

2014 ANNUAL REPORT





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Dear fellow members of MHAIA, APEAM and Avocados From Mexico:

This has been an extraordinary year for all of us. The first year of our new company AFM; the culmination of the strategic alliance between MHAIA and APEAM, could not have come at a better time – and with our passion and momentum, this is just the beginning.

Our avocados are finding their way into more hearts and more mouths every day. The fruit is featured on restaurant menus and has become a staple on tables nationwide. Everywhere you turn, people are experiencing delicious, nutritious Avocados From Mexico. We take tremendous pride in how far we've come, and are excited about where we are going.

Avocados from Mexico continue to dominate the market, supplying up to 70% of all avocados in the United States which added up to an extraordinary 1.13 billion pounds last year. This volume was unimaginable just a few years ago, but it has, gratefully, become our new normal. Thanks both to Mexico's year-round growing season and to our ever more sophisticated and efficient supply chain, we know that as demand grows we will continue to bring the world's best avocados to more and more tables – and continue to move the category and sustain value.

It is, at its core, a team effort, with thousands of people working together to make this shared vision a reality and all of us at MHAIA, APEAM and AFM, have earned this accomplishment. Our ongoing marketing efforts that have spread the word about Avocados From Mexico across a remarkable array of media, including:

- National TV exposure for the first time including an ad campaign during the 2014 Winter Olympics
- Presence in multiple high profile sporting events
- National foodservice integrated marketing campaign targeting the \$683 billion restaurant industry – a first for the brand
- Social media impressions reaching into the tens of millions
- Holiday promotions and programs, generating millions of impressions at the most joyous times of year, while sustaining the presence of Avocados From Mexico throughout the year

All of our combined efforts continue to bring people to the Avocados From Mexico brand. Like the avocado tree's deep roots, this year's success has set the foundation for an exciting future.

And we're just getting started. In the years to come, our game-changing strategic alliance will build on the firm foundation of our successes in 2013-14. We're incredibly excited and proud to be a part of it, and we thank you for your continued partnership.



Ed Figueroa,
Chairman, MHAIA



Adrian Iturbide,
Chairman, AFM



LETTER FROM THE CHAIRMEN



BUSINESS REVIEW

OUR STRATEGIC VISION

This year marked the beginning of building a strong strategic foundation for our future. We officially launched the company in July 2013, and rolled out a robust marketing and trade plan for the first time as Avocados From Mexico (AFM).

It was a year filled with important decisions for AFM. Working together with our partner agencies and our Board we implemented a strategic brand planning process that has created a strong foundation to guide our business into the future.

This foundation includes 3 key guiding principles:

1) We have created a brand value proposition that offers consumers an exceptional superior taste and high-quality avocados all year round. We believe we can accomplish this as a result of the year round availability Mexico can provide with its consistent fruit supply throughout the year. The year-round availability coupled with an extremely efficient distribution network will guarantee the ideal freshness and quality that our customers expect from the category leader.

2) We have identified 5 strategic pillars that will steer each one of our marketing and trade initiatives:

- Delicious and creamy tasting fruit
- Superior and consistent freshness
- Extraordinary generic nutritional benefits
- Unique year-round availability
- Mexican Authenticity

3) We have a well-defined consumer segmentation that will allow us to defend and grow our base consumption among Hispanics and expand the avocado category and AFM brand with the general market.

Our overall business objective features a dual responsibility. We must reinforce AFM's brand value proposition in the minds of consumers and maintain a healthy steady growth for the entire avocado category in the U.S.

The core focus of our plan is to influence consumers to eat more avocados and do so more frequently. We will concentrate our efforts on increasing penetration and frequency among the avocado "medium" consumer while building more avocado baskets among the heavy consumer.

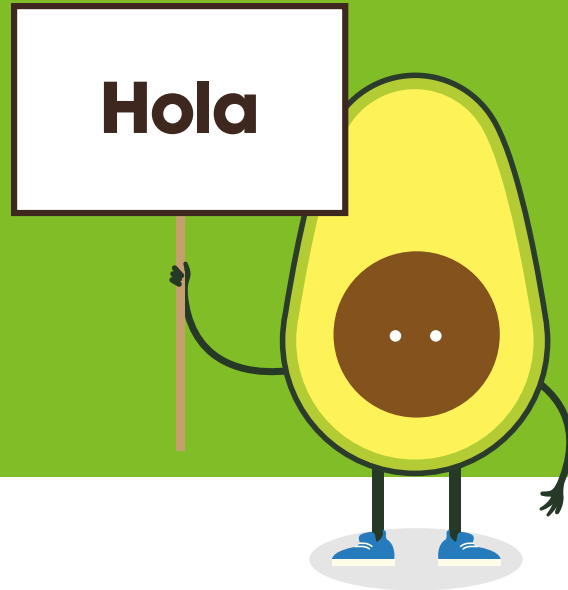
As the market leader with nearly 70% market share, we are working to ensure AFM continues to drive category growth for years to come.

2013 – 2014 PLAN OVERVIEW

MEDIA OVERVIEW

It was a year of powerful reinforcement of the brand across all media channels. We invested in a new communication campaign including the launch of our new brand character. This campaign was developed to reinforce our key messages of having a product that is Always Fresh, Always Delicious and Always in Season.

This creative, energetic and comprehensive campaign drove awareness of Avocados From Mexico through the “Always on Campaign”, reaching consumers and food lovers in all key time frames — holidays, New Year’s, Super Bowl, Cinco de Mayo, entertaining, etc. — with additional, strong emphasis on social media and other initiatives and promotions.



TV

- AFM ran National TV spots for the first time, beginning with the MLB National League Playoffs in October 2013. A total of nine, 15-second TV spots were created and used across multiple TV networks.
- National TV presence continued in Q1 2014 with select cable networks (Food Network, Cooking Channel, E!, TBS and more). AFM also ran in the 2014 Sochi Winter Olympics on NBC.
- Our TV efforts drove over 325 million impressions



In order to improve relevant and engaging content in our digital platforms, Avocados From Mexico tested a variety of messages focused on its key communication pillars. The best performing messages were implemented and resulted in 23% lift in visitors to the website.



A series of short animated videos were developed that were utilized across our social platforms to educate consumers on picking avocados, speeding up and slowing down the ripening process and preservation. Additional videos were created to provide tips on how avocados can improve core meal occasions.

