

COLOMBIA AVOCADO BOARD, INC.
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
June 30, 2021 and 2020

COLOMBIA AVOCADO BOARD, INC.

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 10
SUPPLEMENTARY INFORMATION	
Schedule of Revenue and Expenditures - Actual Compared to Budget	11
Schedule of Expenditures - Actual Compared to Budget	12
Schedule of Cash Receipts and Disbursements	13
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT</i> <i>AUDITING STANDARDS</i>	14 - 15

INDEPENDENT AUDITOR'S REPORT

To the Colombia Avocado Board, Inc.
Orlando, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Colombia Avocado Board, Inc. (a nonprofit organization), which comprise the statement financial position as of June 30, 2021 and 2020, and the related statement of activities and cash flows for the year ended June 30, 2021 and for the period from inception (May 13, 2019) through June 30, 2020 and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Colombia Avocado Board, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the year ended June 30, 2021 and for the period from inception (May 13, 2019) through June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of revenue and expenditures – actual compared to budget, schedule of expenditures – actual compared to budget, and schedule of cash receipts and disbursements, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information, except for that portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2021, on our consideration of the Organization'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 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 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 Organization's internal control over financial reporting and compliance.

Other Reporting Required by the United States Department of Agriculture

In connection with our audits of the year ended June 30, 2021 and for the period from inception (May 13, 2019) through June 30, 2020, nothing came to our attention, insofar as it relates to financial and accounting matters, that causes us to believe that the Colombia Avocado Board, Inc.:

- Failed to comply with laws and regulations and U.S. Department of Agriculture Agricultural Marketing Service ("USDA AMS") Guidelines for AMS Oversight of Commodity Research and Promotion Programs applicable to the Organization;
- Failed to comply with Section 1219.42(b) of the Hass Avocado Promotion, Research and Information Order, relating to the use of assessment funds for the purpose of influencing legislation or governmental action or policy;
- Expended assessment funds for purposes other than those authorized by the Hass Avocado Promotion, Research and Information Act of 2000 and the Hass Avocado Promotion, Research and Information Order;
- Expended or obligated assessment funds on any projects prior to the fiscal year in which those funds were authorized to be expended by the Organization's approved Budget and Marketing Plan;
- Did not adhere to the original or amended Budget and Marketing Plan for the period ended June 30, 2021 and for the period from inception (May 13, 2019) through June 30, 2020;
- Did not obtain a written contract or agreement with any person or entity providing goods or services to the Organization;

- Failed to comply with USDA AMS Directive 2210.2, relating to the limitations on the types of investments which may be purchased by the Organization and the insurance or collateral that must be obtained for all of the Organization's deposits and investments;
- Failed to comply with disclosure requirements for lease commitments (when applicable);
- Failed to comply with standards established relating to contracts and USDA approval letters (if necessary); or
- Failed to comply with the Organization's by-laws or any other policy of the Organization, specifically as they relate to all financial matters, including time and attendance, and travel.

However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

Proff Christenson Caniglia LLP

October 19, 2021
Roseville, California

COLOMBIA AVOCADO BOARD, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Current assets:		
Cash	\$ 220,912	\$ 65,414
Accounts receivable	<u>-</u>	<u>3,000</u>
Total assets	<u>\$ 220,912</u>	<u>\$ 68,414</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 5,464	\$ 3,508
Net assets		
Without donor restrictions:		
Undesignated	64,134	44,578
Designated for advertising, promotion, and research	<u>151,314</u>	<u>20,328</u>
Total net assets	<u>215,448</u>	<u>64,906</u>
Total liabilities and net assets	<u>\$ 220,912</u>	<u>\$ 68,414</u>

The accompanying notes are an integral part
of these financial statements.

COLOMBIA AVOCADO BOARD, INC.

