



Hass Avocado Board  
Meeting Packet  
July 17, 2019

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## MEMORANDUM

DATE: July 5, 2019  
TO: HAB & HAC Members / Alternates  
FROM: HAB Chairman, Ohannes Karaoghlanian  
SUBJECT: July 16 & 17, 2019 - meetings  
Hilton Irvine/OC Airport  
Irvine, CA

Tuesday, July 16, 2019  
9:30 A.M. – 3:00 P.M.

Governance Workshop – Crystal Ballroom A & B

Wednesday, July 17, 2019  
8:30 A.M. – 12:30 P.M.\*

Hass Avocado Committee Meeting – Crystal Ballroom A & B

Wednesday, July 17, 2019  
1:30 P.M. – 3:30 P.M.\*

Hass Avocado Board Meeting – Crystal Ballroom A & B

### HAB ATTENDANCE POLICY FOR BOARD AND COMMITTEE MEETINGS:

PLEASE contact the Chairman of the board, Ohannes Karaoghlanian at [ozkara@aol.com](mailto:ozkara@aol.com) and [silvia@hassavocadoboard.com](mailto:silvia@hassavocadoboard.com) if you are unable to attend. Refer to the Attendance Policy for member and alternate responsibilities.

#### 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 schedule in order to complete all agenda items.

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



## Hass Avocado Committee Meeting Agenda

Wednesday, July 17, 2019  
8:30 A.M. – 12:00 P.M.

Hilton Irvine/OC Airport – Crystal Ballroom A & B  
18800 MacArthur Blvd., Irvine, CA

### 8:30 A.M. CALL MEETING TO ORDER

- Roll Call
- Announcements
- USDA Report

### 8:45 A.M. PUBLIC COMMENT - 15 MINUTES

### 9:00 A.M. APPROVAL OF MARCH 21, 2019 HAC MEETING MINUTES

### 9:05 A.M. PENDING MATTERS:

- 2019 HAB Committee Roster

### 9:10 A.M. COMMITTEES

- 2019 Finance Committee
- 2019 Corporate Governance Committee
- 2019 Executive Compensation Committee

### 9:30 A.M. Governance workshop meeting and next steps

### 10:00 A.M. NEW MATTERS

- Board Communications Policy
- Grievance Procedures
- Transparency and accountability

### 10:30 A.M. RECESS 15 minutes

### 10:45 A.M. RECONVENE AND COUNTRY REPORTS

### 11:00 U.S. AVOCADO MARKET REPORT

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

**VISION: HAB IS THE CATALYST FOR FRESH AVOCADOS BEING THE NO. 1 CONSUMED FRUIT IN THE U.S. AND INDUSTRY STAKEHOLDERS BEING SUCCESSFUL.**

**MISSION: HAB EXISTS TO SUPPORT THE GLOBAL AVOCADO INDUSTRY STAKEHOLDERS IN OUR COLLECTIVE EFFORTS TOWARD MARKET EXPANSION IN THE U.S.**



## Hass Avocado Committee Meeting Agenda continued

Wednesday, July 17, 2019  
8:30 A.M. – 12:00 P.M.

Hilton Irvine/OC Airport – Crystal Ballroom A & B  
18800 MacArthur Blvd., Irvine, CA

### 11:15 A.M. TREASURER'S REPORT

- Financial Oversight
- Redactions of Check Register – Laurie Luschei
- Financials as of May 2019
- 2019 Volume update
- Results of the 2018 Handler Audit
- Avocado Purchasing Policy
- Recommend Adoption of Travel and Entertainment Policy

### 11:30 A.M. HAB EFFORTS ON SUPPLY – WOLK

### 11:45 A.M. ROBERT'S RULE OF ORDER / MODERN RULES OF ORDER – LUSCHEI

### 11:55 A.M. NEW BUSINESS

### 12:00 P.M. ADJOURN

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

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## Hass Avocado Board Meeting Agenda

Wednesday, July 17, 2019  
1:30 P.M. – 4:05 P.M.

Hilton Irvine/OC Airport – Crystal Ballroom A & B  
18800 MacArthur Blvd. Irvine,

### **1:30 P.M. CALL MEETING TO ORDER**

- Roll Call
- Announcements
- USDA Report

### **1:45 P.M. PUBLIC COMMENT - 15 MINUTES**

### **1:50 P.M. APPROVAL OF MEETING MINUTES**

- March 20, 2019
- March 21, 2019

### **1:55 P.M. COMMITTEES**

- 2019 Finance Committee
- 2019 Corporate Governance Committee
- 2019 Executive Compensation Committee

### **2:00 P.M. Governance workshop meeting and next steps**

### **2:10 P.M. NEW MATTERS**

- Board Communications Policy
- Grievance Procedures
- Transparency and accountability

### **2:20 P.M. TREASURER'S REPORT**

- Financial Oversight
- Redactions of Check Register – Laurie Luschei
- Financials as of May 2019
- 2019 Volume update
- Results of the 2018 Handler Audit
- Avocado Purchasing Policy
- Recommend Adoption of Travel and Entertainment Policy

### **2:30 P.M. HAB EFFORTS ON SUPPLY – WOLK**

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

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## Hass Avocado Board Meeting Agenda continued

Wednesday, July 17, 2019  
1:30 P.M. – 4:05 P.M.

Hilton Irvine/OC Airport – Crystal Ballroom A & B  
18800 MacArthur Blvd. Irvine,

**2:40 P.M. ROBERT'S RULE OF ORDER / MODERN RULES OF ORDER – LUSCHEI**

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

**3:00 P.M. CLOSED SESSION – DISCUSSION OF PENDING MATTERS**

- 2019 Executive Director Goals
- Executive Director Contract
- Third Party Compensation Analysis
- Health and Wellness Benefit

**4:00 P.M. OPEN SESSION**

- Announcement of any action taken in closed session

**4:05 P.M. ADJOURN**

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# HASS AVOCADO COMMITTEE ROSTER

2019

<b>HASS AVOCADO COMMITTEE</b>		
<b>CHAIRMAN, Ohannes Karaoghlanian</b>		
<b>Producer Members</b>	<b>Importer Members</b>	<b>Member Organizations</b>
A. Ohannes Karaoghlanian B. Salvador Dominguez C. Laurie Luschei D. Ben Van Der Kar E. Susan Pinkerton F. Scott Bauwens G. Charlie Wolk	A. Keith Barnard B. Sergio Chavez C. Jorge Hernandez D. Gahl Crane E. David Fausset	A. Art Bliss – CAC B. <del>Ramon Paz</del> <u>David Ruiz</u> – MHAIA C. Jorge Covarrubias, CAIA D. Jose Antonio Castro – PAC
<b>Producer Alternates</b>	<b>Importer Alternates</b>	<b>Member Organizations Alternates</b>
A. Jim Swoboda B. Vacant C. Jeff Dickinson D. CJ Shade E. Will Carleton F. Paul Romero G. Bob Schaar	A. Patrick Lucy B. Jose Antonio Gomez C. Dave Billings D. Aaron Acosta E. Elizabeth Ayala	A. Ryan Rochefort – CAC B. <del>Mike Browne</del> <u>Jaime Rivas Campbell</u> – MHAIA C. Patrick Lucy – CAIA D. Giovanni Cavaletto – PAC





## Hass Avocado Committee

### Meeting Minutes

Thursday, March 21, 2019  
8:30 a.m.

Westlake Village Inn – Lakeside Room  
31943 Agoura Rd, Westlake Village, CA 91361

A meeting of the Hass Avocado Committee (HAC) was held on Thursday, March 21, 2019 at 8:30 a.m. at Westlake Village Inn in Westlake Village, California, with the following people in attendance:

#### HAC MEMBERS PRESENT

Ben Van Der Kar  
Charley Wolk  
Dave Fausset  
Gahl Crane  
Jorge Hernandez  
Keith Barnard  
Laurie Luschei  
Ohannes Karaoghlanian  
Salvador Dominguez  
Scott Bauwens  
Sergio Chavez  
Susan Pinkerton  
Art Bliss, CAC  
Ramón Paz, MHAIA  
Jose Antonio Castro, PAC  
Patrick Lucy, CAIA

Patrick Casey  
Elaine Bannatyne  
Gary Caloroso  
Jim Donovan  
Ron Campbell  
Ashley Orozco  
Doug O'Hare  
Rob Grether  
Tyler Cobb  
Rigo Perez  
John Lloyd Butler  
David Ruiz Vega  
Ed McFadden  
Chris Henry  
Bill Miller  
J. Link Leavens  
Daryl Smith  
John Cornell

#### HAC ALTERNATES PRESENT

Aaron Acosta  
Bob Schaar  
Dave Billings  
Elizabeth Ayala  
Jeff Dickinson  
Jim Swoboda  
Paul Romero  
Will Carleton  
Mike Browne, MHAIA  
Ryan Rockefeller, CAC

#### OFFICIALLY PRESENT

Sue Coleman, USDA  
Sonia Jimenez, USDA  
Heather Pichelman, USDA

#### STAFF PRESENT

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

#### HAC MEMBERS ABSENT

Jorge Covarrubias, CAIA – excused

#### HAC ALTERNATES ABSENT

Giovanni Cavaletto, PAC – not excused  
Jose Antonio Gomez – not excused

#### GUESTS PRESENT

Angela Fraser  
Ken Melban

## CALL HAC MEETING TO ORDER

Mr. Karaoghlanian began by reading a statement and then called the HAC meeting to order at 8:33 a.m. He proceeded with roll call and established a quorum making a note of the above excused and non-excused committee member absences.

## ANNOUNCEMENTS

Mr. Karaoghlanian acknowledged the attendance of Ms. Sue Coleman, Sonia Jimenez and Heather Pichelman from USDA as well as Mr. Patrick Casey from JRG and Associates and asked the remaining guests to introduce themselves. The group was directed to the screen for the Anti-Trust statement. Mr. Escobedo reminded the committee members to view the board packet on BoardEffect under the “meeting book view” and the guests were provided with a link to access the board packet. It was noted that Mr. 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. Mr. Escobedo introduced the HAB staff.

## PUBLIC COMMENT

Mr. Karaoghlanian asked if there were any public comments and Mr. John Cornell asked to speak. Mr. Cornell, a guest, at this meeting, introduced himself as a commercial avocado grower and provided a statement. Mr. Karaoghlanian asked Mr. Cornell to provide the Board with a written statement of his comments for reference and that HAB would get back to him. There were no comments.

## APPROVAL OF NOVEMBER 16, 2018 HAC MEETING MINUTES

Mr. Karaoghlanian continued by asking the group if they had a chance to review the November 16, 2018 HAC meeting minutes. It was noted that Ryan Rockefeller, an alternate of the Board, was present during the meeting but the minutes stated that he was absent. The correction was noted and Mr. Karaoghlanian asked for the following motion:

*Motion: The Hass Avocado Committee approves the November 16, 2018 HAC meeting minutes with the correction that Ryan Rockefeller was present at the meeting. **Paz/Dominguez (Motion Second and Carried) MSC.***

## CHAIRMAN'S REPORT

Mr. Karaoghlanian introduced the first item on his report.

### **California Avocado Commission's pursuit to change HAB's law to increase assessment rebate to CAC and Importer Associations from 85% to 95% of total revenue**

Mr. Dave Fausset asked Chairman, Karaoghlanian to explain his vote at the California Avocado Commission (CAC) as a board member of both CAC and HAB, and how it seemed that this would be a conflict of interest. Mr. Karaoghlanian began to provide an explanation on his vote in favor of the motion when Ms. Sonia Jimenez, from USDA, stated that there is an ongoing investigation at this time and asked the group to not discuss any further during this meeting. She also stated that if anyone is contacted by the USDA on this matter to please cooperate with the investigation. Mr. Scott Bauwens then asked if this was discussed at the Peruvian Avocado Commission (PAC) or the Chilean Avocado Importers Association (CAIA) and what concluded from those meetings. Mr. Jose Antonio Castro, from PAC stated that a letter was sent to HAB's Chairman, Mr. Ohannes Karaoghlanian. Mr. Karaoghlanian acknowledged receipt of the letter and stated that he has not discussed it with Mr. Emiliano Escobedo but will discuss with him later. Mr. Patrick Lucy from CAIA, stated that CAIA needs further information and will have a better idea after their May 7, 2019 board meeting. Mr. Ramon Paz from MHAIA would also like to have more information behind that proposal and engage on a more multilateral discussion between the other associations and CAC. He believes that decisions concerning HAB should include HAB. There was further discussion among the association representatives present at the meeting as to needing further information and having further discussions on this issue. USDA representatives present at the meeting also provided some input as to what type of discussion is acceptable without affecting legislation. To provide

information to the group is okay but the Board cannot provide an opinion on this issue. Mr. Ken Melban stated that CAC's next steps is to organize a summit to discuss the proposed changes, to look at the impact and reach a solution. He noted that this summit would include a representative from each country of origin. Mr. Patrick Casey, (HAB's legal counsel) noted that CAC cannot use HAB funds to conduct the summit nor can HAB be part of the summit. It was noted that HAB can provide requested information to the associations if it's permitted to disclose. Mr. Karaoghlanian stated that all these requests would need to go through USDA and legal counsel for review before releasing to the associations. Mr. Bauwens asked that the PAC letter sent to Mr. Karaoghlanian be shared with USDA and counsel.

### **2019 HAB Committee Roster**

Mr. Karaoghlanian stated that he had formed committee chairs and the chairs appointed their committee members. Also that the committee meetings are open to everyone and everyone can make comments and that the final decision is at the board level. He would like to propose that all board members become a member of the committees and that way it is all inclusive. Mr. Dave Fausset noted that he has expressed an interest in being part of a committee but was not appointed. Mr. Aaron Acosta made a comment that there is no formal process to request to be appointed on a committee. There was further discussion as to who and how someone is appointed to a committee, having the same chair on several committees, quorum if all members are part of all committees, balance and inclusivity. Ms. Luschei would like to see the committees formed before the May meeting and asked if anyone is interested in the Finance Committee to let her know. Mr. Karaoghlanian stated that he will be formulating a new committee list and roster and send it to the Board for approval. Mr. Escobedo stated that the Bylaws require that all previous electronic votes be confirmed at a regular board meeting and that there are three HAC electronic votes that need to be confirmed. He then presented the electronic votes and asked for the following motions:

*Motion: The Hass Avocado Committee confirms the 12-31-18 HAB Committee Roster electronic vote. **Van Der Karl/Chavez MSC***

*Motion: The Hass Avocado Committee confirms the 1-8-19 HAB Committee Roster electronic vote. **Bauwens/Hernandez MSC***

*Motion: The Hass Avocado Committee confirms the 1-24-19 HAB Committee Roster electronic vote. **Fausset/Pinkerton MSC***

### **HAPRIO Section 1219.63 Confidential Treatment of Records**

Mr. Karaoghlanian continued with the next item on the agenda and asked Ms. Luschei to provide an update. Ms. Luschei stated that on 12-17-18 USDA performed HAB's Management Review. She explained what the review covers and the findings. She mentioned that there was only one finding and explained it since it pertained to her as the Treasurer. There was extensive discussion regarding financial statements, if they had to be redacted or if Ms. Luschei was in possession of any confidential information. She then continued by stating if financial statements should or should not be redacted pertaining to the purchasing of avocados for HAB programs. Mr. Wolk also commented on this and asked if there is a regulation that allows USDA to keep financial information private from the directors and Treasurer of the Board. Ms. Sonia Jimenez stated that what is being redacted is the avocado company information and why it is considered confidential. There was extensive discussion on redacted financials and the privacy of board members because they are industry competitors. Ms. Jimenez reminded the group that there is a policy and procedures for the purchasing of the avocados in place and that matching names and prices cannot be disclosed. There was a suggestion that HAB have contracts in place with the handlers that provide fruit for their information to be public. Ms. Jimenez will check with Office of General Counsel (OGC) if that is an option. Ms. Jimenez also stated that if the staff is asked what was redacted, the staff can provide it verbally. She also noted that the USDA auditors also answered the same question during the management review when Ms. Luschei asked them. Mr. Karaoghlanian stated that if the vendors sign an agreement then there would not be a need to redact and it would solve the problem. He asked if there would be a need for a motion to have the vendors sign an agreement. Ms. Luschei provided wording for the motion and it was noted by Mr. Escobedo. Mr. Patrick Casey stated that according to the Conflict of Interest Policy,

the issue being discussed is a conflict of interest and he went on to read the section that indicates such statement. Mr. Karaoghlanian asked Mr. Casey if the group could continue to vote on the motion presented by Ms. Luschei. Mr. Casey said yes. Ms. Luschei read the following motion:

*Motion: The Hass Avocado Committee recommends to the Board that the Board revise the Avocado Purchasing Policy so that information obtained by the avocado purchasing program regarding name, value and amount is defined as public information within the contract. Luschei/Wolk MSC*

### **Review and approve changes to HAB Elections Procedures / Policies / Information / Communication by AMS**

Mr. Karaoghlanian continued with the next item on the agenda and asked Ms. Sue Coleman from USDA to provide an update on the changes made to the HAB Election materials. Ms. Coleman went through each item and explained the changes made. There was discussion as to the qualification requirements in the Nomination forms and the vetting process. Ms. Pinkerton noted a missed revision on the nomination forms to add the word "email" in one of the paragraphs to be consistent with the bottom of the form. Ms. Jimenez clarified that the Order specifies that HAB is to collect and maintain the importer list. There were no further comments. Mr. Karaoghlanian asked for the following motion:

*Motion: The Hass Avocado Committee recommends to the Board approval of the revised Importer and Producer Nomination forms, Qualification Notification Policy, Declaration of Eligibility for Producers and for Importers and HAB Nomination Procedures as revised. Dominguez/Acosta MSC*

### **HAB's Health and Wellness Policy**

Mr. Karaoghlanian stated that this item has been moved and will be discussed during the executive session, following the board meeting later today.

### **World Avocado Congress**

Mr. Karaoghlanian is removing this item from the agenda and is no longer pursuing HAB sending him to attend the World Avocado Congress.

Mr. Karaoghlanian dismissed the group for a 10 minute break and asked them to reconvene at 10:50 a.m.

### **RECONVENE HAC MEETING**

Mr. Karaoghlanian reconvened the meeting at 10:58 a.m.

### **AGENDA ITEMS REQUESTED TO BE INCLUDED**

Mr. Karaoghlanian asked the group that whoever made the requests below to please provide information.

### **Financial reviews done individually by some board members**

Mr. Jorge Hernandez stated that the request was made on behalf of several board members. He asked if these financial reviews of board member expenses were directed by the Board and what the grounds for the review were. It was noted by another board member that the Board should know about the reviews before being performed. Mr. Karaoghlanian stated that he was one of the board members to review the board member expenses. He ended his involvement of the review when USDA told him that those documents had private personal information. It was noted that these financial reviews of board member expenses were done sometime after the August, 2018 Board meeting. He noted that the other member was Laurie Luschei who is the Treasurer and was conducting her duty as the Treasurer. Ms. Luschei provided further information on why these financial reviews were being performed by her and that the Treasurer or the Finance committee should be reviewing the cash registers on a regular basis. She also stated that the management review is only done every 3 years and the financial audit does not look at the same records. Mr. Bauwens asked at what point was the Board going to be part of this. There was discussion on being transparent and bringing issues like this to the

Board. He strongly suggests that the CGC be put together to address these issues; once there is a problem, the Board should be notified. It was noted that there was a Finance committee in place at the time. There was extensive discussion as to why Ms. Luschei inquired and began her review on the American Express charges. Ms. Coleman explained how the management review is done and provided detailed examples and how they look at American Express transactions and if they are consistent with HAB policies. She provided an example of how the policies are reviewed against the charges and how they become a finding. Mr. Casey noted that fraud is the number one issue that an audit is focusing on. Mr. Karaoghlanian stated that going forward, nobody will be conducting investigations on their own and that the Finance committee will be tasked to do that in the future and the chair will be informed.

Mr. Bauwens stated that it would be best, for the sake of time, to table the remaining items on this portion of the agenda (Equal representation between producers and importers on the Executive Committee and Inclusiveness of the HAB Committee Roster) until the Governance Workshop where they will be discussed; with the exception of the Executive Director's letter in response to an email that he received from Ms. Laurie Luschei and the Executive Director's contract renewal, which were discussed in closed session the previous day. Mr. Karaoghlanian agreed with tabling these items. Mr. Escobedo stated that a motion to table these items will be required. Mr. Patrick Casey asked if agenda item "Communications with legal counsel and USDA" was also excluded and it was noted that this item was still on the table. He continued by stating that he received a letter in November from Chairman, Karaoghlanian stating that his office, as counsel for HAB, was not to have any communications via telephone or email with the executive director without Mr. Karaoghlanian on the phone as part of the call or copied on all emails. Mr. Casey stated that as outside counsel, he has never had a restriction placed on him to communicate with someone. He asked that the Board consider removing that restriction. Mr. Karaoghlanian provided a reason for his request and stated that it is his style of managing the Board and to make sure he was informed of events or circumstances. He has no objection to Mr. Casey's request and is removing the restriction as of today. Ms. Coleman also noted that USDA was also placed on the same restriction by Mr. Karaoghlanian. There was continued discussion as to the reasons Mr. Karaoghlanian had in placing the communication restriction, including to Executive Director, Emiliano Escobedo. It was noted by HAB's legal counsel that being asked to not have communications with the executive director is a major red flag. Mr. Wolk asked that the meeting continue since the issue needed to be resolved separately. Ms. Luschei asked for clarification as to who Mr. Patrick Casey and JRG represent. Mr. Casey confirmed that it is HAB that he represents and not individual board members. The discussion ended with Mr. Karaoghlanian rescinding his requests to Mr. Patrick Casey, USDA and Executive Director, Emiliano Escobedo.

Mr. Escobedo reminded the group that there was a motion being considered earlier to table certain agenda items in this section of the meeting. He asked Mr. Bauwens to state the motion:

*Motion: The Hass Avocado Committee recommends to the Board tabling the following items: Equal representation between producers and importers on the Executive Committee and Inclusiveness of the HAB Committee Roster until the Governance workshop with the exception of the Executive Director's letter in response to a letter he received from Ms. Laurie Luschei and the Executive Director's Contract renewal.*  
**Bauwens/Dominguez MSC**

Mr. Karaoghlanian reiterated that he rescinds his requests made to Mr. Patrick Casey, to USDA and to Executive Director, Emiliano Escobedo.

## **COUNTRY REPORTS**

Mr. Karaoghlanian asked HAC association representatives if they were ready to present their country report. The association representatives agreed to provide a verbal report of their country of origin. The group was referred to the country reports section of the packet as well as the ones being hand distributed during the meeting.

## **Mexico**

Mr. Ramon Paz provided a verbal summary of his report. There were no questions by the group.

## **Peru**

Mr. Jose Antonio Castro provided a verbal summary of his report. There were no questions by the group.

## **Chile**

Mr. Patrick Lucy provided a verbal summary of his report. There were no questions by the group.

## **California**

Mr. Art Bliss provided a verbal summary of his report. There were no questions by the group.

Mr. Karaoghlanian thanked the association representatives for their updates and dismissed the group for a lunch break and to reconvene at 1:00 p.m.

## **RECESSED FOR LUNCH**

## **RECONVENE MEETING**

Mr. Karaoghlanian reconvened the HAC meeting at 1:02 P.M.

## **EXECUTIVE DIRECTOR'S REPORT**

### **FOIA Request**

Mr. Karaoghlanian began by informing the group that he received a FOIA request by Mr. John Cornell. He continued to read the request to the group. Mr. Karaoghlanian stated that when he received the request he contacted legal counsel and USDA. He informed the group that USDA has a FOIA department, who redacted what needed to be redacted and fulfilled Mr. Cornell's request. Mr. Cornell stated that he is still missing the rewards statements. There were no further comments.