DIGITAL

- Avocados From Mexico’s digital efforts were marked by optimization and innovation that delivered strong results.
- Digital played a big role in sustaining the brand presence with consumers throughout the year through our “Always on Campaign.” We drove a strategic mix of high-reach networks with several premium content partners, ensuring that AFM ads were delivered in the right environments to the right audiences. Custom content was created as part of strategic partnerships with the following vendors: The Daily Meal, Weight Watchers, HGTV, Food Network, Evite, All Recipes, Tribal Fusion and more.



SOCIAL MEDIA OVERVIEW

All year long, our social media initiatives connected the dots and sustained momentum among our many and diverse campaigns and promotions, whether or not a major event or holiday was on the calendar. This generated a continuous presence in the media and the marketplace that in turn reflected our emphasis on the year-round availability of avocados sourced from Mexico.

We connected with consumers on Facebook and saw stellar results growing our fan base by 115% in one year. Our engagement reached levels of 10% outperforming average industry rates.



SUMMER OF SALADS

We stepped into new seasons, beyond guac and the traditional holidays – especially during our Summer of Salads promotion. We re-launched AFM Instagram during this program, while continuing to grow the brand’s Facebook and Twitter channels.



- We partnered with four food bloggers to create original salad recipes with avocados through a sweepstakes that asked consumers to follow AFM on Instagram and upload a picture of their favorite salad featuring avocados, mentioning @avocadosfrommexico and #summersalad.
- Summer of Salads generated 1,212,279 social impressions, exceeding our goal by 16%.

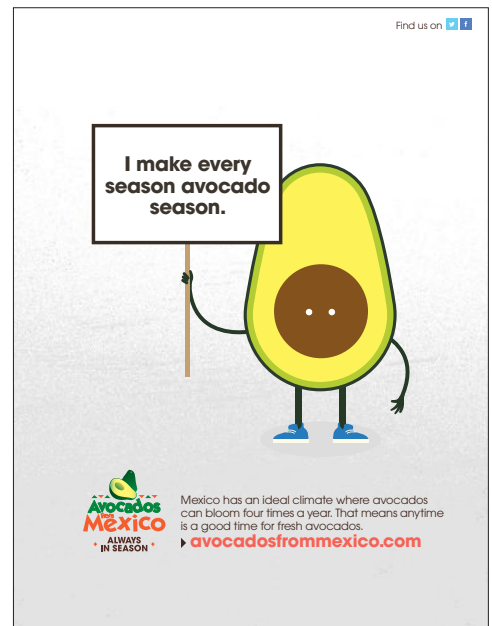
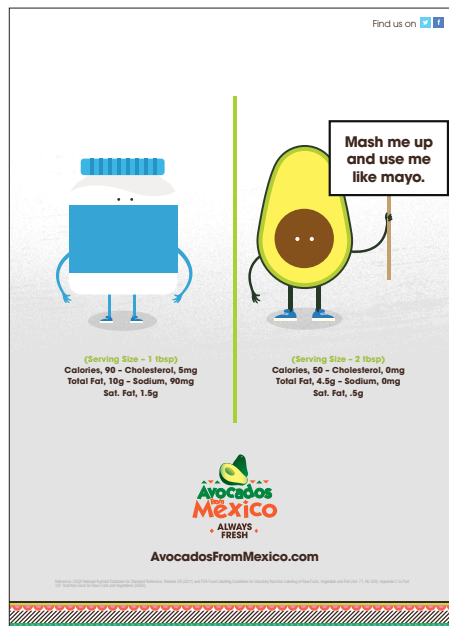
Social media was our great connection point all year long – linking our campaigns and promotions beyond tent poles, and moving energetically with fresh ideas into new seasons, like summer.

- Our digital “Always on Campaign” drove over 455 million impressions including digital banners, search and social media.

PRINT

Avocados From Mexico engaged with the target across relevant titles that speak to their interests and passions. Print played an important role in our “always on” campaign, ensuring presence in top print publications. Highlights included:

- We partnered throughout the year with trusted publications within the Epicurean, Health and Wellness and Lifestyle categories to keep AFM top of mind and to build continuity with readers. Key partners included Cooking Light, Health, Sunset, Real Simple, Food Network, Bon Appetite, Eating Well, Food & Wine, Women’s Health, Shape and HGTV Magazine.
- To support promotional time periods, insertions ran in weekly publications of People, EW and Sports Illustrated to achieve mass awareness quickly.
- We brought the AFM brand to life through custom advertorial programs in Cooking Light, Health, Real Simple, Sunset, Food Network Magazine and HGTV Magazine.
- The print campaign delivered over 245 million impressions.



INTEGRATED PROMOTIONS

Our integrated promotions put the AFM brand in the spotlight delivering strong results that delighted our consumers and retail partners. We heightened awareness of Avocados From Mexico all year round with exciting programs that incorporated above- and below-the-line elements.

BASEBALL: AVOCADO ALL-STARS

The Avocado Baseball All-Stars promotion featured a partnership with Rotel from late August – October 31, with a \$5,000 grocery gift card sweepstakes. The campaign was featured on all media platforms, and was our big breakthrough moment. Avocados From Mexico was showcased on national TV, national print, online and at retailers around the country. These occasions helped support avocados as an option for every “Game Day” snack.

We hit it out of the park, as follows:

- Point of sale materials were displayed across retailers in more than 4,000 stores generating approximately 6MM retail impressions and 88,000 sweepstakes entries.
- In-store radio was activated in approximately 10,000 stores in addition to demo events in 800 stores.
- We hosted six MLB suites over four days, with more than 100 guests. We sponsored 800 demos.
- A successful broadcast campaign drove consumers to avocadoallstars.com for the chance to win a \$5,000 grocery gift card or download an AFM/Ro*Tel coupon.
- Public Relations generated 2.7 million impressions via broadcast, print and online media to reinforce using fresh Avocados From Mexico to “green up” Game Day recipes.
 - This included broadcast segments that reached nearly 1 million consumers.
 - Blogger partnerships included 25 posts highlighting Game Day recipes featuring Avocados From Mexico, for a total of 1,400,000 unique visits per month.
 - Bloggers used social networks including Twitter, Facebook and Pinterest in 61 additional posts, resulting in 255,000 social impressions.



FELIZ NAVIDAD

The Feliz Navidad promotion featured a partnership with Modelo and Clamato. The program ran in December 2013 and featured POS and a joint coupon offer. Demos were a key element in activating the program in key accounts.

