

**National Watermelon
Promotion Board**

**Financial Statements and
Supplementary Information**

March 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors
National Watermelon Promotion Board

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of National Watermelon Promotion Board (the Board), which comprise the statements of financial position as of March 31, 2022 and 2021, and the related statements of activities, cash flows and functional expenses 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 financial position of the Board as of March 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. 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 the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 statements.

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 the Board'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 the Board'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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2022 on our consideration of the Board'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 solely 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 the Board'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 the Board's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
July 13, 2022

National Watermelon Promotion Board

STATEMENTS OF FINANCIAL POSITION

March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,072,208	\$ 1,468,214
Assessments receivable	119,070	24,725
MAP receivable	2,370	13,657
Prepaid expenses and other assets	78,651	51,518
Certificates of deposit	<u>704,000</u>	<u>495,127</u>
Total current assets	1,976,299	2,053,241
Property and equipment, net	71,630	111,892
Deposits	<u>5,007</u>	<u>5,007</u>
Total assets	<u>\$ 2,052,936</u>	<u>\$ 2,170,140</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 40,177	\$ 97,270
Accrued payroll and related expenses	127,725	113,438
Capital lease obligations	<u>761</u>	<u>8,973</u>
Total current liabilities	168,663	219,681
Capital lease obligations, less current portion	<u>-</u>	<u>761</u>
Total liabilities	<u>168,663</u>	<u>220,442</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Board-designated for frozen reserve	704,000	704,000
Undesignated	<u>1,180,273</u>	<u>1,245,698</u>
Total net assets without donor restrictions	<u>1,884,273</u>	<u>1,949,698</u>
Total liabilities and net assets	<u>\$ 2,052,936</u>	<u>\$ 2,170,140</u>

See independent auditor's report and accompanying notes.

National Watermelon Promotion Board

STATEMENTS OF ACTIVITIES

Years Ended March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
REVENUES		
Assessments - domestic	\$ 2,188,424	\$ 2,228,417
Assessments - import	1,304,979	1,125,355
MAP revenue	200,892	204,334
Interest and other income	<u>18,750</u>	<u>38,495</u>
Total revenues	3,713,045	3,596,601
EXPENSES		
Program expenses	3,187,231	3,100,203
General and administrative expenses	<u>591,239</u>	<u>558,631</u>
Total expenses	<u>3,778,470</u>	<u>3,658,834</u>
Change in net assets without donor restrictions	(65,425)	(62,233)
Net assets without donor restrictions, beginning of year	<u>1,949,698</u>	<u>2,011,931</u>
Net assets without donor restrictions, end of year	<u>\$ 1,884,273</u>	<u>\$ 1,949,698</u>

See independent auditor's report and accompanying notes.

National Watermelon Promotion Board

STATEMENTS OF CASH FLOWS

Years Ended March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets without donor restrictions	\$ (65,425)	\$ (62,233)
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by (used in) activities:		
Depreciation and amortization	44,708	45,458
Loss on disposal of equipment	-	464
Cash provided by (used for):		
Assessments receivable	(94,345)	(24,725)
MAP receivable	11,287	(11,302)
Prepaid expenses and other assets	(27,133)	20,278
Accounts payable and accrued expenses	(57,093)	67,768
Accrued payroll and related expenses	14,287	2,573
	<u>(173,714)</u>	<u>38,281</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(4,446)	-
Purchase of certificates of deposit	(704,000)	(495,127)
Proceeds from maturity of certificates of deposit	495,127	704,000
	<u>(213,319)</u>	<u>208,873</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligation	(8,973)	(8,682)
	<u>(8,973)</u>	<u>(8,682)</u>
(Decrease) increase in cash and cash equivalents	(396,006)	238,472
Cash and equivalents, beginning of year	1,468,214	1,229,742
Cash and equivalents, end of year	<u>\$ 1,072,208</u>	<u>\$ 1,468,214</u>
 SUPPLEMENTAL DISCLOSURE CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 188</u>	<u>\$ 480</u>

See independent auditor's report and accompanying notes.