### **Strategic Planning meeting & Governance Workshop scheduled for May**

Mr. Karaoghlanian asked Mr. Escobedo to provide an update on the scheduled May meeting. Mr. Escobedo stated that the Board previously approved a Governance Workshop and a Strategic Planning meeting for May. The Board also approved contracting Nancy Lee to assist HAB with governance and to have the Governance committee work on this. Unfortunately, since there is no CGC, no progress has been made. Regarding the strategic plan, which was presented during the Orientation meeting the previous day, it is a solid plan. He stated that it was established three years ago and it's been a great guide for the Board to craft programs and make investments in support of the strategic plan. He believes that some of the 5-year working goals need to be looked at, but that is a separate conversation. There is broad support for the plan here and abroad. He stated that if the changes to the law that CAC is pursuing go into effect, HAB will need to go into strategic planning and work on how to restructure HAB. He feels that at this point it might be premature to begin the process of strategic planning given the current situation. He asked the group if they are all in agreement to move forward with the Governance workshop and hold off on the strategic plan. Mr. Bauwens stated that if that would be the case, then maybe it would require only one day of meetings. Mr. Escobedo then stated that he would like to move forward with contracting Ms. Nancy Lee to start planning for the Governance workshop. He would like to ask Ms. Lee if, in her opinion, the Governance workshop would be a one-day or two-day meeting. Mr. Escobedo then asked if the group agreed on this he would like to have a motion.

**MOTION:** *The Hass Avocado Committee recommends to the Board postponing the Strategic Planning scheduled for May, 2019. Bauwens/Van Der Kar MSC*

### **PMA Meeting**

Mr. Escobedo continued by seeking clarification from the group on what the agenda should look like for the industry meeting. Mr. Karaoghlanian stated that since the board members are not attending the World Avocado Congress, that every board member is allowed to attend the industry meeting. He

stated that some board members will already be attending PMA on behalf of their own companies. He stated that it would be confusing to have a Board meeting at that time and recommends that the associations present to HAB instead. There was discussion on the cost of attending PMA, how many members are attending on behalf of their company and see how many need to be covered by the Board. There was a preliminary head count of approximately 8 board members already attending. Mr. Mike Browne offered HAB going through MHAIA to get discounted tickets. There was discussion on the travel expenses. Mr. Bauwens stated that this is a great opportunity for industry engagement and networking. There was discussion on who would be invited, who would be presenting at this meeting and having a small reception. There was a comment that there may be a need to provide translation services during the presentations. It was noted that PAC is having their meeting on Wednesday, October 16 and CAIA is having their meeting on Thursday, October 17. It was agreed to move the meeting to Thursday, October 17, in the afternoon followed by a HAB hosted reception. There was no further discussion and the following motion was presented:

*MOTION: The Hass Avocado Committee recommends to the Board hosting an industry meeting on Thursday, October 17, before PMA, with CAC and the other importer associations where each association and HAB will be given 30 minutes to present summaries of their programs. And there will be a reception following hosted by HAB. **Bauwens/Hernandez MSC***

### **Annual meeting date**

Mr. Escobedo continued with the Annual meeting, which was previously agreed on for December 10 and 11, 2019. He explained to the group the conflict of having no board seated from November 1 through December 10<sup>th</sup>. He suggested moving the meeting to November. The group discussed possible dates and agreed on changing the current Annual meeting date from December 10 and 11 to November 6 and 7, 2019.

*MOTION: The Hass Avocado Committee recommends to the Board changing the Annual meeting to November 6 & 7, 2019. **Van Der Kar/Chavez MSC***

### **Staff updates**

Mr. Escobedo continued with staff updates. He mentioned that after last year's staff annual reviews, Dr. Nikki Ford was promoted to Sr. Director of Nutrition and asked the group to congratulate her. He also noted the new hire Ivonne Gomez as the Bilingual Content Manager and the progress to date on the second hire for a Designer.

### **2019 volume update**

Mr. Escobedo continued by explaining the revised 2019 volume chart, on page 50 of the Board packet. He presented the numbers on the chart and asked the Board if they are comfortable with that number. There were no comments.

### **Consider approval of 2019 Budget Amendment**

Mr. Escobedo continued with the 2019 Budget Amendment and referred the group to the memo in the packet, which explains in detail the budget amendment. He explained that there are several segments to the budget amendment and will be presenting three motions for approval. There were no questions and Mr. Escobedo continued by presenting the following motions:

*MOTION: The Hass Avocado Committee recommends to the Board increasing 2019 budgeted Assessment Revenues to \$64,375,000 based on 2.575 billion pounds. **Fausset/Van Der Kar MSC***

*MOTION: The Hass Avocado Committee recommends to the Board approval of 2019 budgeted beginning reserves at \$2,129,440. **Luschei/Pinkerton MSC***

*MOTION: The Hass Avocado Committee recommends to the board approval of 2019 budget amendment #2 reducing nutrition marketing by \$66,000, increasing nutrition research by \$470,125, increasing nutrition affairs by \$52,500 and increasing industry engagement by \$97,250. Paz/Hernandez MSC*

### **Review and approval of 5-Year Working Goals and 2020 Budget Parameters**

Mr. Escobedo continued by going over the 5-year working goals. He stated that he would like to bring to the September meeting an analysis on the 5-year working goal for Building Demand. He noted that he will be reaching out to the Board for input. The group agreed.

He continued to talk about the 2020 budget parameters based on the proposed volume scenarios. He stated that he has two scenarios for 2020 and explained them.

- Scenario #1 increase the volume by 3% by the number just approved
- Scenario #2: increases the volume by 5%

There was discussion about what the associations are projecting and the financial impact if the 85% to 95% assessment rebate does happen. USDA agreed that it was okay for the Board to discuss the impact for this and the 2020 budget parameters. There was discussion on looking at the critical programs and make some analysis on which programs would keep going. Mr. Escobedo stated that in the September meeting there will be discussion of which programs would be affected if the 85% to 95% assessment rebate happens. There was further discussion about having a Board analysis with the issue at hand. It was noted by USDA that this conversation is okay since the Board is simply talking about budgeting for next year. There were no further comments and Mr. Escobedo read the following motion.

*MOTION: The Hass Avocado Committee Recommends to the Board approval of Scenario #1 of the 2020 top line budget parameters of 2.65 billion pounds as presented. Van Der Kar/Acosta MSC*

### **FINANCE REPORT**

Mr. Robert Rumph presented the financials as follows:

#### **January 2019 Financial results**

##### **One Month Ending January 31, 2019**

- HAB Revenues = \$5.62 MM dollars --- up \$0.06 MM from the same period prior year amount of \$5.56 MM
- HAB Net Revenues = \$0.85 MM dollars --- up \$0.01 MM from the same period prior year amount of \$0.84 MM
- HAB Reserves as of 1/31/2019 = \$2.4 MM up \$0.3 MM from the \$2.1 MM December 2018 ending amount.

##### **Schedule of Cash & Investments as of January 31, 2019**

- Cash in Bank – Checking Account with Sweep to Investment = \$719,394
- TOTAL CASH and INVESTMENTS = \$719,394

##### **Statement of Net Assets, Revenue & Expenditures as of January 31, 2019**

- Total Assets \$12,465,745
- Total Liabilities = \$10,018,420
- Total Net Assets = \$2,447,324
- Total Revenues = \$5,620,674
- Total Expenditures = \$5,302,789
- YTD Excess Revenues Over/(Under) Expenditures = \$317,885

### **Review and approve USDA's Management Review response**

Mr. Rumph mentioned that a team from USDA visited HAB December 17-19, 2018 to perform a management review of HAB activities for the period of December 2015 to November 2018. He stated that the final report and HAB's response are included within the finance report to the board included in the meeting packet. Ms.



Sue Coleman from USDA was asked to provide an update to the group on the management review. Ms. Coleman went through the report, which is on page 86 of the board packet. She explained the process of the review and noted the three findings. She asked the group if there were any questions. It was noted by Mr. Karaoghlanian that this portion was already covered previously in this meeting. Mr. Escobedo stated that as part of the management review, USDA requires a response to their report. He referred the group to page 92 of the board packet to review HAB's response letter. He continued by going through HAB's response, in particular addressing the three findings. There were no questions and he then asked the group for a motion as follows:

*MOTION: The Hass Avocado Committee recommends approval of the HAB response to Heather Pichelman regarding the most recent USDA management review. **Bauwens/Luschei MSC***

### **Consider proposed Travel and Entertainment Policy**

Ms. Laurie Luschei asked if the Travel and Entertainment Policy could be next on the agenda. Mr. Karaoghlanian agreed. Ms. Luschei referred the group to the proposed (redline version) of the Travel and Entertainment Policy and a memo included in the Board packet. She reminded the group that there is no Finance committee and would like the group to review the proposed changes. The group discussed the proposed changes and Ms. Luschei explained them in detail. USDA noted a last minute change and Ms. Luschei made a note of it. Other changes were suggested and Ms. Luschei made a note of them as well. Additional smaller typographical errors were noted and Ms. Luschei also made a note of them. There was discussion about filing an accident report, which would be found on the website. She noted that HAB will need to establish this form and make it available to the Board through BoardEffect. She continued with other changes in the air travel section. There was discussion about having business travel for international or coach. It was agreed to keep the business travel for international travel. The seat assignment non-reimbursement will be removed and was agreed to be reimbursable. She asked the group for their thoughts on lodging caps. Mr. Escobedo suggested including the language for lodging. There were continued changes that were reviewed and the Board agreed. Ms. Luschei made a note of all the changes and suggestions. After some discussion regarding the lodging within 30 miles of the HAB event, it was decided to take out that provision. There was extensive discussion as to the option of Federal per Diem for meals. Ms. Coleman provided an explanation of how that works. The daily maximum for meals per day was discussed as well as the alcohol consumption and if it was reimbursable. Ms. Luschei will make all the noted changes/additions and will present to the Finance committee and then to the Board with a new updated/revised Travel and Entertainment Policy. There were no further comments or motion.

### **Credit Card Policy**

Ms. Luschei discussed the credit card control and the Pcard purchases in detail. She explained that staff will no longer have individual credit cards and would now have a Pcard, which is a purchasing card. The only person to have this card will be VP of Finance, Robert Rumph. This card will be used to purchase goods and services. The program managers will use the Pcard for purchasing goods and services. Mr. Rumph will be the one reconciling the card. It was agreed to raise the credit card limit to \$20,000. Ms. Luschei stated that the policy will be revised at the end of the year. Mr. Escobedo stated that HAB currently has a credit card policy and it will be cancelled and removed from the employee manual. He then stated the two motions as follows:

*MOTION: The Hass Avocado Committee Recommends to the Board cancelling the current HAB credit card policy and removing it from the current HAB employee manual. **Dominguez/Van Der Kar MSC***

*MOTION: The Hass Avocado Committee Recommends to the Board setting the PCard limit to \$20,000 per month and the limit will be reviewed at the end of the year. **Pinkerton/Hernandez MSC***

### **Review and approve Credit Card Control Sheet**

Ms. Luschei provided the group with a brief explanation of what the credit card control sheet is.

There were no questions and Mr. Escobedo read the following motion:

**MOTION:** *The Hass Avocado Committee Recommends to the Board approval of the staff credit card control sheet. Dominguez/Bauwens MSC*

### **Consider proposed changes to Internal Control and Accounting Procedures Policy**

Mr. Escobedo referred the group to the Internal Control and Accounting Procedures Policy and asked Mr. Rumph to provide the group with an overview of the changes made. Mr. Rumph provided the group with the revisions. Ms. Luschei noted that one of the changes is the Pcard policy. Mr. Escobedo stated that another change to the policy is that staff will submit to the HAB Treasurer the check register and the bank reconciliation, although HAB has already been doing it but now it is part of the policy. There were no questions and Mr. Escobedo continued by reading the following motion:

**MOTION:** *The Hass Avocado Committee Recommends to the Board approving the revision to the Internal Control and Accounting Procedures Policy as presented. Pinkerton/Bauwens MSC*

### **NEW BUSINESS**

Mr. Karaoghlanian asked the group if there were any items for new business. Mr. Bauwens stated that when the Corporate Governance Committee forms, to consider adopting a communication policy similar to CAC's. He indicated that it would define the course of communication between board, staff, outside counsel and third parties. Mr. Wolk asked that Board action should be taken regarding John Cornell's statements made earlier. Mr. Karaoghlanian noted that action has already been taken by cancelling staff credit cards. Ms. Sonia Jimenez from AMS stated that the original FOIA request has been fulfilled and a second request is in the process of being fulfilled and that it is AMS's job, the Board does not need to take any action in that matter. There was additional discussion as to what further action should be taken in addressing Mr. Cornell's accusations. Ms. Laurie Luschei noted that Mr. Cornell should at least get a response from HAB to his comments this morning and he was asked what would satisfy his request. Mr. Patrick Casey stated that it is no longer public comment as parliamentary procedure therefore, Mr. Cornell cannot speak during this time. There was discussion about transparency and hiring the auditors for a more in-depth audit. Mr. Karaoghlanian asked USDA if Mr. Cornell can get backups to what he already has been provided. USDA said that it would need to be through a FOIA request made by Mr. Cornell. There was a suggestion to hire Davis Farr accounting firm in the summer to audit the 2016, 17 and 18 for staff and members expenses (not the credit cards). Mr. Escobedo stated that a budget of \$20,000 would be required to cover the expense of a special audit for 2016, 17 and 18, and a motion would be required for this. He stated that the results of this audit as well as the management review be posted on HAB's website for the public. There was extensive discussion regarding transparency and spending the \$20,000 for the additional retroactive audit, and if it would be worth the cost. Mr. Rumph stated that parameters can be set for audits. Mr. Karaoghlanian stated that spending the \$20,000 on a retroactive audit may not be justifiable, but if it is the Board's wishes to move forward with the audit, then it would need to be voted on. Ms. Luschei feels that the additional audit is necessary. Mr. Casey noted that the auditor (Jennifer Farr) is in the room and maybe the Board should wait to hear from her before taking any action. It was agreed by the group to not continue with the idea of an additional audit until the auditor provides her thoughts on this. Mr. Karaoghlanian confirmed with the group that there will be no action on the additional audit.

Mr. Wolk would like to add an item on a future agenda to discuss HAB's effort on supply. He stated that there is no mention in the Order on HAB being involved in anything relative to supply. What does that information do to increase demand in the US. It was noted by Mr. Karaoghlanian that this item will be added on the agenda for a future board meeting. Mr. Van Der Kar asked if during the Governance workshop there will be discussion or guide on how board members can be a part of a committee. Mr. Bauwens stated that this item was tabled earlier in this meeting and it would be discussed during the Governance Workshop.

**ADJOURN**

Mr. Karaoghlanian adjourned the meeting at 3:19 p.m., and asked for a motion.

*Motion: The Hass Avocado Committee approves adjournment of the March 21, 2019 Hass Avocado Committee meeting. (Van Der Kar/Hernandez) MSC*

Respectfully submitted,

\_\_\_\_\_  
Silvia Standke, HAB Executive Assistant

I certify that the above is a true and accurate statement of the March 21, 2019 meeting minutes approved by the Hass Avocado Board of directors on \_\_\_\_\_.

\_\_\_\_\_  
Ohannes Karaoghlanian, Hass Avocado Committee Chairman

Need HAC approval



## Hass Avocado Board

### Meeting Minutes

Thursday, March 20, 2019

1:30 p.m.

Westlake Village Inn – Lakeside Room  
31943 Agoura Rd, Westlake Village, CA 91361

A meeting of the Hass Avocado Board (HAB) was held on Wednesday, March 20, 2019 at 1:30 p.m. at the Westlake Village Inn in Westlake Village, California, with the following people in attendance:

#### HAB MEMBERS PRESENT

Ben Van Der Kar  
Charley Wolk  
Dave Fausset  
Gahl Crane  
Jorge Hernandez  
Keith Barnard  
Laurie Luschei  
Ohannes Karaoghlanian  
Salvador Dominguez  
Scott Bauwens  
Sergio Chavez  
Susan Pinkerton

#### HAB ALTERNATES PRESENT

Aaron Acosta  
Bob Schaar  
Dave Billings  
Elizabeth Ayala

#### HAB ALTERNATES PRESENT

Jeff Dickinson  
Jim Swoboda  
Paul Romero  
Will Carleton  
CJ Shade

#### HAB ALTERNATES ABSENT

Jose A. Gomez – Not Excused  
Patrick Lucy - Excused

#### OFFICIALLY PRESENT

Sue Coleman, USDA  
Sonia Jimenez, USDA  
Heather Pichelman, USDA  
Patrick Casey, JRG  
Sergio Parra, JRG (via phone)

#### STAFF PRESENT

None

#### CALL HAB MEETING TO ORDER

Mr. Karaoghlanian called the HAB meeting to order at 1:30 p.m. He proceeded with roll call and established a quorum making a note of the above excused and non-excused board member absences.

#### CLOSED SESSION

Mr. Karaoghlanian called for an Executive Session at 1:32 p.m. for the following agenda items. Only Board members, USDA Officials and HAB's legal counsel were present at this meeting.

- Executive Director contract renewal
- Approval of Executive Director 2019 Goals
- Executive Director's letter in response to an email that he received from Ms. Laurie Luschei

**RECONVENE & ADJOURN HAB MEETING**

Mr. Karaoghlanian reconvened the open session but did not state the actions taken on the closed session and asked for a motion to adjourn the meeting.

Mr. Karaoghlanian adjourned the meeting at 4:47 p.m., and asked for a motion.

*Motion: The Hass Avocado Board approves adjournment of the March 20, 2019 Hass Avocado Board meeting. (Fausset/Bauwens) Motion Second and Confirmed (MSC)*

Respectfully submitted,

\_\_\_\_\_  
Silvia Standke, HAB Executive Assistant

I certify that the above is a true and accurate statement of the March 20, 2019 meeting minutes approved by the Hass Avocado Board of directors on \_\_\_\_\_.

\_\_\_\_\_  
Ben Van Der Kar, Hass Avocado Board Secretary

Need Board Approval



## Hass Avocado Board

### Meeting Minutes

Thursday, March 21, 2019  
3:30 p.m.

Westlake Village Inn – Lakeside Room  
31943 Agoura Rd, Westlake Village, CA 91361

A meeting of the Hass Avocado Board (HAB) was held on Thursday, March 21, 2019 at 3:30 p.m. at the Westlake Village Inn in Westlake Village, California, with the following people in attendance:

#### HAB MEMBERS PRESENT

Ben Van Der Kar  
Charley Wolk  
Dave Fausset  
Jorge Hernandez  
Laurie Luschei  
Ohannes Karaoghlanian  
Salvador Dominguez  
Scott Bauwens  
Sergio Chavez  
Susan Pinkerton

#### HAB MEMBERS ABSENT

Gahl Crane, Excused  
Keith Barnard, Excused

#### HAB ALTERNATES PRESENT

Aaron Acosta  
Bob Schaar  
Dave Billings  
Elizabeth Ayala  
Jeff Dickinson  
Paul Romero  
CJ Shade  
Patrick Lucy

#### HAB ALTERNATES ABSENT

Jose A. Gomez  
Jim Swoboda  
Will Carleton

#### GUESTS PRESENT

Heath Shoup  
Chris Henry  
Jamie Johnson  
Jennifer Farr, Davis Farr  
Angela Fraser, CAC  
Ken Melban, CAC  
Patrick Casey, Esq.

#### OFFICIALLY PRESENT

Sue Coleman, USDA  
Sonia Jimenez, USDA  
Heather Pichelman, USDA

#### STAFF PRESENT

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

## CALL HAB MEETING TO ORDER

Mr. Karaoghlanian called the HAB meeting to order at 3:43 p.m. He proceeded with roll call and established a quorum making a note of the above excused and non-excused board member absences.

## ANNOUNCEMENTS

Mr. Karaoghlanian acknowledged the new guests, Jennifer Farr from Davis Farr as the financial auditor, Jamie Johnson, ex HAB Chairman, Chris Henry, ex HAB Chairman, members of CAC staff, and Patrick Casey from JRG. He then directed the group to the screen for the Anti-Trust statement. They were also asked to sign-in on the sheet going around.

## PUBLIC COMMENT

Mr. Karaoghlanian asked the group if there were any public comments. Mr. Chris Henry introduced himself as an importer and provided a statement. Mr. Karaoghlanian thanked Mr. Henry for his comments.

## APPROVAL OF NOVEMBER 16, 2018 HAB MEETING MINUTES

Mr. Karaoghlanian continued by asking the group if they had a chance to review the November 16, 2018 HAB meeting minutes. Ms. Coleman stated that the minutes indicate that Mr. Karaoghlanian continued with the voting of all officers after seating the chair, but it was her that continued with the voting of all the officers after seating the chair. Mr. Karaoghlanian confirmed this as well. Ms. Coleman also noted that she also confirmed with each nominee if they accepted the nomination for all officer positions before voting. These revisions to the HAB meeting minutes were noted and will be made in the final November 16, 2018 HAB meeting minutes.

Mr. Karaoghlanian then asked Ms. Coleman to provide the group with the final vote count from the November 16, 2018 officer vote. Ms. Coleman provided the count as follows: Chair position for Ohannes Karaoghlanian was 7 to 5 vote; Vice Chair position for Jorge Hernandez was 8 to 4 vote; Secretary position for Ben Van Der Kar was unanimous, Treasurer position for Laurie Luschei was 7 to 5 vote. The update on the vote count will not be part of the November 16, 2018 meeting minutes but rather noted here. Mr. Karaoghlanian asked for the following motion:

*Motion: The Hass Avocado Board approves the November 16, 2018 HAB meeting minutes as revised.  
Hernandez/Van Der Kar (MSC)*

## FINANCIAL AUDIT REPORT

Mr. Karaoghlanian asked Ms. Jennifer Farr to present her report and results of the 2018 Financial Audit. Ms. Farr continued with her presentation and provided the group with details of what the audit covered, how the audit was performed and the results of the audit. She stated that there were no material weaknesses in the internal controls. There were no non-compliance with HAB's policies or Act. She noted that there were no additional special engagement procedures performed. She continued with an update on HAB's financial statements and then concluded her report. Ms. Luschei asked how many expense reports are reviewed during the audit. Ms. Farr stated that as discussed during the audit exit meeting, they follow the AICPA Guidance when it comes to picking test sample sizes. The audit is not designed to test every transaction. She stated that for this year's audit, they picked a sample of 25 cash disbursements/wire/ach transactions, these transactions are chosen by a random sampling generator. In addition, there was a request from USDA that the purchases of avocados be tested that were made during the year. There were 25 purchases of avocados for testing. Of the 25 avocado purchases tested, there were no findings of non-compliance with either internal policies or the Act. Ms. Luschei asked if they check for lavish expenses. Ms. Farr, stated that the purposes of the audit is to check if the purchases are made in accordance with the policies and if there were any unusual purchases, it would certainly be brought up. There was additional clarification as to the audit. Ms. Luschei thanked Ms. Farr for their great work on the audit and presenting the results. Mr. Casey asked Ms. Farr a series of general questions and clarified that there is no audit of the internal controls but if there are any deficiencies then that is brought up. Ms. Farr agreed. Mr. Karaoghlanian asked Ms. Farr if she had any suggestions that could alleviate some of

the credit card concerns discussed earlier during the HAC meeting. Ms. Farr stated that having agreed upon procedures for an audit can be done. Ms. Farr explained the difference between an unmodified opinion and materially correct. There was discussion as to doing an audit that looks back on what was spent in the past. Also, if in the future there are policies setting limits, the audits will look at that as well. Ms. Farr stated that she would need to know the agreed upon procedures to be able to provide a figure, but noted that \$20,000 would be a good number for such an audit. Mr. Escobedo took the opportunity to thank Mr. Robert Rumph for his ongoing work in making sure the financial audit results were positive. Mr. Karaoghlanian thanked Ms. Farr for her time. Mr. Escobedo then read the following motion:

*Motion: The Hass Avocado Board accepts the 2018 Financial Audit statement results as presented by Davis Farr. Hernandez/Dominguez MSC*

Mr. Karaoghlanian reminded the group that there will be a closed session at the end of the HAB meeting to discuss the Health and Wellness Program. He stated that attorney Sergio Ferrara will be present telephonically. He then asked Mr. Escobedo to update the group with the HAC report.

## **HASS AVOCADO COMMITTEE REPORT**

Mr. Escobedo continued with the HAC report that met earlier today and noted the additional items requested to be included.