- A total of 2MM retail impressions were generated during the promotional time period.
- A strong retail display contest was implemented generated over 380 display contest winners.
- Holiday partnership led to orders for nearly 6,000 of our new 3D POS, more than any other promotion.



FOOTBALL: THE ULTIMATE GAME DAY SPREAD

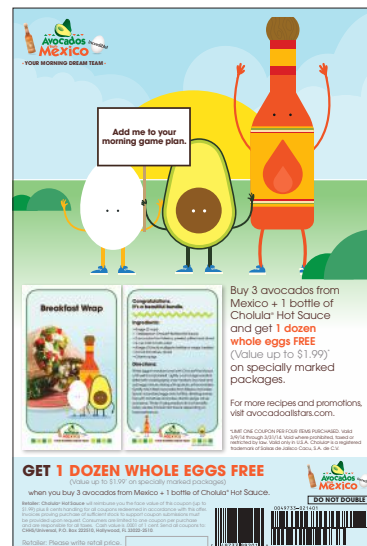
The Avocado Football All-Stars winning Game Day snack promotion was a multi partnership with Mission Chips & Tortillas and Cholula Hot Sauce. The promotion ran from the end of December through February 2. Consumers were guided to the avocadoallstars.com landing page with the chance to enter to win a \$5,000 grocery gift card. The campaign was featured in retail and all media platforms, including national TV, print and online. The promotion drove heightened retail support.

- Point of Sale included an iron man sign, large and small display bins and bin headers, and four double-sided recipe cards. Almost 4,000 POS units were shipped to stores around the country.
- A total of 9,000 stores ran in-store radio and over 150,000 display contest entries were received.
- The program also delivered 1,500 display contest entries.
- Paid Media impressions were 54,499,000 among adults 18-49.
- The Football Sweeps "All Star" Campaign drove more than 16,000,000 impressions and more than 13,000 clicks.
- 67,367 unique visitors came to the website and 57,798 entered – an 85% entry rate. 5,806 recipes were shared by 8.6% of visitors, and 912 recipes were downloaded by 1.4% of visitors.
- Public Relations generated 154.7 million impressions via broadcast media and grew social media by 0.8% on Pinterest, including 723 new followers, encouraging the use of fresh Avocados From Mexico in every "Big Game" spread. In social media, AFM partnered with four food bloggers from around the country to create original guacamole recipes. A corresponding promotion asked fans to follow AFM on Pinterest and pin their favorite guacamole recipe with #guacbowl – and a Guac Bowl champion was named.
- Bloggers used social networks including Twitter and Facebook, as well as Pinterest. It generated 912 contest entries – exceeding the promotion's goal by 265%.
- In Broadcast/SMT, AFM worked with lifestyle expert Amy Goodman to sponsor a "How to Host a Killer Party for the Big Game" satellite media tour (SMT). The SMT generated 838 airings and 154,686,752 total viewers, listeners and web impressions.



BREAKFAST

In March, Avocados From Mexico partnered with the American Egg Board and Cholula Hot Sauce to create a winning breakfast combination that enhanced avocado usage in the breakfast occasion with a free egg offer. In addition, consumers could participate in a sweepstakes offer featuring \$2,000 grocery gift cards. The program was supported with in-store POS, in-store radio, display contests and demos.



- A total of 40 million FSI's were distributed and 9,786 stores were activated with in-store radio.
- 45,000 sweepstakes entries were received.
- Digital advertising delivered over 12,000,000 impressions.
- The display contest resulted in a total of 550 entries.



◆ YOUR MORNING DREAM TEAM ◆



CINCO DE MAYO

For Cinco de Mayo, we partnered with Dos Equis and Cholula to create an in-store fiesta event. We also enlisted Chef Marcela Valladolid to incorporate fresh AFM into Cinco celebrations to make Mexican dishes more authentic.

- Our in-store partnership with Dos Equis and Cholula included placement of 7,000 bins in 5,600 stores, 22,000 signs in 6,200 stores and News America shelf blades in 2,100 stores in the snack and adult beverage aisle.
- A total of 250,000 coupons were distributed and over 9,500 stores featured in-store radio.
- A total of 38,500 sweepstakes entries were received.
- Two print insertions, one in People and the other in Entertainment Weekly, were placed to create awareness for the Avocado All-Stars Sweeps.
- We ran several Cinco de Mayo sponsorships on top-tier sites. On Evite, users created their own Cinco AFM-branded invitations; and on Weight Watchers, AFM sponsored a "Mexican Cheat Sheet," offering healthy alternatives for popular Mexican recipes. AFM also sponsored Cinco de Mayo hubs on Food Network and All Recipes.
- Our Hispanic audio news release with Chef Marcela Valladolid resulted in 267 airings in top Spanish-language stations, totaling 14,937,340 listeners
- Public Relations efforts secured a Cinco de Mayo-themed segment with Chef Marcela Valladolid on Access Hollywood Live, which garnered 1.7 million media impressions.

SOCCER: WORLD CUP FEVER

Summer 2014 marked the return of one of the highest viewed sporting events: the World Cup. Avocados From Mexico celebrated this event with a merchandising program targeted at "winning" with the Hispanic consumer and retail accounts in key markets. Branded soccer themed point-of-sale materials and a consumer sweepstakes to win a TV and an in-home visit by soccer legends Pavel Pardo and Jorge Campos were elements that created in-store excitement.

- 2,500 bins were placed in 800+ stores in Texas, Chicago, Florida and New York.
- Over 10,000 sweepstakes entries were received and in-store events with soccer legends Jorge Campos and Pavel Pardo drew more than 10,000 consumers across 5 markets.
- A total of 35,000,000 retail impressions were generated.



PR OVERVIEW

With *Always In Season* underscoring all of our PR efforts, we worked throughout the year to raise awareness of the unmatched taste, nutrition, versatility and availability of Avocados From Mexico. The successful series of campaigns and promotions delivered impressive results.

MARIO LOPEZ AND FELIZ NAVIDAD

To build demand and awareness for the AFM brand during the holiday entertaining season, we celebrated Feliz Navidad by enlisting Mario Lopez, star of *Extra-TV!* and *The X Factor*, who showcased how his family combines Mexican and American traditions, including the use of fresh Avocados From Mexico in his favorite recipes. From his colorful avocado and tomato egg scramble for breakfast, to his chicken enchiladas with black bean, the year-round and round-the-clock Mexican avocado reached an enormous new audience.

