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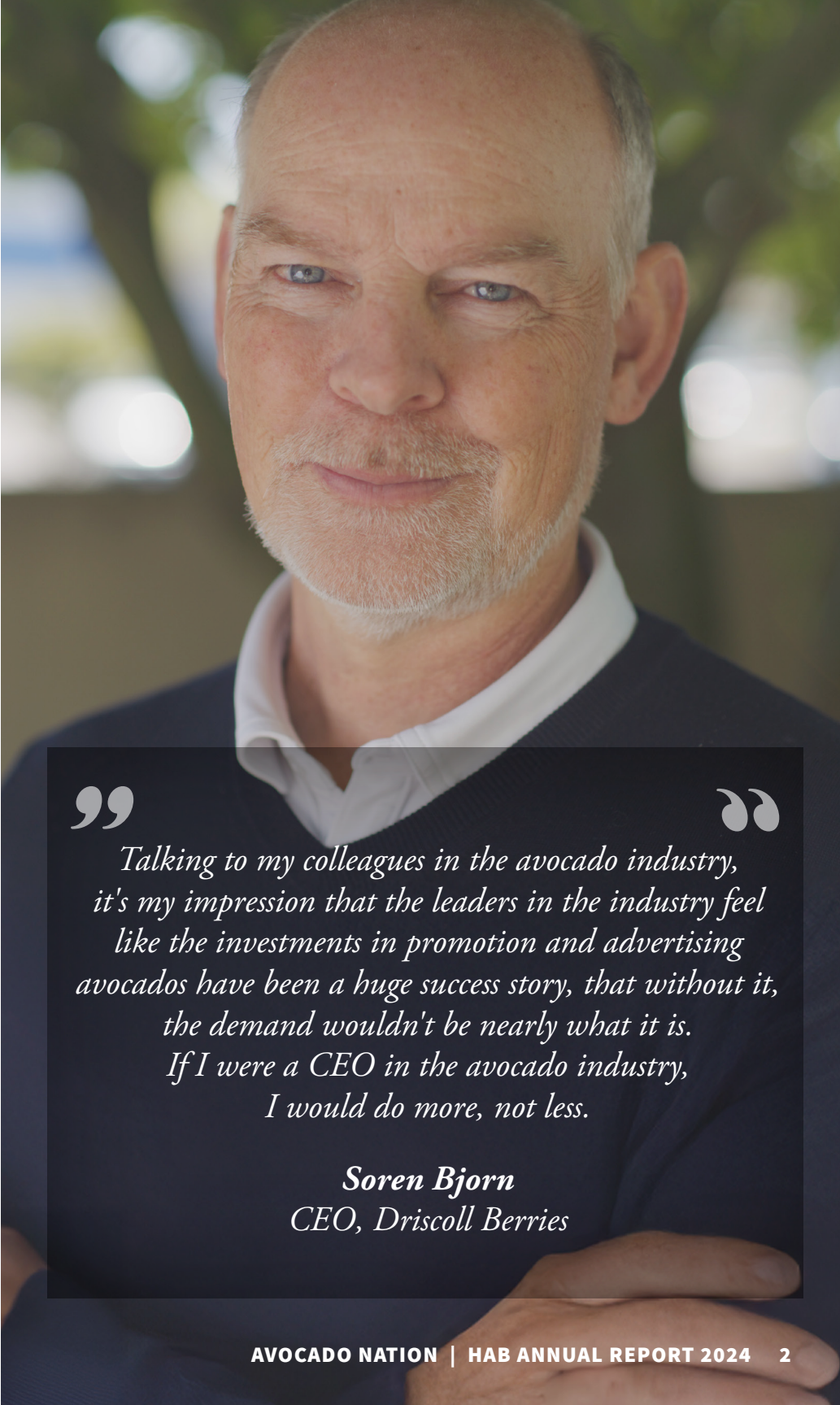
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“
Talking to my colleagues in the avocado industry, it's my impression that the leaders in the industry feel like the investments in promotion and advertising avocados have been a huge success story, that without it, the demand wouldn't be nearly what it is. If I were a CEO in the avocado industry, I would do more, not less.

Soren Bjorn
CEO, Driscoll Berries

2025 BOARD ROSTER

DIRECTORS



Jamie Johnson
PRODUCER



Paula Coxé
PRODUCER



Dave Billings
IMPORTER



Angela Tallant
IMPORTER



Doug O'Hara
PRODUCER



Will Carleton
PRODUCER



Jeff Dickinson
PRODUCER



Gwen Jackimek
IMPORTER



LeighAnne Neary
IMPORTER



Elaine Bannatyne
PRODUCER



Bob Schaar
PRODUCER



Debbie Willmann
IMPORTER

OFFICERS



Bob Schaar
Chairperson



Gwen Jackimek
Vice Chairperson



Debbie Willmann
Treasurer



Jeff Dickinson
Secretary

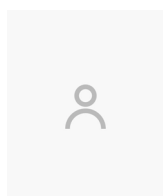
ALTERNATES



Michael Craviotto
PRODUCER



Ivor Van Wingerden
PRODUCER



Vacant
PRODUCER



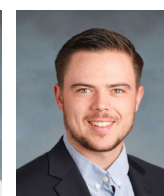
Ben Van Der Kar
PRODUCER



Hillary DeCarl
PRODUCER



Rocco Fiore II
PRODUCER



Daniel Harte
PRODUCER



Sabrina Castillo Lora
IMPORTER



Bob Ybarra
IMPORTER



Elizabeth Ayala
IMPORTER



Rigo Perez Jr.
IMPORTER



Juan Monsalve
IMPORTER

— 2025 STAFF MEMBERS —



Monica Acosta
Associate Manager of Finance
and Administration



Natalia Arias
Sr. Digital Marketing
Strategist



Ella Bauer, PhD
Nutrition Research
Associate Manager



Feon Cheng, PhD, RDN
Nutrition Epidemiologist



Emiliano Escobedo
Executive Director



Nikki A. Ford, PhD
Sr. Director of Nutrition



Jason Garthoffner
Web and Graphic Designer



Alejandro Gavito
Sr. Business Insights and
Data Services Manager



Ivonne Gomez
Content and
Community Manager



**Amanda Izquierdo,
MPH, RD, LDN**
PR & Advertising Manager



John McGuigan
Director of Industry Affairs



Pam Ortega
Executive Assistant
of Operations



Robert M. Rumph
Sr. Director of Finance
and Administration



Silvia Standke
Sr. Manager of Operations



Gina Widjaja
Sr. Director of Marketing
and Communications

”

”

"My main point and takeaway here is that the demand increases we see in the Hass avocado category have been achieved primarily through demand stimulation. The data shows that, conclusively, despite this dramatic increase in supply, prices have been stable."