STATEMENTS OF ACTIVITIES

For the Period From Inception (May 13, 2019) Through June 30, 2020
and For the Year Ended June 30, 2021

	2021		
	Without Donor Restrictions		Total
	Designated	Undesignated	
Revenue:			
Import assessments	\$ 144,214	\$ -	\$ 144,214
Membership dues	<u>-</u>	<u>48,000</u>	<u>48,000</u>
Total revenue	144,214	48,000	192,214
Operating expenses:			
Program			
Marketing and promotional expenses:			
New media	2,062	-	2,062
Merchandise expenses	<u>11,166</u>	<u>-</u>	<u>11,166</u>
Total marketing and promotional	13,228	-	13,228
Support services			
General and administrative expenses:			
Accounting	-	2,912	2,912
Bank fees	-	523	523
Insurance	-	1,643	1,643
Legal fees	-	6,230	6,230
Managing director fees	-	16,329	16,329
Other expenses	<u>-</u>	<u>807</u>	<u>807</u>
Total general and administrative	<u>-</u>	<u>28,444</u>	<u>28,444</u>
Total expenses	<u>13,228</u>	<u>28,444</u>	<u>41,672</u>
Change in net assets	130,986	19,556	150,542
Net assets, beginning of year	<u>20,328</u>	<u>44,578</u>	<u>64,906</u>
Net assets, end of year	<u>\$ 151,314</u>	<u>\$ 64,134</u>	<u>\$ 215,448</u>

The accompanying notes are an integral part
of these financial statements.

COLOMBIA AVOCADO BOARD, INC.

STATEMENTS OF ACTIVITIES (CONTINUED)

For the Period From Inception (May 13, 2019) Through June 30, 2020
and For the Year Ended June 30, 2021

	2020		
	Without Donor Restrictions		Total
	Designated	Undesignated	
Revenue:			
Import assessments	\$ 20,328	\$ -	\$ 20,328
Membership dues	-	54,000	54,000
Total revenue	<u>20,328</u>	<u>54,000</u>	<u>74,328</u>
Support services			
General and administrative expenses:			
Legal Fees	-	3,508	3,508
Accounting	-	264	264
Bank fees	-	15	15
Managing director fees	-	5,635	5,635
Total general and administrative	<u>-</u>	<u>9,422</u>	<u>9,422</u>
Total expenses	<u>-</u>	<u>9,422</u>	<u>9,422</u>
Change in net assets	20,328	44,578	64,906
Net assets, beginning of period	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of period	<u>\$ 20,328</u>	<u>\$ 44,578</u>	<u>\$ 64,906</u>

The accompanying notes are an integral part
of these financial statements.

COLOMBIA AVOCADO BOARD, INC.

STATEMENTS OF CASH FLOWS

For the Period From Inception (May 13, 2019) Through June 30, 2020
and For the Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received as import assessments and membership dues	\$ 195,214	\$ 71,328
Cash paid to vendors and service providers	<u>(39,716)</u>	<u>(5,914)</u>
Net cash provided by operating activities	<u>155,498</u>	<u>65,414</u>
Net increase in cash	155,498	65,414
Cash, beginning of period	<u>65,414</u>	<u>-</u>
Cash, end of period	<u>\$ 220,912</u>	<u>\$ 65,414</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 150,542	\$ 64,906
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in operating assets and liabilities:		
Accounts receivable	3,000	(3,000)
Accounts payable	<u>1,956</u>	<u>3,508</u>
Net cash provided by operating activities	<u>\$ 155,498</u>	<u>\$ 65,414</u>

The accompanying notes are an integral part
of these financial statements.