### **Communications with legal counsel and USDA**

He stated that there was discussion regarding the financial reviews done individually by board members, Chairman Karaoghlanian and Treasurer Luschei. They provided explanations and there was ample discussion but no action taken. There was also discussion regarding communications with legal counsel and USDA. Mr. Casey stated that he received a letter from Chairman Karaoghlanian requiring that all communications with the Executive Director include him in all forms of communications. USDA also mentioned that they received such a request from Chairman Karaoghlanian. The Chairman agreed to rescind his letters to Patrick Casey from JRG, USDA and the Executive Director. After extensive conversation regarding these two points, there was a motion presented to table some of the agenda items. Mr. Escobedo continued by reading the following motion:

*Motion: The Hass Avocado Board tables the items under "Agenda Items Requested to be Included in the Agenda" to be discussed during the Governance Workshop in May with the exception of the Executive Director's contract renewal and the Executive Director's letter in response to an email that he received from Ms. Laurie Luschei. Bauwens/Chavez MSC*

### **California Avocado Commission's pursuit to change HAB's law to increase assessment rebate to CAC and Importer Associations from 85% to 95% of total revenue**

Mr. Escobedo stated that there was discussion about whether HAB or HAC should engage in that conversation or not and there was no action taken. It was noted that HAB could provide information being requested to any party but to not take any action that could influence legislation or policy.

### **2019 HAB Committee Roster**

Mr. Escobedo stated that there were several actions taken on this matter and that the Board needs to confirm the HAB Committee Roster vote dated 2-5-19. He referred the group to the screen showing the actual electronic vote. He then asked the group to confirm their vote with a motion as follows:

*Motion: The Hass Avocado Board confirms the HAB Committee Roster vote dated 2-5-2019. Van Der Kar/Bauwens MSC*

Mr. Escobedo stated that Chairman Karaoghlanian will email the full Board and ask those who want to volunteer on a committee to submit their names to the chairs of the committees. Mr. Karaoghlanian confirmed this.



### **HAPRIO Section 1219.63 Confidential Treatment of Record**

Mr. Escobedo stated that there was ample discussion about the redactions on the documentation that was provided to the Treasurer. There was a motion recommending to the Board, revising the Avocado Purchasing Policy. He then read the following motion:

*Motion: The Hass Avocado Board approves revising the Avocado Purchasing Policy so that information obtained by the avocado purchasing program as far as the name, value and amount of the vendor is defined as public information within the contract. **Luscheil/Pinkerton MSC***

Mr. Patrick Casey stated that as counsel, he is concerned about the motion above because he feels it violates the confidentiality policy. There was additional discussion and it was decided to keep the motion as read.

### **Review and approve changes to HAB Elections Procedures / Policies / Information / Communication by AMS**

Mr. Escobedo stated that the HAC also considered a series of revised materials associated with the HAB 2019 Election. He then read the following motion:

*Motion: The Hass Avocado Board approves the revised importer and producer nomination forms, qualification notification policy, declaration of eligibility for producers and for importers and HAB nomination procedures as revised. **Dominguez/Bauwens MSC***

### **HAB Health and Wellness Policy**

Mr. Escobedo stated that this was not discussed and the group was informed that this would be discussed in closed session later today.

### **World Avocado Congress**

Mr. Escobedo stated that there was no action taken on this item.

### **Strategic Planning meeting & Governance Workshop scheduled for May**

Mr. Escobedo stated that the HAC considered postponing the Strategic Planning meeting scheduled for 2019. He then read the following motion:

*MOTION: The Hass Avocado Board approves postponing the Strategic Planning meeting scheduled for 2019. **Bauwens/Hernandez MSC***

Mr. Escobedo stated that the HAC recommends to the Board moving forward with Nancy Lee and her work for the Governance Workshop in May. He also stated that the HAC discussed the PMA meeting and it was recommended to the Board approving an industry meeting on Thursday afternoon before PMA with various associations including CAC. He then read the following motion:

*MOTION: The Hass Avocado Board approves hosting an industry meeting on Thursday afternoon before PMA with CAC and the importer associations where each association and HAB will be given 30 minutes to present summaries of their programs and host a networking event. **Hernandez/Chavez MSC***

Mr. Escobedo stated that the HAC also considered changing the annual meeting date and the proposal is to move it to November 6 and 7, 2019. He then read the following motion:

*MOTION: The Hass Avocado Board approves changing the Annual meeting to November 6 and 7, 2019. **Dominguez/Hernandez MSC***

## 2019 Budget Amendment

Mr. Escobedo stated that there was a discussion on the 2019 Budget Amendment and there were a series of motions. He continued by reading them as follows:

*MOTION: The Hass Avocado Board approves increasing the 2019 Budgeted Assessment Revenues to \$64,375,000 based on 2.575 billion pounds. **Fausset/Hernandez MSC***

*MOTION: The Hass Avocado Board approves the 2019 Budgeted Beginning Reserves at \$2,129,440. **Pinkerton/Van Der Kar MSC***

*MOTION: The Hass Avocado Board approves the 2019 Budget Amendment #2 reducing nutrition marketing by \$66,000, increasing nutrition research by \$470,125, increasing nutrition affairs by \$52,500 and increasing industry engagement by \$97,250. **Luscheil/Hernandez MSC***

## Review and Approval of the 5-Year Working Goals and 2020 Budget Parameters

Mr. Escobedo stated that there was discussion about revising the goal on building demand and do an analysis, and to bring back to the Board in September. There was consensus by HAC, no motion needed. He also stated that two proposals were presented during HAC for the 2020 top line budget parameters. There was a motion from HAC recommending to the Board scenario #1 of the 2020 top line budget parameters. He then read the following motion:

*MOTION: The Hass Avocado Board approves Scenario 1 of the 2020 top line budget parameters of 2.65 billion pounds as presented. **Dominguez/Acosta MSC***

## Management Review

Mr. Escobedo stated that USDA provided HAB with a report on their Management Review and HAC considered the letter in response to the Management Review and it recommends its approval. He then read the following motion:

*MOTION: The Hass Avocado Board approves the HAB response to Heather Pichelman regarding the most recent USDA management review as presented. **Luscheil/Bauwens MSC***

## Credit Card Policy

Mr. Escobedo stated that there was a series of discussions and motions regarding the Credit Card Policy. He then read the following motions based on the HAC's recommendations:

*MOTION: The Hass Avocado Board approves cancelling the current HAB credit card policy and removing it from the current HAB employee manual. **Hernandez/Pinkerton MSC***

*MOTION: The Hass Avocado Board approves setting the P-Card limit to \$20,000 per month and the limit will be reviewed by the end of the year. **Hernandez/Van Der Kar MSC***

*MOTION: The Hass Avocado Board approves the staff credit card control sheet as presented. **Pinkerton/Fausset MSC***

## Internal Control and Accounting Procedures Policy (ICAPP)

Mr. Escobedo stated that the committee considered changes to the ICAPP and is recommending to the Board approving the changes. He then read the following motion:

*MOTION: The Hass Avocado Board approves the revision to the Internal Control and Accounting Procedures Policy as presented. **Dominguez/Pinkerton MSC***

### **Travel and Entertainment Policy**

Mr. Escobedo stated that the last item discussed was the proposed Travel and Entertainment Policy. There was extensive discussion and various changes. The Committee did not take any action and it did not recommend any action to be taken by the Board. He stated that Treasurer Luschei took a lot of notes and will be working with the Finance Committee to incorporate the changes and will bring back to the Board for a recommendation from the Finance Committee in September.

Mr. Escobedo stated that there were a couple of items added under "New Business" and that they would be reintroduced during "New Business" of this meeting. This concluded his HAC report.

### **NEW BUSINESS**

Mr. Bauwens asked if the Corporate Governance Committee could consider drafting a Communications Policy similar to CAC that defines the course of communication between board members, staff, outside counsel and third parties. Mr. Wolk asked that there would be something done to close the loop with John Cornell's comments to the Committee earlier that day. He also stated that in a future agenda, he would like the Board to discuss their effort on supply. Mr. Fausset suggested HAB use DocuSign for approvals. Mr. Escobedo stated that HAB is already using DocuSign. Mr. Karaoghlanian thanked Mr. Escobedo and stated that the Board is going into executive session to present and review the Health and Wellness Policy. He asked all non-board members to exit the room. He will then notify everyone when the HAB meeting reconvenes.

### **CLOSED SESSION**

Mr. Karaoghlanian called for an Executive Session at 4:33 p.m. for the Health and Wellness Program.

### **RECONVENE & ADJOURN HAB MEETING**

Mr. Karaoghlanian reconvened the HAB meeting but did not state the actions taken on the Health and Wellness Program during the executive session and asked for a motion to adjourn the meeting.

Mr. Karaoghlanian adjourned the meeting at 5:23 p.m., and asked for a motion.

*Motion: The Hass Avocado Board approves adjournment of the March 21, 2019 Hass Avocado Board meeting.  
Van Der Kar/Chavez MSC*

Respectfully submitted,

---

Silvia Standke, HAB Executive Assistant

I certify that the above is a true and accurate statement of the March 21, 2019 meeting minutes approved by the Hass Avocado Board of directors on \_\_\_\_\_.

---

Ben Van Der Kar, Hass Avocado Board Secretary

**HASS AVOCADO COMMITTEE COUNTRY REPORTS**

**COUNTRY:** California (U.S.A.)

**Please answer the following...**

1. Date your season starts or is expected to start?

Currently underway, having begun in April

2. When do you expect the current season to begin (U.S. arrivals)?

Currently underway

3. When do you expect the current season to end (U.S. arrivals)?

Majority of shipments ending in August with minor shipments into September

4. Number of acres/hectares planted with Hass?

54,000 acres

- a. How does it compare to last year?

Stable

5. Number of acres/hectares bearing with Hass?

47,000 acres

- a. How does it compare to last year?

Stable

6. What is current season production estimate (Pounds, Hass Avocados)?

178,000 pounds

- a. How does the current season production estimate compare to last year?

50% of last year

7. How do you see this production broken down in terms of arrival location i.e. East Coast, West Coast or

Central (Texas)? West Coast

- a. How does the current season breakdown compare to last year?

Smaller volume of current crop serves only Western customers

8. What is the season to date production actual (Pounds, Hass Avocados)?

144,000,000 pounds

a. How does the current season to date production compare to last year?

Because of price, crop is coming off faster than normal and will be wrapping up earlier

9. What is the next season production estimate (Pounds, Hass Avocados)?

Large bloom with spotty set so far because of colder spring temperatures

10. What factors such as weather, water, sizing, etc. have had or could have an impact on the current crop?

Heat in July, 2018 caused short crop with 5,000 acres burned by fire in Dec 2017

11. In pounds, what are the projected shipments of Hass Avocados during your current season to:

U.S.

94% to domestic market (U.S.) 6% exported to Asia

Domestic Market

94% to domestic market (U.S.) 6% exported to Asia

Europe

94% to domestic market (U.S.) 6% exported to Asia

Asia

94% to domestic market (U.S.) 6% exported to Asia

Others

94% to domestic market (U.S.) 6% exported to Asia

12. What market conditions or challenges are you facing in the U.S. market?

Excellent prices for grower who have/had fruit; some inland plantings have VERY light production

13. Briefly describe what your association is doing in marketing to support the crop.

Marketing is centered in the western portion of U.S. because of smaller crop size.

14. Please share any other topics that may be of interest to the group.

Growers are tired of the bickering going on at HAB!!!

## HASS AVOCADO COMMITTEE COUNTRY REPORTS

COUNTRY: Chile July 2019

Please answer the following...

1. Date your season starts or is expected to start?  
Already started with local market and exports should start in the next 10 to 15 days
2. When do you expect the current season to begin (U.S. arrivals)?  
August 10 aprox
3. When do you expect the current season to end (U.S. arrivals)?  
Too early to answer that and will depend on market situation
4. Number of acres/hectares planted with Hass?
  - a. How does it compare to last year?  
Very similar
5. Number of acres/hectares bearing with Hass?
  - a. How does it compare to last year?
6. What is current season production estimate (Pounds, Hass Avocados)?  
Very similar to last year aprox 190.000 tons of fruit total
  - a. How does the current season production estimate compare to last year?  
maybe 5 % more
7. How do you see this production broken down in terms of arrival location i.e. East Coast, West Coast or Central (Texas)?
  - a. How does the current season breakdown compare to last year?
8. What is the season to date production actual (Pounds, Hass Avocados)?
  - a. How does the current season to date production compare to last year?
9. What is the next season production estimate (Pounds, Hass Avocados)?
10. What factors such as weather, water, sizing, etc. have had or could have an impact on the current crop?  
Weather could impact we are in winter

11. In pounds, what are the projected shipments of Hass Avocados during your current season to:

U.S.

60 mm pounds

Domestic Market

About 180 mm pounds

Europe

About 120 mm pounds

Asia

25 mm pounds

Others

Argentina – 30 mm pounds

12. What market conditions or challenges are you facing in the U.S. market?

13. Briefly describe what your association is doing in marketing to support the crop.

Marketing and promotions, partnering with sports people to make a difference, and bringing new ideas on marketing and making our fruit a little different

14. Please share any other topics that may be of interest to the group.

## HASS AVOCADO COMMITTEE COUNTRY REPORTS

**COUNTRY: PERU**

**Please answer the following...**

1. Date your season starts or is expected to start?

The first shipments to USA were the first week of April (week 14)

2. When do you expect the current season to begin (U.S. arrivals)?

The first arrival to USA were the third week of April (week 17)

3. When do you expect the current season to end (U.S. arrivals)?

Last arrivals will be by week 39 last week of September

4. Number of acres/hectares planted with Hass? 85.000 Acres

- a. How does it compare to last year? 9% more than 2018

5. Number of acres/hectares bearing with Hass?

- a. How does it compare to last year?

6. What is current season production estimate (Pounds, Hass Avocados)?

Total Peru projection 640.000 MLbs, for US market 180.000 MLbs that represent 28%

- a. How does the current season production estimate compare to last year?

Total Peru projection shows -14% and volume for US market still the same volume than las year.



7. How do you see this production broken down in terms of arrival location i.e. East Coast, West Coast or Central (Texas)? East Coast 67%, West Coast 30%, Central (Texas) 2%, Miami 1%

a. How does the current season breakdown compare to last year?

Similar than las year.

8. What is the season to date production actual (Pounds, Hass Avocados)?

a. How does the current season to date production compare to last year?

Until week 26 the total projection is -14%

9. What is the next season production estimate (Pounds, Hass Avocados)?

There's no information yet.

10. What factors such as weather, water, sizing, etc. have had or could have an impact on the current crop?

An OFF season for most productions areas in Peru, total projection is -14% compare last year. In 2018 production growth was 47% compared to 2017.

11. In pounds, what are the projected shipments of Hass Avocados during your current season to:

U.S. 180.000 MLbs

Europe 360.000 MLbs

Asia 55.000 MLbs

Others 42.000 MLbs

12. What market conditions or challenges are you facing in the U.S. market?

Mexico Flor Loca volume projections for July and August.

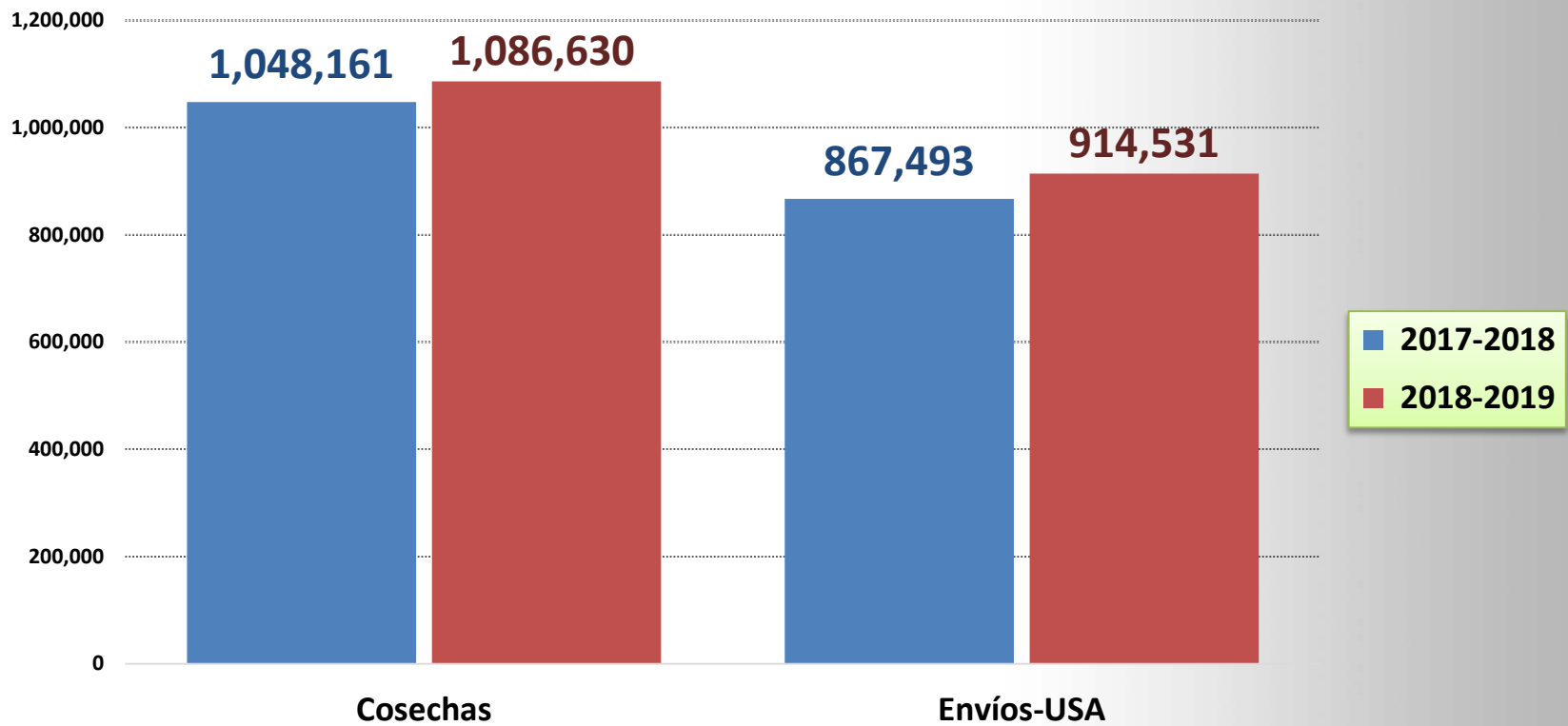
13. Briefly describe what your association is doing in marketing to support the crop.

Promotions and marketing campaigns with retails, food service and whole sale.

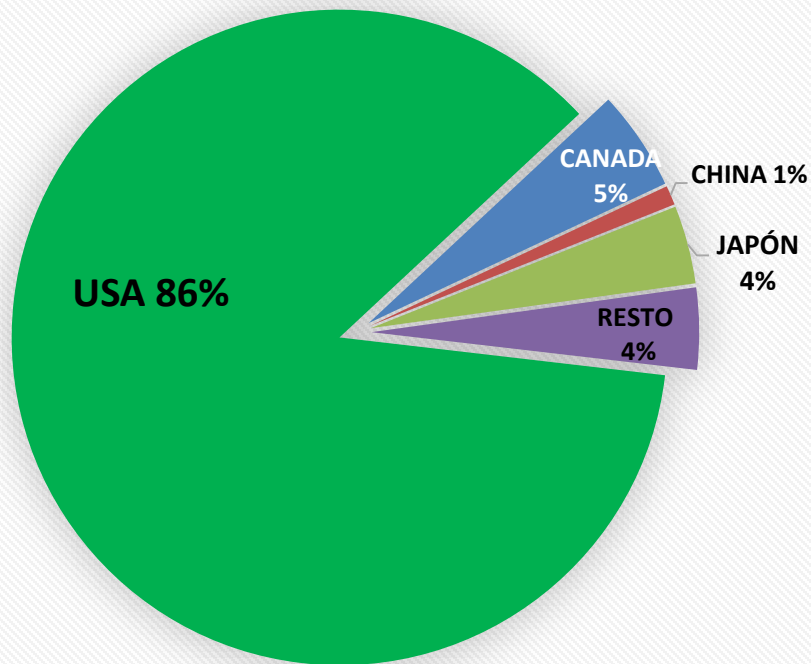
# ESTADÍSTICAS APEAM



# ESTADÍSTICAS DE COSECHAS & ENVIOS (To).

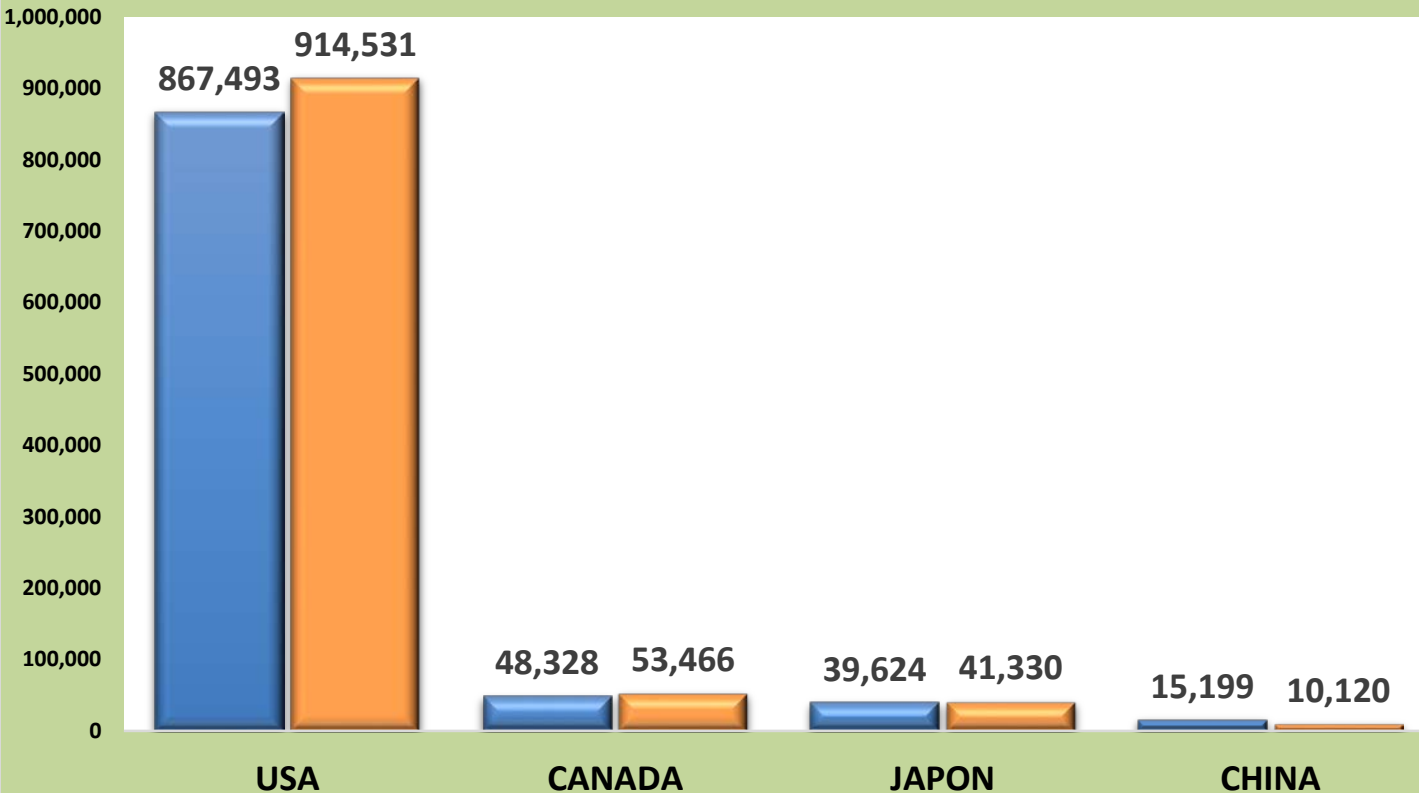


# REPRESENTATIVIDAD DE ENVÍOS A USA & OTROS DESTINOS 2018-2019



Fuente: APEAM

# ENVÍOS USA, CANADA & JAPON




■ 2017-2018

■ 2018-2019

Fuente: APEAM

# COMPARATIVO DE ENVÍOS (TO)

ENVÍOS			2017-18 VS 2018-19		
DESTINO		2017-2018	2018-2019	Dif	% Dif
AMERICA-USA		867,493	914,531	47,038	5.4%
AMERICA-RESTO		73,642	74,266	624	0.8%
ASIA		59,165	57,817	-1,348	-2.3%
EUROPA		22,835	15,715	-7,120	-31.2%
Total		1,023,135	1,062,329	39,194	3.8%