Kristin Kiesel

*Professor in the Agricultural & Resource Economics
department at the University of California Davis*



EXECUTIVE DIRECTOR'S LETTER

Emiliano Escobedo
Executive Director

In the dynamic world of fresh produce marketing, adaptability is key. The avocado industry in the United States, known for its resilience and innovation, faced numerous challenges in 2024, yet continued to thrive. Despite the fluctuations in weather and market conditions, the industry successfully navigated these obstacles, bringing America's favorite fruit to eager consumers nationwide.

However, for a second consecutive year, these weather impacts greatly affected our historical size structure, with smaller fruit being an even larger share of our marketable production. Every country of origin had a smaller size structure to deal with, one that was smaller than the U.S. market's historical preference. However, by pushing the right levers and promoting fruit in higher percentages of bags, the industry drove this challenging crop through the supply chain to an adequate return for most producers.

What did this size curve challenge give us? Retail volumes for size 40s & 48s, the bread and butter of the industry, dropped by almost thirty percent during the course of 2024, while small fruit grew by nine and a half percent, and bags kept their incredible pace of growth at retail by gaining another increase of almost 10 percent for the year. What was even more amazing about this astonishing change in the size curve of the industry was that at retail, the average selling price of this smaller-size structure increased, with a retail unit selling price that went up from \$1.04 in 2023 to \$1.16! This small change meant that our annual per capita consumption in dollars went up by 12 percent to \$22.63.

So, what did the year look like in total, and from a country-by-country perspective? Let's take a look.

Overall, supply remained flat, going from 2.860 billion pounds in 2023 to 2.872 billion pounds in 2024, an increase of less than 1%. It's the fifth year in a row that overall supply has been between 2.588 and 2.872 billion pounds, a streak that the industry may break in 2025 as the 3-billion-pound mark comes into radar.

U.S. MARKETPLACE IN 2024:

California finally broke out of the short crop cycle it had been in with a sharp increase of 58% over its volume of 213 million pounds in 2023, with 338 million pounds brought to market.

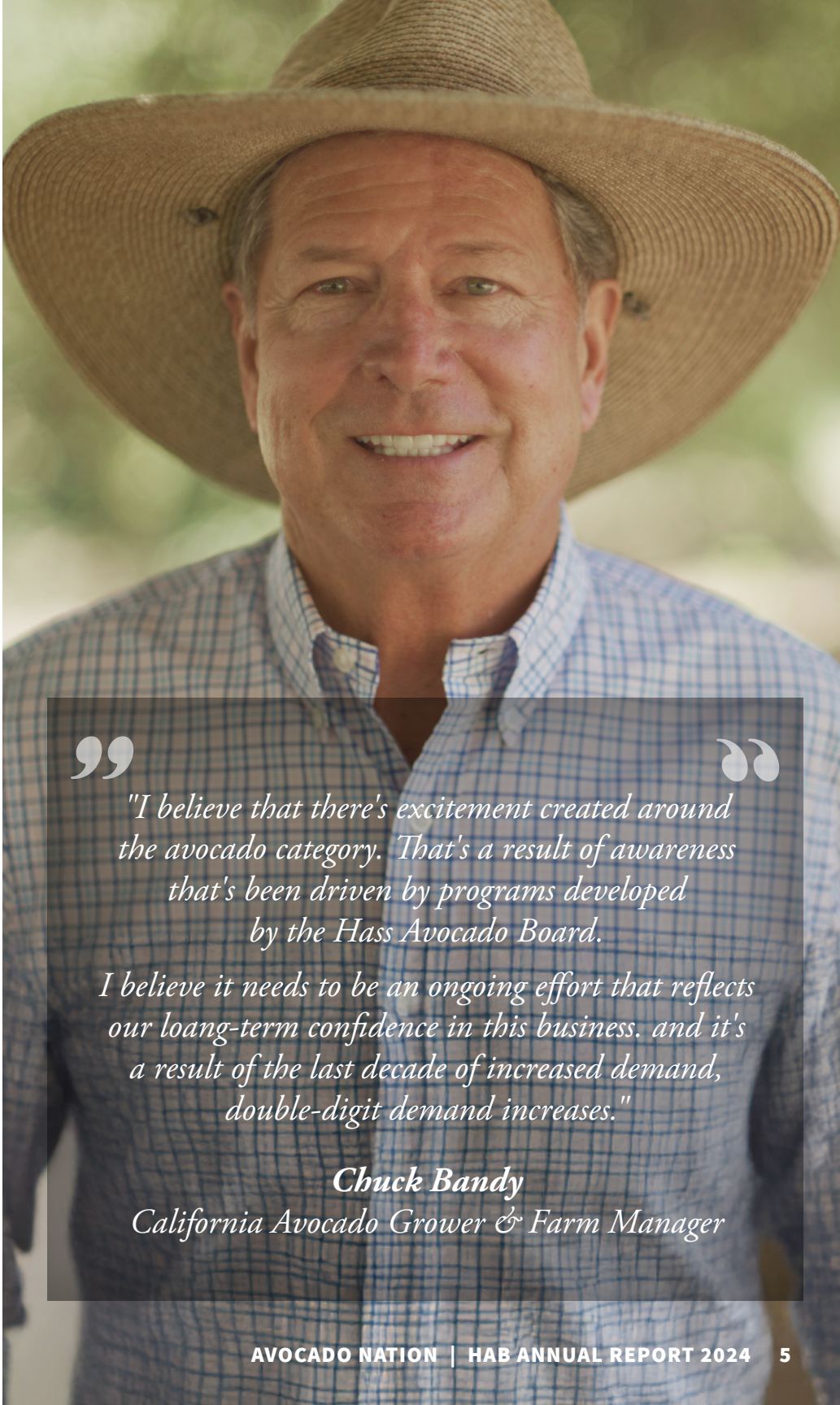
Mexico's shipping volume slightly decreased for the year, to 2.296 billion pounds, down 5% from its 2023 level of 2.435 billion pounds.