COLOMBIA AVOCADO BOARD, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1: NATURE OF ORGANIZATION

The Colombia Avocado Board, Inc. (the "Organization") is a nonprofit corporation, incorporated in Florida on May 13, 2019. The principal purpose of CAB is to promote the interests of entities involved in the production, packing, exportation, importation, and commercialization of avocados from Colombia to the United States as an importer association authorized to receive funding under the Hass Avocado Board. A substantial portion of the Organization's revenues consists of assessment funds transferred to the Organization through the Hass Avocado Board. The Hass Avocado Board was established by the Hass Avocado Promotion, Research and Information Act of 2000 (the "Act") to carry on programs of advertising, promotion, and research for Hass avocados. The program is administered by the Agricultural Marketing Service Division ("AMS") of the U.S. Department of Agriculture ("USDA"). Under the Act, producers pay an assessment on fresh Hass avocados produced in or imported into the United States. The Organization qualifies under the Act as an Importer Organization and receives 85% of the assessments collected from importers of Hass avocados from Colombia.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, Subtopic 210 (FASB ASC 958-210), *Presentation of Financial Statements of Not-for-Profit Entities*, as amended by Accounting Standards Update ("ASU") 2016-14. Under FASB ASC 958-210, the Organization is required to report information regarding its financial position and activities according to the following two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to stipulations;

Net assets with donor restrictions - Net assets that are subject to stipulations that will be met by actions or the passage of time.

Revenues and gains and losses from operations are reported as changes in net assets without donor restrictions. Expenses are reported as changes in net assets without donor restrictions. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Donor-restricted contributions are reported as revenues which increase net assets with donor restrictions. However, donor-restricted contributions whose restrictions are met in the same reporting period have been reported as net assets without donor restrictions. As of June 30, 2021 and 2020, the Organization had no net assets with donor restrictions.

COLOMBIA AVOCADO BOARD, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

In order to comply with the AMS's investment policy, the Organization is responsible for investing its funds only in interest-bearing accounts that are risk-free and short-term. As of June 30, 2021 and 2020, there was no uninsured cash.

Investments

The Organization is required to follow the AMS investment policy. Accordingly, the Organization is authorized to invest in securities consisting of obligations issued or fully insured or guaranteed by the U.S. or any U.S. government agency, including obligations of government-sponsored corporations, and must mature within one year or less from the date of purchase. No investments were held by the Organization at June 30, 2021 and 2020.

Membership Dues

The Organization has adopted the provisions of FASB ASC 606 as revised by ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). Dues are assessed to members annually based upon membership type. Dues received in advance are deferred and recognized as revenues in the period to which the dues and fees relate.

Import Assessments

Importers of Hass avocados from Colombia are assessed based upon pounds of avocados imported into the United States. Assessments are collected by U.S. Customs and remitted to the Hass Avocado Board, which transfers 85% of collected assessments to the Organization. Import assessment revenues are recognized when received.

Program and Functional Expenses

The Organization incurs advertising, promotion, and research expenses in its mission to maintain and increase the awareness and consumption of Hass avocados imported from Colombia within the United States. Program costs are expensed when paid. All functional expenses incurred by the Organization are directly allocated.

Lobbying Expenses

The Organization is prohibited from using assessment funds in activities influencing legislation, governmental action or policy. Accordingly, the Organization has incurred no lobbying expenses.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. Accordingly, these financial statements do not include any provision for federal income taxes. After they are filed, the Organization's income tax returns generally remain subject to examination by federal taxing authorities for three years.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for the year ended June 30, 2021 were \$2,062. There were no advertising costs for the period from inception (May 13, 2019) through June 30, 2020.

COLOMBIA AVOCADO BOARD, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The presentation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Events and transactions have been evaluated for potential recognition or disclosure through October 19, 2021, the date that the financial statements were available to be issued.

NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's working capital and cash flows are consistent throughout the period as assessment fees are collected at various dates in the period. Monthly cash outflows vary each year based on the specific requirements of promotional and marketing campaigns programed in the year.

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	<u>2021</u>	<u>2020</u>
Cash	\$ 220,912	\$ 65,414
Less those unavailable for general expenditures due to designations for advertising, promotion and research	<u>(151,314)</u>	<u>(20,328)</u>
Financial assets available to meet cash need for general expenditures within one year	<u>\$ 69,598</u>	<u>\$ 45,086</u>

NOTE 4: RISK AND UNCERTAINTIES

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. The Organization expects this matter to negatively impact its operating environment; however, the related financial impact and duration cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

COLOMBIA AVOCADO BOARD, INC.

