

CHILEAN AVOCADO IMPORTERS ASSOCIATION

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
June 30, 2024 and 2023**

CHILEAN AVOCADO IMPORTERS ASSOCIATION

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INDEPENDENT AUDITOR'S REPORT

To the Chilean Avocado Importers Association
Washington, DC

Report on the Audit of the Financial Statements

Opinion

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, 2024 and 2023, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Chilean Avocado Importers Association as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended, in accordance with the modified cash basis of accounting as described in Note 2.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Chilean Avocado Importers Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Chilean Avocado Importers Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of revenue and expenditures – actual compared to budget, schedules of expenditures – actual compared to budget, and schedules of cash receipts and disbursements, 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," is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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, the 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 December 10, 2024, on our consideration of Chilean 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 the effectiveness of Chilean Avocado Importers Association's 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 Chilean Avocado Importers 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, 2024 and 2023, 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, 2024 and 2023;
- 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.
- 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.

Propp Christenson Caniglia LLP

December 10, 2024
Roseville, California

CHILEAN AVOCADO IMPORTERS ASSOCIATION

STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
June 30, 2024 and 2023

	ASSETS	
	<u>2024</u>	<u>2023</u>
Current assets:		
Cash - administrative account	\$ 13,263	\$ 28,922
Cash - advertising, research, and promotion accounts	<u>1,039,516</u>	<u>967,194</u>
Total current assets	1,052,779	996,116
Trademarks	<u>9,944</u>	<u>9,944</u>
Total assets	<u><u>\$ 1,062,723</u></u>	<u><u>\$ 1,006,060</u></u>
	NET ASSETS	
Net assets		
Without donor restrictions:		
Undesignated	\$ 13,263	\$ 28,922
Designated for advertising, promotion, and research	<u>1,049,460</u>	<u>977,138</u>
Total net assets	<u><u>\$ 1,062,723</u></u>	<u><u>\$ 1,006,060</u></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, 2024 and 2023

	2024		
	Without Donor Restrictions		Total
	Designated	Undesignated	
Revenue:			
Import assessments	\$ 221,846	\$ -	\$ 221,846
Membership dues	-	16,500	16,500
Interest income	45,587	-	45,587
Total revenue	<u>267,433</u>	<u>16,500</u>	<u>283,933</u>
Operating expenses:			
Program			
Marketing and promotional expenses:			
Social media	71,798	-	71,798
Trade marketing	500	-	500
Professional services	118,585	-	118,585
Meetings and travel	2,653	-	2,653
Total marketing and promotional	<u>193,536</u>	<u>-</u>	<u>193,536</u>
Support services			
General and administrative expenses:			
Accounting	-	30,464	30,464
Bank fees	1,575	180	1,755
Insurance	-	1,391	1,391
Other expenses	-	124	124
Total general and administrative	<u>1,575</u>	<u>32,159</u>	<u>33,734</u>
Total expenses	<u>195,111</u>	<u>32,159</u>	<u>227,270</u>
Change in net assets	72,322	(15,659)	56,663
Net assets, beginning of year	<u>977,138</u>	<u>28,922</u>	<u>1,006,060</u>
Net assets, end of year	<u>\$ 1,049,460</u>	<u>\$ 13,263</u>	<u>\$ 1,062,723</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, 2024 and 2023