Chile and Peru were both relatively flat for the year, shipping 12M and 137M, respectively, and close to their 2023 shipment levels. The big increase in percentage came from the newest country of origin to join the U.S. avocado market, **Colombia**, which increased its shipment level by more than doubling its 2023 volume from 30M to over 74M pounds for the year.

While **Guatemala's** access to the United States was announced late last year, no fruit from that origin arrived in the U.S. in 2024.

Again, all countries of origin showed a further propensity for smaller fruit, and the industry needs to stay attuned to this developing trend. If it is, in fact, a trend, we may need to continue finding new and innovative ways for our customers to keep this small fruit moving. As noted at the top, change and adaptability are our constant companions in our fresh produce marketing world, but working with our supply chain partners, in both retail and foodservice, allowed us to continue to present our healthy, nutritious, delicious fruit to avocado lovers throughout the U.S. Our goal to produce and bring to market, America's favorite fruit is within reach. We will overcome any challenge we face as we drive towards that goal.

To learn more about our impact, visit hassavocado.com/impact



“*I believe that there's excitement created around the avocado category. That's a result of awareness that's been driven by programs developed by the Hass Avocado Board.*

I believe it needs to be an ongoing effort that reflects our long-term confidence in this business. and it's a result of the last decade of increased demand, double-digit demand increases.”

Chuck Bandy
California Avocado Grower & Farm Manager



CHAIRMAN'S LETTER

Bob Schaar
Chairman

As a multi-decade producer of Hass avocados in California, I never imagined the United States would ever become “Avocado Nation”. Our then exotic, little-known, best-kept secret fruit was not even a glimmer on the national stage. All these decades later, and with the untiring work of the Hass Avocado Board (HAB), the California Avocado Commission, and the importer associations of Chile, Colombia, Mexico, and Peru, we have collectively made the United States, without a doubt, Avocado Nation.

The United States consumes fifty percent of the avocados grown and marketed worldwide, and we did not get there by happenstance. We got here because of the investments and collaboration of the industry to bring this nutritious and loved fruit into the mainstream and beyond.

We have expanded the market of this healthful powerhouse by being consistent, persistent, and relentless in our efforts to define the fruit by what it is, a nutritional wonder, and a fruit of great versatility. Then, we get those messages out and into the hands of our consumers, along with the value provided by the supply chain, which gets the fruit onto our consumers' kitchen table across the U.S.

Our collective efforts have been strategically focused on the five pillars we set to support our 2025 vision, and our tireless efforts to efficiently bring our fruit to this market have been a joy to watch and to participate in. Having served on this Board for the last fifteen years, with the last two as the Chairman of HAB, it has been my great honor to continue to lead the organization further down our path of success, and to keep our eyes focused on the present and into the future, to make sure we are able to keep our fruit well-positioned for whatever challenges and opportunities come our way.

THESE STRATEGIC PILLARS ARE:

Nutrition:

Nutrition is one of our main priorities, and our long-term efforts in nutritional research have advanced the scientific understanding of the nutrition and health benefits of fresh Hass Avocados.

Communications/Nutrition Marketing:

Our communication/nutrition marketing strategy has been and will continue to target trusted health care professionals who can recommend avocados to their clients and patients based on their nutritional content and the delicious ways they can be enjoyed by consumers.

Business Support Tools And Information:

HAB provides high-quality data and tools for our industry stakeholders daily to facilitate our supply chain and help them make better decisions for their businesses. We help them understand how production is evolving across countries that supply the U.S. and how the category is performing in our markets.

Sustainability:

Sustainability is another important area of focus for the future, as our industry responds to customers' changing needs and desires to make it clear that avocados support the concept of healthy people and a healthy planet.

Industry Engagement and Leadership:

In our large and complex supply chain, keeping everyone informed and involved in our work is essential to gaining support for our collective efforts. We promise to keep people updated and knowledgeable about our work and to give them reason to support and trust the organization that collects their investment dollars. In 2024, we produced a compelling film, “Avocado Nation,” centered on the most recent 5-year independent evaluation of our programs that showed that assessment payers received an ROI from the HAPRIO system programs at almost 2.5 to 1. Our Board Leadership Development program (BOLD), now has fifty graduates of the program in its first four years, with well over 30% of graduates sitting on industry boards.

The above programs demonstrate the breadth of our work and are the reasons for the health of our industry. We will continue to drive the market forward with innovative programs, content, and solutions, driving Hass avocado demand even higher.

It has been my honor to be your chairman for the past two years and to help keep the organization and our industry focused on our future. A future that we believe is as bright as our past, and to keep the U.S. the largest “Avocado Nation”, in the world.



“*"The funding from the Hass Avocado board has been so critical in understanding the health benefits, specifically of avocados. We wouldn't have that information if there wasn't funding for the research that had been conducted. Also, it's high-quality research that is used by dietary guidelines advisory committees."*

*Penny Kris Etherton
Distinguished Professor
of Nutrition, Penn State University*



FINANCIAL STATEMENTS

HASS AVOCADO BOARD

Basic Financial Statements

Year ended December 31, 2024

(With Independent Auditor's Report Thereon)

HASS AVOCADO BOARD
Basic Financial Statements
Year ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hass Avocado Board
Mission Viejo, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of Hass Avocado Board (the "Board") as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the Board, as of December 31, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As further described in note 10 to the financial statements, during the year ended December 31, 2024, the Board implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, resulting in a prior period restatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The Board's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for one year after the date that the financial

statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Report on Summarized Comparative Information

We have previously audited the Board's financial statements for the year ended December 31, 2023, and we expressed an unmodified opinion on those financial statements in our report dated May 24, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual, the Schedule of Program Expenditures – Budget and Actual, the Schedule of Administration Expenditures – Budget and Actual, the Schedule of Cash Receipts and Disbursements, and the Schedule of Total Payroll Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual, the Schedule of Program Expenditures – Budget and Actual, the Schedule of Administration Expenditures – Budget and Actual, the Schedule of Cash Receipts and Disbursements, and the Schedule of Total Payroll Expenses are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 1, 2025 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Board's internal control over financial reporting and compliance.



