

**CHILEAN AVOCADO IMPORTERS ASSOCIATION**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
June 30, 2020 and 2019**

CHILEAN AVOCADO IMPORTERS ASSOCIATION

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS	
Statements of Assets, Liabilities, and Net Assets - Modified Cash Basis	4
Statements of Revenue and Expenses - Modified Cash Basis	5 - 6
Statements of Cash Flows - Modified Cash Basis	7
Notes to Financial Statements	8 - 10
SUPPLEMENTARY INFORMATION	
Schedules of Revenue and Expenditures - Actual Compared to Budget	11
Schedules of Expenditures - Actual Compared to Budget	12 - 13
Schedules of Cash Receipts and Disbursements	14
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 AUDITING STANDARDS</i>	15 - 16

## INDEPENDENT AUDITOR'S REPORT

To the Chilean Avocado Importers Association  
Washington, DC

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Chilean Avocado Importers Association (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of June 30, 2020 and 2019, and the related statements of revenue and expenses – modified cash basis and cash flows – modified cash basis for the years then ended 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 the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **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 Chilean Avocado Importers Association as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended, in accordance with the basis of accounting as described in Note 2.

## **Other Matters**

### **Basis of Accounting**

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Other Information**

Our audit was 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 \_\_\_\_\_, 2020, on our consideration of the 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 the Association'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 years ended June 30, 2020 and 2019, nothing came to our attention, insofar as it relates to financial and accounting matters, that causes us to believe that the Chilean Avocado Importers Association:

- 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 Association;
- 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 Association's approved Budget and Marketing Plan;
- Did not adhere to the original or amended Budget and Marketing Plan for the years ended June 30, 2020 and 2019;

- Did not obtain a written contract or agreement with any person or entity providing goods or services to the Association;
- Failed to comply with USDA AMS Directive 2210.2, relating to the limitations on the types of investments which may be purchased by the Association and the insurance or collateral that must be obtained for all of the Association's deposits and investments, except as noted and reported to you for the uncollateralized and uninsured amount of \$21,908 and \$6,391 at June 30, 2020 and 2019, respectively;
- 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 Association's by-laws or any other policy of the Association, 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.

\_\_\_\_\_, 2020  
Roseville, California

CHILEAN AVOCADO IMPORTERS ASSOCIATION

STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS  
June 30, 2020 and 2019

	ASSETS	
	<u>2020</u>	<u>2019</u>
Current assets:		
Cash	\$ 1,601,961	\$ 2,419,873
Trademarks	<u>9,944</u>	<u>9,944</u>
Total assets	<u>\$ 1,611,905</u>	<u>\$ 2,429,817</u>
	NET ASSETS	
Net assets		
Without donor restrictions:		
Undesignated	\$ 65,393	\$ 51,171
Designated for advertising, promotion, and research	<u>1,546,512</u>	<u>2,378,646</u>
Total net assets	<u>\$ 1,611,905</u>	<u>\$ 2,429,817</u>

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

CHILEAN AVOCADO IMPORTERS ASSOCIATION

STATEMENTS OF REVENUE AND EXPENSES - MODIFIED CASH BASIS  
For the Years Ended June 30, 2020 and 2019

	2020		
	Without Donor Restrictions		Total
	Designated	Undesignated	
Revenue:			
Import assessments	\$ 572,194	\$ -	\$ 572,194
Membership dues	-	51,000	51,000
Interest income	17,124	-	17,124
Total revenue	<u>589,318</u>	<u>51,000</u>	<u>640,318</u>
Operating expenses:			
Program			
Marketing and promotional expenses:			
Advertising	822,030	-	822,030
New media	188,921	-	188,921
Public relations	72,554	-	72,554
Trade marketing	127,101	-	127,101
Industry programs and memberships	16,530	-	16,530
Merchandise expenses	43,956	-	43,956
Professional services	126,688	-	126,688
Meetings and travel	23,672	-	23,672
Total marketing and promotional	<u>1,421,452</u>	<u>-</u>	<u>1,421,452</u>
Support services			
General and administrative expenses:			
Accounting	-	24,275	24,275
Bank fees	-	1,313	1,313
Insurance	-	5,690	5,690
Other expenses	-	5,500	5,500
Total general and administrative	<u>-</u>	<u>36,778</u>	<u>36,778</u>
Total expenses	<u>1,421,452</u>	<u>36,778</u>	<u>1,458,230</u>
Change in net assets	(832,134)	14,222	(817,912)
Net assets, beginning of year	<u>2,378,646</u>	<u>51,171</u>	<u>2,429,817</u>
Net assets, end of year	<u>\$ 1,546,512</u>	<u>\$ 65,393</u>	<u>\$ 1,611,905</u>

