

***MEXICAN HASS AVOCADO IMPORTERS’
ASSOCIATION
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021
WITH INDEPENDENT AUDITORS’ REPORT***



INDEPENDENT AUDITORS' REPORT

Board of Directors
Mexican Hass Avocado Importers' Association and Subsidiary
Fallston, Maryland

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, 2021, and the related consolidated statements of activities, functional expenses, and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Managements' 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.

Auditors' 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, 2021, 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.

Board of Directors
Mexican Hass Avocado Importers' Association and Subsidiary
Fallston, Maryland
Page Two

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2021 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.

Gruber and Lopez, Inc.
Gruber and Lopez, Inc.
Newport Beach, CA
September 7, 2021

MEXICAN HASS AVOCADO IMPORTERS' ASSOCIATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

ASSETS

Current assets:	
Cash and cash equivalents	\$ 19,634,308 *
Contributions receivable - HAB assessments	4,118,963
Contributions receivable - APEAM	123,382
Prepaid expenses and deposits	<u>109,151</u>
Total current assets	<u>23,985,804</u>
Non-current assets:	
Restricted cash held for long-term purposes (Note 8)	1,427,348
Property and equipment	1,830,198
Less: accumulated depreciation	<u>(1,528,384)</u>
Net property and equipment	<u>301,814</u>
Total non-current assets	<u>1,729,162</u>
TOTAL ASSETS	<u><u>\$ 25,714,966</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable - trade	\$ 6,326,323
Credit payable - APEAM	148,404
Accrued liabilities	4,015,153
Accrued salaries, benefits, and vacation	<u>316,964</u>
Total current liabilities	<u>10,806,844</u>
Non-current liabilities:	
Deferred compensation (Note 8)	<u>1,427,348</u>
TOTAL LIABILITIES	<u>12,234,192</u>
NET ASSETS	
Without donor restrictions	-
With donor restrictions	<u>13,480,774</u>
TOTAL NET ASSETS	<u>13,480,774</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 25,714,966</u></u>

* MHAIA's goal is to reserve 15% of HAB assessments in cash and cash equivalents which amounts to \$ 7,530,653

See accompanying notes to financial statements and independent auditors' report.

MEXICAN HASS AVOCADO IMPORTERS' ASSOCIATION

CONSOLIDATED STATEMENT OF ACTIVITIES, FUNCTIONAL EXPENSES, AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE AND OTHER SUPPORT			
Contributions from HAB assessments	\$ -	50,204,353	50,204,353
Contributions from APEAM	4,454,512	10,830,455	15,284,967
Investment income	-	25,236	25,236
TOTAL OPERATING REVENUE AND OTHER SUPPORT	4,454,512	61,060,044	65,514,556
NET ASSETS RELEASED FROM RESTRICTIONS (Note 10)	60,573,243	(60,573,243)	-
TOTAL REVENUE	65,027,755	486,801	65,514,556
EXPENSES			
Program services (Note 3):			
Direct marketing and promotional expenses:			
Consumer branding, digital, food service , market development & other events	45,585,139	-	45,585,139
Retail and trade - seasonal programs, exhibits & other events	8,118,426	-	8,118,426
Total direct marketing and promotional expenses	53,703,565	-	53,703,565
Marketing and promotional administrative expenses:			
Marketing administrative- salaries, benefits, travel, consulting, other	6,583,437	-	6,583,437
AMS program fees	286,241	-	286,241
Total marketing and promotional administrative expenses	6,869,678	-	6,869,678
Total program services	60,573,243	-	60,573,243
Support services - management and general:			
Administrative salaries and benefits and related travel	1,312,013	-	1,312,013
Bank service charges and other fees	104,637	-	104,637
Office expense, telephone, web, and small equipment	148,010	-	148,010
Accounting, legal, and other professional fees	1,208,364	-	1,208,364
Insurance - directors and officers	110,942	-	110,942
Postage, licenses, taxes, dues, and miscellaneous	418,568	-	418,568
Rent, building and utilities	554,323	-	554,323
(Gain) Loss on disposal of assets	(4,500)	-	(4,500)
Board of director meetings, training, and related expenses	298,314	-	298,314
Depreciation	303,841	-	303,841
Total support services - management and general	4,454,512	-	4,454,512
TOTAL EXPENSES	65,027,755	-	65,027,755
CHANGE IN NET ASSETS	-	486,801	486,801
NET ASSETS - BEGINNING OF PERIOD (as restated - Note 9)	-	12,993,973	12,993,973
NET ASSETS - END OF PERIOD	\$ -	13,480,774	13,480,774