Irvine, California
April 1, 2025

HASS AVOCADO BOARD
Management's Discussion and Analysis, Continued
Year Ended December 31, 2024

INTRODUCTION

This report, Management's Discussion and Analysis (MD&A), provides an overview and analysis of the financial activities of the Hass Avocado Board (Board) for the fiscal year ended December 31, 2024. It has been prepared by management and should be read in conjunction with the audited financial statements for the period ended December 31, 2024.

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

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

The board employs an Executive Director who is responsible for employing, contracting, supervision, and discharge of all Board employees, agencies, consultants, and other suppliers. The Board has 15 staff members who implement the various research and promotion programs.

Producers and importers of Hass avocados pay an assessment under the program, with first handlers involved in the domestic assessment collection process and U.S. Customs responsible for assessment collections on imported Hass avocados. The assessment 2.5 cents per pound on fresh Hass avocados produced in the U.S. and on fresh Hass avocados imported into the United States.

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

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

FINANCIAL HIGHLIGHTS

- The assets of the Board exceeded its liabilities as of December 31, 2024, by \$3,619,846 (net position). Of this amount, 99 % totaling \$3,570,951 is unrestricted net assets and may be used for Board promotions, research, and information obligations.
- The Board's 2024 total net position of \$3,619,846 increased by \$769,723 from the December 31, 2023 amount of \$2,850,123. Of this amount, net position invested in capital assets, net of related debt, increased to \$48,895 from \$33,171 in 2024. Net position unrestricted for promotions, research and information increased from \$2,850,123 to \$3,619,846.

HASS AVOCADO BOARD
Management's Discussion and Analysis, Continued
Year Ended December 31, 2024

Prior Period Adjustment

- During the year ended December 13, 2024 the board adopted new accounting guidance by implementing the provisions of GASB 101. As a result of this implementation, an additional \$31,777 in additional compensated absences were accrued. The additional amount was reflected in the restated 2023 beginning net position to \$2,818,346 vs. the prior amount of \$2,850,123.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Board's financial reports. The Board's financial reports include three basic financial statements: Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and Statement of Cash Flows. These *basic financial statements* are designed to present a broad overview of the financial data for the Board, in a manner similar to a private-sector business.

FUND FINANCIAL STATEMENTS:

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

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

NOTES TO THE FINANCIAL STATEMENTS:

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

FINANCIAL ANALYSIS

Comparative data for the year ended December 31, 2023, has been presented in the accompanying supplemental schedules to facilitate financial analysis for the current year ended December 31, 2024.

STATEMENT OF NET POSITION

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

The largest portion (97%) of the Board's total assets were current assets, consisting primarily of cash, investments, and accounts receivable, and prepaid expenses totaling \$8,949,853; up \$222,043 from the prior year amount of \$8,727,810. This increase was mainly attributable to a decrease in cash on hand mainly offset by an increase of accounts receivable from U.S. Customs. Total current assets to liabilities ratio is 1.64 to 1 and indicates adequate liquidity.

Liabilities totaled \$5,621,192 as of December 31, 2024, which decreased by \$673,727 from \$6,294,919 from the prior year. The decrease is mainly attributable to decreased amounts owed

HASS AVOCADO BOARD
Management's Discussion and Analysis, Continued
Year Ended December 31, 2024

to avocado importer associations and other vendors, amortization of the building lease liability, offset slightly by an increase in accrued vacation balances. Liabilities were primarily assessment rebates payable and vendor accounts payable and are considered current liabilities.

Net position invested in capital assets, net of related debt, represent the Board's capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Net position invested in capital assets (net of accumulated depreciation) total \$48,895 up from the prior year amount of \$33,171.

Unrestricted net position for promotions, research, and information activities are subject to imposed restrictions by federal statute governing their use. Unrestricted net position total \$3,570,951, an increase of \$753,999 over the prior year amount of \$2,816,952 mainly due to avocado volume slightly higher than forecasted, interest income higher than budget, and savings in expenditures for budgeted and approved research and promotion activities. Unrestricted net assets are 99% of total net assets and are subject to restrictions on how they can be used.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Key highlights and financial analysis are as follows:

- Actual operating revenues of \$71,805,733 in 2024 were \$839,925 higher than the \$70,965,808 in 2023. The increase was attributable to an increase in volume of locally grown avocados offset by a decrease in imported avocados. Of the operating revenue, the majority \$63,353,586 (approximately 88%) reflects assessments from imported volume; \$8,451,623 (approximately 12%) is generated from domestic volume.
- Actual operating expenses totaled \$71,382,800 in 2024, which was an increase of \$649,739 or approximately 1% from the prior year amount of \$70,733,061. The increase was mainly due to higher rebate expense paid to the domestic avocado association, offset by a decrease in imported assessable Hass volume resulting in lower assessment rebate expense to importers.
- At the end of the 2024 year, the Board reported ending net position of \$3,619,846, which was an increase of \$769,723 from the prior year of \$2,850,123. The increase was primarily due to increased imported avocado volume partially offset by planned budgeted and approved research and promotion expenditures. As the Board is statutorily barred from taking on debt, the Board considers its net position (reserves) an important indicator of the Board's financial strength and maintains a cash reserve. The Board's stakeholders expect funds to be expended responsibly during the year to grow consumer demand and maintain a reserve that supports continued operations through unforeseen potential market and/or government disruptions. The Order limits the Board to an operational reserve that does not exceed one fiscal period's budget (7CFR 1219.54(n)).

BUDGETARY HIGHLIGHTS

The 2024 final budget for the Board's operations represents the original budget for the 12-month period and amendments that may have occurred during the period. All staff salaries and benefits are allocated to the various departments under research and promotion programs where the work is performed. The departmental allocation percentages for staff costs under research and promotion programs are updated on an annual basis. Two 2024 budget amendments were approved and passed by the board. The first budget amendment approved by the board December 7, 2023, reduced Nutrition Research by \$220,000. The second budget amendment recognized the final audited results from 2023 and increased 2024 beginning reserves by

HASS AVOCADO BOARD
Management's Discussion and Analysis, Continued
Year Ended December 31, 2024

\$613,677 from \$2,236,446 to \$2,850,123. Additionally, the second budget amendment increased Business Support Tools and Information by \$33,000, and Industry Engagement by \$60,000.

