RELATED (RENT, NETWORK, COMMUNICATIONS, EQUIPMENT, SUPPLIES, & SERVICES)	\$233,417	\$277,036	\$43,619	18.69%
PROFESSIONAL SERVICES AND CONSULTING	\$28,800	\$28,800	\$0	0.00%
LEGAL SERVICES	\$72,000	\$72,000	\$0	0.00%
CORPORATE INSURANCE	\$62,000	\$62,000	\$0	0.00%
SALARIES/WAGES/BENEFITS	\$574,098	\$574,098	\$0	0.00%
EDUCATION, TRAINING, CONFERENCES, SEMINARS	\$48,000	\$48,000	\$0	0.00%
CORPORATE GOVERNANCE	\$65,000	\$65,000	\$0	0.00%
ADMINISTRATION OF HAPRIO EXPENSES SUB-TOTAL	<u>\$1,378,315</u>	<u>\$1,311,934</u>	<u>(\$66,381)</u>	<u>-4.82%</u>
<b>USDA OVERSIGHT</b>				
USDA USER FEE	\$237,600	\$237,600	\$0	0.00%
PROGRAM REVIEW	\$0	\$0	\$0	0.00%
OFFICE OF GENERAL COUNSEL (OGC)	\$0	\$0	\$0	0.00%
USDA OVERSIGHT SUB-TOTAL	<u>\$237,600</u>	<u>\$237,600</u>	<u>\$0</u>	<u>0.00%</u>





# 2021 Business Plan Dashboard - Q1

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May 7, 2021

## FINANCE REPORT

Q1 ending March 31, 2021

### HAB REVENUE

Current	YAGO	Change
\$18.7 M	\$16.3 M	\$2.4 M

### HAB NET REVENUE

Current	YAGO	Change
\$2.9 M	\$2.8 M	\$0.1 M

### HAB RESERVES

Current	YAGO	Change
\$4.0 M	\$1.75 M	\$2.25 M

## CASH AND INVESTMENTS

Total cash and investments	\$3,192,492
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## NET ASSETS, REVENUE, & EXPENDITURES

Total assets	\$10,507,770
Total liabilities	\$6,450,927
Net assets (reserves)	\$4,056,843
Total revenues	\$18,669,960
Total expenditures	\$18,115,428
YTD excess revenues over/(under) expenditures	\$554,532

## VOLUME (million pounds)

	Year to date	% Realized
Budgeted (2,700)	656.5	24.3%
Current	760.1	28.2%
Current organic refunds	(23.9)	n/a
Current re-export refunds	(1.4)	n/a
<b>Net Assessable Volume</b>	<b>734.8</b>	<b>n/a</b>

## NOTES

2021 volume is trending higher than budgeted amount.

## SUSTAINABILITY

### Five-Year Working Goals

- Establish the Hass Avocado Sustainability Center as the premier provider of sustainability research, data, and information for the avocado industry.
- Develop the strategic framework for communicating the avocado industry sustainability story.
- HAB messaging on sustainability will be widely distributed and available for use by all industry stakeholders.

## FINANCIALS

Key Project	Budget	YTD Actual	% Realized
Research	\$200,000	\$12,500	6.3%
Strategy	\$100,000	\$9,000	9.0%
Program Management	\$170,023	\$35,581	20.9%
<b>TOTAL</b>	<b>\$470,023</b>	<b>\$57,081</b>	<b>12.1%</b>

# SUSTAINABILITY

## 2021 Objectives

- Develop the structure for the Hass Avocado Sustainability Center.
- Determine and monitor public beliefs about sustainability relevant to Hass avocados and how these could affect purchase behavior.
- Conduct research to determine and substantiate relevant characteristics of sustainability (e.g., environmental, social, and economic) across the Hass avocado supply chain.
- Define relevant target audiences and communication channels.
- Develop USDA-approved copy points.
- Develop a compelling narrative customized by a target audience on sustainability practices in the Hass avocado industry.

## Program Update

- The Sustainability Task Force is engaged in the development of the structure of the Sustainability Center. The group has held two meetings to further the work on this project and plans to have a proposal to present to the BOD at HAB's September meeting.
- We continue to monitor public articles, reports, and media about avocado and fresh fruit & vegetable sustainability and how they could impact our industry. We are talking to our partners about establishing a more robust monitoring process and effort moving into the future, including more social media monitoring.
- We have conducted considerable qualitative and quantitative research with avocado consumers to learn their thinking about avocado sustainability, and to support our efforts to understand our target audience needs for messages & information relating to sustainability. Environmental research should start soon after the Center's launch.
- Consumer research is driving this effort, as well as target audience mapping of needs and priorities of each audience and identifying appropriate channels for reaching each.
- Talking to USDA about sustainability messaging, as well as understanding research needs behind this messaging.
- Avocado narrative development work will be done in third and fourth quarters of 2021.