	2023		
	Without Donor Restrictions		Total
	Designated	Undesignated	
Revenue:			
Import assessments	\$ 181,605	\$ -	\$ 181,605
Interest income	9,942	-	9,942
Total revenue	<u>191,547</u>	<u>-</u>	<u>191,547</u>
Operating expenses:			
Program			
Marketing and promotional expenses:			
Social media	80,987	-	80,987
Trade marketing	500	-	500
Brand ambassador	150,000	-	150,000
Professional services	113,705	-	113,705
Meetings and travel	9,681	-	9,681
Total marketing and promotional	<u>354,873</u>	<u>-</u>	<u>354,873</u>
Support services			
General and administrative expenses:			
Accounting	-	35,141	35,141
Bank fees	618	1	619
Insurance	-	3,241	3,241
Reputation management program	-	125	125
Total general and administrative	<u>618</u>	<u>38,508</u>	<u>39,126</u>
Total expenses	<u>355,491</u>	<u>38,508</u>	<u>393,999</u>
Change in net assets, as restated	(163,944)	(38,508)	(202,452)
Net assets, beginning of year, as restated	<u>1,141,082</u>	<u>67,430</u>	<u>1,208,512</u>
Net assets, end of year, as restated	<u>\$ 977,138</u>	<u>\$ 28,922</u>	<u>\$ 1,006,060</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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash received as import assessments and membership dues	\$ 238,346	\$ 181,605
Cash paid to vendors and employees	(227,270)	(393,999)
Interest received	45,587	9,942
	<u>56,663</u>	<u>(202,452)</u>
Net increase (decrease) in cash	56,663	(202,452)
Cash, beginning of year	<u>996,116</u>	<u>1,198,568</u>
Cash, end of year	<u>\$ 1,052,779</u>	<u>\$ 996,116</u>
Ending cash includes the following accounts:		
Cash - administrative account	\$ 13,263	\$ 28,922
Cash - advertising, research, and promotion accounts	1,039,516	967,194
	<u>\$ 1,052,779</u>	<u>\$ 996,116</u>
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	<u>\$ 56,663</u>	<u>\$ (202,452)</u>
Net increase (decrease) in cash	<u>\$ 56,663</u>	<u>\$ (202,452)</u>

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

CHILEAN AVOCADO IMPORTERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

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

The Association presents its financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, Subtopic 210 (FASB ASC 958-210), *Presentation of Financial Statements of Not-for-Profit Entities* as amended by Accounting Standards Update ("ASU") 2016-14. Under FASB ASC 958-210, the Association 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, 2024 and 2023, the Association had no net assets with donor restrictions.

Cash

The Association maintains its cash in bank deposit accounts. In order to comply with the AMS' 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, 2024 and 2023, deposits were held in an insured cash sweep account, which is periodically adjusted to maximize interest return and provides the Association with federal insurance coverage on the total balance and daily liquidity. As of June 30, 2024 and 2023, there were no uninsured amounts.

CHILEAN AVOCADO IMPORTERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2024 and 2023, and all cash deposits were maintained in the sweep account in accordance with the AMS' investment policy as discussed above.

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, 2024 and 2023.

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.

Leases

The Association adopted the provisions of FASB ASC 842 as revised by (ASU) 2016-02, *Leases*. Leases with an initial term of 12 months or less are not recorded on statement of assets, liabilities, and net assets – modified cash basis. The accounting treatment for financing leases, which were formerly referred to as capital leases, remains substantially unchanged. For the years ended June 30, 2024 and 2023, the Association was not obligated under any lease arrangements.

CHILEAN AVOCADO IMPORTERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

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.

Subsequent Events

Events and transactions have been evaluated for potential recognition or disclosure through December 10, 2024, the date that the financial statements were available to be issued.

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>2024</u>	<u>2023</u>
Cash	\$ 1,052,779	\$ 996,116
Less those unavailable for general expenditures due to designations for advertising, promotion, and research	<u>(1,039,516)</u>	<u>(967,194)</u>
Financial assets available to meet cash need for general expenditures within one year	<u>\$ 13,263</u>	<u>\$ 28,922</u>

SUPPLEMENTARY INFORMATION

CHILEAN AVOCADO IMPORTERS ASSOCIATION

SCHEDULES OF REVENUE AND EXPENDITURES
ACTUAL COMPARED TO BUDGET

For the Years Ended June 30, 2024 and 2023

	2024		
	Actual	Budget (Unaudited)	Actual Over (Under) Budget
Revenue:			
Import assessments	\$ 221,846	\$ 212,500	\$ 9,346
Membership dues	16,500	21,000	(4,500)
Interest income	45,587	-	45,587
Total revenue	<u>283,933</u>	<u>233,500</u>	<u>50,433</u>
Expenditures:			
Social media	71,798	70,000	1,798
Trade marketing	500	50,000	(49,500)
Professional services	118,585	120,000	(1,415)
Meetings and travel	2,653	10,000	(7,347)
General and administrative	33,734	33,200	534
Total expenditures	<u>227,270</u>	<u>283,200</u>	<u>(55,930)</u>
Excess (deficit) of revenue over expenditures	<u>\$ 56,663</u>	<u>\$ (49,700)</u>	<u>\$ 106,363</u>
	2023		
	Actual	Budget (Unaudited)	Actual Over (Under) Budget
Revenue:			
Import assessments	\$ 181,605	\$ 425,000	\$ (243,395)
Interest income	9,942	-	9,942
Total revenue	<u>191,547</u>	<u>425,000</u>	<u>(233,453)</u>
Expenditures:			
Social media	80,987	70,000	10,987
Trade marketing	500	50,000	(49,500)
Brand ambassador	150,000	170,000	(20,000)
Professional services	113,705	122,000	(8,295)
Meetings and travel	9,681	50,000	(40,319)
General and administrative	39,126	51,000	(11,874)
Total expenditures	<u>393,999</u>	<u>513,000</u>	<u>(119,001)</u>
Deficit of revenue over expenditures	<u>\$ (202,452)</u>	<u>\$ (88,000)</u>	<u>\$ (114,452)</u>