Fuente:APEAM

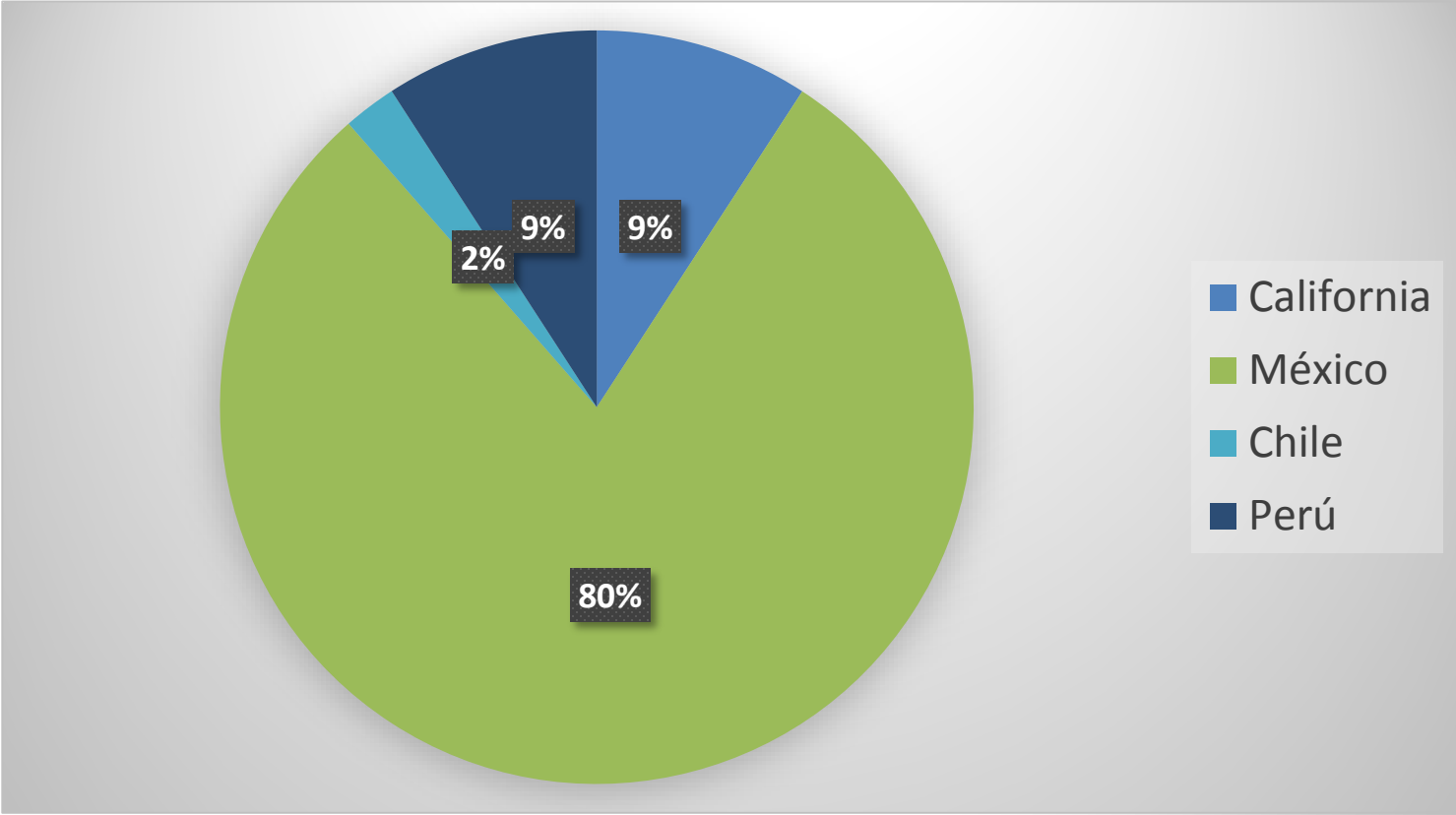
# ESTADÍSTICAS DE ENVÍOS-TOP 3 POR CONTINENTE

ENVIOS TOP 3 POR CONTINENTE				2017-2018 VS 2018-2019	
Continentes	Pais	2017-2018	2018-2019	Dif	% Dif
AMERICA	<b>USA</b>	<b>867,493</b>	<b>914,531</b>	<b>47,038</b>	<b>5.4%</b>
	<b>CANADA</b>	<b>48,328</b>	<b>53,466</b>	<b>5,138</b>	<b>10.6%</b>
	EL SALVADOR	9,917	9,251	-665	-6.7%
ASIA	<b>JAPON</b>	<b>39,624</b>	<b>41,330</b>	<b>1,707</b>	<b>4.3%</b>
	<b>CHINA</b>	<b>15,199</b>	<b>10,120</b>	<b>-5,078</b>	<b>-33.4%</b>
	KOREA	2,024	4,557	2,533	125.2%
EUROPA	FRANCIA	10,154	7,655	-2,499	-24.6%
	ESPAÑA	4,285	4,610	325	7.6%
	HOLANDA	8,203	3,231	-4,972	-60.6%
<b>RESTO DE PAISES</b>		<b>17,909</b>	<b>13,577</b>	<b>-4,332</b>	<b>-24.2%</b>
<b>Total</b>		<b>1,023,135</b>	<b>1,062,329</b>	<b>39,194</b>	<b>3.8%</b>

Fuente:APEAM/SADER



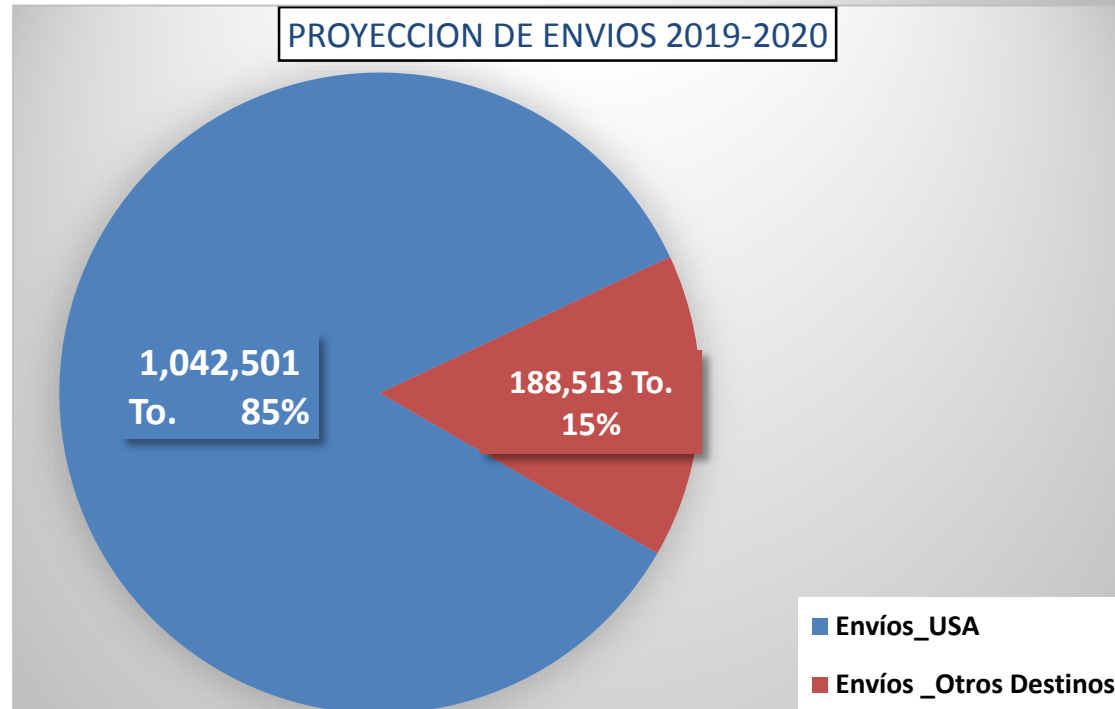
# PARTICIPACIÓN DE MERCADO (USA) TEMPORADA 2018-2019



Fuente: APEAM AC

# PROYECCIONES 2019-2020

PROYECCIONES 2019-2020		
Cosechas	Envíos- USA	Otro destinos
1,231,014	1,042,501	188,513

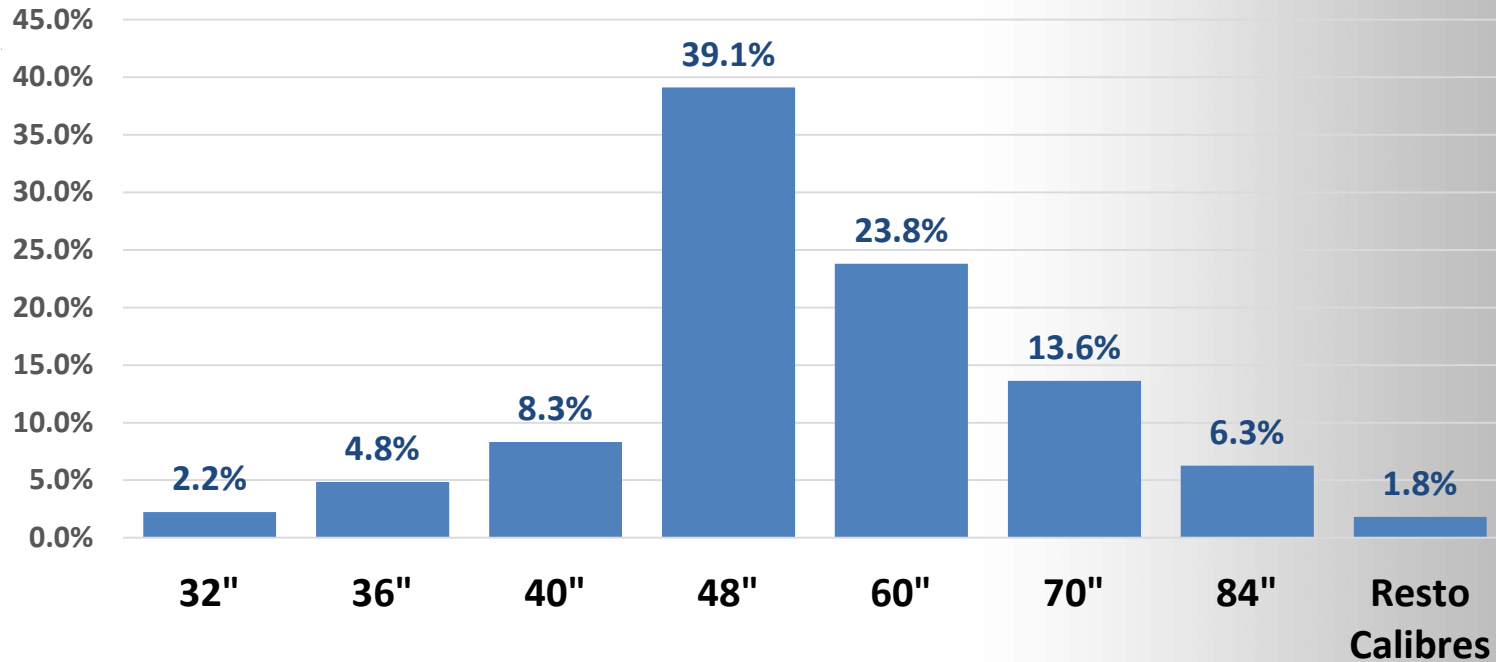


Fuente: APEAM

# SUPERFICIE PROPUESTA DE HUERTOS A CERTIFICAR CICLO ABRIL-OCTUBRE 2019

NUMERO DE HUERTOS	SUPERFICIE HECTAREAS	NUMERO DE PRODUCTORES
<b>42,040</b>	<b>137,905.61</b>	<b>27,284</b>

# PROYECCIONES POR CALIBRES 2019-2020 (SEM. 27-52)





**Asociación de Productores y Empacadores Exportadores  
de Aguacate de México A.C.**

**GRACIAS.**

## MEMORANDUM

Date: July 17, 2019

To: HAB

From: Robert Rumph

Re: Financial Report

**BELOW PLEASE FIND THE REPORT FOR THE HAB AND HAC MEETINGS.**

### **MAY 2019 YTD RESULTS**

#### **Five Months Ending May 31, 2019**

- HAB Revenues = \$28.3 MM dollars --- up \$0.9 MM from the same period prior year amount of \$27.4 MM
- HAB Net Revenues = \$4.98 MM dollars --- down \$0.3 MM from the same period prior year amount of \$5.28 MM
- HAB Reserves as of 5/31/2019 = \$2.9 MM up \$0.8 MM from the \$2.1 MM December 2018 ending amount.

#### **Schedule of Cash & Investments as of May 31, 2019**

- Cash in Bank – Checking Account with Sweep to Investment = \$2,132,454
- TOTAL CASH and INVESTMENTS = \$2,132,454

#### **Statement of Net Assets, Revenue & Expenditures as of May 31, 2019**

- Total Assets \$7,302,726
- Total Liabilities = \$4,400,704
- Total Net Assets = \$2,902,022
- Total Revenues = \$28,303,201
- Total Expenditures = \$27,530,619
- YTD Excess Revenues Over/(Under) Expenditures = \$772,582



**HASS AVOCADO BOARD**  
**2019 STATEMENT OF REVENUES AND EXPENSES**  
**YTD ACTUAL VS. BUDGET AND % OF ANNUAL BUDGET REALIZED**

<b>REVENUES:</b>	<b>MAY 2019 YTD</b>	<b>% of Total</b>	<b>2019 Budget</b>	<b>% of Total</b>	<b>% of Annual Budget Realized</b>
ASSESSMENT REVENUES	\$ 28,277,844	99.9%	\$ 64,375,000	100.0%	43.9%
OTHER INCOME	\$ 25,357	0.1%	\$ -	0.0%	N/A
<b>TOTAL REVENUES</b>	<b>\$ 28,303,201</b>	<b>100.0%</b>	<b>\$ 64,375,000</b>	<b>100.0%</b>	<b>44.0%</b>
<b>85% REBATE PROGRAM</b>					
REBATES	\$ 23,318,237	82.4%	\$ 54,718,750	85.0%	42.6%
<b>REBATE SUB-TOTAL</b>	<b>\$ 23,318,237</b>	<b>82.4%</b>	<b>\$ 54,718,750</b>	<b>85.0%</b>	<b>42.6%</b>
<b>NET REVENUE</b>	<b>\$ 4,984,964</b>	<b>17.6%</b>	<b>\$ 9,656,250</b>	<b>15.0%</b>	<b>51.6%</b>
<b>PROMOTION, RESEARCH, AND INFORMATION PROGRAMS</b>					
NUTRITION MARKETING	\$928,740	3.4%	\$3,253,487	5%	28.5%
TARGET AUDIENCE RESEARCH	\$67,019	0.2%	\$195,836	0%	34.2%
NUTRITION RESEARCH	\$2,089,036	7.6%	\$2,901,732	4%	72.0%
NUTRITION AFFAIRS	\$58,445	0.2%	\$181,000	0%	32.3%
SUPPLY AND DEMAND INFORMATION	\$247,040	0.9%	\$723,583	1%	34.1%
INDUSTRY ENGAGEMENT	\$283,966	1.0%	\$809,358	1%	35.1%
QUALITY	\$21,509	0.1%	\$91,864	0%	23.4%
SUSTAINABILITY	\$35,258	0.1%	\$300,580	0%	11.7%
<b>PROMOTION, RESEARCH, AND INFORMATION PROGRAMS SUBTOTAL</b>	<b>\$3,731,012</b>	<b>13.6%</b>	<b>\$8,457,440</b>	<b>13%</b>	<b>44.1%</b>
<b>PROGRAM IMPLEMENTATION FEE</b>					
PROGRAM IMPLEMENTATION FEE	\$0	0.0%	\$1,000	0%	0.0%
<b>PROGRAM IMPLEMENTATION FEE SUB-TOTAL</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$1,000</b>	<b>0%</b>	<b>0.0%</b>
<b>TOTAL PROMOTION, RESEARCH, AND INFORMATION PROGRAMS</b>	<b>\$3,731,012</b>	<b>13.6%</b>	<b>\$8,458,440</b>	<b>13%</b>	<b>44.1%</b>
<b>ADMINISTRATION OF HAPRIO</b>					
BOARD MEMBERS, OFFICE, STAFF, PROFESSIONAL SERVICES, EQUIPMENT/SUPPLIES	\$407,452	1.5%	\$1,240,342	2%	32.8%
<b>ADMINISTRATION OF HAPRIO SUB-TOTAL</b>	<b>\$407,452</b>	<b>1.5%</b>	<b>\$1,240,342</b>	<b>2%</b>	<b>32.8%</b>
<b>OVERSIGHT</b>					
USDA/OGC/PROGRAM REVIEW	\$ 73,918	0.3%	\$ 206,000	0%	35.9%
<b>OVERSIGHT SUB-TOTAL</b>	<b>\$73,918</b>	<b>0.3%</b>	<b>\$206,000</b>	<b>0%</b>	<b>35.9%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$27,530,619</b>	<b>100.0%</b>	<b>\$64,623,532</b>	<b>100.0%</b>	<b>42.6%</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$772,582		(\$248,532)		
TOTAL SALARIES AND BENEFITS (INCLUDED & ALLOCATED IN ADMINISTRATION AND PROGRAMS ABOVE)	\$ 743,342	2.7%	\$ 2,335,526	4%	31.8%



**HASS AVOCADO BOARD**  
**2019 STATEMENT OF REVENUES AND EXPENSES**  
**YTD ACTUAL VS. BUDGET AND % OF ANNUAL BUDGET REALIZED**

EXPENSES	MAY 2019 YTD	% of Total	2019 Budget	% of Total	% of Annual Budget Realized
<b>REBATE PROGRAM</b>	\$23,318,237	84.7%	\$54,718,750	85%	42.6%
<b>NUTRITION MARKETING</b>					
PROGRAM MANAGEMENT	\$ 208,040	0.8%	\$ 725,412	1%	28.7%
MESSAGE TESTING AND APPROVAL	\$ 140	0.0%	\$ 57,500	0%	0.2%
CREATIVE CONTENT	\$ 81,291	0.3%	\$ 216,930	0%	37.5%
EVENTS	\$ 25,673	0.1%	\$ 227,500	0%	11.3%
ONLINE/WEBSITE/SOCIAL MEDIA	\$ 75,360	0.3%	\$ 260,863	0%	28.9%
NUTRITION AND RESEARCH PROMOTION	\$ 473,070	1.7%	\$ 1,468,033	2%	32.2%
STRATEGIC PARTNERSHIPS	\$ 18,783	0.1%	\$ 20,000	0%	93.9%
STRATEGY, ISSUES RADAR AND REPORTING	\$ 46,383	0.2%	\$ 277,250	0%	16.7%
NUTRITION MARKETING PROGRAM SUB-TOTAL	\$ 928,740	3.4%	\$ 3,253,487	5%	28.5%
<b>TARGET AUDIENCE RESEARCH</b>					
RESEARCH INSIGHTS AND TRACKING	\$ 67,019	0.2%	\$ 195,836	0%	34.2%
CONTENT DESIGN	\$ -	0.0%	\$ -	0%	N/A
TARGET AUDIENCE RESEARCH PROGRAM SUB-TOTAL	\$ 67,019	0.2%	\$ 195,836	0%	34.2%
<b>NUTRITION RESEARCH</b>					
PROGRAM MANAGEMENT	\$ 100,830	0.4%	\$ 310,568	0%	32.5%
SCIENCE PIPELINE	\$ 1,988,206	7.2%	\$ 2,591,164	4%	76.7%
NUTRITION RESEARCH PROGRAM SUB-TOTAL	\$ 2,089,036	7.6%	\$ 2,901,732	4%	72.0%
<b>NUTRITION AFFAIRS</b>					
EVENTS	\$ 2,500	0.0%	\$ 5,500	0%	45.5%
STRATEGY, ISSUES RADAR AND REPORTING	\$ 55,945	0.2%	\$ 175,500	0%	31.9%
THOUGHT LEADER EDUCATION	\$ -	0.0%	\$ -	0%	#DIV/0!
NUTRITION AFFAIRS PROGRAM SUB-TOTAL	\$ 58,445	0.2%	\$ 181,000	0%	32.3%
<b>SUPPLY AND DEMAND INFORMATION</b>					
PROGRAM MANAGEMENT	\$ 100,718	0.4%	\$ 323,619	1%	31.1%
COMMUNICATIONS	\$ 13,024	0.0%	\$ 158,017	0%	8.2%
DATA SERVICES	\$ 76,179	0.3%	\$ 72,900	0%	104.5%
CYCLICAL RESEARCH	\$ -	0.0%	\$ -	0%	#DIV/0!
AVIS	\$ 10,873	0.0%	\$ 56,000	0%	19.4%
TRACK AND MONITOR	\$ 24,740	0.1%	\$ 73,047	0%	33.9%
SUPPLY AND DEMAND RESEARCH	\$ 21,505	0.1%	\$ 40,000	0%	53.8%
SUPPLY AND DEMAND INFORMATION PROGRAM SUB-TOTAL	\$ 247,040	0.9%	\$ 723,583	1%	34.1%





**HASS AVOCADO BOARD**  
**2019 STATEMENT OF REVENUES AND EXPENSES**  
**YTD ACTUAL VS. BUDGET AND % OF ANNUAL BUDGET REALIZED**

	MAY 2019 YTD	% of Total	2019 Budget	% of Total	% of Annual Budget Realized
<b>INDUSTRY ENGAGEMENT</b>					
PROGRAM MANAGEMENT	\$ 123,765	0.4%	\$ 412,958	1%	30.0%
ANNUAL REPORT	\$ 4,245	0.0%	\$ 6,000	0%	70.8%
HAB PROMOTIONAL MATERIALS	\$ -	0.0%	\$ 6,000	0%	0.0%
INDUSTRY MEETINGS AND EVENTS	\$ 14,093	0.1%	\$ 85,000	0%	16.6%
INDUSTRY WEBSITE COMMUNICATIONS	\$ 118,362	0.4%	\$ 177,400	0%	66.7%
	\$ 23,500	0.1%	\$ 122,000	0%	19.3%
INDUSTRY ENGAGEMENT PROGRAM SUB-TOTAL	\$ 283,966	1.0%	\$ 809,358	1%	35.1%
<b>SUSTAINABILITY</b>					
PROGRAM MANAGEMENT	\$ 35,258	0.1%	\$ 100,580	0%	35.1%
RESEARCH	\$ -	0.0%	\$ 200,000	0%	N/A
SUSTAINABILITY PROGRAM SUB-TOTAL	\$ 35,258	0.1%	\$ 300,580	0%	11.7%
<b>QUALITY</b>					
PROGRAM MANAGEMENT	\$ 21,509	0.1%	\$ 61,864	0%	34.8%
RESEARCH	\$ -	0.0%	\$ 30,000	0%	0.0%
QUALITY PROGRAM SUB-TOTAL	\$ 21,509	0.1%	\$ 91,864	0%	23.4%
<b>PROGRAM IMPLEMENTATION FEE</b>					
PROGRAM IMPLEMENTATION FEE	\$ -	0.0%	\$ 1,000	0%	0.0%
PROGRAM IMPLEMENTATION FEE SUB-TOTAL	\$ 0	0.0%	\$ 1,000	0%	0.0%
<b>ADMINISTRATION OF HAPRIO</b>					
FINANCIAL OVERSIGHT - AUDITING	\$ 33,796	0.1%	\$ 33,500	0%	100.9%
BOARD: TRAVEL, MEETINGS, ELECTIONS	\$ 61,304	0.2%	\$ 192,500	0%	31.8%
OFFICE RELATED (RENT, NETWORK, COMMUNICATIONS, & EQUIPMENT/SUPPLIES)	\$ 88,703	0.3%	\$ 227,088	0%	39.1%
PROFESSIONAL SERVICES AND CONSULTING	\$ 37,932	0.1%	\$ 154,800	0%	24.5%
CORPORATE INSURANCE	\$ 5,737	0.0%	\$ 50,004	0%	11.5%
SALARIES/WAGES/BENEFITS	\$ 178,509	0.6%	\$ 507,450	1%	35.2%
EDUCATION, TRAINING, CONFERENCES, SEMINARS	\$ 1,471	0.0%	\$ 20,000	0%	7.4%
CORPORATE GOVERNANCE	\$ -	0.0%	\$ 55,000	0%	N/A
ADMINISTRATION OF HAPRIO EXPENSES SUB-TOTAL	\$ 407,452	1.5%	\$ 1,240,342	2%	32.8%
<b>USDA OVERSIGHT</b>					
USDA USER FEE	\$ 73,918	0.3%	\$ 206,000	0%	35.9%
PROGRAM REVIEW	\$ -	0.0%	\$ -	0%	#DIV/0!
OFFICE OF GENERAL COUNSEL (OGC)	\$ -	0.0%	\$ -	0%	N/A
USDA OVERSIGHT SUB-TOTAL	\$ 73,918	0.3%	\$ 206,000	0%	35.9%