## NUTRITION

### Five-Year Working Goals

- Grow the contracted projects and subject participation in the nutrition-research pipeline each year.
- Distribute HAB-funded research findings to key audiences including scientists, regulatory agencies, professional organizations, and the Hass avocado industry.
- Establish policies for maintaining transparency and independence of the nutrition research pipeline from internal and external influence.

## FINANCIALS

Key Project	Budget	YTD Actual	% Realized
Strategies, Issues, Radar and Reporting	\$262,090	\$52,959	20.2%
Events	\$18,000	\$0	0.0%
Science Pipeline	\$2,314,910	\$492,795	21.3%
Program Management	\$504,222	\$108,293	21.5%
<b>TOTAL</b>	<b>\$3,099,222</b>	<b>\$654,047</b>	<b>21.1%</b>

# NUTRITION

## 2021 Objectives

- Initiate an average of five new studies or add an average of 100 new participants to the clinical research pipeline.
- Present the latest avocado nutrition information at an average of six meetings with agencies, professional organizations, and avocado industry professionals, annually.
- HAB will adopt and communicate principles and/or guidelines that ensure the transparency and independence from external and internal influence of the nutrition research pipeline.

## Program Update

- A new clinical study was initiated at the Illinois Institute for Technology with Dr. Britt Burton-Freeman investigating the effects of eating an avocado on fasting and post-meal glycemic response. HAB's epidemiologist, Feon Cheng, initiated a second new study in partnership with Dr. Matthew Taylor at University of Kansas Medical Center to identify cognitive benefits of eating avocados in a nationally representative older population.
- In January, the Avocado Nutrition Science Advisory group met with HAB staff and the board nutrition and marketing liaisons to get the latest avocado nutrition research information. Also in January, HAB met with USDA-CNPP staff to provide updates on how avocados fit within the recommendations of the newly released Dietary Guidelines for Americans recommendations. As a result, Dr. Nikki Ford is now leading a MyPlate subgroup working in partnership with the USDA-CNPP and other corporate partners to include healthy foods, like avocados, into the recommended Federal dietary patterns. Dr. Ford presented a long-term nutrition research strategy at the February board meeting and will seek approval for the plan at the May board meeting.

## BUSINESS SUPPORT TOOLS & INFORMATION PRIORITY

### Five-Year Working Goals

- Research and information about supply and demand will be available and widely used by the industry. Maintain high levels of participation on AVIS and timely updates to country profiles and market reviews.
- Grow HAB's research and information about supply and demand drivers and the avocado quality and societal trends affecting the performance of the Hass avocado business. Make the information available and increase the user reliance of that information.
- Obtain and publish timely preseason volume projections, midseason updates, and accurate weekly actual shipments on the Hass Avocado Board website from supplying countries with more than 1% of the annual U.S. market share.

## FINANCIALS

Key Project	Budget	YTD Actual	% Realized
Program Management	\$297,029	\$62,583	21.1%
Communications	\$44,670	\$0	0%
Data Services	\$113,200	\$65,028	57.4%
AVIS	\$64,000	\$6,762	10.6%
Track and Monitor	\$88,200	\$9,046	10.3%
Research and Information	\$25,000	\$0	0%
Consumer Insights and Tracking Studies	\$229,130	\$4,814	2.1%
<b>TOTAL</b>	<b>\$861,229</b>	<b>\$148,232</b>	<b>17.2%</b>

# BUSINESS SUPPORT TOOLS & INFORMATION PRIORITY

## 2021 Objectives

- Total annual supply data reported on AVIS will be more than 90% of the total annual supply sold in the U.S., and total annual market data reported on AVIS will be greater than 85% of the annual supply. AVIS's ongoing run time will exceed 99%.
- Publish two Country Profiles & Market Reviews on the Hass Avocado Board website.
- Develop and lead an ongoing task force of avocado industry members with experience in consumer/shopper/category/retail data research that will provide feedback on the types of research for HAB to fund.
- Track and monitor retail sales in the U.S. and publish on the Hass Avocado Board website.
- Purchase consumer and shopper data and provide derivative products to the industry through HAB's website and other communication channels.
- Make HAB's avocado quality information available and aim to have more than 80 percent of the users report satisfaction with the information.
- Publish preseason projections by country and midseason updates for each country on the Hass Avocado Board website.