National Watermelon Promotion Board

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended March 31, 2022

	Program Expenses					Total	General and	Total
	Marketing	Communications	Compliance	Program Research	Food Service		Administrative Expenses	
Payroll	\$ 132,440	\$ 209,208	\$ 205,578	\$ -	\$ 153,874	\$ 701,100	\$ 207,642	\$ 908,742
Advertising/ promotions	321,935	-	-	-	92,472	414,407	-	414,407
Employee benefits	19,526	42,912	65,891	-	39,309	167,638	143,161	310,799
Research studies	-	-	-	227,559	-	227,559	-	227,559
Match MAP program	221,986	-	-	-	-	221,986	-	221,986
Digital communication	-	215,881	-	-	-	215,881	-	215,881
Press outreach	-	160,898	-	-	-	160,898	-	160,898
Industry meetings/ events	-	-	4,694	-	140,080	144,774	-	144,774
Consulting fees	-	140,533	-	-	-	140,533	-	140,533
Consumer communication	-	121,835	-	-	-	121,835	-	121,835
Industry outreach	-	40,265	-	-	75,632	115,897	-	115,897
Agency fees	14,113	28,681	18,711	910	15,023	77,438	31,822	109,260
Retail operations contracts	98,183	-	-	-	-	98,183	-	98,183
Board meeting	-	-	-	-	-	-	87,608	87,608
Travel	19,420	14,712	-	-	23,130	57,262	24,440	81,702
Rent	10,313	20,958	13,673	665	10,978	56,587	23,254	79,841
Special events	-	58,706	-	-	-	58,706	-	58,706
Depreciation and amortization	5,775	11,736	7,656	373	6,147	31,687	13,021	44,708
Strategic planning and research	-	-	34,398	-	-	34,398	-	34,398
Tradeshaw	32,727	-	-	-	-	32,727	-	32,727
Audit fees	4,081	8,294	5,411	263	4,345	22,394	9,203	31,597
Software/ hardware maintenance	-	-	3,150	-	-	3,150	13,983	17,133
Telephone	2,153	4,375	2,854	139	2,291	11,812	4,854	16,666
Training	9,931	6,252	-	-	-	16,183	-	16,183
Industry compliance	-	-	13,830	-	-	13,830	-	13,830
Insurance	-	-	-	-	-	-	12,735	12,735
Office supplies	1,426	2,897	1,890	92	1,518	7,823	3,214	11,037
Rental equipment	-	-	-	-	-	-	9,659	9,659
Ongoing opportunities	-	-	-	-	9,040	9,040	-	9,040
Postage and delivery	287	2,814	1,957	-	2,809	7,867	695	8,562
Fulfillment storage	6,390	-	-	-	-	6,390	-	6,390
Culinary education	-	-	-	-	5,830	5,830	-	5,830
Miscellaneous	3,416	-	-	-	-	3,416	-	3,416
Bank charges	-	-	-	-	-	-	2,354	2,354
Printing	-	-	-	-	-	-	1,667	1,667
Dues and subscriptions	-	-	-	-	-	-	1,204	1,204
Legal	-	-	-	-	-	-	535	535
Interest	-	-	-	-	-	-	188	188
Total	\$ 904,102	\$ 1,090,957	\$ 379,693	\$ 230,001	\$ 582,478	\$ 3,187,231	\$ 591,239	\$ 3,778,470

See independent auditor's report and accompanying notes.