**HASS AVOCADO BOARD**  
**Statement of Net Assets**  
**Previous Year Comparison**  
**As of MAY 31, 2019**

	<u>5/31/19</u>	<u>5/31/18</u>	<u>Variance</u>	<u>% Change</u>
<b>Assets</b>				
Current assets:				
Cash and investments	2,132,454	2,981,326	(848,872)	-28%
Receivables:				
California	970,243	1,443,938	(473,695)	-33%
Customs	4,140,068	4,453,215	(313,147)	-7%
Interest	-	-	-	N/A
Leases	-	-	-	N/A
Miscellaneous	-	-	-	N/A
Prepaid expenses	30,625	34,213	(3,588)	-10%
Deposits	6,051	6,051	-	0%
Total current assets	<u>7,279,441</u>	<u>8,918,743</u>	<u>(1,639,302)</u>	<u>-18%</u>
Noncurrent assets:				
Capital assets :				
Depreciable	350,297	350,297	-	0%
Accumulated depreciation	(327,012)	(298,297)	(28,715)	10%
Total noncurrent assets	<u>23,285</u>	<u>52,000</u>	<u>(28,715)</u>	<u>-55%</u>
<b>Total assets</b>	<u>7,302,726</u>	<u>8,970,743</u>	<u>(1,668,017)</u>	<u>-19%</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts payable	4,400,704	5,065,528	(664,824)	-13%
<b>Total liabilities</b>	<u>4,400,704</u>	<u>5,065,528</u>	<u>(664,824)</u>	<u>-13%</u>
<b>Net Assets</b>				
Invested in capital assets, net of accumulated depreciation	-	-	-	N/A
Restricted for:				
Promotions, research and information	2,902,022	3,905,215	(1,003,193)	-26%
Total net assets	<u>2,902,022</u>	<u>3,905,215</u>	<u>(1,003,193)</u>	<u>-26%</u>
<b>Total Liabilities and Net Assets</b>	<u>7,302,726</u>	<u>8,970,743</u>	<u>(1,668,017)</u>	



Schedule of Cash & Investments  
5/31/2019

Purchase / Settlement Date	Maturity Date	Investment Type*	Institution	Term / Days	Yield	Ledger Balance	Current Market Value	Unrealized Gain (Loss)	Monthly Estimated Interest Earned	Collateralization
			<b>Checking Account</b>							
N/A		Cash	Wells Fargo Bank		0.00%	\$1,000	\$1,000	\$0	\$0	FDIC/FEDERAL RESERVE BANK
N/A		Sweep Account	Wells Fargo Bank		2.00%	\$2,131,454	\$2,131,454	\$0	\$2,634	FDIC/FEDERAL RESERVE BANK
						\$2,132,454	\$2,132,454			

FDIC - Federal Deposit Insurance Corporation

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

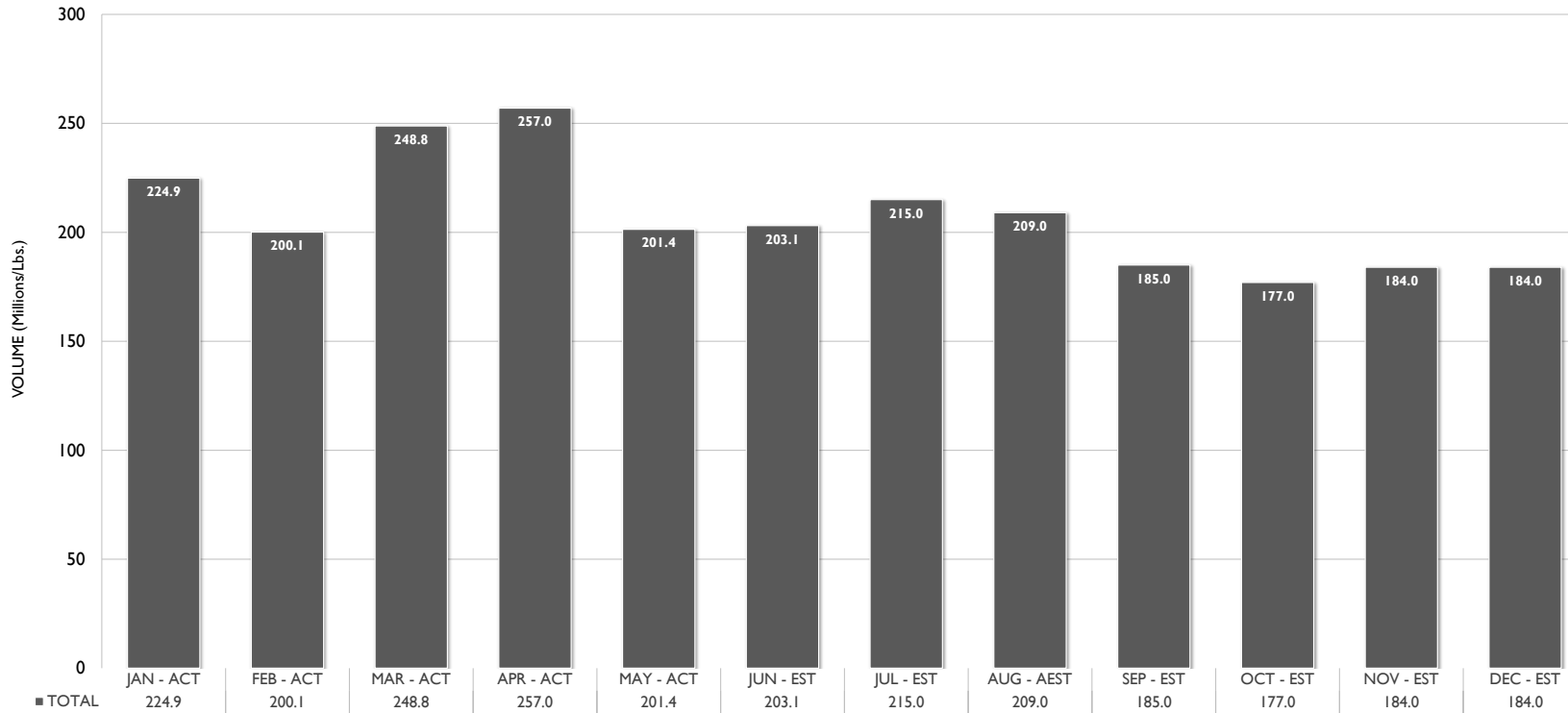


## VOLUME AND REVENUE SUMMARY - MAY 2019 YTD

VOLUME LBS. - (ASSESSABLE HASS ONLY)																
	California *	Chile	Mexico	Peru	Colombia	Other **	Grand Total	Total Assessment Collected *	Rebate *	Association Member Assessment Revenue	Non-Member Revenue Chile	Non-Member Revenue Mexico	Non-Member Revenue Peru	Non-Member Revenue Other	Total Non-Member Revenue	HAB Net Revenue (Incl. Interest Income)
Jan	606,422	7,175,049	216,727,006	-	44	520,698	225,029,219	\$ 5,620,674	\$ 4,766,507	\$ 5,607,655	\$ -	\$ -	\$ -	\$ 13,019	\$ 13,019	\$ 854,167
Feb	1,238,665	2,435,879	195,902,070	48,000	143,560	523,046	200,291,220	\$ 5,002,935	\$ 4,235,616	\$ 4,986,270	\$ -	\$ -	\$ -	\$ 16,665	\$ 16,665	\$ 769,673
Mar	5,443,684	1,487,019	241,146,596	(48,000)	286,987	154,620	248,470,906	\$ 6,211,138	\$ 5,247,575	\$ 6,200,098	\$ -	\$ -	\$ -	\$ 11,040	\$ 11,040	\$ 970,797
Apr	31,930,289	315,686	227,070,530	(14,000)	-	90,249	259,392,754	\$ 6,643,400	\$ 5,579,773	\$ 6,641,144	\$ -	\$ -	\$ -	\$ 2,256	\$ 2,256	\$ 1,071,554
May	40,000,000	-	151,816,447	8,992,324	47,831	112,273	200,968,875	\$ 4,799,697	\$ 3,488,765	\$ 4,795,694	\$ -	\$ -	\$ -	\$ 4,003	\$ 4,003	\$ 1,318,773
<b>YTD Total</b>	<b>79,219,060</b>	<b>11,413,633</b>	<b>1,032,662,649</b>	<b>8,978,324</b>	<b>478,422</b>	<b>1,400,886</b>	<b>1,134,152,974</b>	<b>\$ 28,277,844</b>	<b>\$ 23,318,236</b>	<b>\$ 28,230,861</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 46,983</b>	<b>\$ 46,983</b>	<b>\$ 4,984,964</b>

\* Please note data includes accrued revenue and rebates for CA

\*\* Includes Spain, Dominican Republic, & New Zealand



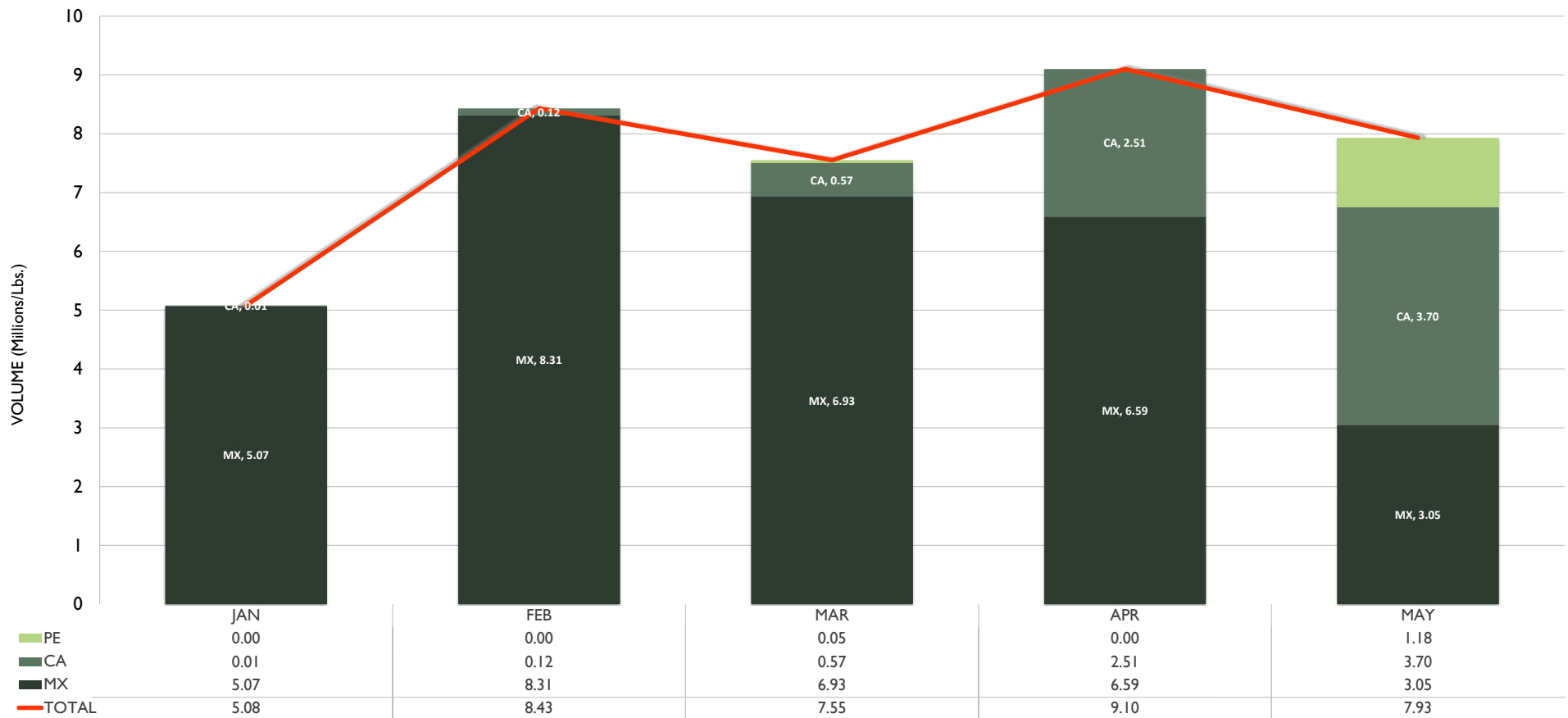
Country Data	Volume (lb)
Subtotal   California Hass	180,000,000
Subtotal   Imported Hass	2,310,000,000
Mexico	2,078,000,000
Chile	48,000,000
Peru	172,000,000
Others (DR & NZ)	12,000,000
<b>TOTAL</b>	<b>2,490,000,000</b>

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.



Country Data	Volume (lb)
Subtotal   California Hass	179,500,000
Subtotal   Imported Hass	2,309,800,000
Mexico	2,077,700,000
Chile	48,100,000
Peru	171,900,000
Others (DR & NZ)	12,100,000
<b>YEAR TO DATE TOTAL</b>	<b>2,489,300,000</b>

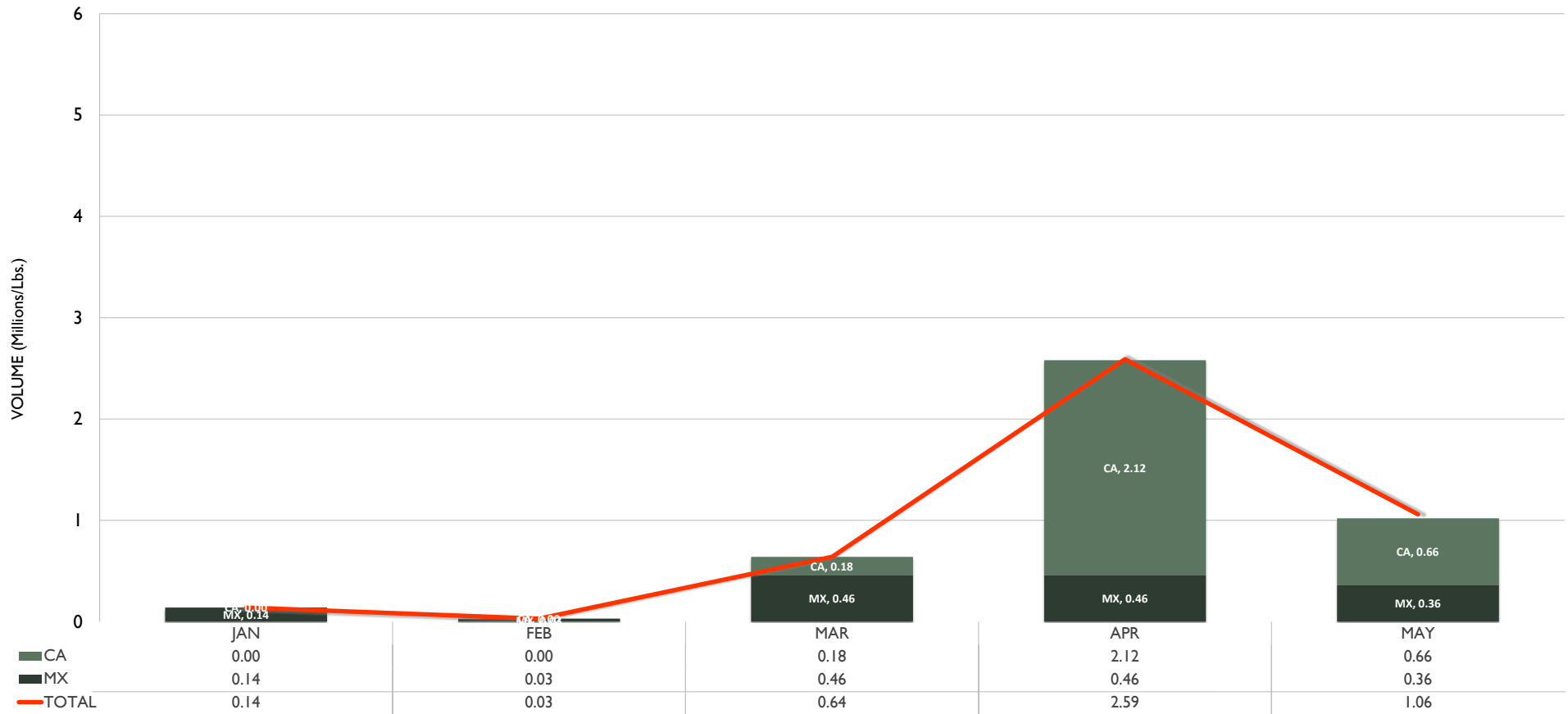
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Country Data	Volume (lb)
Subtotal   California Hass	6,900,000
Subtotal   Imported Hass	31,200,000
Mexico	30,000,000
Chile	-
Peru	1,200,000
Others (DR & NZ)	-
<b>TOTAL</b>	<b>38,100,000</b>

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

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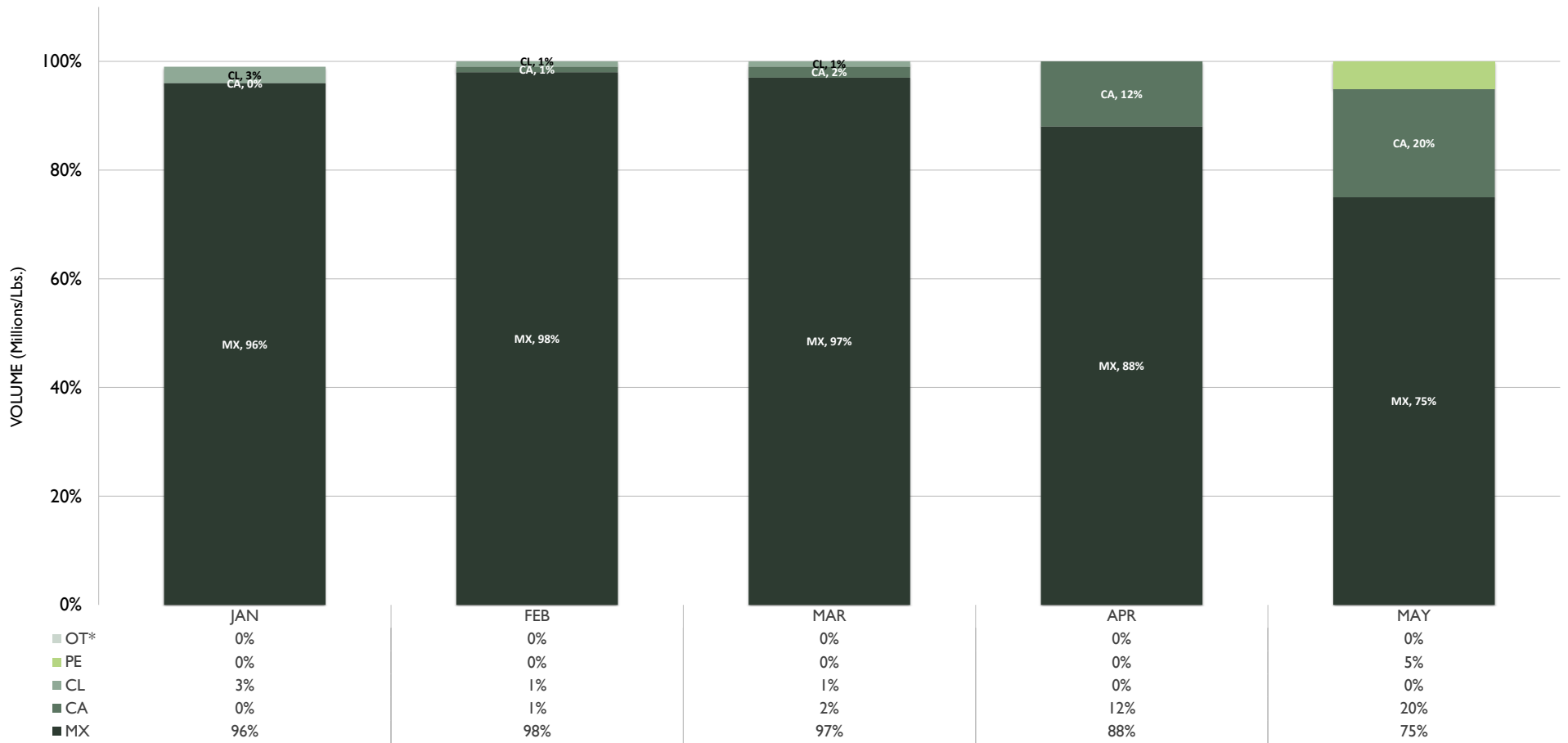


Country Data	Volume (lb)
Subtotal   California Hass	3,000,000
Subtotal   Imported Hass	1,600,000
Mexico	1,500,000
Chile	-
Peru	100,000
Others (DR & NZ)	-
<b>TOTAL</b>	<b>4,600,000</b>

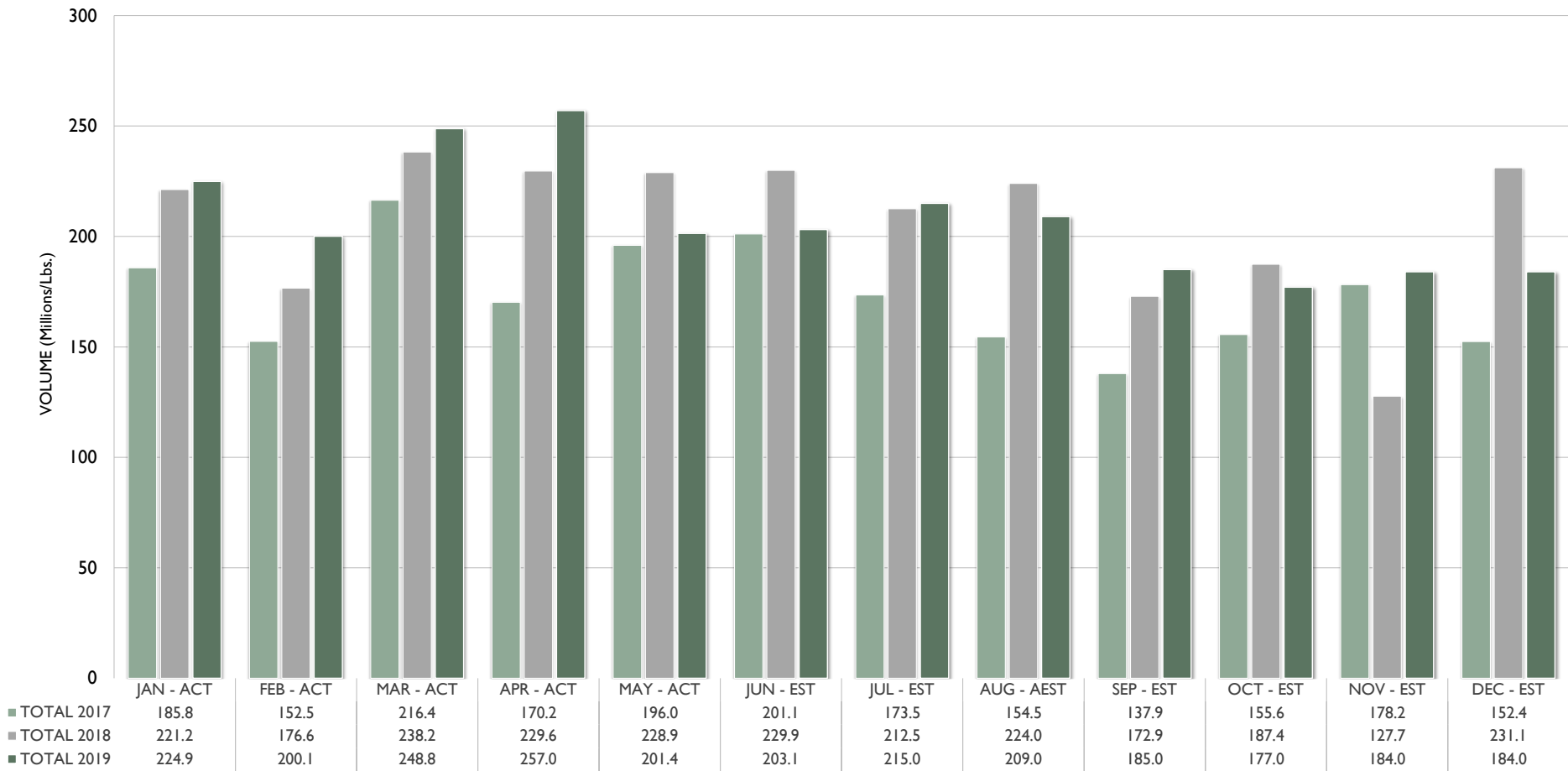
\*California export volume reported by CA handlers, unaudited.