See independent auditor's report.

CHILEAN AVOCADO IMPORTERS ASSOCIATION

SCHEDULES OF EXPENDITURES
ACTUAL COMPARED TO BUDGET

For the Years Ended June 30, 2024 and 2023

	2024		Actual Over (Under) Budget
	Actual	Budget (Unaudited)	
Social media	\$ 71,798	\$ 70,000	\$ 1,798
Trade marketing	500	50,000	(49,500)
Professional services:			
Managing director fees	95,000	95,000	-
AMS-USDA oversight fees	23,585	25,000	(1,415)
Managing director expenses	-	2,000	(2,000)
Total professional services	118,585	122,000	(3,415)
Meetings and travel	2,653	10,000	(7,347)
General and administrative:			
Accounting	30,464	27,000	3,464
Bank fees	1,755	700	1,055
Insurance	1,391	3,500	(2,109)
Miscellaneous expenses	124	-	124
Total general and administrative	33,734	31,200	2,534
Total expenditures	\$ 227,270	\$ 283,200	\$ (55,930)

See independent auditor's report.

CHILEAN AVOCADO IMPORTERS ASSOCIATION

SCHEDULES OF EXPENDITURES
 ACTUAL COMPARED TO BUDGET (CONTINUED)
 For the Years Ended June 30, 2024 and 2023

	2023		
	Actual	Budget (Unaudited)	Actual Over (Under) Budget
Social media	\$ 80,987	\$ 70,000	\$ 10,987
Trade marketing	500	50,000	(49,500)
Brand ambassador	150,000	170,000	(20,000)
Professional services:			
Managing director fees	95,000	95,000	-
AMS-USDA oversight fees	16,713	25,000	(8,287)
Managing director expenses	1,992	2,000	(8)
Total professional services	113,705	122,000	(8,295)
Meetings and travel	9,681	50,000	(40,319)
General and administrative:			
Accounting	35,141	20,000	15,141
Bank fees	619	1,000	(381)
Insurance	3,241	5,000	(1,759)
Reputation management program	125	25,000	(24,875)
Total general and administrative	39,126	51,000	(11,874)
Total expenditures	\$ 393,999	\$ 513,000	\$ (119,001)

See independent auditor's report.

CHILEAN AVOCADO IMPORTERS ASSOCIATION

SCHEDULES OF CASH RECEIPTS AND DISBURSEMENTS
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Receipts:		
Import assessments	\$ 221,846	\$ 181,605
Membership dues	16,500	-
Interest income	<u>45,587</u>	<u>9,942</u>
Total receipts	<u>283,933</u>	<u>191,547</u>
Disbursements:		
Socia media	71,798	80,987
Trade marketing	500	500
Brand ambassador	-	150,000
Professional services	118,585	113,705
Meetings and travel	2,653	9,681
General and administrative	<u>33,734</u>	<u>39,126</u>
Total disbursements	<u>227,270</u>	<u>393,999</u>
Excess (deficit) of receipts over disbursements	56,663	(202,452)
Cash, beginning of year	<u>996,116</u>	<u>1,198,568</u>
Cash, end of year	<u><u>\$ 1,052,779</u></u>	<u><u>\$ 996,116</u></u>

See independent auditor's report.

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

To the 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, 2024, 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 December 10, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Chilean Avocado Importers Association's internal control over financial reporting (internal control) as a basis for designing 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 Chilean Avocado Importers Association's internal control. Accordingly, we do not express an opinion on the effectiveness of Chilean Avocado Importers 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chilean Avocado Importers 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. 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 Chilean Avocado Importers 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 Chilean Avocado Importers Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Propp Christenson Caniglia LLP

December 10, 2024
Roseville, California