National Watermelon Promotion Board

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended March 31, 2021

	Program Expenses					Total	General and Administrative Expenses	Total
	Marketing	Communications	Compliance	Program Research	Food Service			
Payroll	\$ 128,224	\$ 214,673	\$ 199,185	\$ -	\$ 142,146	\$ 684,228	\$ 201,858	\$ 886,086
Advertising/ promotions	264,798	-	-	-	66,080	330,878	-	330,878
Employee benefits	19,369	43,323	66,716	-	39,820	169,228	132,352	301,580
Match MAP program	251,535	-	-	-	-	251,535	-	251,535
Research studies	-	-	-	283,383	-	283,383	-	283,383
Digital communication	-	185,333	-	-	-	185,333	-	185,333
Industry outreach	-	34,859	-	-	112,010	146,869	-	146,869
Press outreach	-	146,171	-	-	-	146,171	-	146,171
Industry meetings/ events	-	-	1,136	-	137,057	138,193	-	138,193
Consumer communication	-	128,055	-	-	-	128,055	-	128,055
Consulting fees	-	120,137	-	-	-	120,137	-	120,137
Special events	-	112,847	-	-	-	112,847	-	112,847
Agency fees	14,083	28,620	18,671	909	14,992	77,275	31,755	109,030
Retail operations contracts	101,522	-	-	-	-	101,522	-	101,522
Rent	9,260	18,818	12,276	597	9,857	50,808	20,880	71,688
Board meeting	-	-	-	-	-	-	59,428	59,428
Depreciation and amortization	5,872	11,933	7,785	379	6,250	32,219	13,239	45,458
Training	6,676	27,691	-	-	-	34,367	-	34,367
Audit fees	-	-	-	-	-	-	33,212	33,212
Tradeshaw	24,131	-	-	-	-	24,131	-	24,131
Travel	5,873	4,335	-	-	3,363	13,571	10,273	23,844
Software/ hardware maintenance	-	-	6,079	-	-	6,079	15,183	21,262
Telephone	2,024	4,113	2,683	131	2,154	11,105	4,564	15,669
Strategic planning and research	-	-	14,425	-	-	14,425	-	14,425
Postage and delivery	723	3,866	2,635	-	1,690	8,914	2,985	11,899
Insurance	-	-	-	-	-	-	10,898	10,898
Rental equipment	-	-	-	-	-	-	9,958	9,958
Office supplies	1,107	2,249	1,467	71	1,178	6,072	2,496	8,568
Industry compliance	-	-	7,066	-	-	7,066	-	7,066
Fulfillment storage	5,038	-	-	-	-	5,038	-	5,038
Ongoing opportunities	-	-	-	-	5,000	5,000	-	5,000
Culinary education	-	-	-	-	4,750	4,750	-	4,750
Dues and subscriptions	-	-	-	-	-	-	3,271	3,271
Legal	-	-	-	-	-	-	3,120	3,120
Bank charges	-	-	-	-	-	-	2,126	2,126
Miscellaneous	1,004	-	-	-	-	1,004	-	1,004
Interest	-	-	-	-	-	-	480	480
Loss on disposal of equipment	-	-	-	-	-	-	464	464
Printing	-	-	-	-	-	-	89	89
Total	\$ 841,239	\$ 1,087,023	\$ 340,124	\$ 285,470	\$ 546,347	\$ 3,100,203	\$ 558,631	\$ 3,658,834

See independent auditor's report and accompanying notes.

National Watermelon Promotion Board

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

1. Nature of Activities

The National Watermelon Promotion Board (the Board) is authorized by the Watermelon Research and Promotion Act of 1985 (the Act) and is considered an instrumentality of the United States Department of Agriculture (USDA), which conducts the administrative oversight of its activities. The Board's mission is to increase demand for watermelons through promotion, research, and education.

The Board is divided into five districts based on domestic watermelon production in the United States. Each district has a representative on the Executive Committee of the Board of Directors. There are also eight representatives of watermelon importers and one public member on the Board of Directors. The past Board President also sits on the Board as a voting member of the Executive Committee. The rules and regulations the Board follows provide for assessments to be derived from all watermelons produced, first handled, and imported in the respective districts.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Board are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Cash and Cash Equivalents

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

Assessments Receivable

Assessments receivable represent assessments due from domestic producers and handlers that the Board was notified of before the cash was collected. Assessments are collected by the Board directly from domestic producers and handlers. The Board evaluates the collectability of its assessments receivable on a combination of factors. In circumstances where it is aware of a specific customer's inability to meet its financial obligations, it records a specific allowance to reduce the amounts recorded to what it believes will be collected. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Management determined all accounts were collectible at March 31, 2022 and 2021, and an allowance was not necessary. During 2022, the Office of the General Council issued a waiver for late penalties and interest fees totaling \$5,791.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the useful life of the asset or the remaining term of the lease.

National Watermelon Promotion Board

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

2. Summary of Significant Accounting Policies (continued)

Impairment of Long-Lived Assets

The Board reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There were no impairment losses recorded during the years ended March 31, 2022 and 2021.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. From time to time the Board of Directors designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. The Board of Directors has designated a portion of net assets without donor restrictions as reserves. See Note 6 for more information on the composition of net assets without donor restrictions.

Assessment Revenue

Revenues from assessments are derived from producers, handlers, and importers based on monthly watermelon production. Import assessment revenue is recognized when the cash is received as notification of amount to be received is not provided prior to cash receipt. Domestic assessment revenue is recognized when the Board is notified of the amount of the assessment. The rate of assessment is proposed by the Board and approved by the Secretary of Agriculture. The assessment rate from April 1, 2020 through March 31, 2022 was 6¢ per hundredweight; 3¢ from the producers and 3¢ from the first handlers of ten acres or more domestic watermelons and 6¢ per hundredweight from the importers of 150,000 pounds or more imported watermelons. Importers of less than 150,000 pounds of watermelon during any calendar year shall be entitled to apply for a refund of the assessments paid.