## Program Update

- Total annual supply data reported on AVIS year to date is 90% of the total annual supply sold in the U.S. Total annual market data reported on AVIS year to date is 89.5% of the annual supply. AVIS's ongoing run time year to date is 100%
- Our partners at CIRAD are waiting for travel restrictions to be lifted in order to travel once again to research and write country profiles as agreed upon.
- I contacted avocado importers and marketing organizations to get their views on two topics. The first is related to the shopper research program. The idea is to align important parts of the shopper research program that each organization carries out individually and be able to coincide at convergent points to optimize the resources invested on research. The second was to obtain feedback on research topics that industry marketers require to improve their marketing and sales programs and HAB can design more robust and reliable research studies.

# BUSINESS SUPPORT TOOLS & INFORMATION PRIORITY

## Program Update Cont'd

- All retail data tracking reports are updated through March on Hassavocadoboard.com inside the Category data section, Global Trade Reports and Regional Composite reports. You can find the most recent data available on Markets and Regions ranking, Market and regional totals for units and dollars, Avocado PLU sales comparison charts, and weekly sales tracking for all bulk PLUs and bags by week.
- We recently published the Q4 2020 holiday sales trends report on our Hass Insights newsletter, our website and LinkedIn. Scheduled for publishing in May, the 2021 Bagged Avocado Shopper Study measures the impact of avocado-purchasing households that purchase exclusively Bulk avocados, exclusively Bagged avocados, or a combination of both. Additionally, this study uncovers the purchase trends for Bulk and Bagged avocados in Hispanic and Non-Hispanic households.
- HAB's avocado quality information has been made available to importers & marketers who sell roughly 85% of the fruit in the U.S.. Our follow-up satisfaction survey that went out in December of 2020 was not filled out by many respondents, though those that did respond showed 100% approval of the manual, its ability to be a useful tool to improve quality in the supply chain and would advise others to use this resource for their own use. Since being posted on our website the HAB Quality Manual, or sections of the manual have been downloaded over 7,000 times, 5,690 in English, and 1,373 Spanish version downloads.
- We currently have weekly volume projections through July for California and Michoacán, and through October for Perú. Midseason projections will be sent after field surveys are finished.

## INDUSTRY ENGAGEMENT AND LEADERSHIP

### Five-Year Working Goals

- Convene the industry to solve common issues and encourage innovation and sustainability across the supply chain.
- Increase familiarity, understanding, trust, and support towards HAB and its programs.
- Cultivate a pipeline of future avocado leaders to serve on the HAB and HAPRI association's boards.
- Host HAB meetings and events that are well-attended and valued by attendees.

## FINANCIALS

Key Project	YTD	YTD Actual	% Realized
Annual Report	\$6,000	\$0	0%
HAB Promotional Materials	\$6,000	\$0	0%
Industry Meetings & Events	\$15,000	\$11,750	77.1%
Industry Website	\$82,500	\$11,951	14.5%
Outreach	\$15,000	\$0	0%
Communications	\$207,700	\$26,030	12.5%
Board Leadership Development	\$30,000	\$2,500	8.3%
Program Management	\$491,868	\$94,720	19.3%
<b>TOTAL</b>	<b>\$854,068</b>	<b>\$146,771</b>	<b>17.2%</b>

# INDUSTRY ENGAGEMENT AND LEADERSHIP

## 2021 Objectives

- Host meetings and events to provide industry stakeholders with opportunities to collaborate.
- Create and implement an ongoing outreach and communications program to producers, exporters, and importers to highlight key activities funded by and implemented through HAB.
- Develop and operate the Hass Avocado Board Leadership Program.
- Host HAB events that will be well attended by relevant sectors of the industry.
- Meeting participants will report satisfaction with their attendance, interest in attending future meetings, and recommend the attendance of future meetings to a friend or colleague.
- Attend meetings and events, including all association meetings held by CAC, CAIA, MHAIA, PAC, Colombian Avocado Board (CAB), and provide HAB updates at each.
- Attend and participate at avocado and produce trade industry meetings in the country and abroad to engage stakeholders and get the HAB message out.
- Participate in and attend Commodity Roundtable meetings.