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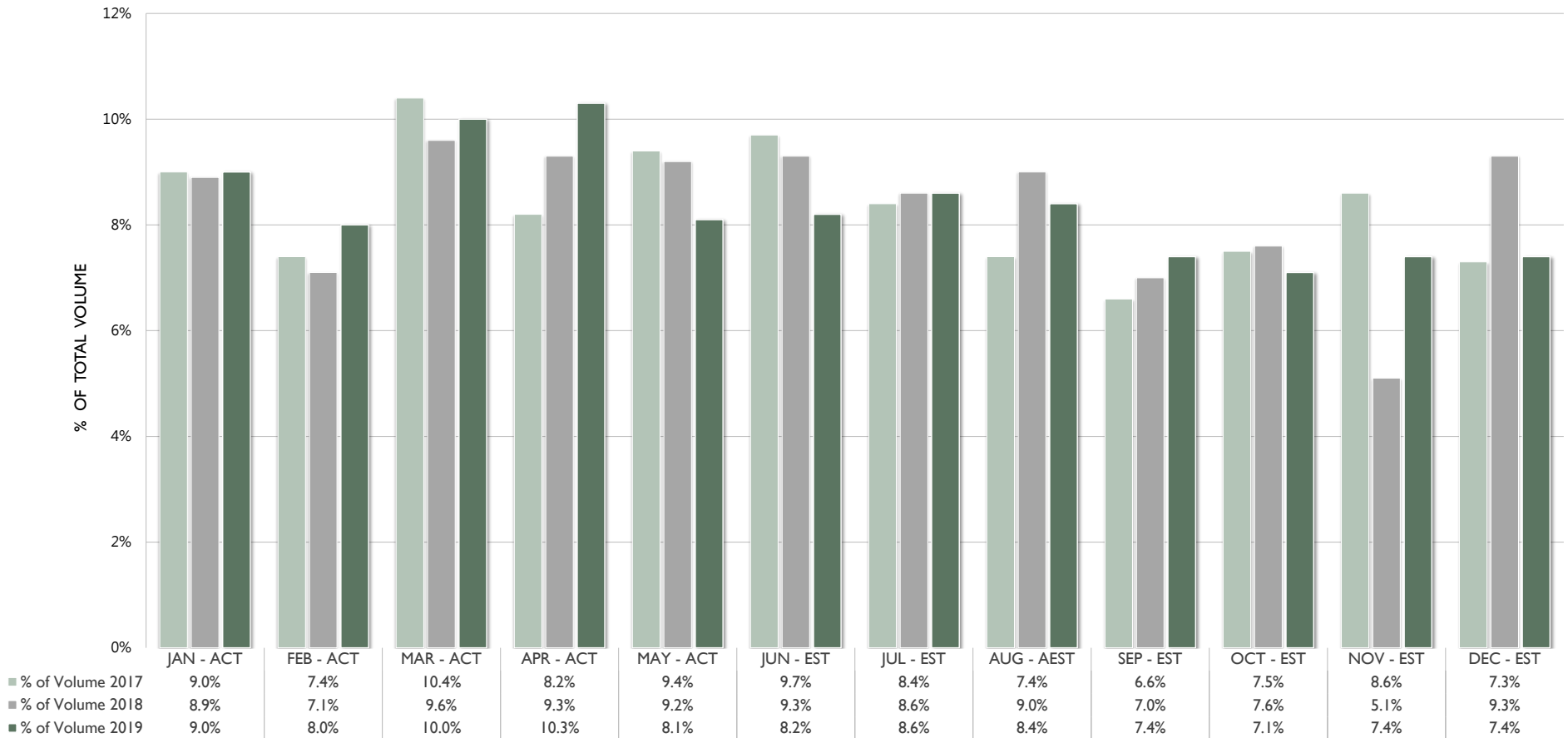
Country Data	2019	2018	2017
Subtotal   California Hass	180,000,000	300,400,000	194,100,000
Subtotal   Imported Hass	2,310,000,000	2,179,600,000	1,880,000,000
Mexico	2,078,000,000	1,945,000,000	1,653,600,000
Chile	48,000,000	53,600,000	82,000,000
Peru	172,000,000	174,800,000	138,600,000
Others (DR & NZ)	12,000,000	6,200,000	5,800,000
<b>TOTAL</b>	<b>2,490,000,000</b>	<b>2,480,000,000</b>	<b>2,074,100,000</b>

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# HASS AVOCADO VOLUME DISTRIBUTION BY MONTH

## Conventional

2017-2019 CALENDAR YEAR - ACTUALS AND PROJECTION



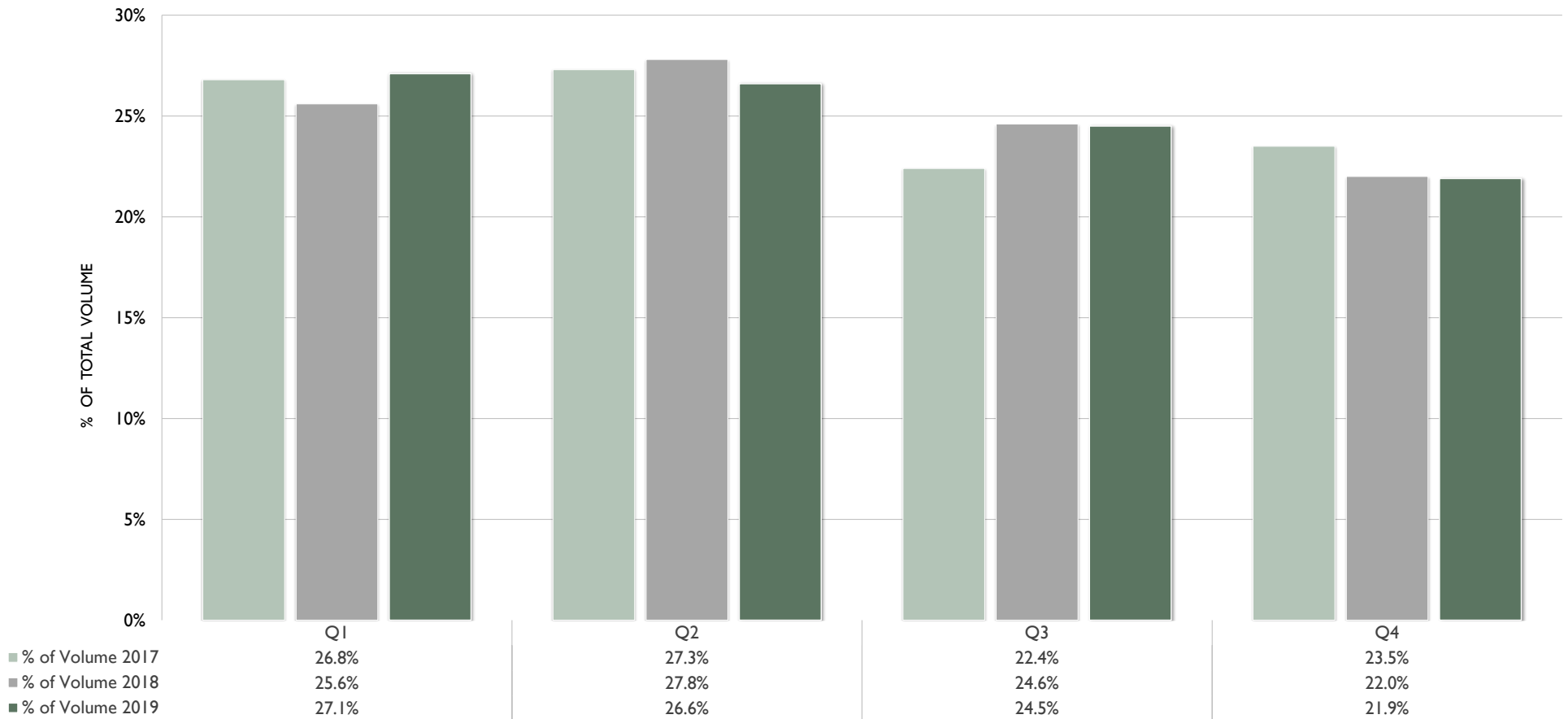
Country Data	2019	2018	2017
Subtotal   California Hass	7.2%	12.1%	9.4%
Subtotal   Imported Hass	92.8%	87.9%	90.6%
Mexico	83.5%	78.4%	79.7%
Chile	1.9%	2.2%	4.0%
Peru	6.9%	7.0%	6.7%
Others (DR & NZ)	0.5%	0.3%	0.3%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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# HASS AVOCADO VOLUME DISTRIBUTION BY QUARTER

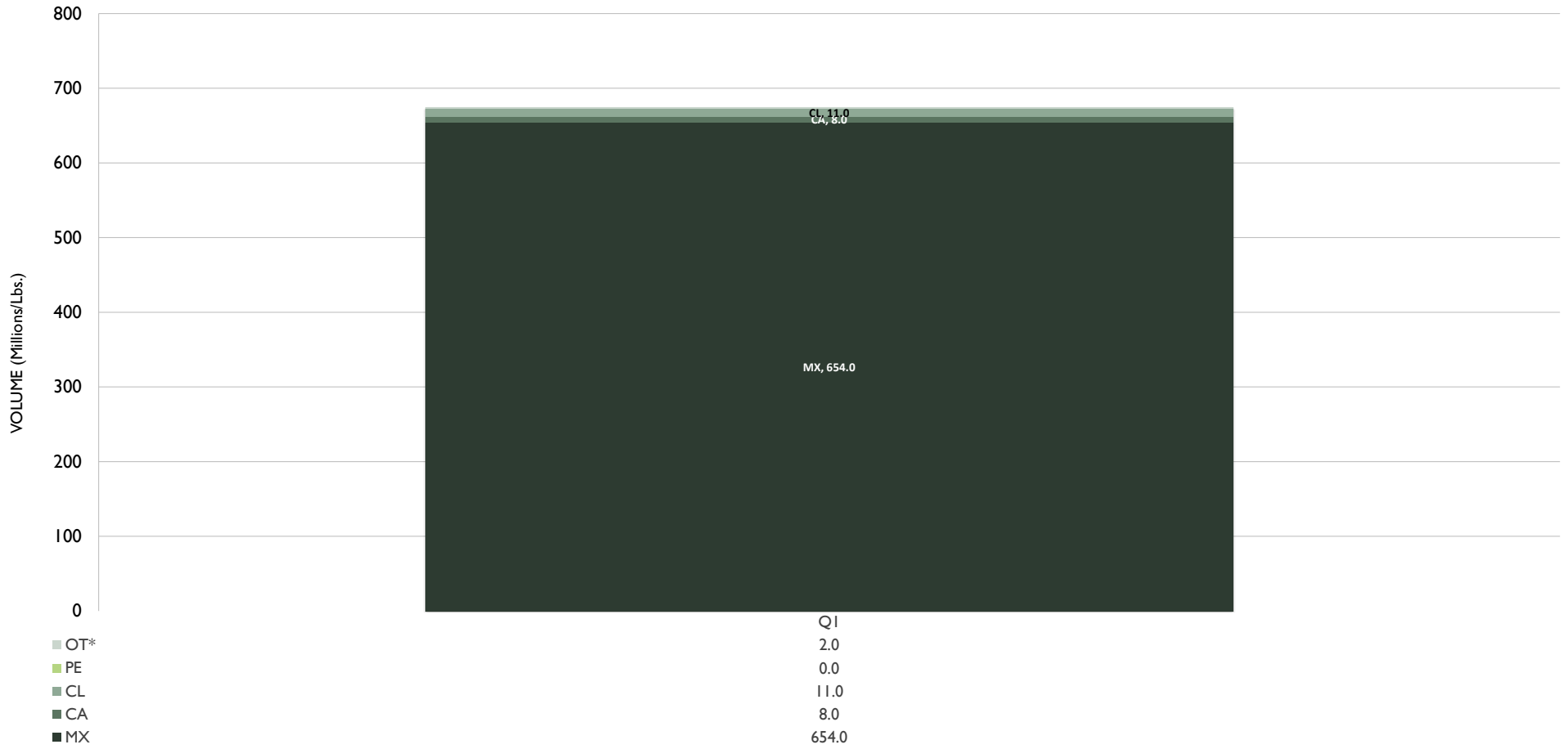
## Conventional

2017-2019 CALENDAR YEAR - ACTUALS AND PROJECTION



Country Data	DISTRIBUTION		
	2019	2018	2017
Subtotal   California Hass	7.2%	12.1%	9.4%
Subtotal   Imported Hass	92.8%	87.9%	90.6%
Mexico	83.5%	78.4%	79.7%
Chile	1.9%	2.1%	3.9%
Peru	6.9%	7.1%	6.7%
Others (DR & NZ)	0.5%	0.2%	0.3%
TOTAL	100%	100%	100%

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

INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

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, 2018. The handlers tested were the thirteen that paid the highest assessments to HAB during the period, representing 99.3% 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 2019 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 the Exemption Certificate from the handler for each of the respective growers tested. 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 twelve (12) handlers with no assessments/penalties due to HAB.
- B. There was one (1) handler with assessments (including penalties) due to HAB totaling \$38.
- C. There were four (4) handlers with assessment refunds due from HAB totaling \$4,794.

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

(1) Culls:

- (a) Nine (9) 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.



(2) Organic Exemptions:

(a) Six (6) handlers purchased organic avocados from growers where total organic lbs per acre exceeded the 6,000 lbs industry average. No additional assessments were made because the policy does not currently include a penalty for exceeding the organic lbs per acre.

(b) Nine (9) handlers purchased organic avocados from growers where total organic lbs per acre were not included in the Organic List provided to us by Hass Avocado Board; therefore, we were unable to test if they exceeded 6,000 lbs per acre.

(c) Two (2) handlers had multiple months of under-claimed organic exemptions during the year. Therefore, assessment refunds are due from HAB in the amount totaling \$4,008.

(3) Export Exemptions:

(a) One (1) handler was unable to provide documentation that they returned assessments to growers whose avocados were exported and claimed for exemption. The handler repays their growers for exported fruit by increasing the total pool proceeds by week and variety and allocating the amount amongst the growers.

(b) One (1) handler had multiple months of under-reported export exemptions during the year. Therefore, assessment refunds are due from HAB in the amount totaling \$3,255.

(c) One (1) handler had multiple months of over- and under-reported export exemptions for some of their growers during the year to correct a system error which caused under-claiming of organic exemptions as noted above, with the intention of a net \$0 effect for the year. The amount due to HAB is \$2,445.

(4) Other:

(a) One (1) handler under-reported total pounds for one month due to system error. Therefore, assessments due total \$48.

\* \* \* \* \*

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.

A handwritten signature in blue ink that reads "David Lee". The signature is written in a cursive, flowing style.

Irvine, California  
April 24, 2019



## Travel Policy

Amended & Approved by the Board: #####/2019

Approved by USDA #####/2019

## **HASS AVOCADO BOARD TRAVEL EXPENSE POLICY**

This policy supersedes the previously approved Hass Avocado Board Travel and Entertainment Expense Policy.

### **1. General**

The Hass Avocado Board (HAB) will reimburse Members and Staff for all reasonable and necessary expenses incurred in connection with travel on authorized Board business which are approved as activities in support of the Act and Order. Members and Staff are responsible for complying with this Policy. Members and Staff submitting expenses that are not in compliance with this policy risk delayed, partial, or forfeited reimbursement. Members and Staff are expected to use prudent business judgement regarding expenses covered by this Policy.

HAB will limit reimbursement of travel expenses specified under this policy for up to one day prior to the day of the event/function, the night of the event/function, and if necessary, an additional day after the last event/function attended. Reimbursement for any additional days will require written pre-approval with justification, such as evidence that no flights are available at a reasonable hour.

### **2. Policy Application**

- A. Hass Avocado Board Members, Board Alternates and Committee Members will be governed by this policy and will be referred to as “Member” throughout this document.
- B. The term “Staff” refers to employees of the Hass Avocado Board.
- C. The term “Executive Director” refers to the Hass Avocado Board’s Chief Executive.
- D. The Hass Avocado Board will be referred to as “Board” throughout this document.
- E. The term “Officer” refers to an Officer of the Board (Chairperson, Vice Chairperson, Treasurer, or Secretary).
- F. The term “business meal” refers to a meal consumed by a Member, Staff, and other invited attendees when HAB related business is discussed during the meal. A business meal is also defined as any meal consumed by the Member, Staff, and other invited attendee while traveling on HAB business.

### **3. Pre-Approvals for Travel**

- A. Pre-approval should be done via e-mail to the appropriate person for approval. The pre-approval should include the business purpose, expense, justification, comparatives or reasoning if appropriate.
- B. All staff travel, except for travel included in annual plans and budgets adopted by the Board, must be pre-approved by the Executive Director or an Officer of the Board.

- C. The Executive Director will obtain pre-approval for travel from the Chairperson. If the Chairperson is not available another Officer may review and approve the travel.
- D. All Member travel, except for approved meetings, must be pre-approved by the Board Treasurer. If the Board Treasurer is unavailable, another Officer may review and approve the travel.
- E. Board Treasurer, the Treasurer will obtain Pre-approval from the Chairperson or another Officer.

#### **4. Transportation**

##### **A. Personal Vehicle**

- 1. Members and Staff who utilize personal vehicles for business purposes are required to have a valid driver's license. Mileage will be reimbursed at the current allowable IRS rate. When a personal vehicle is used for Board business, it must carry the minimum insurance coverage required by law for bodily injury and property damage. Staff using their own personal vehicles for business shall be reimbursed for their actual miles traveled above and beyond their normal commute only. Members and Staff are responsible for all parking fines and moving violation tickets.

##### **B. Rental Vehicle**

- 1. In general, an intermediate or smaller car is the car type within policy; however, the size and type of the rental car should be appropriate for the number of people in the car and the road conditions on which it will be used. In-car navigation systems and electronic toll payment options for rental cars are considered reimbursable. All other convenience options, e.g. satellite radio, are considered non-reimbursable.
- 2. When renting cars in the US, it is not necessary to purchase rental car insurance as the HAB maintains rental car coverage. When renting a car internationally, it is necessary to purchase insurance at the time of the rental. To maximize cost savings, Members and Staff should refuel rental cars prior to returning. Gasoline for rental car use will be reimbursed as long as gasoline for the car rental is purchased under a self-service option. Rental car "pre-pay" options will not be reimbursed.

##### **C. Local Transportation/ Travel**

- 1. The most efficient form of transportation should be used to get to and from hotels, airports and other destinations.
- 2. Allowable methods of transport include shuttles, cabs, ride share and public transportation. Car service is allowed only if the total cost is comparable to that of a cab/ride share fare.

#### D. Air Travel

1. All reimbursable air transportation must originate and terminate within the United States. Any air travel originating from outside the United States must be justified and explained with full documentation on the pre-approval request. Hass Avocado Committee members domiciled outside the United States shall be reimbursed for air travel originating and terminating from their domicile outside the United States.
2. In order to optimize cost savings for HAB, travel arrangements should be arranged at least seven days in advance for domestic travel and fourteen days in advance for international travel. Flight insurance is encouraged and is a reimbursable expense to cover unforeseen expenses resulting from medical, family emergencies, accidents, and flight cancellations. All Members and Staff are encouraged to search for the lowest available restricted but changeable fare, rather than fully-refundable fare. HAB will reimburse Members and Staff for any justifiable flight changes.
3. All Members and Staff must fly coach for all flights within the United States, Mexico, or Canada. For international travel to countries other than Mexico or Canada, Members and Staff are permitted to fly business class for on trips exceeding six hours. First class air travel is not reimbursable. Personal miles or points may be used to upgrade to a higher class service, or the traveler may opt to pay personally for an upgrade.
4. Airline receipts from the carrier shall be included with the expense report form. Travel agent receipts submitted must be accompanied by the airline receipt and include the E-ticket number and record locator for the flights in order for HAB to verify records. Travel Agent Invoices submitted without proper back-up will not suffice and may delay reimbursement.
5. HAB will reimburse airline baggage fees for up to 1 standard checked bag. Pre-approval to check additional bags at HAB expense with written justification may be approved.
6. When Members are attending other HAPRI association meetings during the same period as HAB events/functions, HAB will reimburse 50% of the air travel related expenses.

#### 5. Lodging

1. In cities where the HAB has contracted with a specific hotel, Members and Staff will book a room at the contracted hotel. In cities where there is more than one contracted hotel, the Members and staff may choose among contracted hotels. When travel schedules require early hotel check in and additional hotel charges are incurred, the additional charges are considered reimbursable.
2. In cities where HAB does not have a contracted hotel, or all contracted hotels are sold out, the lodging selected must not exceed the maximum nightly rates (before taxes [and fees](#)) listed below:

- \$350 New York City and Washington D.C.
- \$250 All other U.S. and International locations

3. At times, when demand is high and hotels are sold out, the hotel rooms still available are priced higher than the HAB's stated maximum rate. In this case, Members and Staff will book the most reasonable option and retain a record of why the maximum rate was exceeded and submit for pre-approval. If a Member or Staff must cancel a hotel reservation, they should do so through the site/method through which the reservation was originally booked. Members should plan early to avoid cancellation fees. A "no-show" charge is not reimbursable, unless it results from unavoidable circumstance.

## 6. Business Meals

1. When traveling on HAB related business, Member and Staff will be reimbursed up to a daily maximum of ~~\$80 +\$55~~ \$120.00 per claimant excluding applicable taxes and a maximum gratuity of ~~+520%~~. The maximum includes any daily combination of meals, snacks, minibar, and non-alcoholic beverages. Alcoholic beverages will not be reimbursed as part of a travel or meal expense unless the alcoholic beverages are purchased and served at HAB hosted events related to HAB's programs and when HAB Staff are entertaining others for a valid business purpose including when the entertainment takes place while traveling on HAB business. Alcoholic beverages -consumed at HAB hosted events or when traveling on HAB business shall be included as part of the daily meal allowance limit. Members and Staff should ask for separate checks to avoid exceeding the ~~\$80 +\$55~~ \$120.00 daily maximum. Itemized receipts are required to support all meal expenses, including meals charged to the hotel room.

Commented [LL1]: I am going to split the difference. \$155 is way too high, especially when we are not including alcoholic beverages.

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Commented [LL2]: I added a limit on alcohol at HAB hosted events similar to CAC.

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Commented [EE3]: Increased daily amount to match CAC (\$155)  
Increase tip amount to match #11.12 (exclusions), added language permitting alcoholic beverages when HAB is hosting events and when entertaining others for a valid business purpose

## 7. Seminars, Conferences & Conventions

Members must obtain pre-approval prior to attending a seminar, conference, lecture, or other event of a business nature. Attendance by Staff shall be considered approved when annual plans and budgets are adopted by the Board, otherwise they shall follow the pre-approval process.