During the year, the Board engaged in developing, analyzing, and implementing current and long-range financial goals. The 2025 budget and related programs were developed, reviewed, and approved by the board and USDA for implementation.

CAPITAL ASSET AND DEBT ADMINISTRATION

The Board's investment in capital assets for its business type activities as of December 31, 2024, total \$48,895 (net of accumulated depreciation and amortization), which is a \$15,724 increase from December 31, 2023 year-end amount of \$33,171 (net of accumulated depreciation). The Board is prohibited by law from borrowing money and had no debt as of December 31, 2024.

CONTACTING THE BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Board's finances and to show the Board's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Robert Rumph, Senior Director of Finance and Administration, Hass Avocado Board, 25212 Marguerite Parkway Suite 250, Mission Viejo, California 92692.

HASS AVOCADO BOARD
Statement of Net Position
December 31, 2024
(with comparative information for prior year)

	<u>2024</u>	<u>2023</u>
Assets		
Current assets:		
Cash and cash equivalents (note 2)	\$ 3,290,051	3,430,570
Receivables:		
Customs	5,643,681	5,243,738
Other	7	35,675
Deposits	13,217	13,217
Prepaid expenses	<u>2,897</u>	<u>4,610</u>
Total current assets	<u>8,949,853</u>	<u>8,727,810</u>
Noncurrent assets:		
Capital assets (note 4):		
Depreciable	1,008,019	1,115,505
Accumulated depreciation/amortization	<u>(716,834)</u>	<u>(698,273)</u>
Total noncurrent assets	<u>291,185</u>	<u>417,232</u>
Total assets	<u>9,241,038</u>	<u>9,145,042</u>
Liabilities		
Current liabilities:		
Accounts payable and other liabilities	5,167,048	5,730,821
Compensated absences (note 5)	211,854	180,037
Lease liability, current (note 7)	<u>150,687</u>	<u>141,771</u>
Total current liabilities	<u>5,529,589</u>	<u>6,052,629</u>
Noncurrent liabilities:		
Lease liability, net of current (note 7)	<u>91,603</u>	<u>242,290</u>
Total noncurrent liabilities	<u>91,603</u>	<u>242,290</u>
Total liabilities	<u>5,621,192</u>	<u>6,294,919</u>
Net Position		
Net investment in capital assets	48,895	33,171
Unrestricted	<u>3,570,951</u>	<u>2,816,952</u>
Total net position	<u>\$ 3,619,846</u>	<u>2,850,123</u>

See accompanying notes to the basic financial statements.

HASS AVOCADO BOARD
Statement of Revenues, Expenses and Changes in Net Position
Year ended December 31, 2024
(with comparative information for prior year)

	<u>2024</u>	<u>2023</u>
Operating revenues:		
Assessments:		
Customs	\$ 63,353,586	65,636,296
California	8,451,623	5,303,770
Other income	<u>524</u>	<u>25,742</u>
Total operating revenues	<u>71,805,733</u>	<u>70,965,808</u>
Operating expenses:		
Rebate program:		
Mexican Hass Avocado Import Association	48,780,137	51,283,685
California Avocado Commission	7,184,177	4,507,114
Peruvian Avocado Commission	2,907,633	3,351,035
Colombia Avocado Board	1,584,790	633,899
Chilean Avocado Import Association	<u>262,887</u>	<u>235,991</u>
Total rebate program	<u>60,719,624</u>	<u>60,011,724</u>
Promotion, Research, and Information program:		
Communications	4,060,171	4,206,623
Nutrition	2,310,997	2,007,265
Supply and demand information	840,450	844,795
Industry engagement	928,768	959,715
Sustainability	<u>541,002</u>	<u>729,315</u>
Total promotion, research, and information program	<u>8,681,388</u>	<u>8,747,713</u>
Other expenses:		
USDA oversight	205,818	192,213
Depreciation/amortization	<u>173,477</u>	<u>168,548</u>
Total other expenses	<u>379,295</u>	<u>360,761</u>
Administration:		
Administration expenses	<u>1,602,493</u>	<u>1,612,863</u>
Total administration	<u>1,602,493</u>	<u>1,612,863</u>
Total operating expenses	<u>71,382,800</u>	<u>70,733,061</u>
Operating income (loss)	422,933	232,747
Non-operating revenues:		
Investment income	<u>378,567</u>	<u>314,188</u>
Total non-operating revenues	<u>378,567</u>	<u>314,188</u>
Increase (decrease) in net position	801,500	546,935
Net position, beginning of year as previously reported	2,850,123	2,303,188
Restatement - See Note 10	(31,777)	-
Net position, beginning of year as restated	<u>2,818,346</u>	<u>2,303,188</u>
Net position, at the end of year	<u>\$ 3,619,846</u>	<u>2,850,123</u>

See accompanying notes to the basic financial statements.

HASS AVOCADO BOARD
Statement of Cash Flows
Year ended December 31, 2024
(with comparative information for prior year)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash received from producers and importers	\$ 71,420,529	70,656,168
Cash paid to employees	(2,841,237)	(2,713,994)
Cash rebate payments	(62,028,998)	(58,756,467)
Payments to suppliers for goods and services	<u>(6,870,579)</u>	<u>(8,135,149)</u>
Net cash provided by (used for) operating activities	<u>(320,285)</u>	<u>1,050,558</u>
Cash flows from capital and related financing activities:		
Principal paid on lease	(141,771)	(133,250)
Interest paid on lease	<u>(9,600)</u>	<u>(17,351)</u>
Net cash provided by (used for) financing activities	<u>(151,371)</u>	<u>(150,601)</u>
Cash flows from investing activities:		
Interest income	378,567	314,188
Purchase of capital assets	<u>(47,430)</u>	<u>-</u>
Net cash provided by (used for) investing activities	<u>331,137</u>	<u>314,188</u>
Net increase (decrease) in cash and cash equivalents	(140,519)	1,214,145
Cash and cash equivalents at beginning of year	<u>3,430,570</u>	<u>2,216,425</u>
Cash and cash equivalents at end of year	<u>\$ 3,290,051</u>	<u>3,430,570</u>
Reconciliation of operating income (loss) to net cash provided by (used for) for operating activities:		
Operating income (loss)	\$ 422,933	232,747
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation/amortization	173,477	168,548
(Increase) decrease in receivables	(364,275)	(330,569)
(Increase) decrease in prepaid expenses	1,713	41,978
Increase (decrease) in accounts payable	(554,173)	911,127
Increase (decrease) in compensated absences	<u>40</u>	<u>26,727</u>
Net cash provided by (used for) operating activities	<u>\$ (320,285)</u>	<u>1,050,558</u>

