

**National Watermelon  
Promotion Board**

**Financial Statements and  
Supplementary Information**

**March 31, 2025 and 2024**

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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors  
National Watermelon Promotion Board

### **Report on the Audits of 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, 2025 and 2024, 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, 2025 and 2024, 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 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 the Board 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.

#### ***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 21, 2025 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 21, 2025

**National Watermelon Promotion Board**

**STATEMENTS OF FINANCIAL POSITION**

**March 31, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 361,049	\$ 338,191
Assessments receivable	194,401	96,066
MAP receivable	1,545	4,092
Prepaid expenses and other assets	86,731	83,449
Restricted investments	<u>704,000</u>	<u>704,000</u>
Total current assets	1,347,726	1,225,798
Operating lease right-of-use-assets	94,964	150,727
Property and equipment, net	37,200	42,433
Deposits	<u>5,007</u>	<u>5,007</u>
Total assets	<u><u>\$ 1,484,897</u></u>	<u><u>\$ 1,423,965</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 36,670	\$ 33,711
Accrued payroll and related expenses	141,592	138,834
Other current liabilities	2,113	6,660
Operating lease liabilities	<u>60,354</u>	<u>56,160</u>
Total current liabilities	240,729	235,365
Other long-term liabilities	-	2,113
Non-current operating lease liabilities	<u>37,121</u>	<u>97,475</u>
Total liabilities	<u>277,850</u>	<u>334,953</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Undesignated	503,047	385,012
Board-designated for frozen reserve	<u>704,000</u>	<u>704,000</u>
Total net assets without donor restrictions	<u>1,207,047</u>	<u>1,089,012</u>
Total liabilities and net assets	<u><u>\$ 1,484,897</u></u>	<u><u>\$ 1,423,965</u></u>

See independent auditor's report and accompanying notes.

**National Watermelon Promotion Board**

**STATEMENTS OF ACTIVITIES**

**Years Ended March 31, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>REVENUES</b>		
Assessments - domestic	\$ 2,123,995	\$ 2,173,556
Assessments - import	1,417,618	1,168,928
MAP revenue	326,312	277,086
Interest and other income	69,159	38,763
Total revenues	<u>3,937,084</u>	<u>3,658,333</u>
<b>EXPENSES</b>		
Program expenses	3,187,799	3,236,737
General and administrative expenses	<u>631,250</u>	<u>655,848</u>
Total expenses	<u>3,819,049</u>	<u>3,892,585</u>
Change in net assets without donor restrictions	118,035	(234,252)
Net assets without donor restrictions, beginning of year	<u>1,089,012</u>	<u>1,323,264</u>
Net assets without donor restrictions, end of year	<u>\$ 1,207,047</u>	<u>\$ 1,089,012</u>

See independent auditor's report and accompanying notes.

**National Watermelon Promotion Board**

**STATEMENTS OF CASH FLOWS**

**Years Ended March 31, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets without donor restrictions	\$ 118,035	\$ (234,252)
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by (used in) activities:		
Amortization of operating lease right-of-use-assets	55,763	53,003
Depreciation and amortization	5,233	3,121
Cash provided by (used for):		
Assessments receivable	(98,335)	40,501
MAP receivable	2,547	1,910
Prepaid expenses and other assets	(3,282)	1,439
Accounts payable and accrued expenses	2,959	7,155
Operating lease liabilities	(56,160)	(52,414)
Accrued payroll and related expenses	2,758	3,013
Net cash provided by (used in) operating activities	<u>29,518</u>	<u>(176,524)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of restricted investments	(913,000)	(1,122,000)
Proceeds from maturity of certificates of deposit	<u>913,000</u>	<u>1,122,000</u>
Net cash used in investing activities	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on finance lease	<u>(6,660)</u>	<u>(6,639)</u>
Net cash used in financing activities	<u>(6,660)</u>	<u>(6,639)</u>
Increase (decrease) in cash and cash equivalents	22,858	(183,163)
Cash and equivalents, beginning of year	<u>338,191</u>	<u>521,354</u>
Cash and equivalents, end of year	<u><u>\$ 361,049</u></u>	<u><u>\$ 338,191</u></u>
<b>SUPPLEMENTAL DISCLOSURE CASH FLOW INFORMATION</b>		
Cash paid for interest	<u><u>\$ 185</u></u>	<u><u>\$ 337</u></u>
<b>SIGNIFICANT NON-CASH TRANSACTIONS</b>		
Other current liabilities	\$ -	\$ 2,390
Other long-term liabilities	<u>-</u>	<u>(2,390)</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See independent auditor's report and accompanying notes.