Market Access Program Revenue and Receivable

The Board participates in the Market Access Program (MAP or program) of the USDA's Foreign Agricultural Service (FAS), which provides for the reimbursement of funds spent by the Board for marketing and promotion of watermelons in Canada and Japan. The Board records MAP expenditures that will be reimbursed as MAP expenses reimbursed within marketing expenses when incurred and records MAP program revenue when the qualifying expenditures are incurred in compliance with the MAP grant provisions. As a participant, the Board must contribute its own resources equivalent to a minimum of 40% of total amounts reimbursed by the program, which are recorded as MAP matching expenses within marketing expenses. At March 31, 2022 and 2021, reimbursements due from FAS to the Board are \$2,370 and \$13,657, respectively, and are considered fully collectible.

National Watermelon Promotion Board

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The accompanying statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Board are reported as expenses of those functional areas. Payroll, employee benefits and industry outreach expenses are allocated among functional categories based on the estimated proportion of time spent relative to each function. Other indirect costs such as rent, insurance, supplies, telephone, agency fees, and depreciation and amortization are allocated based on the number of employees per function.

Fair Value of Financial Instruments

The Board reports its financial instruments at fair value using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 – Valuation based on quoted prices in active markets for identical assets or liabilities.

Level 2 – Valuation based on observable quoted prices for similar assets and liabilities in active markets.

Level 3 – Valuation based on inputs that are unobservable and are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximate their fair values due to the short-term nature of these instruments. These financial instruments include assessments receivable, MAP program receivable, accounts payable, accrued expenses, and accrued payroll. The fair value of the Board's capital lease obligations are estimated based on current rates that would be available for debt of similar terms which is not significantly different from its stated value.

As of March 31, 2022 and 2021, the Board does not have any financial assets or liabilities that are required to be fair valued on a recurring basis that would need to be disclosed as Level 1, 2, or 3 financial instruments in the fair value hierarchy.

Income Taxes

The Board is considered an instrumentality of the USDA which conducts the administrative oversight of its activities. As such, the Board is exempt from federal and state income taxes.

National Watermelon Promotion Board

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

2. Summary of Significant Accounting Policies (continued)

Budget

The Board's budget is prepared on a cash basis. Schedules comparing the budgetary basis to actual results are included in the supplementary information to the financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting Pronouncements Issued but Not Yet Adopted

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This ASU requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally in a straight-line pattern. Early adoption is permitted. In transition, a lessee and a lessor will recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients. These practical expedients relate to identifying and classifying leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset. ASU 2018-11, *Leases*, was issued in June 2018, which permits entities to choose to initially apply ASU 2016-02 at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. In June 2020, Topic 842 was amended to allow entities to elect to postpone adoption until fiscal years beginning after December 15, 2021.

National Watermelon Promotion Board

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

3. Property and Equipment

Property and equipment consists of the following at March 31:

	Useful Lives (Years)	2022	2021
Computer hardware	5	\$ 51,095	\$ 46,650
Office furniture and equipment	5-7	26,074	26,074
Website	3	107,400	107,400
Leasehold improvements	3-5	13,503	13,503
		198,072	193,627
Less: accumulated depreciation and amortization		(126,442)	(81,735)
		<u>\$ 71,630</u>	<u>\$ 111,892</u>

Depreciation and amortization expense was \$44,708 and \$45,458 for the years ended March 31, 2022 and 2021, respectively.

4. Retirement Plan

The Board established a 401(k) retirement plan (the Plan) for all eligible full-time employees. The Board contributes from 3% to 8% of the employee's salary to the Plan. Employees may make contributions, up to the maximum amount allowed by the Internal Revenue Code, to the Plan. Employer contributions were \$80,118 and \$74,108 for the years ended March 31, 2022 and 2021, respectively, which is included in employee benefits expense on the accompanying statements of functional expenses.

5. Leases

The Board leases its office space under an operating lease that expires in September 2026. The Board also leases certain equipment under a capital lease which is included in property and equipment (see Note 3). The capital lease expires in April 2022. As of March 31, 2022, cost and accumulated depreciation of equipment under capital leases were \$26,124 and \$14,365, respectively. As of March 31, 2021, cost and accumulated amortization of equipment under capital leases were \$26,124 and \$9,143, respectively.

National Watermelon Promotion Board

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

5. Leases (continued)

The following is a schedule of future minimum lease payments under all leases as of March 31:

	Capital Lease Obligations	Operating Leases
2023	\$ 763	\$ 52,500
2024	-	48,400
2025	-	49,300
2026	-	50,300
2027	-	29,700
Total minimum lease payments	<u>763</u>	<u>\$ 230,200</u>
Less: amount representing interest	<u>(2)</u>	
Capital lease obligation	761	
Less: current portion	<u>(761)</u>	
Capital lease obligations, long-term	<u>\$ -</u>	

Total rent expense under these leases for the years ended March 31, 2022 and 2021 was \$89,500 and \$81,646, respectively, which is included in rent and rental equipment expenses on the accompanying statements of functional expenses.