Non-cash investing, capital and financing activities:

There were no significant non-cash investing, capital or financing activities during the years ended December 31, 2024 and 2023.

See accompanying notes to the basic financial statements.

HASS AVOCADO BOARD

Notes to the Basic Financial Statements

Year ended December 31, 2024

1. Summary of Reporting Entity and Significant Accounting Policies

Reporting Entity

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

Fund Accounting

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

Measurement Focus and Basis of Accounting

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

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

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

HASS AVOCADO BOARD

Notes to the Basic Financial Statements

Year ended December 31, 2024

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

Cash and Cash Equivalents

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

Capital Assets

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

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

Software	3-5 years
Office equipment	3-5 years
Tradeshow booth	3-5 years
Leasehold improvements	6-7 years
Right to use asset	Estimated life of the leased asset or the contracted term, whichever is shorter

Compensated Absences

The Board permits employees to accumulate earned but unused vacation and sick leave benefits. Earned vacation hours accrue and may be paid out to a maximum of 312 hours. Earned sick hours are not paid out upon termination and accrue without limit, and as such, are not recorded as a liability. The liability for compensated absences represents the amount that is due to employees for unused vacation hours that have vested. The liability is calculated using current pay rates and includes employer-paid fringe benefits.

Leases

The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

HASS AVOCADO BOARD

Notes to the Basic Financial Statements

Year ended December 31, 2024

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

Leases

Key estimates and judgments include how the Board determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

Tax Exemption

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

Use of Estimates

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

Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Board's prior year financial statements, from which this selected financial data was derived. In addition, certain minor reclassifications of the prior year data have been made to enhance their comparability to the current year.

2. Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2024 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and cash equivalents	<u>\$ 3,290,051</u>
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Cash and cash equivalents as of December 31, 2024 consist of the following:

Demand deposits	<u>\$ 3,290,051</u>
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HASS AVOCADO BOARD

Notes to the Basic Financial Statements

Year ended December 31, 2024

3. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Board's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by the state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Board deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The Board's deposits were collateralized as of December 31, 2024.

4. Capital Assets

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

	January 1, 2023	Additions	Deletions	December 31, 2024
Capital assets:				
Office equipment	\$ 92,075	-	-	92,075
Software	82,914	47,430	-	130,344
Tradeshow booth	154,916	-	(154,916)	-
Leasehold improvements	172,310	-	-	172,310
Right-to-use asset - office space	613,290	-	-	613,290
Total capital assets	<u>1,115,505</u>	<u>47,430</u>	<u>(154,916)</u>	<u>1,008,019</u>
Accumulated depreciation and amortization:				
Office equipment	(92,075)	-	-	(92,075)
Software	(82,914)	(15,810)	-	(98,724)
Tradeshow booth	(154,916)	-	154,916	-
Leasehold improvements	(100,744)	(23,855)	-	(124,599)
Right-to-use asset - office space	<u>(267,624)</u>	<u>(133,812)</u>	<u>-</u>	<u>(401,436)</u>
Total accumulated depreciation and amortization	<u>(698,273)</u>	<u>(173,477)</u>	<u>154,916</u>	<u>(716,834)</u>
Total capital assets, net	<u>\$ 417,232</u>	<u>(126,047)</u>	<u>-</u>	<u>291,185</u>

Depreciation and amortization expense was \$173,477 for the year ended December 31, 2024.

HASS AVOCADO BOARD

Notes to the Basic Financial Statements

Year ended December 31, 2024

5. Compensated Absences

The following is a summary of changes in compensated absences, included in current liabilities, for the year ended December 31, 2024. All amounts are considered due within one year.

	January 1, 2024	Additions	Deletions	December 31, 2024
Compensated absences	\$ 211,813	41*	-	211,854

*The change in compensated absences liability is presented as a net change.

6. Revenue Concentration

Approximately 55% of total operating revenue was derived from assessments collected from eight Hass avocado handlers/importers.

7. Lease Liability

The changes in long-term liabilities for the year ended December 31, 2024, were as follows:

	Balance at January 1, 2024	Additions	Reductions	Balance at December 31, 2024	Due Within One Year
Office Space Lease	\$ 384,061	-	(141,771)	242,290	150,687

On November 9, 2014, the Hass Avocado Board entered into a lease for office space located in Mission Viejo, California. On August 23, 2021 the Board amended their lease contract to extend their original lease term and include additional office space. The Board's lease expires on September 30, 2026 with monthly payments starting at \$8,808 and increasing to \$11,745 when the Board took possession of the additional office space in May 2022. Monthly rent increases by 3% each year on anniversary of amendment. The lease liability is calculated using a discount rate of 3%.

Future lease payable requirements as of December 31, 2024, are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 150,687	5,225	155,912
2026	91,603	918	92,521
	<u>\$ 242,290</u>	<u>6,143</u>	<u>248,433</u>

HASS AVOCADO BOARD

Notes to the Basic Financial Statements

Year ended December 31, 2024

8. Contract Commitments

The Board has significant active nutrition research agreements as of December 31, 2024 in the amount of \$6,244,692. At December 31, 2024, \$1,592,991 of such contract commitments had not yet been incurred.