See accompanying notes to financial statements and independent auditors' report.

MEXICAN HASS AVOCADO IMPORTERS' ASSOCIATION

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 486,801
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:	
Depreciation	303,841
(Gain) Loss on disposal of assets	(4,500)
(Increase) decrease in operating assets:	
Contributions receivable - HAB assessments	(590,545)
Contributions receivable - APEAM	(40,979)
Contributions receivable - MHAIA	(2,087,170)
Accounts receivable - others	52,500
Prepaid expenses and deposits	2,802
Increase (decrease) in operating liabilities:	
Accounts payable - trade	3,365,247
Accounts payable - intercompany and APEAM	2,327,443
Accrued liabilities	2,031,132
Deferred compensation	498,678
Total adjustments	<u>5,858,449</u>
NET CASH PROVIDED BY (USED FROM) OPERATING ACTIVITIES	<u>6,345,250</u>
CASH FLOWS FROM (USED FROM) INVESTING ACTIVITIES	
Purchase of furniture, leasehold improvements, software and equipment	<u>(80,985)</u>
NET CASH PROVIDED BY (USED FROM) INVESTING ACTIVITIES	<u>(80,985)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,264,265
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>14,797,391</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u><u>\$ 21,061,656</u></u>
Cash and cash equivalents have been presented in the Combined Statement of Financial Position as follows:	
Cash and cash equivalents	\$ 19,634,308
Restricted cash held for long-term purposes	1,427,348
	<u><u>\$ 21,061,656</u></u>

There were no cash investing or financing activities for fiscal year ended June 30, 2021.

See accompanying notes to financial statements and independent auditors' report.

SUPPLEMENTARY SCHEDULES



Independent Auditors' Report on Supplementary Schedules

To the Board of Directors of
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, 2021, and have issued our report thereon dated September 7, 2021, 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.

Gruber and Lopez, Inc.

Newport Beach, CA
September 7, 2021

MEXICAN HASS AVOCADO IMPORTERS ASSOCIATION

COMBINING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2021

	<u>MHAIA</u>	<u>AFM</u>	<u>Intercompany Eliminations</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 11,291,478 *	8,342,830	-	19,634,308
Contributions receivable - HAB assessments	4,118,963	-	-	4,118,963
Accounts receivable - intercompany	-	2,385,020	(2,385,020)	-
Contributions receivable - APEAM	123,382	-	-	123,382
Prepaid expenses and deposits	60,844	48,307	-	109,151
Total current assets	<u>15,594,667</u>	<u>10,776,157</u>	<u>(2,385,020)</u>	<u>23,985,804</u>
Non-current assets:				
Restricted cash held for long-term purposes	-	1,427,348	-	1,427,348
Property and equipment	266,589	1,563,609	-	1,830,198
Less: accumulated depreciation	(266,589)	(1,261,795)	-	(1,528,384)
Net property and equipment	<u>-</u>	<u>301,814</u>	<u>-</u>	<u>301,814</u>
Total non-current assets	<u>-</u>	<u>1,729,162</u>	<u>-</u>	<u>1,729,162</u>
TOTAL ASSETS	<u>\$ 15,594,667</u>	<u>12,505,319</u>	<u>(2,385,020)</u>	<u>25,714,966</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable - trade	\$ 3,397	6,322,926	-	6,326,323
Accounts payable - intercompany	2,385,020	-	(2,385,020)	-
Credit payable - APEAM	-	148,404	-	148,404
Accrued liabilities	25,424	3,989,729	-	4,015,153
Accrued salaries, benefits, and vacation	-	316,964	-	316,964
Total current liabilities	<u>2,413,841</u>	<u>10,778,023</u>	<u>(2,385,020)</u>	<u>10,806,844</u>
Non-current liabilities:				
Deferred compensation	-	1,427,348	-	1,427,348
TOTAL LIABILITIES	<u>2,413,841</u>	<u>12,205,371</u>	<u>(2,385,020)</u>	<u>12,234,192</u>
NET ASSETS				
Without donor restrictions	-	-	-	-
With donor restrictions	13,180,826	299,948	-	13,480,774
TOTAL NET ASSETS	<u>13,180,826</u>	<u>299,948</u>	<u>-</u>	<u>13,480,774</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,594,667</u>	<u>12,505,319</u>	<u>(2,385,020)</u>	<u>25,714,966</u>