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

CHILEAN AVOCADO IMPORTERS ASSOCIATION

STATEMENTS OF REVENUE AND EXPENSES - MODIFIED CASH BASIS (CONTINUED)

For the Years Ended June 30, 2020 and 2019

	2019		
	Without Donor Restrictions		Total
	Designated	Undesignated	
Revenue:			
Import assessments	\$ 1,311,655	\$ -	\$ 1,311,655
Membership dues	-	48,000	48,000
Interest income	18,226	-	18,226
Total revenue	<u>1,329,881</u>	<u>48,000</u>	<u>1,377,881</u>
Operating expenses:			
Program			
Marketing and promotional expenses:			
Advertising	891,429	-	891,429
New media	199,200	-	199,200
Public relations	55,045	-	55,045
Trade marketing	276,480	-	276,480
Industry programs and memberships	17,400	-	17,400
Merchandise expenses	50,785	-	50,785
Professional services	135,903	-	135,903
Meetings and travel	85,886	-	85,886
Total marketing and promotional	<u>1,712,128</u>	<u>-</u>	<u>1,712,128</u>
Support services			
General and administrative expenses:			
Accounting	-	25,875	25,875
Bank fees	-	1,108	1,108
Insurance	-	6,072	6,072
Other expenses	-	3,408	3,408
Total general and administrative	<u>-</u>	<u>36,463</u>	<u>36,463</u>
Total expenses	<u>1,712,128</u>	<u>36,463</u>	<u>1,748,591</u>
Change in net assets	(382,247)	11,537	(370,710)
Net assets, beginning of year	<u>2,760,893</u>	<u>39,634</u>	<u>2,800,527</u>
Net assets, end of year	<u>\$ 2,378,646</u>	<u>\$ 51,171</u>	<u>\$ 2,429,817</u>

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

CHILEAN AVOCADO IMPORTERS ASSOCIATION

STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS  
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash received as import assessments and membership dues	\$ 623,194	\$ 1,359,655
Cash paid to vendors and employees	(1,458,230)	(1,748,591)
Interest received	17,124	18,226
	<u>(817,912)</u>	<u>(370,710)</u>
Net cash used in operating activities		
	<u>(817,912)</u>	<u>(370,710)</u>
Net decrease in cash		
	<u>2,419,873</u>	<u>2,790,583</u>
Cash, beginning of year		
	<u>\$ 1,601,961</u>	<u>\$ 2,419,873</u>
Cash, end of year		
	<u>\$ 1,601,961</u>	<u>\$ 2,419,873</u>
Reconciliation of change in net assets to net cash used in operating activities:		
Change in net assets	<u>\$ (817,912)</u>	<u>\$ (370,710)</u>
Net decrease in cash	<u>\$ (817,912)</u>	<u>\$ (370,710)</u>

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

CHILEAN AVOCADO IMPORTERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 1: NATURE OF ORGANIZATION

The Chilean Avocado Importers Association (the "Association") is a nonprofit corporation, incorporated in the District of Columbia on November 26, 2002. A substantial portion of the Association's revenues consists of assessment funds transferred to the Association 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 Association qualifies under the Act as an Importer Association and receives 85% of the assessments collected from importers of Hass avocados from Chile.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the modified cash basis of accounting. This basis of accounting differs from generally accepted accounting principles primarily because the Association recognizes revenues when received rather than when earned, and expenses are recognized when cash is paid rather than when the obligation is incurred. In addition, certain long-term assets are capitalized and corresponding amortization and depreciation expense is recognized when applicable.

Basis of Presentation

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14 *Not-for-Profit Entities Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this update are designed to improve the presentation of net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The Association has adopted the provision as of June 30, 2019.

The Organization presents its financial statements in accordance with FASB ASC Topic 958, Subtopic 210 (FASB ASC 958-210), *Presentation of Financial Statements of Not-for-Profit Entities*. 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, 2020 and 2019, the Association had no net assets with donor restrictions.

CHILEAN AVOCADO IMPORTERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash

The Association maintains its cash in bank deposit accounts. In order to comply with the AMS's investment policy, the Association is responsible for investing its funds only in interest-bearing accounts that are risk-free and short-term. During the years ended June 30, 2020 and 2019, deposits were held in an insured cash sweep account. As of June 30, 2020 and 2019, uninsured cash totaled \$21,908 and \$6,391, respectively.