9. Pension Plan

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

Benefit terms, including contribution requirements, for PSP are established and may be amended by the Board. The plan limits contributions strictly from the Board. For each employee in the pension plan, the Board contributes 10% of the participant's compensation. Employees are eligible to receive the Board's contribution after 1,500 hours of employment. Total pension expense for the year ended December 31, 2024 was \$294,088.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in Board contributions and earnings on Board contributions after completion of 3 years of creditable service with the Board. Non-vested Board contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses and to offset future contributions. For the year ended December 31, 2024 there was no forfeiture to reduce the Board's pension expense.

10. Prior Period Adjustment

During the year ended December 31, 2024, the Board adopted new accounting guidance by implementing the provisions of GASB 101. As a result of this implementation, additional compensated absences resulted from the addition of payroll-related taxes and benefits associated with the accrued leave. The following schedule summarizes the net effects on beginning fund balance and net position as follows:

Description	Governmental Activities
Beginning net position, as previously reported	\$ 2,850,123
Implementation of GASB 101	(31,777)
Beginning net position, as restated	<u>\$ 2,818,346</u>

SUPPLEMENTARY INFORMATION

HASS AVOCADO BOARD
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year ended December 31, 2024
(with comparative information for prior year)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual 2023
Operating revenues:				
Assessment revenues	\$ 71,250,000	71,805,209	555,209	70,940,066
Other income	250,000	524	(249,476)	25,742
Total operating revenues	<u>71,500,000</u>	<u>71,805,733</u>	<u>305,733</u>	<u>70,965,808</u>
Operating expenses:				
Rebate program:				
Rebates	60,562,500	60,719,624	(157,124)	60,011,724
Total rebate program	<u>60,562,500</u>	<u>60,719,624</u>	<u>(157,124)</u>	<u>60,011,724</u>
Promotion, Research, and Information program:				
Communications	4,092,127	4,060,171	31,956	4,206,623
Nutrition	2,449,933	2,310,997	138,936	2,007,265
Supply and demand information	950,300	840,450	109,850	844,795
Industry engagement	947,207	928,768	18,439	959,715
Sustainability	824,627	541,002	283,625	729,315
Total promotion, research, and information program	<u>9,264,194</u>	<u>8,681,388</u>	<u>582,806</u>	<u>8,747,713</u>
Other expenses:				
USDA oversight	165,000	205,818	(40,818)	192,213
Depreciation/amortization	-	173,477	(173,477)	168,548
Total other expenses	<u>165,000</u>	<u>379,295</u>	<u>(214,295)</u>	<u>360,761</u>
Administration:				
Administration expenses	1,882,681	1,602,493	280,188	1,612,863
Total administration	<u>1,882,681</u>	<u>1,602,493</u>	<u>280,188</u>	<u>1,612,863</u>
Total operating expenses	<u>71,874,375</u>	<u>71,382,800</u>	<u>491,575</u>	<u>70,733,061</u>
Net operating income (loss)	(374,375)	422,933	797,308	232,747
Non-operating revenues:				
Investment income	-	378,567	378,567	314,188
Total non-operating revenues	<u>-</u>	<u>378,567</u>	<u>378,567</u>	<u>314,188</u>
Operating income (loss)	(374,375)	801,500	1,175,875	546,935
Net position, at beginning of year	2,850,123	2,850,123	-	2,303,188
Restatement - See Note 10	(31,777)	(31,777)	-	-
Net position, beginning of year as restated	<u>2,818,346</u>	<u>2,818,346</u>	<u>-</u>	<u>2,303,188</u>
Net position, at the end of year	<u>\$ 2,443,971</u>	<u>3,619,846</u>	<u>1,175,875</u>	<u>2,850,123</u>

HASS AVOCADO BOARD
Schedule of Program Expenditures - Budget and Actual
Year ended December 31, 2024
(with comparative information for prior year)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual 2023
Communications				
Program management	\$ 901,647	912,452	(10,805)	880,744
Creative content	157,450	160,249	(2,799)	186,422
Events	260,000	246,266	13,734	182,090
Online/website/social media	575,000	573,201	1,799	600,444
Nutrition and research promotion	1,804,580	1,790,141	14,439	1,709,008
Strategic partnerships	109,500	104,522	4,978	364,224
Strategy, issues radar and reporting	283,950	273,340	10,610	283,691
Total communications	4,092,127	4,060,171	31,956	4,206,623
Nutrition				
Program management	753,933	781,189	(27,256)	744,091
Science pipeline	1,483,500	1,329,060	154,440	972,830
Events	9,000	5,415	3,585	36,255
Strategy/issues radar and reporting	203,500	195,333	8,167	254,089
Total nutrition	2,449,933	2,310,997	138,936	2,007,265
Business support tools and information				
Program management	386,600	372,714	13,886	373,796
Communications	55,000	53,414	1,586	52,979
Data services	60,200	50,127	10,073	34,804
Avis	74,500	50,163	24,337	47,156
Track and monitor	120,000	121,557	(1,557)	114,887
Research and information	25,000	22,681	2,319	-
Consumer insights and tracking studies	229,000	169,794	59,206	221,173
Total business support tools and information	950,300	840,450	109,850	844,795
Industry engagement and leadership:				
Program management	618,757	624,610	(5,853)	614,447
Annual report	2,000	-	2,000	-
HAB promotional materials	10,000	1,648	8,352	4,607
Industry meetings and events	75,000	99,586	(24,586)	16,870
Industry website	42,000	36,052	5,948	40,859
Outreach	15,000	11,849	3,151	2,533
Communications	134,450	117,049	17,401	232,488
Board leadership development	50,000	37,974	12,026	47,911
Total industry engagement and leadership	947,207	928,768	18,439	959,715
Sustainability:				
Program management	239,627	228,086	11,541	232,508
Strategy	425,000	121,509	303,491	121,195
Research	150,000	190,000	(40,000)	314,500
Avocado Sustainability Center	10,000	1,407	8,593	61,112
Total sustainability	824,627	541,002	283,625	729,315
Total marketing/research/communications	\$ 9,264,194	8,681,388	582,806	8,747,713