## 8. Miscellaneous

### A. Incidentals:

The Board will reimburse, with a receipt when possible, the following items:

1. Internet, and facsimile expenses related to Board business
2. Laundry and dry cleaning services when traveling on Board business for more than five consecutive days.
3. Tolls, parking, porter and baggage handling tips.

### B. International Travel

1. International travel by Staff shall be considered approved when annual plans and budgets are adopted by the Board, otherwise they shall follow the pre-approval process.
2. All expenses must be shown in U.S. dollar values. The currency exchange rate that will be accepted by the HAB is from the US Treasury Department's Financial Management Services as well as the daily exchange rates listed on receipts and/or credit card statements. Use the "Comments" section of expense report to indicate foreign currency exchange rates used.

## **9. Travel Expense Reports**

1. Falsification of a travel expense report will be brought to the Board's attention.
2. 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.
3. If obtained, a copy of the pre-approval and supporting documentation must be submitted with the travel expense report form.
4. A receipt must be submitted for any expense over ~~\$500~~ \$520. The hotel invoice or folio are insufficient supporting documentation for room charges, please include itemized receipts for room charges and meals.
5. It is preferable for travelers to submit original receipts; however, if originals are not submitted, the traveler must retain original receipts for at least three years in case of an audit. Original receipts are receipts for cash expenses or hard-copy printouts from electronic sources, such as for airfare or lodging. If a receipt is unavailable or lost, a written statement is required by the claimant providing the reason and detail of the expenditure.
6. All meal and entertainment expenditures subject to reimbursement must include:
  - Names of people in attendance and relationship to HAB
  - Business purpose - In the case of Board functions, an invitation to Board functions will suffice.
  - Place where the expense took place
  - Date of expense
  - Amount to be reimbursed

## **10. Travel Expense Form Approvals**



1. If the traveler is Staff, the expense report form shall be approved by the Executive Director. If the Executive Director is not available, the expense report form can be approved by the Board Chairperson or Board Treasurer.
2. If the traveler is the Executive Director, the expense report form shall be approved by the Board Chairperson or the Board Treasurer.
3. If the traveler is an officer, the expense report form must be reviewed and approved by the Board Chairperson. If the Board Chairperson is unavailable, another Officer may review and approve the form.
4. If the traveler is the Board Chairperson, the expense report form must be reviewed and approved by the Board Treasurer first. If the Board Treasurer is unavailable another Officer may review and approve the form.
5. If the traveler is a Member, the expense report form must be approved by the Board Treasurer first. If the Board Treasurer is unavailable, another Officer may review and approve the form.

## **II. Exclusions**

The following expenses are not be reimbursable:

1. In-room mini-bar alcohol purchases.
2. Valet Parking, unless the hotel or venue prohibits guests from parking their own vehicles.
3. Personal expenses (movies, games, spa visits, golf outings, optional social activities.)
4. Traffic and/or parking violation fines, towing charges, legal fees, or other payments resulting from illegal actions.
5. Vehicle fuel purchases when mileage is being reimbursed.
6. Repairs to personal vehicles.
7. Family members' and guest expenses,' including room service or extra hotel charges for additional guests.
8. Laundry service unless the trip is longer than five days.
9. Celebratory events with no business purpose, including employee and student birthday events and cakes, baby and wedding showers, and gifts. Flowers and gifts for individual employees and board members are not reimbursable unless approved in advance by the Executive Director.
10. Lunches and dinners without a primary business purpose. The fact that lunchtime or dinnertime is a convenient time to meet does not convert a personal expense to a business expense.

11. First-class fare

12. Tips in excess of 20%

13. Travel accident insurance premiums



## Travel Policy

Amended & Approved by the Board: ###/###/2019

Approved by USDA ###/###/2019

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## **HASS AVOCADO BOARD TRAVEL EXPENSE POLICY**

This policy supersedes the previously approved Hass Avocado Board Travel and Entertainment Expense Policy.

### **I. General**

The Hass Avocado Board (HAB) will reimburse Members and Staff for all reasonable and necessary expenses incurred in connection with travel on authorized Board business which are approved as activities in support of the Act and Order. Members and Staff are responsible for complying with this Policy. Members and Staff submitting expenses that are not in compliance with this policy risk delayed, partial, or forfeited reimbursement. Members and Staff are expected to use prudent business judgement regarding expenses covered by this Policy.

HAB will limit reimbursement of travel expenses specified under this policy for up to one day prior to the day of the event/function, the night of the event/function, and if necessary, an additional day after the last event/function attended. Reimbursement for any additional days will require written pre-approval with justification, such as evidence that no flights are available at a reasonable hour.

### **2. Policy Application**

- A. Hass Avocado Board Members, Board Alternates and Committee Members will be governed by this policy and will be referred to as “Member” throughout this document.
- B. The term “Staff” refers to employees of the Hass Avocado Board.
- C. The term “Executive Director” refers to the Hass Avocado Board’s Chief Executive.
- D. The Hass Avocado Board will be referred to as “Board” throughout this document.
- E. The term “Officer” refers to an Officer of the Board (Chairperson, Vice Chairperson, Treasurer, or Secretary).
- F. The term “business meal” refers to a meal consumed by a Member, Staff, and other invited attendees when HAB related business is discussed during the meal. A business meal is also defined as any meal consumed by the Member, Staff, and other invited attendee while traveling on HAB business.

### **3. Pre-Approvals for Travel**

- A. Pre-approval should be done via e-mail to the appropriate person for approval. The pre-approval should include the business purpose, expense, justification, comparatives or reasoning if appropriate.
- B. All staff travel, except for travel included in annual plans and budgets adopted by the Board, must be pre-approved by the Executive Director or an Officer of the Board.

- C. The Executive Director will obtain pre-approval for travel from the Chairperson. If the Chairperson is not available another Officer may review and approve the travel.
- D. All Member travel, except for approved meetings, must be pre-approved by the Board Treasurer. If the Board Treasurer is unavailable, another Officer may review and approve the travel.
- E. Board Treasurer, the Treasurer will obtain Pre-approval from the Chairperson or another Officer.

#### **4. Transportation**

##### **A. Personal Vehicle**

- 1. Members and Staff who utilize personal vehicles for business purposes are required to have a valid driver's license. Mileage will be reimbursed at the current allowable IRS rate. When a personal vehicle is used for Board business, it must carry the minimum insurance coverage required by law for bodily injury and property damage. Staff using their own personal vehicles for business shall be reimbursed for their actual miles traveled above and beyond their normal commute only. Members and Staff are responsible for all parking fines and moving violation tickets.

##### **B. Rental Vehicle**

- 1. In general, an intermediate or smaller car is the car type within policy; however, the size and type of the rental car should be appropriate for the number of people in the car and the road conditions on which it will be used. In-car navigation systems and electronic toll payment options for rental cars are considered reimbursable. All other convenience options, e.g. satellite radio, are considered non-reimbursable.
- 2. When renting cars in the US, it is not necessary to purchase rental car insurance as the HAB maintains rental car coverage. When renting a car internationally, it is necessary to purchase insurance at the time of the rental. To maximize cost savings, Members and Staff should refuel rental cars prior to returning. Gasoline for rental car use will be reimbursed as long as gasoline for the car rental is purchased under a self-service option. Rental car "pre-pay" options will not be reimbursed.

##### **C. Local Transportation/ Travel**

- 1. The most efficient form of transportation should be used to get to and from hotels, airports and other destinations.
- 2. Allowable methods of transport include shuttles, cabs, ride share and public transportation. Car service is allowed only if the total cost is comparable to that of a cab/ride share fare.

#### D. Air Travel

1. All reimbursable air transportation must originate and terminate within the United States. Any air travel originating from outside the United States must be justified and explained with full documentation on the pre-approval request. Hass Avocado Committee members domiciled outside the United States shall be reimbursed for air travel originating and terminating from their domicile outside the United States.
2. In order to optimize cost savings for HAB, travel arrangements should be arranged at least seven days in advance for domestic travel and fourteen days in advance for international travel. Flight insurance is encouraged and is a reimbursable expense to cover unforeseen expenses resulting from medical, family emergencies, accidents, and flight cancellations. All Members and Staff are encouraged to search for the lowest available restricted but changeable fare, rather than fully-refundable fare. HAB will reimburse Members and Staff for any justifiable flight changes.
3. All Members and Staff must fly coach for all flights within the United States, Mexico, or Canada. For international travel to countries other than Mexico or Canada, Members and Staff are permitted to fly business class for on trips exceeding six hours. First class air travel is not reimbursable. Personal miles or points may be used to upgrade to a higher class service, or the traveler may opt to pay personally for an upgrade.
4. Airline receipts from the carrier shall be included with the expense report form. Travel agent receipts submitted must be accompanied by the airline receipt and include the E-ticket number and record locator for the flights in order for HAB to verify records. Travel Agent Invoices submitted without proper back-up will not suffice and may delay reimbursement.
5. HAB will reimburse airline baggage fees for up to 1 standard checked bag. Pre-approval to check additional bags at HAB expense with written justification may be approved.
6. When Members are attending other HAPRI association meetings during the same period as HAB events/functions, HAB will reimburse 50% of the air travel related expenses.

#### 5. **Lodging**

1. In cities where the HAB has contracted with a specific hotel, Members and Staff will book a room at the contracted hotel. In cities where there is more than one contracted hotel, the Members and staff may choose among contracted hotels. When travel schedules require early hotel check in and additional hotel charges are incurred, the additional charges are considered reimbursable.
2. In cities where HAB does not have a contracted hotel, or all contracted hotels are sold out, the lodging selected must not exceed the maximum nightly rates (before taxes and fees) listed below:
  - \$350 New York City and Washington D.C.
  - \$250 All other U.S. and International locations

3. At times, when demand is high and hotels are sold out, the hotel rooms still available are priced higher than the HAB's stated maximum rate. In this case, Members and Staff will book the most reasonable option and retain a record of why the maximum rate was exceeded and submit for pre-approval. If a Member or Staff must cancel a hotel reservation, they should do so through the site/method through which the reservation was originally booked. Members should plan early to avoid cancellation fees. A "no-show" charge is not reimbursable, unless it results from unavoidable circumstance.

## **6. Business Meals**

- I. When traveling on HAB related business, Member and Staff will be reimbursed up to a daily maximum of \$ \$120.00 per claimant excluding applicable taxes and a maximum gratuity of 20%. The maximum includes any daily combination of meals, snacks, minibar, and non-alcoholic beverages. Alcoholic beverages will not be reimbursed as part of a travel or meal expense unless the alcoholic beverages are purchased and served at HAB hosted events related to HAB's programs and when HAB Staff are entertaining others for a valid business purpose including when the entertainment takes place while traveling on HAB business. Alcoholic beverages consumed at HAB hosted events or when traveling on HAB business shall be included as part of the daily meal allowance limit. Members and Staff should ask for separate checks to avoid exceeding the \$120.00 daily maximum. Itemized receipts are required to support all meal expenses, including meals charged to the hotel room.

## **7. Seminars, Conferences & Conventions**

Members must obtain pre-approval prior to attending a seminar, conference, lecture, or other event of a business nature. Attendance by Staff shall be considered approved when annual plans and budgets are adopted by the Board, otherwise they shall follow the pre-approval process.

## **8. Miscellaneous**

### **A. Incidentals:**

The Board will reimburse, with a receipt when possible, the following items:

1. Internet, and facsimile expenses related to Board business
2. Laundry and dry cleaning services when traveling on Board business for more than five consecutive days.
3. Tolls, parking, porter and baggage handling tips.

### **B. International Travel**

- I. International travel by Staff shall be considered approved when annual plans and budgets are adopted by the Board, otherwise they shall follow the pre-approval process.

2. All expenses must be shown in U.S. dollar values. The currency exchange rate that will be accepted by the HAB is from the US Treasury Department's Financial Management Services as well as the daily exchange rates listed on receipts and/or credit card statements. Use the "Comments" section of expense report to indicate foreign currency exchange rates used.

## **9. Travel Expense Reports**

1. Falsification of a travel expense report will be brought to the Board's attention.
2. 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.
3. If obtained, a copy of the pre-approval and supporting documentation must be submitted with the travel expense report form.
4. A receipt must be submitted for any expense over \$20. The hotel invoice or folio are insufficient supporting documentation for room charges, please include itemized receipts for room charges and meals.
5. It is preferable for travelers to submit original receipts; however, if originals are not submitted, the traveler must retain original receipts for at least three years in case of an audit. Original receipts are receipts for cash expenses or hard-copy printouts from electronic sources, such as for airfare or lodging. If a receipt is unavailable or lost, a written statement is required by the claimant providing the reason and detail of the expenditure.
6. All meal and entertainment expenditures subject to reimbursement must include:
  - Names of people in attendance and relationship to HAB
  - Business purpose - In the case of Board functions, an invitation to Board functions will suffice.
  - Place where the expense took place
  - Date of expense
  - Amount to be reimbursed

## **10. Travel Expense Form Approvals**

1. If the traveler is Staff, the expense report form shall be approved by the Executive Director. If the Executive Director is not available, the expense report form can be approved by the Board Chairperson or Board Treasurer.



2. If the traveler is the Executive Director, the expense report form shall be approved by the Board Chairperson or the Board Treasurer.
3. If the traveler is an officer, the expense report form must be reviewed and approved by the Board Chairperson. If the Board Chairperson is unavailable, another Officer may review and approve the form.
4. If the traveler is the Board Chairperson, the expense report form must be reviewed and approved by the Board Treasurer first. If the Board Treasurer is unavailable another Officer may review and approve the form.
5. If the traveler is a Member, the expense report form must be approved by the Board Treasurer first. If the Board Treasurer is unavailable, another Officer may review and approve the form.

## **II. Exclusions**

The following expenses are not be reimbursable:

1. In-room mini-bar alcohol purchases.
2. Valet Parking, unless the hotel or venue prohibits guests from parking their own vehicles.
3. Personal expenses (movies, games, spa visits, golf outings, optional social activities.)
4. Traffic and/or parking violation fines, towing charges, legal fees, or other payments resulting from illegal actions.
5. Vehicle fuel purchases when mileage is being reimbursed.
6. Repairs to personal vehicles.
7. Family members' and guest expenses,' including room service or extra hotel charges for additional guests.
8. Laundry service unless the trip is longer than five days.
9. Celebratory events with no business purpose, including employee and student birthday events and cakes, baby and wedding showers, and gifts. Flowers and gifts for individual employees and board members are not reimbursable unless approved in advance by the Executive Director.
10. Lunches and dinners without a primary business purpose. The fact that lunchtime or dinnertime is a convenient time to meet does not convert a personal expense to a business expense.
11. First-class fare
12. Tips in excess of 20%
13. Travel accident insurance premiums

# 2017-2021 STRATEGIC PLAN

5 YEAR WORKING GOALS MEASUREMENT AND DASHBOARD



## Mission

HAB exists to support the global avocado industry stakeholders in our collective efforts toward market expansion in the U.S.

## Vision

HAB is the catalyst for fresh avocados being the No. 1 consumed fruit in the U.S. and industry stakeholders being successful.

## Strategic Priorities

- Build Demand
- Nutrition
- Supply and Demand Data
- Quality
- Industry Engagement
- Sustainability

## Build Demand

### Goal

Annual per capita consumption of fresh avocados in the United States will be (A) 14 pounds or (B) \$28 by 2021.

### Measurement

A. Per capita consumption in pounds will be measured by dividing fresh avocado volume (Hass+Organic Imports) by the U.S. (50 states + DC) estimated population as published by the U.S. Census Bureau.

B. Per capita consumption in dollars will be measured by multiplying per capita consumption in pounds (as stated under A) by the average selling price of avocados at retail during the year as reported by IRI for the total U.S.

Progress To Date	2016	2017	2018	2019*
Vol Hass + Org Imp (MM)	2,233	2,138	2,480	2,486
Avg Retail Price / Lb	\$ 2.45	\$ 2.82	\$ 2.42	\$ 2.42
Population (MM)	323	326	328	328
PCC/LB	6.9	6.6	7.8	8.1
PCC/\$	\$ 16.94	\$ 18.49	\$ 18.88	\$ 19.60

\* based on projected volume for 2019 and last year's prices

## Nutrition

### Goal

The growing scientific body of evidence will be relevant, translational, and credible to support health benefits associated with consuming more avocados.

### Measurement

Number of contracted projects added to the research pipeline since 2016 that meet definitions of the goal.

Progress To Date	2016	2017	2018	2019
# of Projects	16	22	27	27

# Supply and Demand

## Goal 1

Research and obtain industry information about where Hass or Hass-like avocados are produced, how much and when.

### Measurement Goal 1

We will measure our success based on the number of industry information reports with new and updated production information that we obtain.

Progress To Date	2016	2017	2018	2019
# of reports	n/a	n/a	n/a	1

## Goal 2

Research and obtain industry information about where Hass or Hass-like avocados are sold, how much and when.

### Measurement Goal 2

We will measure the number of participants on AVIS on a yearly basis and the volume reported in the system as a percentage of total assessable volume. Retail volume and dollars data and reports and international trade reports will be published on [hassavocadoboard.com](http://hassavocadoboard.com).

Progress To Date	2016	2017	2018	2019
AVIS participants	74	77	84	96
AVIS wholesale supply	98%	100%	98%	94%
AVIS wholesale shipments data	82%	86%	83%	82%

## Quality

### Goal

HAB's quality related information pertaining to the proper handling of the fruit in the U.S. supply chain is used by handlers, importers, distributors and marketers that supply the U.S. market. Companies that move 85% of the volume will report having the information available and among them 80% will report finding the information useful.

### Measurement

Changes in the number of companies that have the information and among those that have it, determine what percentage finds the information useful. When the quality guidelines, currently being developed by the Quality Committee are released, we will distribute the information broadly and benchmark through a survey the amount of recipients that have the information and whether they find it useful or not. Follow-up surveys will be performed in 2019 and 2021 and the results will be compared to the initial benchmark.

Progress To Date	2018	2019	2021
# of companies	n/a	n/a	n/a
% that find it useful	n/a	n/a	n/a

## Industry Engagement

### Goal

Increase the percentage of Hass avocado producers and importers in the U.S. that are subject to HAB assessments who (A) are familiar with HAB from the 2017 baseline of 64% to 90%, (B) know what HAB does from the 2017 baseline of 67% to 90% and (C) whose overall opinion about the work of the Board is "somewhat satisfied" or "very satisfied" increased from 48% to 75%.

### Measurement

Goals will be measured using an online survey of avocado producers and importers that are subject to HAB assessments. The benchmark survey was completed in December of 2017. Follow-up surveys will be conducted by December 2019 and a final survey by December 2021.

Part A of the goal will be measured using question 11 of the 2017 benchmark survey and comparing it to the benchmark

Part B of the goal will be measured using question 14 of the 2017 benchmark survey then averaging the results of "I know HAB does this" for parts A B C & G and comparing it to the benchmark.

Part C of the goal will be measured using question 15 of the 2017 benchmark survey by adding the responses that are "somewhat satisfied" and "very satisfied" and comparing it to the benchmark.

Progress To Date	2017	2019	2021
Part A	64%		
Part B	67%		
Part C	48%		

## Sustainability

### Goal

(A.) Research how key U.S. consumers and health professionals think about sustainability. (B.) Characterize the U.S. Hass avocado supply chain environmental, social and economic impact and (C.) develop a strategy for positioning avocados within sustainable diets.

### Measurement:

- A. Goal will be attained when staff presents consumer and health professional research results to the Board.
- B. Goal will be attained when staff presents the characterization stated in the goal to the Board.
- C. Goal will be attained when strategy to position avocados within sustainable diets is presented to the Board.

### Progress To Date

n/a



## Business Plan Update

### Board of Directors Meeting

July 17, 2019

## FINANCE

### MAY 2019 YTD RESULTS

#### FIVE MONTHS ENDING MAY 31, 2019

- HAB Revenues = \$28.3 MM dollars --- up \$0.9 MM from the same period prior year amount of \$27.4 MM
- HAB Net Revenues = \$4.98 MM dollars --- down \$0.3 MM from the same period prior year amount of \$5.28 MM
- HAB Reserves as of 5/31/2019 = \$2.9 MM up \$0.8 MM from the \$2.1 MM December 2018 ending amount.

#### SCHEDULE OF CASH & INVESTMENTS AS OF MAY 31, 2019

- Cash in Bank – Checking Account with Sweep to Investment = \$2,132,454
- TOTAL CASH and INVESTMENTS = \$2,132,454

#### STATEMENT OF NET ASSETS, REVENUE & EXPENDITURES AS OF MAY 31, 2019

- Total Assets \$7,302,726
- Total Liabilities = \$4,400,704
- Total Net Assets = \$2,902,022
- Total Revenues = \$28,303,201
- Total Expenditures = \$27,530,619
- YTD Excess Revenues Over/(Under) Expenditures = \$772,582

## NUTRITION RESEARCH

### SCIENCE PIPELINE

Since the inception of the Nutrition Research Pipeline in 2010, 27 projects have been initiated and 15 of those projects have completed assessment of the primary outcomes. Additional publications on secondary outcomes are still expected from some of those projects. Research projects continue to track on time and updates since the last Board meeting are as follows:

- Dr. Britt Burton-Freeman at the Illinois Institute for Technology published a manuscript titled, “Using the avocado to test the satiety effects of a fat-fiber combination in place of carbohydrate energy in a breakfast meal in overweight and obese men and women: a randomized clinical

trial.” She found that although eating half an avocado resulted in people feeling a little less full, they were overall more satisfied with their meal. On the other hand, eating a whole avocado within a breakfast meal delivered more benefits, specifically by reducing hunger, increasing overall meal satisfaction and when people ate the whole avocado meal they actually reported feeling less tired.

- Dr. Joan Sabate at Loma Linda University published a study titled, “Avocado intake, and longitudinal weight and body mass index changes in an adult cohort.” He found that those people that report eating avocado at baseline weigh approximately 7.5 lbs less and have smaller BMI’s than non-consumers. He also found those that ate at least 1/5 of an avocado daily were less likely to become overweight and people who were overweight or obese and ate avocado in the follow-up time period (4+ years) were more likely to achieve a normal weight.
- Dr. Zhaoping Li at UCLA published a manuscript titled, “Hass avocado inclusion in a weight loss diet supported weight loss and altered gut microbiota: a 12 week randomized parallel-controlled trial.” She found that both the avocado and control groups successfully lost weight, body fat, belly fat and reduced BMI but the avocado group had the added benefit of maintaining satiety throughout the study, in comparison to the control group which had reduced satiety. Additionally, this is the first evidence showing that the makeup of gut bugs changed in people eating the avocado as part of their weight loss diet.
- Recruitment is still going exceedingly well with more than 65% of participants already enrolled (a third of people having already completed the 6 month intervention) in the large multi-site trial, Habitual diet and Avocado Trial (HAT). This study is enrolling 1000 subjects to test the effects of avocado intake on belly fat and blood markers for diabetes and cardiovascular health. The HAT study also includes ancillary studies at each research site to look at cognition, vascular health and gut health.
- Drs. Khan and Holscher have submitted a manuscript for peer-review on the effects of avocado intake on body composition and insulin and glucose. Dr. Khan is also preparing a manuscript on the effects of a 12 week avocado intervention on cognition while Dr. Holscher is writing a paper on the effects of avocado on the gut microbiome.
- Data from the Avocados in the Home study conducted by Dr. Matthew Allison at the University of California at San Diego is being analyzed. Starting next year, many publications are expected from this research on the effects of eating avocados in a Latino population.
- Dr. Joan Sabate at Loma Linda University has also written a paper on the effects of chronic avocado intake on risk factors for metabolic syndrome and diabetes. The paper is expected to be reviewed and hopefully accepted for publication by early next year.
- Dr. Britt Burton-Freeman and her team at Illinois Institute for Technology are still recruiting participants to their trial to look at the effects of avocado consumption on risk factors for diabetes.
- Last year, two no-cost studies were incorporated into the research pipeline. Dr. Judith Rodriguez and colleagues are investigating the consumption of avocados and other colorful fruits on diabetes risk factors in U.S. Latinos. Data analysis is underway.