- Broadcast and online media generated more than 150 million impressions from 17 placements, with an additional reach of nearly 1.2 million impressions on Facebook and Twitter from community engagement that highlighted Mario's recipes and photos.

AND THERE WAS MUCH MORE:

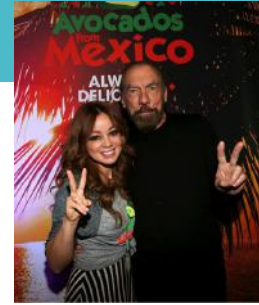
In addition to the integrated campaigns, our PR News Bureau efforts drove significant results:

- At Thanksgiving, we partnered with Deanna Seagrave-Daly, RD and blogger, to create a variety of unique Thanksgiving recipes and conducted extensive national and local media outreach to promote the use of Avocados From Mexico as a new Thanksgiving tradition – and a great way to liven up the leftovers. We generated 6,378,291 impressions via online media, including *The Daily Meal*, *Food Beast*, *Shecky's*, *Mamiverse* and *LatinBlah!*



- A Publishing House Tour at Meredith Corp. and Hearst Corp. introduced and promoted Avocados From Mexico to top-tier, long-lead lifestyle editors, forging new relationships to keep AFM top-of-mind throughout 2014. We brought in up-and-coming star Chef Marcela Valladolid of *The Food Network* to serve delicious fresh avocado dishes to inspire editors even more. In all, we secured attendance from seven publications at each publishing house for a total of 22 editors, and we secured placements on *townandcountry.com* and *SiempreMujer.com*, resulting in more than 34,000 impressions.
- A Breakfast/Brunch program partnering with Chef Paty Jinich created recipes for the start of the day with Avocados From Mexico, for a total of 28 posts, including *Forbes.com*, *HuffingtonPost.com*, *SiempreMujer.com* and *SerPadres.com*, resulting in 72,797,644 total impressions.

- We had a great Awards Season (January – March) with a strong presence at the Sundance Film Festival, targeting celebrity influencers. We sponsored a gifting suite as the exclusive food provider; partnered with catering companies to include Avocados From Mexico at high-profile dinners, driving live tweet events; and we launched online engagement to extend the season beyond Sundance to the Oscars. It all added up to 31.6 million unique monthly visitors via branded photos posted on online entertainment sites and blogs, including The Hollywood Reporter, Yahoo! Movies and Radar Online. Also, a photo and mention in the print edition of OK! Magazine produced an additional 1.5 million impressions.
- A summer program successfully highlighted Avocados From Mexico in salads with a “Summer Entertaining” satellite media tour on June 30 with lifestyle and trends expert Justine Santaniello, attracting 5,508,406 media impressions. We also secured 1,212,279 social media impressions from AFM and blogger posts on Facebook, Twitter and Instagram.



#SUMMERSALAD



FOODSERVICE OVERVIEW

AFM launched its first national integrated marketing campaign against the \$683 billion foodservice industry, targeting decision-makers at fast-growing national and regional chain restaurants and trend-setting, high-volume independents. As a place where trends start in the food industry, the sector represents tremendous opportunities for the promotion and sales of fresh Avocados From Mexico. Foodservice industry demands for fresh, great-tasting, healthy products and year-round availability were central to AFM's success. The new integrated campaign premise in 2013 centered on "Saying Yes to Fresh 365/24/7" only with Avocados From Mexico.

FOODSERVICE ADVERTISING

We developed the first national foodservice campaign (print and digital) targeting national chain menu restaurant decision-makers that ran in Nation's Restaurant News, Flavor & the Menu, Food Arts and Plate magazines, and in online outlets such as NRN.com, Fastcasual.com and the National Restaurant Association (NRA) Smart Brief daily reports. The advertising featured new culinary inspirations that span some of the hottest cuisines in foodservice throughout the year. The campaign reached over 3,000,000 key decision-makers in foodservice and was ranked one of "Top 5 campaigns" for awareness and brand visibility in foodservice in 2013.

INGREDIENT OF THE YEAR

The avocado was named "Ingredient of the Year" at the 2013 MUFSSO Conference targeting foodservice CEOs by Nancy Kruse, a leading industry trends expert. We took out a full-page ad (appearing on the COVER of Nation's Restaurant News in November) thanking the industry for the accolade and citing our commitment to supporting the industry with fresh year-round product.

FOOD SERVICE PUBLICITY

We embarked on an aggressive publicity campaign targeting national foodservice and produce publications generating over 3 million impressions, surpassing our editorial goal by 40%.

THE "A" LIST VIDEO

We developed a series of "how-to" videos for culinary professionals that appeared on NRN.com (Nation's Restaurant News). The videos featured new versatile prep methods and inventive new culinary creations. AFM was the #2 highest performing video series ever run via NRN, viewed by over 500,000 decision-makers.



Summerize your menu.
Avocados from Mexico.
Summer is now in season.

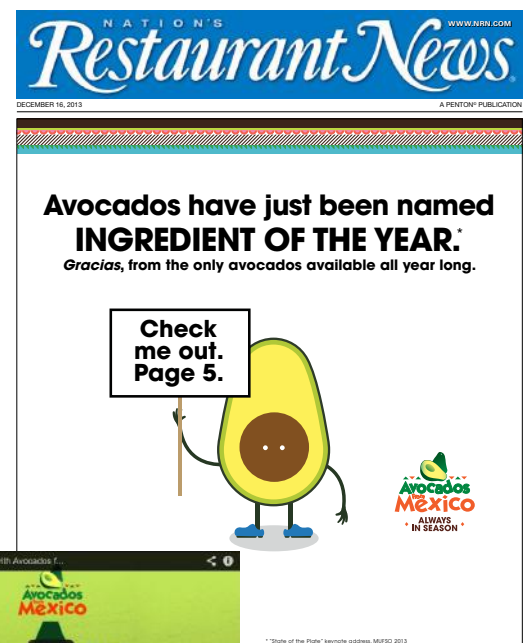
The Maria Verde

Adios winter.

Meet the new Bloody Mary. *Adios*, tomato juice. *Hola*, creamy, fresh Avocados from Mexico and bright, tangy tomatillos. And here's the best part. You can serve this splashy sensation all year long, because fresh Avocados from Mexico are always in season—and always ready to add endless-summer appeal to everything from cool culinary cocktails to craveable items all across your menu.