SCHEDULES OF REVENUE AND EXPENDITURES
ACTUAL COMPARED TO BUDGET

For the Period From Inception (May 13, 2019) Through June 30, 2020
and For the Year Ended June 30, 2021

	<u>2021 Actual</u>	<u>2020 Actual</u>	<u>Total</u>	<u>Consolidated Budget (Unaudited)</u>	<u>Actual Over (Under) Budget</u>
Revenue:					
Import assessments	\$ 144,214	\$ 20,328	\$ 164,542	\$ 87,850	\$ 76,692
Membership dues	<u>48,000</u>	<u>54,000</u>	<u>102,000</u>	<u>96,000</u>	<u>6,000</u>
Total revenue	192,214	74,328	266,542	183,850	82,692
Expenditures:					
Marketing and promotion expenses	13,228	-	13,228	44,464	(31,236)
Administrative expenses	<u>28,444</u>	<u>9,422</u>	<u>37,866</u>	<u>52,894</u>	<u>(15,028)</u>
Total expenditures	<u>41,672</u>	<u>9,422</u>	<u>51,094</u>	<u>97,358</u>	<u>(46,264)</u>
Excess of revenue over expenditures	<u>\$ 150,542</u>	<u>\$ 64,906</u>	<u>\$ 215,448</u>	<u>\$ 86,492</u>	<u>\$ 128,956</u>

See independent auditor's report.

COLOMBIA AVOCADO BOARD, INC.

SCHEDULES OF EXPENDITURES
ACTUAL COMPARED TO BUDGET

For the Period From Inception (May 13, 2019) Through June 30, 2020
and For the Year Ended June 30, 2021

	2021 Actual	2020 Actual	Total	Consolidated Budget (Unaudited)	Actual Over (Under) Budget
Marketing and promotion:					
Advertising	\$ -	\$ -	\$ -	\$ 10,000	\$ (10,000)
New media	2,062	-	2,062	2,800	(738)
Public relations	-	-	-	10,000	(10,000)
AMS-USDA oversight fees	11,166	-	11,166	21,664	(10,498)
Total marketing and promotion	13,228	-	13,228	44,464	(31,236)
General and administrative:					
Legal fees	6,230	3,508	9,738	3,000	3,230
Audit fees	2,100	-	2,100	11,900	(9,800)
Accounting	812	264	1,076	5,000	(4,188)
Bank fees	523	15	538	500	23
Insurance	1,643	-	1,643	2,000	(357)
Managing director fees/expenses	16,329	5,635	21,964	25,994	(9,665)
Supplies	207	-	207	2,000	(1,793)
Board meetings	-	-	-	2,500	(2,500)
Filing fees	600	-	600	-	600
Total general and administrative	28,444	9,422	37,866	52,894	(24,450)
Total expenditures	\$ 41,672	\$ 9,422	\$ 51,094	\$ 97,358	\$ (55,686)

See independent auditor's report.

COLOMBIA AVOCADO BOARD, INC.

SCHEDULES OF CASH RECEIPTS AND DISBURSEMENTS
 For the Period From Inception (May 13, 2019) Through June 30, 2020
 and For the Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>
Receipts:		
Import assessments	\$ 144,214	\$ 20,328
Membership dues	<u>51,000</u>	<u>51,000</u>
Total receipts	<u>195,214</u>	<u>71,328</u>
Disbursements:		
Marketing and promotion expenses	9,723	-
Administrative expenses	<u>29,993</u>	<u>5,914</u>
Total disbursements	<u>39,716</u>	<u>5,914</u>
Excess of receipts over disbursements	155,498	65,414
Cash, beginning of period	<u>65,414</u>	<u>-</u>
Cash, end of period	<u><u>\$ 220,912</u></u>	<u><u>\$ 65,414</u></u>

See independent auditor's report.

INDEPENDENT AUDITOR'S 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*

To the Colombia Avocado Board, Inc.
Orlando, Florida

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 Colombia Avocado Board, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and cash flows for the year ended June 30, 2021 and the period from inception (May 13, 2019) through June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated October 19, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Propp Christenson Caniglia LLP

October 19, 2021
Roseville, California