## NUTRITION AFFAIRS

### STRATEGY AND ISSUES RADAR

Dr. Elizabeth Johnson at Tufts University just published a paper on the effects of lutein across the lifespan. Specifically, she and colleagues reviewed the literature on how lutein (the yellow pigment in avocados) plays a role in early life cognition to the aging eye and brain. Avocados contain 136 micrograms of highly bioavailable lutein so this paper supports consumption of avocados across all age groups, especially in young children.

### EVENTS

Dr. Britt Burton Freeman was asked to give a plenary talk on her avocado research at the annual Institute for Food Technologists meeting. Her research highlighted the unique food matrix of the avocado - containing fat, fiber and water - and how it may be “mother nature’s gift” for improving satiety and helping with weight management.

In June researchers attended the annual American Society for Nutrition Meeting which hosts over 3500 nutrition scientists from around the world. This year, avocado research was highlighted in five separate presentations - one of them was award winning with Sharon Thompson from the University of Illinois winning the Clinical Emerging Leaders award for her work on the changes in gut health by eating avocado daily for 12 weeks. HAB also co-sponsored a session on the benefits of carotenoids such as lutein in early childhood health, pregnancy and lactation.

## BUILD DEMAND

### Nutrition Marketing

## CAMPAIGN: WEIGHT MANAGEMENT

### CREATIVE CONTENT

## HEALTH PROFESSIONALS & GENERAL MARKET NATIONAL NUTRITION MONTH

We joined in promoting public awareness of the importance of good nutrition during National Nutrition Month via a campaign with the Love One Today’s Avocado Goodness Experts (AGEs). This campaign focused on healthy living throughout the lifespan and was brought to life through videos featuring key tips from the AGEs.

We partnered with the AGEs to develop a series of nine (9) short, informal, authentic videos that promoted the role of avocados throughout the lifespan and communicated key research findings, nutrition messages, and helpful tips. Each expert was responsible for filming three 30-60 second videos for their assigned life stage and promoting via their social media channels. Videos were promoted on both the experts’ social channels and the Love One Today-owned social channels during NNM. Results: 3,000+ engagements, 33,000+ views, and 10,000 impressions





## HEALTH PROFESSIONALS

### SPORTS CARDIOVASCULAR AND WELLNESS NUTRITION (SCAN) PARTNERSHIP

We partnered with the Sports Cardiovascular and Wellness Nutrition (SCAN) Dietetic Practice Group of the Academy of Nutrition and Dietetics to extend positive avocado messages and awareness of LOT's research and existing resources. Through this content partnership, which included one e-blast in Q1 and content hosting with subsequent e-blast in Q2, LOT communicated key health benefits and nutrition research related to fresh avocado consumption and heart health outcomes, while sharing practical tips and delicious Heart Check-Certified recipes to inspire avocado consumption at breakfast time. We specifically chose SCAN for its large audience (6,010 members on the distribution list), specialty focus on cardiovascular nutrition, and high engagement rates. Results to date: Q1 e-blast open rate 30.3%, click through rate 5.1%, Q2 e-blast open rate 32.3%, click through rate 4.1%.



## HEALTH PROFESSIONALS ADVERTISING



At the end of Q2, the Honest to Goodness Truth campaign launched to showcase Love One Today® as a trusted resource for health professionals (HP). Print is a highly contextual and focused environment for Love One Today's messages to resonate with HPs. High-impact placements provided a vehicle for reinforcing the health benefits of avocados and highlighting key research and HAB resources for HPs when meeting with their clients. Print is one of many touchpoints within the integrated media plan and allows us to connect with our target audience. Results: 40,000 impressions for the June insertion in Today's Dietitian.

Digital placements where we are driving traffic to a landing page, [loveonetoday.com/weightmanagement](http://loveonetoday.com/weightmanagement), are currently in progress.

## EVENTS

### HEALTH PROFESSIONALS

#### SPORTS CARDIOVASCULAR AND WELLNESS NUTRITION (SCAN) SYMPOSIUM

Through this partnership, which included an educational session and a booth presence, we communicated key health benefits and nutrition research related to lutein and cognition, while sharing practical tips to help empower health professionals to translate avocado nutrition research to their clients. The audience was highly engaged during the educational session and asked many questions following the session. Many attendees also complimented the session noting that they appreciated the combination of having Dr. Liz Johnson, a researcher and a registered dietitian present the information together. Results: approximately 300 attended the symposium.



### HEALTH PROFESSIONALS

#### HEALTH MEETS FOOD

We partnered with the Goldring Center of Culinary Medicine at Tulane University and sponsored their Health Meets Food conference. Attendees included pediatricians, OB-GYN, nurse practitioners, registered dietitians, certified diabetes educators, and other health professionals. Our partnership offered an opportunity to extend avocado research and existing resources through a cooking demonstration and a booth presence.



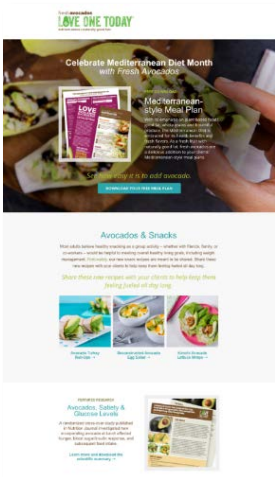
Results: engaged 100 conference attendees and 350 health professionals at the booth.

### CAMPAIGN: CROSS-THEMES

#### ONLINE/WEBSITE/SOCIAL MEDIA

### HEALTH PROFESSIONALS

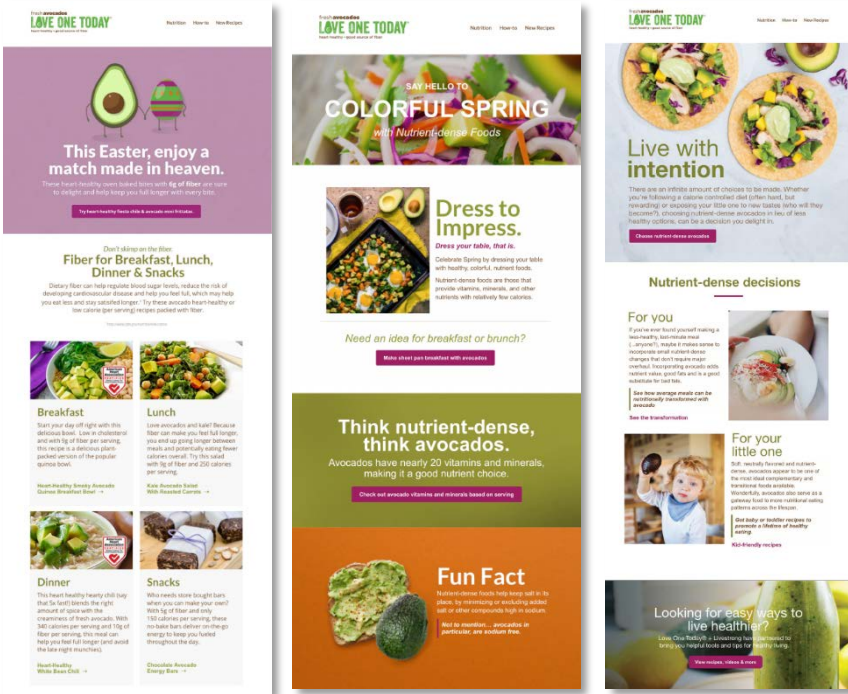
#### E-MAIL MARKETING



The health professional (HP) quarterly e-newsletters are a communication tool where we communicate key health attributes and nutritional benefits related to fresh avocado consumption, research, recipes and resources HPs can use to help their clients incorporate avocados in an overall healthy eating pattern. E-newsletter topics span the four health pillars: healthy living, weight management, heart health and diabetes and highlight timely tips and themes during the 2019 calendar year. In Q2, the focus of the e-newsletter featured the “weight management” pillar. Results: delivered to 6045 recipients, open rate 29.8%, click rate 9.9%, top clicks: Mediterranean meal plan, satiety research, and avocado turkey rollup recipe.

# GENERAL MARKET E-MAIL MARKETING

In Q2, the monthly Love One Today® e-newsletters targeting general market consumers had the following results:



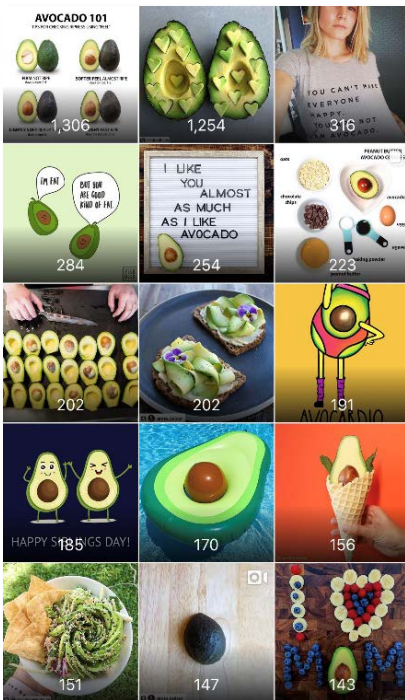
April – delivered to 950 recipients (Weight Management/Heart Health segments), open rate 30.7%, click rate 7.3%, top clicks: avocado energy bar, heart healthy quinoa breakfast bowl, and heart healthy white bean chili recipes.

May – delivered to 2,274 recipients, open rate 32.6%, click rate 4.7%, top clicks: sheet pan breakfast recipe, nutrient-dense & nutrient booster page

June – delivered to 2,513 recipients, open rate 30.8%, click rate 5%, top clicks: livestrong promotion page, meal makeovers, and kid-friendly recipes

# GENERAL MARKET, HISPANIC MARKET, HEALTH PROFESSIONALS SOCIAL MEDIA

Since HAB made the decision to hire a bilingual content manager, we have been able to create content ourselves and post more frequently and as a result both Love One Today (LOT) and Saborea Uno Hoy (SUH) social channels have experienced growth in the last six months, especially Instagram SUH which saw a growth of 122%. We also see very good engagement rates throughout all platforms as shown in the chart below.

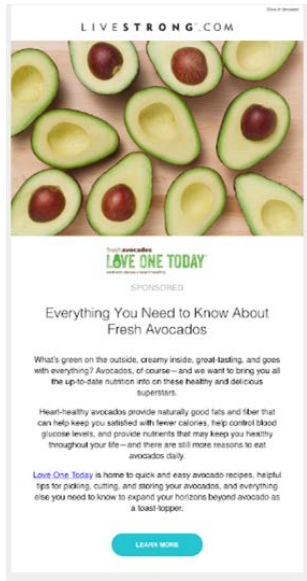


Platform	Dec 2018 Followers	Jun 2019 Followers	Growth	Avg. Engagement Rate
Facebook	55,857	59,717	7%	2.78%
Instagram LOT	3,100	4,100	24%	9.5%
Instagram SUH	1,800	4,000	122%	3.5%
Twitter LOT	13,607	13,500	-1%	0.5%
Twitter SUH	1,044	1,069	2%	0.6%
LinkedIn (HP)	129	140	9%	4%
Pinterest (avg. daily impressions)	3,069	6,523	113%	3.67%

Social advertising results from January-June 2019 drove traffic to our websites LOT.com and SUH.com which resulted in 170,600 pageviews. Reach, impressions and engagements from social ads are shown below.

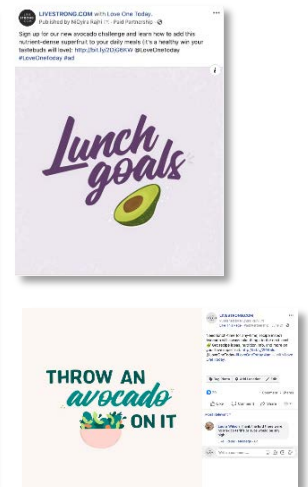
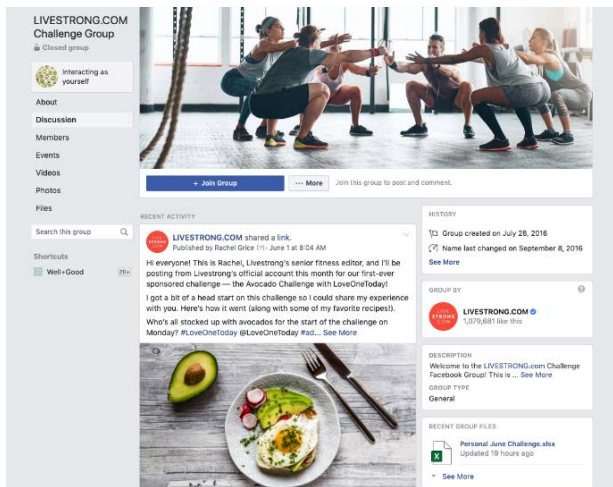
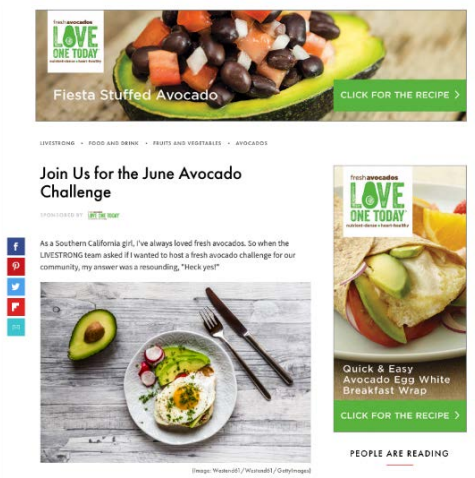
Reach	Impressions	Engagements
1,331,269	1,807,257	165,115

## GENERAL MARKET & HISPANIC MARKET LIVESTRONG.COM



Together with Livestrong.com, one of the most visited fitness and wellness online platforms in the country, Love One Today® and Saborea Uno Hoy® promoted the health benefits of eating fresh avocados. In June, we engaged with Livestrong.com's online audience of over 32 million health-focused consumers with tactics centered around a month-long avocado challenge. The campaign encourages its online community to enjoy a fresh avocado each day, share their favorite recipes and promote how the delicious and nutritious fruit is supporting their healthy living goals.

Tactics included a custom content article on livestrong.com, dedicated email to livestrong subscribers, digital ads, social media promotion, healthy avocado recipes on Livestrong.com's award winning app MyPlate, national public relations, influencers and outreach to health professionals and Hispanics. Results to date: custom content article 168,000+ pageviews, dedicated email open rate 26.7%, click rate 6.67%, ad campaign 9,723,361 impressions.

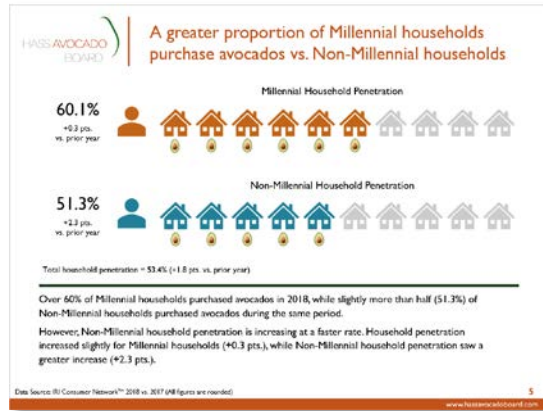


# TARGET AUDIENCE RESEARCH

## RESEARCH, INSIGHTS AND TRACKING

### Millennial Study part I

The objective of this study is to identify growth opportunities for Hass avocados by understanding the purchase habits of Millennial avocado-purchasing households and the role they play in the growth of the category. This study will provide industry stakeholders with valuable insights about these high-value avocado shoppers accounting for more than a quarter (27.5%) of avocado-purchasing households and 28.4% of avocado purchase dollars but also how Non-Millennial households are catching up.



## SUPPLY & DEMAND DATA

### COMMUNICATIONS

**Hass Insights Newsletter:** 5 of 13 issues have been delivered to all subscribers. Our newsletter averages 51.2% open rate



### Retail Trade Press Releases

Q4 2018 Holiday report press release publications (in 2019)

- Fresh Plaza, May 2
- Produce Market Guide, May 20
- The Packer, May 20



Regional Demographics press release publications:

- The Packer, March 15
- Produce Retailer, March 15
- Fresh Plaza, March 15
- Perishable News, March 15
- Fresh Fruit Portal, March 15
- Fresh Digest, April-May



Q1 2019 Holiday report press release publications:

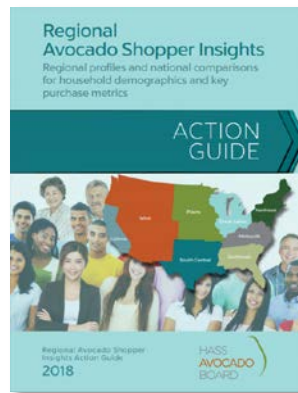
- Produce Market Guide, June 25
- The Packer, June 25
- Produce News, June 27
- Fresh Plaza, June 25



HAB Member and Other Stakeholder Communications

Action Guide:

- Regional Segmentation: This study looks at seven demographic variables for avocado-purchasing households to help stakeholders to learn how avocado shopper demographics and purchases trends shape a unique shopper profile in each region.



Postcard e-blast:

- Q4 2018 Holiday report
- Regional Segmentation
- Q1 2019 Holiday report

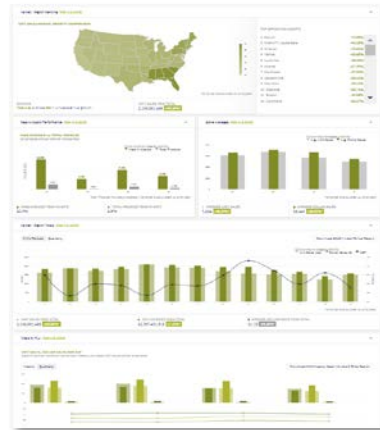




## TRACK AND MONITOR

The following reports have been integrated as interactive tool on [hassavocadoboard.com](http://hassavocadoboard.com) since June. This way users can continue to access retail volume and sales data, but now they will be able to customize views, create graphs and compare data between markets, regions on multiple timeframes. Users can create their own Avocado scorecard for an on the go quick reference sheet.

- Markets and Regions
- AvoScore Cards
- Top Fruit Trends



Regional Composites: available now at [hassavocadoboard.com](http://hassavocadoboard.com). These are regional Avocado category performance reports that include retail volume, dollar trends and average selling prices delivered quarterly, with year-to-date information.

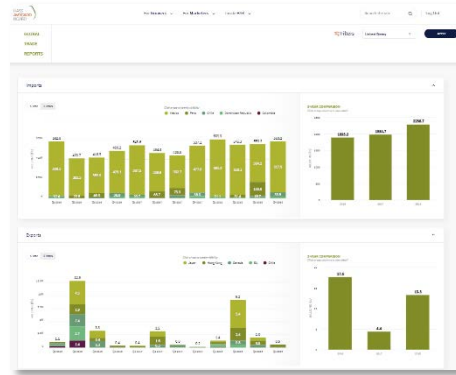
- Q4 2018
- Q1 2019

Holiday and Events reports: available now at [hassavocadoboard.com](http://hassavocadoboard.com). This report offers quarterly updates on the most recent holiday retail performance for fresh avocados.

- Q4 2018
- Q1 2019



Global Trade Reports: now integrated as an interactive tool at hassavocado.com. This reports evolved from pdf files, to an interactive platform where users can have multiple year views.



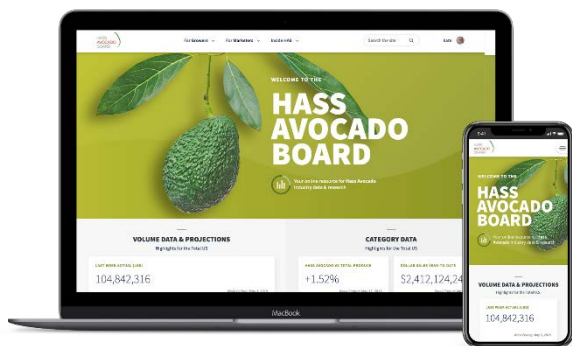
## AVOCADO VOLUME AND INVENTORY SYSTEM

- Ongoing maintenance, programming and website enhancement
- Ongoing review of participant data
- Ongoing participant training

## INDUSTRY ENGAGEMENT

### NEW INDUSTRY WEBSITE

We launched the new industry website HassAvocadoBoard.com on April 12<sup>th</sup>, and the roll out was relatively smooth, with few bugs or fixes needed during the rollout period. The new site requires users to register but anyone can do so. Through this process we were able to track registration on the site, and as of 6/24 our registration counted 758 visitors who went through the registration process. The second month, from May 22<sup>nd</sup> to June 24<sup>th</sup>, showed an increase of 43% registrations over the initial period, which means we are still attracting visitors and registrants at a very good pace. We sent an email introduction out to our Hass Insights mailing list (and Board of Directors) introducing the site on 5/14, and we were picked up in the trade press around that time as well.



We included a short survey to fill out with the launch to get an idea of visitor's thoughts on the re-design, and as of late May, the survey showed that the vast majority of survey takers (90%) thought the new version of the site was an improvement over the old site. We are still working through improvements and enhancements for the site, and most Phase 2 applications should be done within the next 30 days.

## INDUSTRY NEWSLETTER

Our highly successful industry newsletter Hass Insights has been going through some changes, and one of those changes is going to be a new industry engagement section of the email outreach called “HAB Happenings”. We will initially feature two stories monthly, and these stories, briefly introduced on the newsletter will feature links to our new blog page also entitled “HAB Happenings”. We will highlight the work of the board, key program updates, output our programs create, as well as finding informative and meaningful third-party content that we hope will engage readers and bring visitors to our site. Many of the blog entries will contain links to larger information pieces, like our most recent 5-year economic evaluation, so readers can dive deeper into the information we have available to illuminate the work of the board. HAB Happenings will be launched in late July, so look for your monthly Hass Insights newsletter, and see our new outreach efforts in action.

## ANNUAL REPORT



The 2018 Annual Report of the Hass Avocado Board is currently in the review process at the USDA and will be uploaded to the website as soon as the approval process is completed. The theme of this year’s report is the “HAB Effect”, so look for it soon on the site.

## STAKEHOLDER OUTREACH

Over the last several months we have established a face to face outreach effort with many industry stakeholders, primarily with marketers and handlers, to bring HAB insights and information important to running their businesses to the table at their places of business. This outreach has started the process of establishing a closer, more interactive working relationship between HAB and these stakeholders. We have brought research insights, website training and guidance as well as AVIS details that many stakeholders did not thoroughly understand. It also has helped establish a very important feedback loop to us to better understand the needs of these groups so that we may provide the best information and the necessary tools for companies in our industry to thrive. The response to this effort has been overwhelmingly positive, and we will keep this new tool moving forward to better connect with our constituents and create value with the work-products we create.

## QUALITY

Our efforts on the HAB Quality manual has been ongoing and the design work, photography, editing and creation of both an online and print version is coming together nicely. We hope to have a fully completed manual done by the end of August and then start the implementation process across the industry. The implementation strategy is to work with the associations, the handlers and the marketers, to push distribution across the supply chain, and to create a one touch source of avocado handling best practices that can be implemented across the board, and help deliver the best product we possibly can to customers and consumers here in the U.S. Many stakeholders have helped us along the way and we would like to thank them for their time and effort in getting this manual close to the finish line.

## **SUSTAINABILITY**

Staff are waiting for a new sustainability committee to be established to help us create a vision and work plan for us to cement HAB as a creator of value in this priority across the industry.

## **RESEARCH AND INFORMATION**

Our partnership with CIRAD continues to move forward, and we are literally days away from establishing a CIRAD page on the HAB.com website. This information and research effort will deliver many historical Country Profiles and Market Reviews that CIRAD had researched and created prior to our contractual relationship. Additionally, the first in our series of joint reports is ready to be posted, a Country Profile on Peru, which includes a future looking research methodology that will predict the scope of Peru's export efforts into 2023. Industry stakeholders in Peru, as well as in the U.S. helped in this collective effort and have collaborated with CIRAD in an open and engaging dialogue to create this content. A second Country Profile, one focusing on Mexico is in process and we hope to deliver this content early in the fall – stay tuned as we create information that the industry says will enlighten them to engage the strategies and investments necessary to take on this growing industry, and keep demand growing at the proper rate.