* MHAIA's policy is to reserve 15% of HAB assessments in cash and cash equivalents which amounts to \$ 7,530,653

MEXICAN HASS AVOCADO IMPORTERS' ASSOCIATION

COMBINING SCHEDULE OF ACTIVITIES, FUNCTIONAL EXPENSES,
AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2021

	MHAIA	AFM	Intercompany Eliminations	Total
OPERATING REVENUE AND OTHER SUPPORT				
Contributions from HAB assessments	\$ 50,204,353	-	-	50,204,353
Contributions from APEAM	796,746	14,488,221	-	15,284,967
Contributions from MHAIA	-	48,569,933	(48,569,933)	-
Communications and analytics	-	43,271	(43,271)	-
Interest income	15,456	9,780	-	25,236
TOTAL OPERATING REVENUE AND OTHER SUPPORT	51,016,555	63,111,205	(48,613,204)	65,514,556
EXPENSES				
Program services:				
Direct marketing and promotional expenses:				
Consumer branding, digital, food service, market development & other events	36,984,926	45,585,139	(36,984,926)	45,585,139
Retail and trade - seasonal programs, exhibits & other events	6,842,096	8,118,426	(6,842,096)	8,118,426
Total direct marketing and promotional expenses	43,827,022	53,703,565	(43,827,022)	53,703,565
Marketing and promotional administrative expenses:				
Marketing administrative- salaries, benefits, travel, consulting, other	5,422,088	5,947,531	(4,786,182)	6,583,437
AMS program fees	286,241	-	-	286,241
Total marketing and promotional administrative expenses	5,708,329	5,947,531	(4,786,182)	6,869,678
Total program services	49,535,351	59,651,096	(48,613,204)	60,573,243
Support services - management and general:				
Administrative salaries and benefits and related travel	-	1,312,013	-	1,312,013
Bank service charges and other fees	8,386	96,251	-	104,637
Office expense, telephone, web, and small equipment	-	148,010	-	148,010
Accounting, legal, and other professional fees	632,223	576,141	-	1,208,364
Insurance - directors and officers	29,455	81,487	-	110,942
Postage, licenses, taxes, dues, and miscellaneous	110,818	307,750	-	418,568
Rent, building and utilities	-	554,323	-	554,323
(Gain) Loss on disposal of assets	-	(4,500)	-	(4,500)
Board of director meetings, training, and related expenses	-	298,314	-	298,314
Depreciation	24,263	279,578	-	303,841
Total support services - management and general	805,145	3,649,367	-	4,454,512
TOTAL EXPENSES	50,340,496	63,300,463	(48,613,204)	65,027,755
CHANGE IN NET ASSETS	676,059	(189,258)	-	486,801
NET ASSETS - BEGINNING OF PERIOD (as restated - Note 9)	12,504,767	489,206	-	12,993,973
NET ASSETS - END OF PERIOD	\$ 13,180,826	299,948	-	13,480,774