6. Net Assets Without Donor Restrictions

The Board's net assets without donor restrictions are comprised of undesignated and Board of Director designated amounts for the following purpose at March 31:

	2022	2021
Undesignated	\$ 1,180,273	\$ 1,245,698
Board-designated frozen reserve	<u>704,000</u>	<u>704,000</u>
	<u>\$ 1,884,273</u>	<u>\$ 1,949,698</u>

7. Liquidity and Availability of Resources

The following table reflects the Board's assets, reduced by the amount not available for general expenditures within one year. Financial assets are considered unavailable because the Board of Directors has set aside the funds for specific reserves.

National Watermelon Promotion Board

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

7. Liquidity and Availability of Resources (continued)

	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash and cash equivalents	\$ 1,072,208	\$ 1,468,214
Assessments receivable	119,070	24,725
MAP program receivable	2,370	13,657
Certificates of deposit	704,000	495,127
Other assets	-	3,657
Financial assets at the end of the year	<u>1,897,648</u>	<u>2,005,380</u>
Amounts unavailable for general expenditures within one year without Board of Directors approval:		
Board designated frozen reserve	<u>(704,000)</u>	<u>(704,000)</u>
Financial assets to meet cash needs for general expenditures within one year	<u>\$ 1,193,648</u>	<u>\$ 1,301,380</u>

At March 31, 2022, the Board has \$1,193,648 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, which consists primarily of cash and cash equivalents that are fully insured or collateralized. The Board has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, the Board has Board of Director designated net assets without donor restriction that, while the Board does not intend to spend for purposes other than those identified, the amount could be made available for current operations, if necessary.

8. Contingencies

In the normal course of business, the Board occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the financial position, results of operations or cash flows of the Board.

9. Concentrations of Credit Risk

The Board holds all cash and cash equivalent accounts and certificates of deposits at federally insured financial institutions and any amounts over federally insured limits are collateralized. The Board maintains its cash and cash equivalents and certificates of deposit with what management believes to be high-credit, quality financial institutions and the Board has not experienced any losses on such accounts.

National Watermelon Promotion Board

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

10. COVID-19 Outbreak and CARES Act

COVID-19

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Board was able to transition to 100% remote work for employees. The situation did not hinder the Board's ability to advance its mission. As of the date of this report, the Board's assessments have met or exceeded the Board's projected assessment amounts and the Board's short-term investments in certificates of deposit were not impacted by market fluctuations.

Although the Board cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Board's results of future operations, financial position, and liquidity in fiscal year 2023.

CARES Act

On March 27, 2020, the Coronavirus Aid, Relief and Economics Security Act (the CARES Act) was enacted. The CARES Act was enacted to address the economic fallout of the COVID-19 outbreak on the economy. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments and net operating loss carryback periods. It also appropriated funds for SBA Paycheck Protection Program, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. As of the date of this report, the Board has not received any relief funding from the CARES Act and has not applied for any of its provisions. Currently, the Board does not believe the CARES Act will have any substantial effect on its financial condition, results of operation, or liquidity.

On December 27, 2020, former President Trump signed the Consolidated Appropriations Act, 2021 (the Act), which includes \$900 billion in stimulus relief as a result of the COVID-19 pandemic. The Board is currently evaluating the impact of the Act.

On March 11, 2021, President Biden signed the American Rescue Plan Act (the Act) which includes \$1.9 trillion in funding for critical resources to respond to the public health and economic crisis as a result of the COVID-19 pandemic. The Board is currently evaluating the impact of the Act.

11. Subsequent Events

The Board has evaluated events and transactions occurring subsequent to March 31, 2022 as of July 13, 2022, which is the date the financial statements were available to be issued. Subsequent events occurring after July 13, 2022 have not been evaluated by management. No material events have occurred since March 31, 2022 that require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION



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Independent Auditor's Report on Supplementary Information

To the Board of Directors
National Watermelon Promotion Board

Our audits of the financial statements included in the preceding section of this report were conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the financial statements. The information 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. Such information has been subjected to the auditing procedures applied in the audits 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.