Get this recipe and more always-fresh ideas at avocadosfrommexico.com

© 2014 Avocados from Mexico, Inc.



NATION'S *Restaurant News* WWW.NRN.COM
 DECEMBER 16, 2013 A PENTON PUBLICATION

Avocados have just been named
INGREDIENT OF THE YEAR.*
Gracias, from the only avocados available all year long.

Check me out.
Page 5.

Avocados from Mexico
 ALWAYS IN SEASON

*"State of the Plate" source address, MIFSO 2013



The "A" List: Cutting Edge. Cook with Avocados From Mexico.

Avocados from Mexico

the **A** list

Cutting-edge Cool



Avo-choco Mousse
 Avocados from Mexico

CULINARY IDEATION

Ideas are the lifeblood of the foodservice industry and AFM delivered! We developed over 200 custom culinary concepts that were then featured in our advertising, recipe brochures, sampling events and various marketing efforts.

THE FRESH FACTOR BROCHURE

We developed a new recipe and inspiration brochure for culinary professionals that served as fulfillment to our advertising campaign and was distributed at key events and promotional meetings.

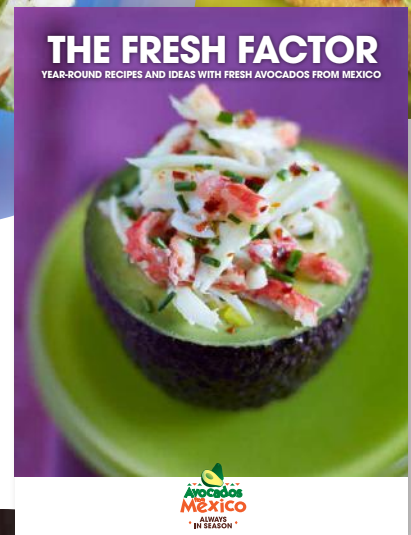
INTERNATIONAL FOODSERVICE EDITORIAL COUNCIL CONFERENCE (IFEC)

In November 2013, the AFM team attended and sponsored the annual IFEC conference in Portland, Oregon, attended by more than 300 of the foodservice industry's top editors and publicists. AFM was a hit hosting an "All Seasons" cocktail reception featuring a variety of fresh AFM culinary creations. AFM was introduced to the foodservice editorial community and pitched story ideas for the year generating an editorial calendar that contained over 100 potential opportunities for the year.

EVENT MARKETING


AFM had a highly-targeted event marketing program for decision-makers at chain restaurants, including C-Suite, Marketing, Culinary and R&D executives. Foodservice events included:

- MUFSSO: AFM was a key sponsor at this event that targets CEOs and senior level decision-makers. We hosted one of the most well-attended events, the Monday Night Awards gala, serving fresh AFM Gazpacho shooters and fresh AFM Ravioli.
- CIA "Worlds of Healthy Flavor" Conference: AFM sponsored this prestigious event in St. Helena, Calif., in January, targeting national and regional chain restaurant chefs and nutrition/health professionals. AFM showcased two healthy menu items at break-out events; the event helped us solidify relationships with influential chains and registered dieticians.



CULINARY INSTITUTE OF AMERICA

With AFM Presents "Next Generation Global Street Food," we held court at one of the most prestigious culinary schools in the world, hosting over 18 national corporate R&D chefs (foodservice and retail) for a custom, hands-on educational session. Attendees included such power players as Outback Steakhouse, Au Bon Pain, Joe's Crab Shack, Safeway and others, in total representing over \$77 billion worth of sales. The team generated hundreds of new culinary ideas designed to influence their menu ideation. AFM has laid the groundwork establishing relationships leveraged for promotional activity in 2014-15. Following the conference, surveys indicated the AFM was one of the "best" and most inspiring and educational immersions guests have ever attended.



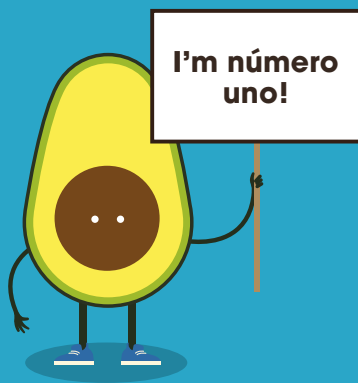
AVOCADOS FROM MEXICO PRESENTS

Next Gen Global Street Food

Say Yes to Fresh 24/7/365 with Avocados from Mexico

Explore the year-round benefits of pairing fresh Avocados from Mexico with some of the hottest global culinary cuisines





Add fresh flavor to any fiesta.

Avocados from Mexico are always in season, so you can add great flavor to any party platter. Anytime. It's no wonder we're the top-selling avocado in America.

For more festive guac recipes, visit avocadosfrommexico.com

INDEPENDENT AUDITORS' REPORT

BOARD OF DIRECTORS MEXICAN HASS AVOCADO IMPORTERS' ASSOCIATION

Report on Financial Statements

We have audited the accompanying consolidated financial statements of Mexican Hass Avocado Importers' Association (a nonprofit organization) and subsidiary, which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mexican Hass Avocado Importers' Association and subsidiary as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required By Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August XX, 2014 on our consideration of Mexican Hass Avocado Importers' Association'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 Mexican Hass Avocado Importers' Association's internal control over financial reporting and compliance.