## Program Update

- We have been meeting virtually for over a year now and await the reconvening of meeting in person in the near future. We have had a considerable amount of these virtual meetings, with many being quite successful and well attended. We are introducing a webinar series in June of this year to make up for some of the lost opportunities from the past year.
- Our external outreach effort has continued through Hass Insights, HAB Happenings, LinkedIn, YouTube, as well as more individualized outreach to get our messages out, and to highlight our key activities consistently.
- The BOLD program has been a substantial work effort over the past year, building the program from the ground up. In late March we were able to seat our first BOLD class, selecting 12 qualified, and engaged future leaders, each being sponsored by HAB and the HAPRIO organizations. Every avocado association has been engaged with the program and have each sponsored at least one 2021 participant. The program will kick off in early May with module 1 being presented, as well as an introduction ceremony for the 12 mentors for this year's class (all current or former avocado board members) being introduced to their mentee. The first UC Davis session is scheduled for June of this year, to be held virtually, but both participants and UC staff are energized by the possibilities.

# INDUSTRY ENGAGEMENT AND LEADERSHIP

## Program Update Cont'd

- The HAB meeting report card is still a work in progress, the virtual meeting has certainly had its impact on this effort. We still believe that HAB meetings are well attended by representative cross-industry audience , and committee meeting have a high attendance rate as well.
- HAB staff has attended each and every one of the association or commission meetings so far this year. We have been able to give short updates at most, primarily around the BOLD program. We stand ready to provide updates as needed and requested by all boards and look forward to sharing our work with the other boards at their functions.
- Our ability to attend avocado or produce trade shows has obviously been impacted so far this year, though we have attended a good number of virtual events, including the produce sustainability summit, multiple PMA townhall events, and other virtual produce events. We look forward to travel and meeting restrictions being eased and will determine when the best time to reconvene at these events will be done in-person.
- Commodity Roundtable events have also been held virtually, and we have attended as they occur. We are engaged with the leadership of this group and will continue to as we resume in-person activities. Information sharing across the membership continues to be robust, and helpful to our efforts.



## COMMUNICATIONS

### Five-Year Working Goals

- Target audiences in the U.S. will report an increase of x% from the baseline of x% in 2021 I, in how much they trust that Hass avocados are healthy and nutritious and have versatile uses.
- Target audiences in the U.S. will report a positive association between avocados with each of the nutrition research health pillars.
- The association between Hass avocado and the environmental, societal, and economic impact will not be negative or become a significant barrier to purchase by consumer target audiences or a barrier to a recommendation by health professionals
- The baseline will be set in 2021 after the tracking study has been conducted.

## FINANCIALS

Key Project	Budget	YTD Actual	% Realized
Program Management	\$763,819	\$154,223	20.2%
Creative Content	\$426,050	\$43,349	10.2%
Nutrition & Research Promotion	\$2,227,350	\$807,731	36.3%
Online/Website/Social Media	\$400,000	\$37,885	9.5%
Strategic Partnership	\$195,000	\$28,955	14.8%
Events	\$13,000	\$6,510	50.1%
Strategy Issues Radar Reporting	\$239,100	\$6,093	2.5%
<b>TOTAL</b>	<b>\$4,264,319</b>	<b>\$1,084,745</b>	<b>25.4%</b>

# COMMUNICATIONS

## 2021 Objectives

- Promote and communicate nutrition research and usage ideas to health professionals to increase recommendations to clients across all four health pillars.
- Raise and/or sustain a target consumer awareness level that shows the avocado's nutritional and health benefits and versatile uses.
- Paid and earned media and influencer endorsements about the health benefits, versatility, and the sustainability of fresh avocados will be engaging, relevant, targeted, frequent, and positive.
- Communicate the HAB sustainability message and build trust. Sustainability will not be a barrier to purchasing avocados.
- Support the communications objectives of all other strategic priorities.

## Q1 Program Update

- Promoted and communicated the benefits of avocados on heart health targeting health professionals through banner and print advertising, sponsored e-blasts with partners such as dietetic practice groups, SmartBriefs, and Today's Dietitian. We featured the [meal plan toolkit](#), the [avocado 101 handout](#), and the [antioxidant study](#) published in the Journal of Nutrition. The meal plan toolkit is our #1 download to date with over 15,000 downloads.
- Partnered with [Walk with a Doc \(WWAD\)](#) to drive awareness for the heart health benefits of avocados to consumers and health professionals via a walk challenge, social posts, media outreach, newsletter, and [videos featuring WWAD doctors and nurse](#). HAB and WWAD created a [handout for health professionals](#) promoting how good nutrition and activity levels work in stride to improve heart health and Love One Today's commitment to help address the Surgeon General's new Call to Action to Control Hypertension. Engaged nearly 1,100 walkers with over 70,500 engagements on racery.com platform. Over 23,500 WWAD email subscribers received the newsletter with a 22% open rate.
- Launched a [national Smart Snacking survey to 2,000 consumers](#) to gauge America's willingness to prioritize and invest in nutrition-based solutions to reduce risk factors for heart disease. The survey emphasized snacking on avocados as an opportunity to promote heart health for the whole family.