Moss, Krusick & Associates, LLC

Winter Park, Florida

July 13, 2022

National Watermelon Promotion Board

Schedule of Revenues and Expenditures - Actual Compared to Budget

Year Ended March 31, 2022

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Assessments - domestic	\$ 2,188,424	\$ 2,307,071	\$ (118,647)
Assessments - import	1,304,979	1,109,287	195,692
MAP revenue	200,892	201,021	(129)
Interest and other income	18,750	33,641	(14,891)
	<hr/>	<hr/>	<hr/>
Total revenues	3,713,045	3,651,020	62,025
EXPENSES			
Program expenses			
Marketing	904,102	932,180	28,078
Communications	1,090,957	1,027,689	(63,268)
Compliance	379,693	395,737	16,044
Production research	230,001	258,367	28,366
Food service	582,478	545,889	(36,589)
	<hr/>	<hr/>	<hr/>
Total program expenses	3,187,231	3,159,862	(27,369)
General and administrative expenses	591,239	794,953	203,714
	<hr/>	<hr/>	<hr/>
Total expenses	3,778,470	3,954,815	176,345
	<hr/>	<hr/>	<hr/>
Change in net assets without donor restrictions	\$ (65,425)	\$ (303,795)	\$ 238,370

Note: The budget is prepared on the cash basis of accounting and was approved by the U.S. Department of Agriculture. See Note 2 to the notes to financial statements

See independent auditor's report.

National Watermelon Promotion Board

Schedule of Program Expenses - Actual Compared to Budget

Year Ended March 31, 2022

	Actual	Budget	Variance Favorable (Unfavorable)
Marketing Expenses			
Fulfillment storage	\$ 6,390	\$ 10,000	\$ 3,610
Tradeshows	32,727	42,500	9,773
Postage and shipping	287	3,000	2,713
Retail promotions and marketing	297,685	314,000	16,315
Retail advertising	24,250	25,000	750
Retail education and promo	9,931	10,000	69
Miscellaneous expenses	3,416	3,000	(416)
MAP matching expenses	21,094	47,500	26,406
MAP expense reimbursed	200,892	201,021	129
Retail contracts	98,183	95,000	(3,183)
Staff Support	171,386	181,159	9,773
Allocated indirect expenses	37,861	-	(37,861)
Total Marketing Expenses	<u>904,102</u>	<u>932,180</u>	<u>28,078</u>
Communication Expenses			
Communications onsite coordination	14,712	18,000	3,288
Postage and shipping	2,814	2,500	(314)
Third-party consultants	140,533	138,230	(2,303)
Special events	58,706	76,500	17,794
Press outreach	160,898	159,400	(1,498)
Consumer communications	121,835	110,280	(11,555)
Industry communications	40,265	37,000	(3,265)
Digital communications	215,881	218,770	2,889
Training	6,252	6,750	498
Staff support	252,120	260,259	8,139
Allocated indirect expenses	76,941	-	(76,941)
Total Communication Expenses	<u>1,090,957</u>	<u>1,027,689</u>	<u>(63,268)</u>
Compliance Expenses			
Compliance program	13,830	18,000	4,170
Computer hardware	-	12,000	12,000
Computer software	3,150	-	(3,150)
Handler report re-printing	1,240	500	(740)
Postage and shipping	1,957	2,500	543
Database programming	-	12,000	12,000
Strategic planning session	34,398	52,000	17,602
Industry meetings	4,694	10,000	5,306
Staff support	271,270	288,737	17,467
Allocated indirect expenses	49,154	-	(49,154)
Total Compliance Expenses	<u>379,693</u>	<u>395,737</u>	<u>16,044</u>
Program Research Expenses			
Production research	227,557	258,367	30,810
Allocated indirect expenses	2,444	-	(2,444)
Total Production Research Expenses	<u>230,001</u>	<u>258,367</u>	<u>28,366</u>
Food Service Expenses			
Culinary education	5,830	9,400	3,570
Public relations	75,632	108,550	32,918
Industry events	140,080	119,350	(20,730)
Promotions	92,472	81,500	(10,972)
Ongoing opportunities	9,040	8,000	(1,040)
Onsite coordination	23,130	28,000	4,870
Postage and shipping	2,809	4,000	1,191
Staff support	193,183	187,089	(6,094)
Allocated indirect expenses	40,302	-	(40,302)
Total Food Service Expenses	<u>582,478</u>	<u>545,889</u>	<u>(36,589)</u>
Total Program Expenses	<u>\$ 3,187,231</u>	<u>\$ 3,159,862</u>	<u>\$ (27,369)</u>

Note: The budget is prepared on the cash basis of accounting and was approved by the U.S Department of Agriculture. See Note 2 to the notes to the financial statements. This schedule reflects indirect expenses that are allocated to the various programs that are included in general and administrative expenses for budget purposes.

See independent auditor's report.