David L. Gruber and Associates, Inc.
Huntington Beach, CA
August XX, 2014

**MEXICAN HASS AVOCADO
IMPORTERS ASSOCIATION**

**CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**

JUNE 30, 2014

ASSETS

Current assets:

Cash and cash equivalents	\$9,531,745
Accounts receivable - assessments from HAB	1,930,612
Accounts receivable - contributions from APEAM	36,667
Accounts receivable - other	28,518
Refunds receivable	3,617
Prepaid expenses and deposits	26,045

Total current assets 11,557,204

Property and equipment:

Equipment	42,257
Less: accumulated depreciation	(10,820)

Net property and equipment 31,437

TOTAL ASSETS \$11,588,641

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable - trade	\$879,302
Credit payable - APEAM	336,493
Accrued liabilities	122,055
Income taxes payable	9,200
Deferred tax liability - current	4,650
Accrued vacation	59,477

Total current liabilities 1,411,177

Long-term liabilities:

Deferred tax liability - long-term	13,950
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TOTAL LIABILITIES 1,425,127

NET ASSETS

Unrestricted -	
Restricted	10,163,514

TOTAL NET ASSETS 10,163,514

TOTAL LIABILITIES AND NET ASSETS \$11,588,641



**MEXICAN HASS AVOCADO
IMPORTERS ASSOCIATION**

**CONSOLIDATED STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS**

FOR THE YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Total
OPERATING REVENUE AND OTHER SUPPORT			
Assessments from HAB	\$ —	23,732,507	23,732,507
Contributions from APEAM	647,139	10,058,822	10,705,961
Contributions from APEAM - market reports		143,686	143,686
Investment income	\$ —	13,550	13,550
TOTAL OPERATING REVENUE AND OTHER SUPPORT	647,139	33,948,565	34,595,704
NET ASSETS RELEASED FROM RESTRICTIONS	31,961,418	(31,961,418)	—
TOTAL REVENUE	32,608,557	1,987,147	34,595,704
EXPENSES			
Program services:			
Consumer -ad, media, public relations, wages & other events	23,769,156	—	23,769,156
Retail and trade - seasonal programs, wages & other events	7,272,825	—	7,272,825
APEAM market reporting	143,686	—	143,686
Other marketing program expenses	775,751	—	775,751
Total program services	31,961,418	—	31,961,418
Support services:			
Accounting, legal and other professional fees	465,579	—	465,579
Rent and utilities	69,634	—	69,634
Office expenses	21,902	—	21,902
Other support services	90,024	—	90,024
Total support services	647,139	—	647,139
TOTAL EXPENSES	32,608,557	—	32,608,557
CHANGE IN NET ASSETS	—	1,987,147	1,987,147
NET ASSETS - BEGINNING OF PERIOD	—	8,176,367	8,176,367
NET ASSETS - END OF PERIOD	\$ —	10,163,514	10,163,514

**MEXICAN HASS AVOCADO
IMPORTERS ASSOCIATION**

**CONSOLIDATED STATEMENT OF
CASH FLOWS**

FOR THE YEAR ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Change in unrestricted net assets \$ —
Change in temporarily restricted net assets 1,987,147

Total change in net assets 1,987,147

Adjustments to reconcile change in net assets to
net cash provided by (used for) operating activities:

Depreciation 7,174
Deferred income taxes 18,600
(Increase) decrease in operating assets:
Accounts receivable - assessments from HAB (295,943)
Accounts receivable - others 71,482
Accounts receivable - contributions from APEAM 5,747
Refunds receivable (3,617)
Prepaid expenses and deposits (26,045)
Increase (decrease) in operating liabilities:
Accounts payable - trade 425,990
Credit payable - trade 336,493
Accrued liabilities (367,355)
Income taxes payable 9,200
Accrued vacation 59,477

Total adjustments 241,203

NET CASH (USED) BY OPERATING ACTIVITIES 2,228,350

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets (38,589)

NET CASH USED BY INVESTING ACTIVITIES (38,589)

NET INCREASE IN CASH AND CASH EQUIVALENTS 2,189,761

CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD 7,341,984

CASH AND CASH EQUIVALENTS, END OF PERIOD \$9,531,745



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

BOARD OF DIRECTORS MEXICAN HASS AVOCADO IMPORTERS' ASSOCIATION

We have audited the consolidated financial statements of Mexican Hass Avocado Importers Association (a nonprofit organization) and subsidiary as of and for the year ended June 30, 2014, and have issued our report thereon dated August XX, 2014, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary schedules as listed in the table of contents are presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

David L. Gruber and Associates, Inc.
Huntington Beach, CA
August XX, 2014



**MEXICAN HASS AVOCADO
IMPORTERS ASSOCIATION**

**COMBINING SCHEDULE OF
FINANCIAL POSITION**

JUNE 30, 2014

	MHAIA	AFM	Intercompany Eliminations	TOTAL
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$9,099,354	432,391	—	9,531,745
Accounts receivable - assessments from HAB	1,930,612	—	—	1,930,612
Accounts receivable - intercompany	—	928,593	(928,593)	—
Accounts receivable - contributions from APEAM	36,667	—	—	36,667
Accounts receivable - other	—	28,518	—	28,518
Refunds receivable	—	3,617	—	3,617
Prepaid expenses and deposits	—	26,045	—	26,045
Total current assets	11,066,633	1,419,164	(928,593)	11,557,204
PROPERTY AND EQUIPMENT:				
Equipment	9,270	32,987	—	42,257
Less: accumulated depreciation	(3,823)	(6,997)	—	(10,820)
Net property and equipment	5,447	25,990	—	31,437
TOTAL ASSETS	\$11,072,080	1,445,154	(928,593)	11,588,641
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable - trade	\$9,260	70,042	—	879,302
Accounts payable - intercompany	928,593	—	(928,593)	—
Credit payable - APEAM	—	336,493	—	336,493
Accrued liabilities	—	122,055	—	122,055
Income taxes payable	9,200	—	9,200	—
Deferred tax liability - current	4,650	—	4,650	—
Accrued vacation	—	59,477	—	59,477
Total current liabilities	937,853	1,401,917	(928,593)	1,411,177
LONG-TERM LIABILITIES:				
Deferred tax liability - long-term	—	13,950	—	13,950
TOTAL LIABILITIES	937,853	1,415,867	(928,593)	1,425,127
NET ASSETS				
Unrestricted	—	—	—	—
Restricted	10,134,227	29,287	—	10,163,514
TOTAL NET ASSETS	10,134,227	29,287	—	10,163,514
TOTAL LIABILITIES AND NET ASSETS	\$11,072,080	1,445,154	(928,593)	11,588,641