\* Please click on hyperlinks to see visuals

# COMMUNICATIONS

## Program Update Cont'd

- Communicated the heart health benefits of avocados and shared resources/recipes through influencers targeting general and Hispanic markets. Drove traffic to our 200 calories or less-snack recipe collections on [LoveOneToday.com](http://LoveOneToday.com) and [SaboreaUnoHoy.com](http://SaboreaUnoHoy.com).
- Developed and photographed [10 kid-friendly recipes](#) in preparation for a partnership with [CACFP](#) (Child and Adult Care Food Program).
- Distributed monthly consumer emails in [January](#), [February](#), [March](#), and the quarterly health professional email in [February](#) featuring the [podcast](#) and the Walk With a Doc handout.
- Secured positive mentions from January to date:
  - Avocados and heart health: 1,309M+ impressions, plus 124M+ impressions on Walk With a Doc and 13M+ impressions on Smart Snacking. Efforts.
  - Avocados and weight management: 654M+ impressions
  - Avocados and healthy living at every age: 1,533+ impressions
  - Avocados and type 2 diabetes management: 32M+ impressions
- Sustainability message has not been developed. See sustainability update on slide 3.

\* Please click on hyperlinks to see visuals



## MEMORANDUM

Date: May 25, 2021  
From: Emiliano Escobedo, Executive Director  
To: HAC and HAB  
Subject: Long-term nutrition research strategy, Policy for Maintaining Independence and Ensuring the Integrity of the Scientific Research

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### **AGENDA ITEM 5c. APPROVAL OF THE LONG-TERM NUTRITION RESEARCH STRATEGY**

In February, we presented a long-term strategy to define the annual investment and scope of research for nutrition research. We will present a brief summary of the strategy and then look for a motion of approval from the board.

### **AGENDA ITEM 5d. BOARD POLICY FOR MAINTAINING INDEPENDENCE AND ENSURING THE INTEGRITY OF THE SCIENTIFIC RESEARCH**

The approved strategic plan identifies the following five-year working goal for nutrition: Establish policies for maintaining transparency and independence of the nutrition research pipeline from internal and external influence. The proposed policy included in the meeting packet aligns with that working goal and we will look for a motion of approval.



## Board Policy for Maintaining Independence and Ensuring the Integrity of the Scientific Research

### Policy

The Hass Avocado Board (HAB) created the Avocado Nutrition Center (ANC). The ANC's purpose is to advance scientific research to enhance understanding of how avocados benefit human health and nutrition. HAB is the ANC's primary financial supporter.

The HAB board of directors is committed to financially supporting scientific research that adheres to generally accepted scientific integrity principles and best practices independently and without influencing the institutions, researchers, operations, outcomes, or manuscripts of the projects it supports.

The board of directors reviews and approves the financial support of the ANC's science pipeline and delegates the contracting process and day-to-day management of such projects to HAB staff.

HAB staff provides updates of the scientific projects it financially supported at board meetings, industry meetings, scientific meetings, and events.

## 2022 BUDGET PLANNING PARAMETERS

	<b>SCENARIO 1</b>	<b>SCENARIO 2</b>
<b>CONVENTIONAL VOLUME (POUNDS)</b>	3,000,000,000	3,100,000,000
<b>JANUARY 2022 RESERVES</b>	<b>\$ 2,250,000</b>	<b>\$ 2,250,000</b>
REVENUE	\$ 75,000,000	\$ 77,500,000
REBATES	\$ 63,750,000	\$ 65,875,000
NET REVENUE	\$ 11,250,000	\$ 11,625,000
<b>JANUARY 2022 RESERVES + NET REVENUE</b>	<b>\$ 13,500,000</b>	<b>\$ 13,875,000</b>
2022 ENDING RESERVE TARGET	\$ 2,250,000	\$ 2,250,000
<b>NET AVAILABLE FUNDS FOR PLANNING</b>	<b>\$ 11,250,000</b>	<b>\$ 11,625,000</b>
<b>2022 CONVENTIONAL VOLUME ASSUMPTIONS BY COO</b>	<b>Million Pounds</b>	<b>Million Pounds</b>
Mexico	2,425	2,490
California	290	300
Peru	240	250
Chile	30	40
Colombia	15	20
<b>TOTAL</b>	<b>3,000</b>	<b>3,100</b>



## MEMORANDUM

Date: May 25, 2021  
From: Sal Dominguez – Head of Task Force  
To: HAC and HAB  
Subject: Sustainability Task Force Update

The Sustainability Task Force of the Hass Avocado Board met via a conference call on Thursday, April 15, 2021, at 11:00 a.m. PDT.