HASS AVOCADO BOARD
Schedule of Administration Expenditures - Budget and Actual
Year ended December 31, 2024
(with comparative information for prior year)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual 2023
Other expenses:				
USDA oversight	\$ 165,000	205,818	(40,818)	192,213
Depreciation/amortization	<u>-</u>	<u>173,477</u>	<u>(173,477)</u>	<u>168,548</u>
Total other expenses	<u>\$ 165,000</u>	<u>379,295</u>	<u>(214,295)</u>	<u>360,761</u>
Administration expenses:				
Financial oversight - audit	\$ 40,000	34,839	5,161	32,760
Board travel/meetings/elections	323,380	349,920	(26,540)	298,561
Office related	385,840	188,524	197,316	177,784
Professional services and consulting	52,800	29,076	23,724	27,564
Legal services	42,000	47,850	(5,850)	67,501
Corporate insurance	62,000	53,228	8,772	54,694
Salaries/wages/benefits	898,661	873,013	25,648	840,423
Education/training/conferences/seminars	48,000	20,043	27,957	71,941
Corporate governance	<u>30,000</u>	<u>6,000</u>	<u>24,000</u>	<u>41,635</u>
Total administration expenses	<u>\$ 1,882,681</u>	<u>1,602,493</u>	<u>280,188</u>	<u>1,612,863</u>

HASS AVOCADO BOARD
Schedule of Cash Receipts and Disbursements
Year ended December 31, 2024
(with comparative information for prior year)

	<u>2024</u>	<u>2023</u>
Cash receipts:		
California assessments	\$ 8,451,616	5,303,777
Customs assessments	62,968,913	65,352,391
Interest income	<u>378,567</u>	<u>314,188</u>
Total cash receipts	<u>71,799,096</u>	<u>70,970,356</u>
Cash disbursements:		
Rebates	62,028,998	58,756,467
Communications	3,986,214	4,059,347
Nutrition	2,194,593	2,124,207
Business support tools and information	767,348	943,348
Industry engagement	933,112	952,639
Sustainability	506,252	764,065
USDA oversight	251,440	166,454
Administration	<u>1,271,658</u>	<u>1,989,684</u>
Total cash disbursements	<u>71,939,615</u>	<u>69,756,211</u>
Excess of receipts over disbursements	(140,519)	1,214,145
Cash and cash equivalents, at beginning of year	<u>3,430,570</u>	<u>2,216,425</u>
Cash and cash equivalents, at end of year	<u><u>\$ 3,290,051</u></u>	<u><u>3,430,570</u></u>

HASS AVOCADO BOARD
Schedule of Total Payroll Expenses
Year ended December 31, 2024
(with comparative information for prior year)

	<u>2024</u>	<u>2023</u>
Salaries and wages	\$ 2,841,237	2,740,721
Payroll taxes	170,525	161,839
Pension expenses	294,088	274,942
Benefits (health, life, dental and vision)	<u>346,567</u>	<u>324,074</u>
Total payroll expenses	<u>\$ 3,652,417</u>	<u>3,501,576</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

Board of Directors
Hass Avocado Board
Mission Viejo, California

Independent Auditor's Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Hass Avocado Board (the "Board"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated April 1, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. Such provisions included those provisions of laws and regulations identified in the *Code of Federal Regulations (7 CFR Part 1219) - Hass Avocado Promotion, Research, and Information Order*, issued by the United States Department of Agriculture (USDA) and as interpreted in the *Guidelines for Agricultural Marketing Service Oversight of Commodity Research and Promotion Programs*, issued by the USDA. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.**

Purpose of this Report

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



Irvine, California
April 1, 2025

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

Board of Directors
Hass Avocado Board
Mission Viejo, California

Independent Auditor's Report

Report on Compliance

We have audited the Hass Avocado Board's (the "Board"), compliance with the compliance requirements of the Hass Avocado Promotion, Research and Information Act of 2000 and Order that are indicated below for the year ended December 31, 2024. Compliance with the requirements referred to below is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of Board's compliance with those requirements. In our opinion, the Board complied, in all material respects, with the compliance requirements referred to below that are applicable for the year ended December 31, 2024.

- Complied with the allowability provisions of the *Code of Federal Regulations (7 CFR Part 1219) - Hass Avocado Promotion, Research, and Information Order*, issued by the United States Department of Agriculture (USDA) and as interpreted in the *Guidelines for Agricultural Marketing Service Oversight of Commodity Research and Promotion Programs*, issued by the USDA.

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

Report on Internal Control Over Compliance


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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of Hass Avocado Promotion, Research and Information Act of 2000 and Order on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of Hass Avocado Promotion, Research and Information Act of 2000 and Order will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of

deficiencies, in internal control over compliance with a type of compliance requirement of Hass Avocado Promotion, Research and Information Act of 2000 and Order that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

A handwritten signature in blue ink, appearing to read "Davis", followed by a stylized flourish.

Irvine, California
April 1, 2025

Board of Directors
Hass Avocado Board
Mission Viejo, California

We have audited the financial statements of the Hass Avocado Board (Board) as of and for the year ended December 31, 2024 and have issued our report thereon dated April 1, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 30, 2023 our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Board solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence under the American Institute of Certified Public Accountants ("AICPA") independence standards, contained in the *Code of Professional Conduct*.

We identified independence threats related to the preparation of the financial statements. We have applied certain safeguards to reduce the threats to an acceptable level, including using an independent party within the firm to perform a quality control review of the financial statements, and obtaining confirmation from the Board's management that their

review of the financial statements included comparing the financial statements and footnotes to the underlying accounting records.

Significant Risks Identified

We have identified the following significant risks:

- Compliance with the Hass Avocado Promotion, Research and Information Act of 2000 and Order.
- Implementation of Governmental Accounting Standards Board (GASB) No. 101 – *Compensated Absences* due to the complexity of the standard and being the first year of implementation.

Qualitative Aspects of the Entity’s Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Board is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and the Board changed the accounting policies related to compensated absences by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 101, *Compensated Absences*, in the fiscal year ended December 31, 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments.

There are no sensitive accounting estimates affecting the financial statements.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. We noted no disclosures made by management that we consider to be particularly sensitive.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected misstatements noted as a result of our audit procedures.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no material misstatements noted as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Board's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated April 1, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with the Board, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Board's auditors.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

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

Davis Lan UP

Irvine, California
April 1, 2025