**MEXICAN HASS AVOCADO
IMPORTERS ASSOCIATION**

**COMBINING SCHEDULE OF REVENUES,
SUPPORT, AND EXPENSES**

FOR THE YEAR ENDED JUNE 30, 2014

	MHAIA	AFM	INTERCOMPANY ELIMINATIONS	TOTAL
OPERATING REVENUE AND OTHER SUPPORT				
Assessments received from HAB	\$23,732,507	—	—	3,732,507
Contributions from APEAM	187,858	10,518,103	—	10,705,961
Contributions from APEAM-Market Reports	143,686		143,686	
Contributions from MHAIA	—	21,036,522	(21,036,522)	—
Interest income	8,498	5,052	—	13,550
TOTAL OPERATING REVENUE AND OTHER SUPPORT	23,928,863	31,703,363	(21,036,522)	34,595,704
EXPENSES				
Program services:				
Consumer -ad, media, public relations, wages & other events	16,155,349	23,769,156	(16,155,349)	23,769,156
Retail and trade - seasonal programs, wages & other events	4,845,395	7,272,825	(4,845,395)	7,272,825
APEAM market reporting	—	143,686	—	143,686
Other marketing program expenses	782,401	29,128	(35,778)	775,751
Total program services	21,783,145	31,214,795	(21,036,522)	31,961,418
Support services:				
Accounting, legal and other professional fees	177,095	288,484	—	465,579
Rent and utilities	—	69,634	—	69,634
Office expenses	—	21,902	—	21,902
Other support services	10,763	79,261	—	90,024
Total support services	187,858	459,281	—	647,139
TOTAL EXPENSES	21,971,003	31,674,076	(21,036,522)	32,608,557
CHANGE IN NET ASSETS	1,957,860	29,287	—	1,987,147
NET ASSETS - BEGINNING OF PERIOD	8,176,367	—	—	8,176,367
NET ASSETS - END OF PERIOD	\$10,134,227	29,287	—	10,163,514

**MEXICAN HASS AVOCADO
IMPORTERS ASSOCIATION**

**COMBINING SCHEDULE OF
PROPERTY AND EQUIPMENT**

JUNE 30, 2014

PROPERTY AND EQUIPMENT:

Computer and accessories
Monitors
Printers
Camcorders
Projectors
Work station

	MHAIA	AFM	TOTAL
Computer and accessories	\$7,802	27,373	35,175
Monitors	449	1,890	2,339
Printers	841	1,885	2,726
Camcorders	—	996	996
Projectors	—	843	843
Work station	178	—	178
Total property and equipment	9,270	32,987	42,257
Less: accumulated depreciation	(3,823)	(6,997)	(10,820)
Net property and equipment	\$5,447	25,990	31,437

Total property and equipment

Less: accumulated depreciation

Net property and equipment



**MEXICAN HASS AVOCADO
IMPORTERS ASSOCIATION**

**BUDGET VS. ACTUAL SCHEDULE -
MHAIA TRIAL BALANCE**

FOR THE YEAR ENDED JUNE 30, 2014

	Jul '13 - Jun 14	Budget - June 10,2014 (AMS Approval 6/30/14)	\$Difference
OPERATING REVENUE AND OTHER SUPPORT			
Assessments received from HAB	\$23,732,507	\$23,875,758	(\$143,251)
Contributions from APEAM	187,858	202,913	(15,055)
Other Revenue	8,499	108,200	(99,701)
TOTAL REVENUE	23,928,863	24,186,871	(258,007)
EXPENSES			
Program services:			
Consumer -ad, media, public relations, wages & other events	16,155,349	16,295,260	(139,911)
Retail and trade - seasonal programs, wages & other events	4,845,395	5,377,865	(532,470)
APEAM market reporting	0	0	0
Other marketing program expenses	782,401	814,993	(32,592)
Total program services	21,783,145	22,488,118	(704,973)
Support services:			
Accounting, legal and other professional fees	177,094	186,556	(9,462)
Rent and utilities	0	0	0
Office expenses	0	0	0
Other support services	10,764	16,357	(5,593)
Total support services	187,858	202,913	(15,055)
TOTAL EXPENSES	21,971,003	22,691,031	(720,028)
CHANGE IN NET ASSETS	1,957,860	1,495,840	462,020

**MEXICAN HASS AVOCADO
IMPORTERS ASSOCIATION**

**DETAIL SCHEDULE OF FINANCIAL POSITION
CURRENT YEAR VS PRIOR YEAR – MHAIA**

FOR THE YEAR ENDED JUNE 30, 2014

	Jun 30, 14	Jun 30, 13	\$Difference
ASSETS			
Current Assets			
Checking/Savings			
1030 · Merrill Lynch Portfolio - 4041	\$1,543,954	\$1,443,763	\$100,191
1040 · Restricted CD - Sweepstakes	8,062	8,062	0
1050 · Citizens Bank - OPTG 4371	1,615,096	1,005	1,614,091
1055 · Citizens Bank - MMKT 4398	5,932,243	5,889,154	43,090
Total Checking/Savings	9,099,355	7,341,984	1,757,371
Accounts Receivable			
1200 · Accounts Receivable	1,967,279	1,777,083	190,196
Total Accounts Receivable	1,967,279	1,777,083	190,196
Total Current Assets	11,066,635	9,119,067	1,947,567
Fixed Assets			
1500 · Office Equipment	9,270	3,667	5,603
1599 · Accumulated Depreciation	(3,823)	(3,645)	(177)
Total Fixed Assets	5,447	22	5,426
TOTAL ASSETS	11,072,082	9,119,089	1,952,993
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 · Accounts Payable	9,260	453,312	(444,052)
2020 · Intercompany-Due to/from AFM	928,593	0	928,593
Total Accounts Payable	937,854	453,312	484,542
Other Current Liabilities			
2050 · Accrued Liabilities	0	489,410	(489,410)
Total Other Current Liabilities	0	489,410	(489,410)
Total Current Liabilities	937,854	942,722	(4,868)
Total Liabilities	937,854	942,722	(4,868)
Equity			
3010 · Retained Earnings	8,176,367	8,052,412	123,955
Net Income	1,957,861	123,955	1,833,906
Total Equity	10,134,228	8,176,367	1,957,861
TOTAL LIABILITIES & EQUITY	11,072,082	9,119,089	1,952,993

**MEXICAN HASS AVOCADO
IMPORTERS ASSOCIATION**

DETAIL SCHEDULE OF CASH FLOWS
MHAIA

FOR THE YEAR ENDED JUNE 30, 2014

	Jul '13 - Jun 14
OPERATING ACTIVITIES	
Net Income	1,957,861
Adjustments to reconcile Net Income to net cash provided by operations:	
1599 · Accumulated Depreciation	177
1200 · Accounts Receivable	(190,196)
2010 · Accounts Payable	(444,052)
2020 · Intercompany-Due to/from AFM	928,593
2050 · Accrued Liabilities	(489,410)
Net cash provided by Operating Activities	1,762,974
INVESTING ACTIVITIES	
1500 · Office Equipment	(5,603)
Net cash provided by Investing Activities	(5,603)
Net cash increase for period	1,757,371
Cash at beginning of period	7,341,984
Cash at end of period	9,099,354