Prior to this meeting, and after our last meeting on February 2, 2021, the board gave staff approval to hire a facilitator to expedite the necessary information gathering and solicit avocado supply chain stakeholder input. Rockland Dutton was hired to work with the Task Force. David Rockland, a principal from that group, interviewed 16 avocado industry experts, both from the task force and others who were not members of the group, during the weeks of March 15 and March 22, 2021.

In a presentation to the task force, Dr. Rockland highlighted these extensive interviews regarding questions the task force had to answer in developing the structure of the Sustainability Center. He informed the task force of the considerable input he received and highlighted areas of agreement, as well as areas and questions needing further review and input.

The task force engaged in a lengthy discussion about constituencies of the Center, funding, limitations, and how the Center should be related or connected to the Hass Avocado Board. There was considerable discussion on the structure of a steering committee, which would provide direction and oversight of the Center, its purpose, and its direction as an integral structure of the Center.

The task force then advised staff and facilitator to take the input from the meeting to start to develop a proposal for the structure of the Center and bring back the proposal to the task force for a workshop in July. Here, the group will vet the proposal, make appropriate changes, and present to the Hass Avocado Board in September for review and approval.

I want to thank the members of the Sustainability Task Force for their work on this important part of our Sustainability strategy moving forward and for being engaged and diligent in the meetings we have held thus far.



## MEMORANDUM

Date: May 25, 2021  
From: Scott Bauwens, Chair  
To: HAC and HAB  
Subject: Corporate Governance Committee Project

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The Corporate Governance Committee (CGC) met with Ann Cohen a few times since our last board meeting and co-developed a plan for the upcoming governance workshop scheduled for May 26, 2021. At the workshop we will be discussing the results of the board self-assessment survey conducted earlier this year. We will also put into practice updated governance roles and responsibilities that will help us enrich a culture of inquiry and engagement.

The CGC is looking forward to working with HAC and HAB members at our workshop. I would like to thank the committee members for their time and effort in ensuring a successful workshop.





## MEMORANDUM

Date: May 25, 2021  
 From: Ben Van Der Kar – Committee Chair  
 To: HAC and HAB  
 Subject: Hass Avocado Leadership Committee (HALC) Update

The Hass Avocado Leadership Committee (HALC) met on March 2, 2021 and welcomed its new HALC members, Bob Schaar, Kimberlin Brown Pelzer, CJ Shade, and Jacqueline Solares. During this meeting, the committee reviewed the applications and application process for this year’s class of BOLD participants. Shortly after the meeting and agreed upon by the committee, the first class of BOLD participants was established. The participants and their sponsoring associations are below.

2021 BOLD Participant	Sponsor	2021 BOLD Participant	Sponsor
Connor Huser	CAC	Peter Romero	HAB
Rachael Laenen	CAC	Jaime Rivas	MHAIA
Gerardo Huerta	CAB	David Ruiz, Jr.	MHAIA
Brock Becker	CAIA	Ricardo Vega, Jr.	MHAIA
Sean Bettles	HAB	Monica Robles	MHAIA
Erika Vega	HAB	Juan Monsalve	PAC

After additional efforts were made by staff, the mentor roster for the 2021 program is now complete with a one-to-one mentor to mentee first class of BOLD members. The mentors are all current or former board members.

The first class of the 2021 BOLD program was held on May 11, 2021. It was a two-session kick-off class. The first session introduced the participants and mentors. In session two, the participants were engaged in learning Module 1 of the program centered around HAB and the HAPRIO organizational structure presented by Emiliano Escobedo, followed by a brief tutorial on the USDA’s oversight role and responsibilities led by Sue Coleman.

A press release announcing the BOLD program and the first-class of participants was sent out to trade media. It had some pick-ups, including *The Produce News*, to amplify the program and its goals to the industry.

We are getting excellent feedback from the associations, mentors, and the class participants themselves that this is a program worth the effort and that it will provide the anticipated outcome of developing a future pipeline of well-prepared and service-ready HAB & HAPRIO association board members. We are excited about the initial roll-out, the class participants, and mentors who have stepped up once again to participate in this learning experience.