Investments

The Association is required to follow the AMS investment policy. Accordingly, the Association 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 Association at June 30, 2020 and 2019.

Equipment

Equipment is stated at cost. The Association provides for depreciation over the estimated useful lives of equipment using the straight-line method.

Maintenance and repairs are charged to expense as incurred. Renewals and betterments that are \$300 or greater, which extend the useful lives of assets, are capitalized.

Trademarks

Costs to acquire trademarks are capitalized and charged to expense upon abandonment. The Association periodically reviews trademarks for impairment as events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. As the useful lives of the Association's trademarks are uncertain, no amortization expense has been recorded as of June 30, 2020 and 2019.

Import Assessments

Importers of Hass avocados from Chile 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 Association. Import assessment revenues are recognized when received.

Program and Functional Expenses

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

Lobbying Expenses

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

CHILEAN AVOCADO IMPORTERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Association 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 Association's income tax returns generally remain subject to examination by federal taxing authorities for three years.

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.

Reclassifications

Certain items in the 2019 financial statements have been reclassified, with no effect to change in net assets to conform to the 2020 financial statement presentation.

Subsequent Events

Events and transactions have been evaluated for potential recognition or disclosure through \_\_\_\_\_, 2020, the date that the financial statements were available to be issued. The COVID-19 outbreak 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 Association expects this matter to negatively impact its operating environment; however, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

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

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,601,961	\$ 2,419,873
Less those unavailable for general expenditures due to designations for advertising, promotion and research	<u>(1,546,512)</u>	<u>(2,378,646)</u>
Financial assets available to meet cash need for general expenditures within one year	<u>\$ 55,449</u>	<u>\$ 41,227</u>

SUPPLEMENTARY INFORMATION

CHILEAN AVOCADO IMPORTERS ASSOCIATION

SCHEDULES OF REVENUE AND EXPENDITURES  
ACTUAL COMPARED TO BUDGET

For the Years Ended June 30, 2020 and 2019

	2020		
	Actual	Budget (Unaudited)	Actual Over (Under) Budget
Revenue:			
Import assessments	\$ 572,194	\$ 850,000	\$ (277,806)
Membership dues	51,000	51,000	-
Interest income	17,124	-	17,124
Total revenue	<u>640,318</u>	<u>901,000</u>	<u>(260,682)</u>
Expenditures:			
Advertising	822,030	850,000	(27,970)
New media	188,921	170,000	18,921
Public relations	72,554	80,000	(7,446)
Trade marketing	127,101	170,000	(42,899)
Industry programs and memberships	16,530	20,000	(3,470)
Merchandise expenses	43,956	51,000	(7,044)
Professional services	126,688	131,000	(4,312)
Meetings and travel	23,672	80,000	(56,328)
General and administrative	36,778	82,000	(45,222)
Total expenditures	<u>1,458,230</u>	<u>1,634,000</u>	<u>(175,770)</u>
Deficit of revenue over expenditures	<u>\$ (817,912)</u>	<u>\$ (733,000)</u>	<u>\$ (84,912)</u>
	2019		
	Actual	Budget (Unaudited)	Actual Over (Under) Budget
Revenue:			
Import assessments	\$ 1,311,655	\$ 1,275,000	\$ 36,655
Membership dues	48,000	45,000	3,000
Interest income	18,226	-	18,226
Total revenue	<u>1,377,881</u>	<u>1,320,000</u>	<u>57,881</u>
Expenditures:			
Advertising	891,429	950,000	(58,571)
New media	199,200	350,000	(150,800)
Public relations	55,045	75,000	(19,955)
Trade marketing	276,480	600,000	(323,520)
Industry programs and memberships	17,400	25,000	(7,600)
Merchandise expenses	50,785	48,000	2,785
Professional services	135,903	132,500	3,403
Meetings and travel	85,886	60,000	25,886
General and administrative	36,463	36,000	463
Total expenditures	<u>1,748,591</u>	<u>2,276,500</u>	<u>(527,909)</u>
Deficit of revenue over expenditures	<u>\$ (370,710)</u>	<u>\$ (956,500)</u>	<u>\$ 585,790</u>

See independent auditor's report.