AVOCADOS FROM MEXICO

BUDGET VS. ACTUAL SCHEDULE - AFM TRIAL BALANCE

FOR THE YEAR ENDED JUNE 30, 2014

	AFM - MHAIA Year-to-Date	AFM - APEAM Year-to-Date	Combined Year-to-Date	7/17/13 Budget AMS Approval - 7/31/13	\$ Difference
OPERATING REVENUE AND OTHER SUPPORT					
Contributions from MHAIA/APEAM	\$21,036,522	\$10,518,103	\$31,554,626	36,000,000	(4,445,374)
APEAM Market Reporting		143,686	143,686	175,000	(31,314)
Other Revenue	2,824	2,228	5,052	0	5,052
TOTAL REVENUE	21,039,347	10,664,018	31,703,364	36,175,000	(4,471,636)
EXPENSES					
Program services:					
Consumer -ad, media, public relations, wages & other events	16,155,348	7,613,807	23,769,156	28,012,500	(4,243,344)
Retail and trade - seasonal programs, wages & other events	4,845,395	2,427,430	7,272,825	7,500,000	(227,175)
APEAM market reporting	0	143,686	143,686	175,000	(31,314)
Other marketing program expenses	29,129	(0)	29,129	0	29,129
Total program services	21,029,872	10,184,924	31,214,796	35,687,500	(4,472,704)
Support services:					
Accounting, legal and other professional fees		288,484	288,484	111,000	177,484
Rent and utilities	0	69,634	69,634	0	69,634
Office expenses	0	21,902	21,902	75,000	(53,098)
Other support services	0	79,261	79,261	301,500	(222,239)
Total support services	0	459,281	459,281	487,500	(28,219)
TOTAL EXPENSES	21,029,872	10,644,205	31,674,077	36,175,000	(4,500,923)
CHANGE IN NET ASSETS	9,474	19,813	29,288	0	29,288

AVOCADOS FROM MEXICO

DETAIL SCHEDULE OF FINANCIAL POSITION

AFM

JUNE 30, 2014

	TOTAL - AFM	TOTAL - MHAIA	AFM - APEAM	AFM - AFM
ASSETS				
Current Assets				
Chase Account - 9106	\$3,286	\$	\$	\$3,286
Citizens Bank - 6080	(2,637,311)	0	0	(2,637,311)
Chase Account - 2295	576	0	0	576
Citizens Bank - 0324	1,478,166	0	1,478,166	
Citizens Bank - 0316	1,587,673	1,587,673	0	
Accounts Receivable - MHAIA	928,593	928,593	0	
Accounts Receivable - Other	28,519	19,013	9,506	
Refunds Receivable	3,618	0	0	3,618
Intercompany from APEAM	782,218	0	0	782,218
Intercompany from MHAIA	1,834,486	0	0	1,834,486
Prepaid Insurance	13,127	0	0	13,127
Total Current Assets	4,022,952	2,535,279	1,487,673	0
Fixed Assets				
Equipment	32,987	0	32,987	0
Accum Deprec - Equipment	(6,997)	0	(6,997)	0
Total Fixed Assets	25,989	0	25,989	0
Other Assets				
Rent Deposit	12,918	0	12,918	0
Total Other Assets	12,918	0	12,918	0
Total Assets	4,061,860	2,535,279	1,526,580	0
LIABILITIES AND STOCKHOLDERS EQUITY				
Current Liabilities				
Accounts Payable	870,043	577,044	292,999	0
Accrued Expenses	122,055	81,370	40,684	0
Credit payable - APEAM	336,493		336,493	
Income taxes payable	9,200		9,200	
Intercompany to AFM	2,616,704	1,834,486	782,218	0
Accrued Salaries / Vacations	59,477	32,905	26,573	0
Deferred tax-liability	4,650		4,650	
Due to MHAIA Direct	0	0	0	0
Intercompany to APEAM	0	0	0	0
Total Current Liabilities	4,018,622	2,525,805	1,492,817	0
Long Term Liabilities				
Deffered tax liability	13,950		13,950	
Total Current Liabilities	13,950		13,950	0
Stockholders Equity				
Change in Net Assets	29,287	9,474	19,813	0
Total Stockholders Equity	29,287	9,474	19,813	0
Total Liabilities and Stockholders Equity	4,061,860	2,525,805	1,526,580	0

AVOCADOS FROM MEXICO

DETAIL SCHEDULE OF CASH FLOWS

AFM

FOR THE 12 MONTHS ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

	TOTAL AFM	MHAIA	APEAM	AFM
Net Income (Loss)	\$29,287	\$9,474	\$19,813	\$ -
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:				
Losses (Gains) on sales of Depreciation Expense	(6,997)	0	(6,997)	0
Decrease (Increase) in Operating Assets:				
Accounts Receivable	3,266,986	947,606	(314,069)	2,633,449
Increase (Decrease) in	0	0	0	0
Operating Liabilities:	0	0	0	0
Accounts Payable	(870,043)	(577,044)	(292,999)	0
Income tax payable	(9,200)	0	(9,200)	0
Deferred tax liability	(18,600)	0	(18,600)	0
Accrued Liabilities	(2,798,236)	(1,948,760)	(849,476)	0
Total Adjustments	(436,090)	(1,578,199)	(1,491,340)	2,633,449
Net Cash Provided By (Used in) Operating Activities	465,377	1,587,673	1,511,153	(2,633,449)

CASH FLOWS FROM INVESTING ACTIVITIES

Capital Expenditures	(32,987)	0	(32,987)	0
Accumulated Depreciation	0	0	0	0
Proceeds From Sale of Fixed Assets	0	0	0	0
Net Cash Provided By (Used In) Investing Activities	(32,987)	0	(32,987)	0

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	432,391	1,587,673	1,478,167	(2,633,449)
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CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	0	0	0	0
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CASH AND CASH EQUIVALENTS AT END OF PERIOD	432,391	1,587,673	1,478,167	(2,633,449)
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Avocados
From
Mexico

**ALWAYS
FRESH**



**ALWAYS
IN SEASON**



**ALWAYS
DELICIOUS**