**KEY DATES**

WEEK HARVEST BEGINS	WEEK U.S. SHIPMENTS BEGIN	WEEKS U.S. SHIPMENTS WILL PEAK	WEEK U.S. SHIPMENTS WILL END
<b>3</b>	<b>3</b>	<b>15-33</b>	<b>43</b>

**PRODUCTION**

ACRES PLANTED HASS		ACRES BEARING HASS		HASS PRODUCTION ESTIMATE (Million LB)	
CURRENT	LAST YEAR	CURRENT	LAST YEAR	CURRENT	LAST YEAR
54,017	54,706	47,334	46,078	264	370

**FACTORS THAT COULD IMPACT CURRENT CROP:**

High winds in late 2020/early 2021, as well as a lack of rain resulting in smaller sized fruit, has led to an additional crop reduction of 27 million pounds to CA's February 2021 estimate of 292 million pounds. This decrease in volume has not impacted the peak CA season of April-July 2021.

**SHIPMENTS**

**CURRENT PROJECTED SHIPMENT VOLUME TO U.S.**

TOTAL (Million LB)	% EAST	% WEST
253	15%	85%

**LAST YEAR SHIPMENT VOLUME TO US**

TOTAL (Million LB)	% EAST	% WEST
370	12%	88%

**CURRENT PROJECTED SHIPMENT VOLUME (Million LB)**

DOMESTIC	EUROPE	ASIA	OTHERS
253	0	11	0

**MEETING UPDATE**

**Date: 19-May-21**

**REPORTING AS OF WEEK NUMBER:**

**19**

**SEASON TO DATE PRODUCTION VOLUME**

ESTIMATED (Million LB)	ACTUAL (Million LB)
291	264

**CURRENT SEASON ACTUAL SHIPMENT VOLUME TO U.S.**

TOTAL (Million LB)	% EAST	% WEST
106	7%	84%

**CURRENT SEASON ACTUAL SHIPMENT VOLUME ( Million LB)**

DOMESTIC	EUROPE	ASIA	OTHERS
98	0	8	0

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## KEY DATES

WEEK HARVEST BEGINS	WEEK U.S. SHIPMENTS BEGIN	WEEKS U.S. SHIPMENTS WILL PEAK	WEEK U.S. SHIPMENTS WILL END
<b>31-32</b>	<b>31-32</b>	<b>35</b>	<b>52</b>

## PRODUCTION

ACRES PLANTED HASS		ACRES BEARING HASS		HASS PRODUCTION ESTIMATE (Million LB)	
CURRENT	LAST YEAR	CURRENT	LAST YEAR	CURRENT	LAST YEAR
70,000	70,000	60,000	60,000	550	380

## FACTORS THAT COULD IMPACT CURRENT CROP:

weather and water

## SHIPMENTS

## CURRENT PROJECTED SHIPMENT VOLUME TO U.S.

TOTAL (Million LB)	% EAST	% WEST	% TEXAS
not clear yet	same	same	same

## LAST YEAR SHIPMENT VOLUME TO US

TOTAL (Million LB)	% EAST	% WEST	% TEXAS
Same	same	same	same

## CURRENT PROJECTED SHIPMENT VOLUME (Million LB)

DOMESTIC	EUROPE	ASIA	OTHERS
230	nor clear yer	same	same

## MEETING UPDATE

Date: 18-May-21

REPORTING AS OF WEEK NUMBER:	20	SEASON TO DATE PRODUCTION VOLUME	
		ESTIMATED (Million LB)	ACTUAL (Million LB)
		0	0

## CURRENT SEASON ACTUAL SHIPMENT VOLUME TO U.S.

TOTAL (Million LB)	% EAST	% WEST	% TEXAS
695	same	same	same

## CURRENT SEASON ACTUAL SHIPMENT VOLUME ( Million LB)

DOMESTIC	EUROPE	ASIA	OTHERS
570	0	0	0



**KEY DATES**

WEEK HARVEST BEGINS	WEEK U.S. SHIPMENTS BEGIN	WEEKS U.S. SHIPMENTS WILL PEAK	WEEK U.S. SHIPMENTS WILL END
<b>13</b>	<b>13</b>	<b>26</b>	<b>35</b>

**PRODUCTION**

ACRES PLANTED HASS		ACRES BEARING HASS		HASS PRODUCTION ESTIMATE (Million LB)	
CURRENT	LAST YEAR	CURRENT	LAST YEAR	CURRENT	LAST YEAR
77,882	74,131	50,523	45,118	473	342

**FACTORS THAT COULD IMPACT CURRENT CROP:**

Dry matter, strikes, rain, landslides

**SHIPMENTS**

**CURRENT PROJECTED SHIPMENT VOLUME TO U.S.**

TOTAL (Million LB)	% EAST	% WEST
8	5%	95%

**LAST YEAR SHIPMENT VOLUME TO US**

TOTAL (Million LB)	% EAST	% WEST
0	5%	95%

**CURRENT PROJECTED SHIPMENT VOLUME (Million LB)**

DOMESTIC	EUROPE	ASIA	OTHERS
189	246	5	33

**MEETING UPDATE**

**Date: 18-May-21**

**REPORTING AS OF WEEK NUMBER:**

**20**

**SEASON TO DATE PRODUCTION VOLUME**

ESTIMATED (Million LB)	ACTUAL (Million LB)
84	N.A.