CHILEAN AVOCADO IMPORTERS ASSOCIATION

SCHEDULES OF EXPENDITURES  
 ACTUAL COMPARED TO BUDGET  
 For the Years Ended June 30, 2020 and 2019

	2020		Actual Over (Under) Budget
	Actual	Budget (Unaudited)	
Advertising	\$ 822,030	\$ 850,000	\$ (27,970)
New media	188,921	170,000	18,921
Public relations	72,554	80,000	(7,446)
Trade marketing	127,101	170,000	(42,899)
Industry programs and memberships	16,530	20,000	(3,470)
Merchandiser expenses:			
Allison Myers fee	21,000	25,000	(4,000)
Allison Myers expenses	2,108	3,000	(892)
Steve Hattendorf fees	19,000	20,000	(1,000)
Steve Hattendorf expenses	1,848	3,000	(1,152)
Total merchandiser expenses	43,956	51,000	(7,044)
Professional services:			
Marketing director fees	95,000	95,000	-
Marketing director expenses	3,855	6,000	(2,145)
AMS-USDA oversight fees	27,833	30,000	(2,167)
Total professional services	126,688	131,000	(4,312)
Meetings and travel	23,672	80,000	(56,328)
General and administrative:			
Tax - accountant fees	24,275	30,000	(5,725)
Bank fees	1,313	3,000	(1,687)
Supplies - equipment	-	1,000	(1,000)
Insurance	5,690	2,000	3,690
Office expenses	5,500	6,000	(500)
Management program	-	40,000	(40,000)
Total general and administrative	36,778	82,000	(45,222)
Total expenditures	\$ 1,458,230	\$ 1,634,000	\$ (175,770)

See independent auditor's report.

CHILEAN AVOCADO IMPORTERS ASSOCIATION

SCHEDULES OF EXPENDITURES  
 ACTUAL COMPARED TO BUDGET (CONTINUED)  
 For the Years Ended June 30, 2020 and 2019

	2019		
	Actual	Budget (Unaudited)	Actual Over (Under) Budget
Advertising	\$ 891,429	\$ 950,000	\$ (58,571)
New media	199,200	350,000	(150,800)
Public relations	55,045	75,000	(19,955)
Trade marketing	276,480	600,000	(323,520)
Industry programs and memberships	17,400	25,000	(7,600)
Merchandiser expenses:			
Allison Myers fee	24,000	25,000	(1,000)
Allison Myers expenses	2,882	2,000	882
Steve Hattendorf fees	20,000	20,000	-
Steve Hattendorf expenses	3,903	1,000	2,903
Total merchandiser expenses	50,785	48,000	2,785
Professional services:			
Marketing director fees	107,000	95,000	12,000
Marketing director expenses	8,564	7,500	1,064
AMS-USDA oversight fees	20,339	30,000	(9,661)
Total professional services	135,903	132,500	3,403
Meetings and travel	85,886	60,000	25,886
General and administrative:			
Tax - accountant fees	25,875	30,000	(4,125)
Bank fees	1,108	3,000	(1,892)
Supplies - equipment	-	1,000	(1,000)
Insurance	6,072	2,000	4,072
Office expenses	3,330	-	3,330
Miscellaneous	78	-	78
Total general and administrative	36,463	36,000	463
Total expenditures	\$ 1,748,591	\$ 2,276,500	\$ (527,909)

See independent auditor's report.

CHILEAN AVOCADO IMPORTERS ASSOCIATION

SCHEDULES OF CASH RECEIPTS AND DISBURSEMENTS  
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Receipts:		
Import assessments	\$ 572,194	\$ 1,311,655
Membership dues	51,000	48,000
Interest income	<u>17,124</u>	<u>18,226</u>
Total receipts	<u>640,318</u>	<u>1,377,881</u>
Disbursements:		
Advertising	822,030	891,429
New media	188,921	199,200
Public relations	72,554	55,045
Trade marketing	127,101	276,480
Industry programs and memberships	16,530	17,400
Merchandiser expenses	43,956	50,785
Professional services	126,688	135,903
Meetings and travel	23,672	85,886
General and administrative	<u>36,778</u>	<u>36,463</u>
Total disbursements	<u>1,458,230</u>	<u>1,748,591</u>
Deficit of receipts over disbursements	(817,912)	(370,710)
Cash, beginning of year	<u>2,419,873</u>	<u>2,790,583</u>
Cash, end of year	<u>\$ 1,601,961</u>	<u>\$ 2,419,873</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 Chilean Avocado Importers Association  
Washington, DC

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 Chilean Avocado Importers Association (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of June 30, 2020, and the related statements of revenue and expenses – modified cash basis and cash flows – modified cash basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated \_\_\_\_\_, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Association'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 Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 Association'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 Association'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 Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

\_\_\_\_\_, 2020  
Roseville, California