National Watermelon Promotion Board

Schedule of General and Administrative - Actual Compared to Budget

Year Ended March 31, 2022

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
Administrative Expenses			
Staff travel	\$ 18,440	\$ 24,000	\$ 5,560
Legal	535	3,600	3,065
Bank charges	2,354	1,800	(554)
Dues and subscriptions	1,204	1,200	(4)
Office equipment lease / rental	9,659	9,000	(659)
Computer equipment	-	3,600	3,600
Furniture	-	1,200	1,200
Interest expense	188	-	(188)
Annual audit	31,598	33,700	2,102
Office supplies	11,037	12,000	963
Printing	1,497	1,200	(297)
Postage / shipping	695	1,200	505
Office lease	79,841	72,000	(7,841)
Equipment maintenance	13,983	14,400	417
Staff support	369,537	347,068	(22,469)
Telephone service and support	16,665	16,800	135
Bad debt expense	-	10,000	10,000
Total Administrative Expenses	<u>557,233</u>	<u>552,768</u>	<u>(4,465)</u>
Board Expenses			
Meeting travel	27,900	19,000	(8,900)
Board meeting accomodations	6,267	18,000	11,733
Staff support	53,441	56,985	3,544
Total Board Expenses	<u>87,608</u>	<u>93,985</u>	<u>6,377</u>
Agency Fees			
USDA Agricultural Marketing Service user fees	108,392	147,000	38,608
Office of general council	-	1,200	1,200
Total Agency Fees	<u>108,392</u>	<u>148,200</u>	<u>39,808</u>
Depreciation and Amortization	44,708	-	(44,708)
Less: allocated indirect expenses	(206,702)	-	206,702
Total General and Administrative Expenses	<u>\$ 591,239</u>	<u>\$ 794,953</u>	<u>\$ 203,714</u>

Note: The budget is prepared on the cash basis of accounting and was approved by the U.S Department of Agriculture. See Note 2 to the notes to the financial statements. This schedule reflects indirect expenses that are allocated to the various programs that are included in general and administrative expenses for budget purposes.

See independent auditor's report.

National Watermelon Promotion Board
Schedule of Cash Receipts and Disbursements
Year Ended March 31, 2022

	Total
Sources of Cash and Cash Equivalents	
Receipts:	
Assessments - domestic	\$ 2,094,079
Assessments - import	1,304,979
MAP program revenue	212,179
Interest and other income	18,750
Total Receipts	3,629,987
Uses of Cash and Cash Equivalents	
Disbursements:	
Marketing	895,918
Communications	1,014,016
Compliance	330,539
Production research	227,557
Food service	542,176
Administrative	601,941
Board meetings	87,608
Agency fees	108,392
Total Disbursements	3,808,147
Cash and Cash Equivalents Used by Operations Before Other Sources	(178,160)
Other Sources (Uses) of Cash and Cash Equivalents	
Proceeds from maturity of certificates of deposit	495,127
Purchase of certificates of deposit	(704,000)
Payments on capital lease obligation	(8,973)
Total Other Sources (Uses) of Cash and Cash Equivalents	(217,846)
Decrease in Cash and Cash Equivalents	(396,006)
Cash and equivalents, beginning of year	1,468,214
Cash and equivalents, end of year	\$ 1,072,208

See independent auditor's report.