**CURRENT SEASON ACTUAL SHIPMENT VOLUME TO U.S.**

TOTAL (Million LB)	% EAST	% WEST
0	0%	100%

**CURRENT SEASON ACTUAL SHIPMENT VOLUME ( Million LB)**

DOMESTIC	EUROPE	ASIA	OTHERS
38	54	0	1

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**KEY DATES**

WEEK HARVEST BEGINS	WEEK U.S. SHIPMENTS BEGIN	WEEKS U.S. SHIPMENTS WILL PEAK	WEEK U.S. SHIPMENTS WILL END
<b>27</b>	<b>27</b>	<b>40-10</b>	<b>26</b>

**PRODUCTION**

ACRES PLANTED HASS		ACRES BEARING HASS		HASS PRODUCTION ESTIMATE (Million LB)	
CURRENT	LAST YEAR	CURRENT	LAST YEAR	CURRENT	LAST YEAR
423,505	418,177	338,626	324,628	2,750	2,565

**FACTORS THAT COULD IMPACT CURRENT CROP:**

In the current season, around 10,762 hectares were affected by frosts, with a fruit loss of around 40,920 tons (90,213 pounds), said affectation will have secondary effects in the following season.

**SHIPMENTS**

**CURRENT PROJECTED SHIPMENT VOLUME TO U.S.**

TOTAL (Million LB)	% EAST	% WEST
2,242	0%	0%

**LAST YEAR SHIPMENT VOLUME TO US**

TOTAL (Million LB)	% EAST	% WEST
2,123	0%	0%

**CURRENT PROJECTED SHIPMENT VOLUME (Million LB)**

DOMESTIC	EUROPE	ASIA	OTHERS
94	48	109	201

**MEETING UPDATE**

**Date: 18-May-21**

**REPORTING AS OF WEEK NUMBER:**

**19**

**SEASON TO DATE PRODUCTION VOLUME**

ESTIMATED (Million LB)	ACTUAL (Million LB)
2,469	2,615

**CURRENT SEASON ACTUAL SHIPMENT VOLUME TO U.S.**

TOTAL (Million LB)	% EAST	% WEST
2,178	0%	0%

**CURRENT SEASON ACTUAL SHIPMENT VOLUME ( Million LB)**

DOMESTIC	EUROPE	ASIA	OTHERS
40	144	143	120

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## KEY DATES

WEEK HARVEST BEGINS	WEEK U.S. SHIPMENTS BEGIN	WEEKS U.S. SHIPMENTS WILL PEAK	WEEK U.S. SHIPMENTS WILL END
1	10	22-30	37

## PRODUCTION

ACRES PLANTED HASS		ACRES BEARING HASS		HASS PRODUCTION ESTIMATE (Million LB)	
CURRENT	LAST YEAR	CURRENT	LAST YEAR	CURRENT	LAST YEAR
106,300	101,300	106,300	101,300	1,046	811

## FACTORS THAT COULD IMPACT CURRENT CROP:

More acres are coming in mature age, increasing their yields, plus new acres are starting their second production year. This will be an ON season for Peru.

## SHIPMENTS

## CURRENT PROJECTED SHIPMENT VOLUME TO U.S.

TOTAL (Million LB)	% EAST	% WEST
226	69%	25%

## LAST YEAR SHIPMENT VOLUME TO US

TOTAL (Million LB)	% EAST	% WEST
173	68%	28%

## CURRENT PROJECTED SHIPMENT VOLUME (Million LB)

DOMESTIC	EUROPE	ASIA	OTHERS
0	588	226	232

## MEETING UPDATE

Date: 18-May-21

REPORTING AS OF WEEK NUMBER:	20	SEASON TO DATE PRODUCTION VOLUME	
		ESTIMATED (Million LB)	ACTUAL (Million LB)
		258	258

## CURRENT SEASON ACTUAL SHIPMENT VOLUME TO U.S.

TOTAL (Million LB)	% EAST	% WEST
4	64%	35%

## CURRENT SEASON ACTUAL SHIPMENT VOLUME ( Million LB)

DOMESTIC	EUROPE	ASIA	OTHERS
0	186	22	46

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