National Watermelon Promotion Board

Schedule of Property and Equipment

Year Ended March 31, 2022

Date Acquired	Description	Original Cost
	Computer Hardware	
09/29/2008	Yamaha Keyboard	\$ 1,600
11/19/2009	Isystor 26825 CD DVD Duplicator	825
11/10/2010	MAX - Firebox and Harddrive	1,559
11/03/2011	Recording Mixer	577
10/23/2012	Ipad - DMPJ4E7JDVGL	800
11/21/2012	Ipad - Best Buy - Mark Arney	950
03/31/2013	Ipad - Serial #DMPJN48XF18F	693
03/31/2013	Ipads - Serial # DMPKC1PSF189 and DMPJN4UDF18F	1,385
12/06/2013	Ipad - Serial # DMPLTWG1FK14	489
12/09/2013	Ipad - Serial # DMQLT97GF4YF	714
10/06/2014	Conference Room TV	1,310
08/02/2016	Meraki Wifi Hub	1,031
03/07/2017	Drobo 5N 15TB Network Storage Unit	1,262
02/02/2018	IMAC 21.5" Computer D25W511UJ1GC	1,644
09/19/2018	IMAC 21.5" Computer D25XD0A9J1GC	2,866
05/16/2019	Apple MBP 15.4 Space Gray CO2YP08TJGHS	2,819
05/21/2019	Apple Capital lease	26,126
04/02/2021	MBA 13.3 GLD/BA CPU Serial FVFFHOZLQ6MO	2,248
03/16/2022	IMAC 24" Silver/8C CPU Serial H4THF04IQ6X3	2,197
	Total Computer Hardware	51,095
	Office Equipment and Furniture	
03/02/2010	Common Sense - Cherry U Shaped Desks (6)	5,334
03/02/2010	Common Sense - Conference Table	695
03/02/2010	Common Sense - Delivery and Install	925
03/08/2010	Common Sense - Cherry 4 Drawer Files (3)	2,187
03/08/2010	Common Sense - Delivery and Install	275
03/31/2010	Security Equipment	4,598
03/30/2010	Large Watermelon Pastel - Framed	961
09/11/2014	Wireless Planet - Office Furniture	4,900
11/04/2014	Office Table and Chairs	877
07/18/2016	Digital Tent Top and Tent (10'x20')	2,903
09/13/2016	Canon EOS Rebel T6I 24.2 MP Camera	750
04/01/2017	Ring Central Phone System	1,669
	Total Office Equipment and Furniture	26,074
	Website	
11/30/2019	Supplier Database	30,600
11/30/2019	Watermelon Website Database	76,800
	Total for Website	107,400
	Lease Improvements	
03/31/2016	Leasehold Improvements	9,400
06/13/2016	Kalos custom cabinets	4,103
	Total Lease Improvements	13,503
	Total	\$ 198,072

See independent auditor's report.



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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 Board of Directors
National Watermelon Promotion Board.

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 National Watermelon Promotion Board (the Board), which comprise the statement of financial position as of March 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated July 13, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) as a basis for designing 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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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 the Board'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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida

July 13, 2022



Report on Compliance with Laws, Regulations, and Contracts

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To the Board of Directors
National Watermelon Promotion Board

Report on Compliance

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of National Watermelon Promotion Board (the Board), which comprise the statement of financial position as of March 31, 2022, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated July 13, 2022.

In connection with our audit of the Board's financial statements, we tested compliance with selected provisions of applicable laws, statutes, regulations, rules and provisions of contracts consistent with our auditor's responsibility discussed below and 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. We caution that noncompliance may occur and not be detected by these tests.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts applicable to the Board.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance, whether due to fraud or error, with the selected provisions of applicable laws, statutes, regulations, rules, and provisions of contracts that have a direct effect on the determination of material amounts and disclosures in the financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, statutes, regulations, rules, and provisions of contracts applicable to the Board. 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 material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the types of compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Board's compliance with the requirements of the selected provisions of applicable laws, statutes, regulations, rules, and provisions of contracts applicable to the Board.

Auditor's Responsibilities for the Audit of Compliance (continued)

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 noncompliance, 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 Board's compliance with the selected provisions of applicable laws, statutes, regulations, rules and provisions of contracts applicable to the Board.

Results of Our Tests for Compliance with Laws, Regulations, and Contracts

During the course of our testing, no instances of noncompliance for the year ended March 31, 2022 came to our attention that would be required to be reported under generally accepted auditing standards in the United States of America or under Government Auditing Standards, issued by the Comptroller General of the United States, that would cause us to believe that the Board failed to comply with certain provisions of the Watermelon Research and Promotion Act of 1985 (the Act) as described below in items a) through e), insofar as they relate to accounting matters.

- a) Funds were not discovered to be used for influencing government policy or action.
- b) The Board adhered to the AMS investment policy.
- c) The Board complied with its internal control policies,
- d) Funds were used only for projects and other expenses authorized in a budget approved by USDA, and
- e) Funds were used in accordance with Guidelines for Agricultural Marketing Service Oversight of Commodity Research and Promotion Programs

However, the objective of our tests was not to provide an opinion on compliance with all laws, statutes, regulations, rules, and provisions of contracts applicable to the Board. Accordingly, we do not express such an opinion. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Board's noncompliance with the above-referenced terms, provisions, or conditions of the Act, insofar as they relate to accounting matters.

The purpose of this report on compliance with laws, statutes, regulations, rules, and provisions of contracts is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, statutes, regulations, rules, and provisions of contracts and the results of that testing, and not to provide an opinion on compliance. This report on compliance with laws, statutes, regulations, rules, and provisions of contracts is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, and contracts is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Directors and management of the Board, others within the organization, and the U.S. Department of Agriculture and is not intended to be, and should not be, used by anyone other than these specified parties.

Moss, Krusick & Associates, LLC

Winter Park, Florida

July 13, 2022