**National Watermelon Promotion Board**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**Year Ended March 31, 2025**

	Program Expenses						General and Administrative Expenses	Total
	Marketing	Communications	Industry Affairs	Program Research	Food Service	Total		
Payroll	\$ 141,679	\$ 248,328	\$ 222,184	\$ -	\$ 185,761	\$ 797,952	\$ 212,875	\$ 1,010,827
Match MAP program	338,304	-	-	-	-	338,304	-	338,304
Employee benefits	22,974	52,255	40,296	-	47,164	162,689	158,861	321,550
Advertising/ promotions	284,441	-	-	-	31,405	315,846	-	315,846
Research studies	-	-	-	289,097	-	289,097	-	289,097
Digital communication	-	244,597	-	-	-	244,597	-	244,597
Agency fees	19,707	40,049	26,127	1,271	20,978	108,132	44,435	152,567
Industry meetings/ events	-	-	14,557	-	117,026	131,583	-	131,583
Travel	21,405	16,703	-	-	34,304	72,412	31,732	104,144
Press outreach	-	96,500	-	-	-	96,500	-	96,500
Retail operations contracts	91,105	-	-	-	-	91,105	-	91,105
Board meeting	-	-	-	-	-	-	89,151	89,151
Industry outreach	-	19,144	-	-	65,547	84,691	-	84,691
Rent and utilities	10,642	21,628	14,110	687	11,329	58,396	23,997	82,393
Consumer communication	-	79,482	-	-	-	79,482	-	79,482
Consulting fees	-	77,741	-	-	-	77,741	-	77,741
Special events	-	45,863	-	-	-	45,863	-	45,863
Strategic planning and research	-	-	40,821	-	-	40,821	-	40,821
Tradeshow	37,703	-	-	-	-	37,703	-	37,703
Software/ hardware maintenance	-	-	9,170	-	-	9,170	23,317	32,487
Training	506	28,818	-	-	-	29,324	-	29,324
Audit fees	3,336	6,781	4,423	215	3,552	18,307	7,523	25,830
Telephone	1,971	4,004	2,612	127	2,097	10,811	4,443	15,254
Industry compliance	-	-	14,042	-	-	14,042	-	14,042
Insurance	-	-	-	-	-	-	13,554	13,554
Culinary education	-	-	-	-	9,439	9,439	-	9,439
Rental equipment	-	-	-	-	-	-	9,334	9,334
Postage and delivery	1,470	1,868	712	-	4,005	8,055	640	8,695
Office supplies	1,071	2,175	1,419	69	1,139	5,873	2,413	8,286
Depreciation and amortization	676	1,374	895	44	720	3,709	1,524	5,233
Ongoing opportunities	-	-	-	-	4,000	4,000	-	4,000
Dues & subscriptions	-	-	-	-	-	-	3,805	3,805
Bank charges	-	-	-	-	-	-	2,246	2,246
Fulfillment storage	1,857	-	-	-	-	1,857	-	1,857
Legal	-	-	-	-	-	-	1,215	1,215
Miscellaneous	298	-	-	-	-	298	-	298
Interest	-	-	-	-	-	-	185	185
<b>Total</b>	<b>\$ 979,145</b>	<b>\$ 987,310</b>	<b>\$ 391,368</b>	<b>\$ 291,510</b>	<b>\$ 538,466</b>	<b>\$ 3,187,799</b>	<b>\$ 631,250</b>	<b>\$ 3,819,049</b>

See independent auditor's report and accompanying notes.

**National Watermelon Promotion Board**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**Year Ended March 31, 2024**

	Program Expenses					General and Administrative Expenses	Total
	Marketing	Communications	Industry Affairs	Program Research	Food Service		
Payroll	\$ 142,119	\$ 252,086	\$ 221,285	\$ -	\$ 176,768	\$ 226,386	\$1,018,644
Advertising/ promotions	355,103	-	-	-	44,038	-	399,141
Employee benefits	21,895	49,609	55,815	-	44,793	149,053	321,165
Match MAP program	286,865	-	-	-	-	-	286,865
Research studies	-	-	-	239,739	-	-	239,739
Digital communication	-	237,496	-	-	-	-	237,496
Agency fees	18,081	36,746	23,972	1,167	19,248	40,770	139,984
Industry meetings/ events	-	-	10,890	-	128,342	-	139,232
Press outreach	-	130,858	-	-	-	-	130,858
Travel	26,413	33,409	-	-	29,849	33,668	123,339
Industry outreach	-	35,618	-	-	77,885	-	113,503
Retail operations contracts	110,585	-	-	-	-	-	110,585
Board meeting	-	-	-	-	-	105,822	105,822
Consulting fees	-	90,121	-	-	-	-	90,121
Rent and utilities	10,016	20,355	13,279	646	10,662	23,175	78,133
Special events	-	65,572	-	-	-	-	65,572
Consumer communication	-	56,345	-	-	-	-	56,345
Strategic planning and research	-	-	40,731	-	-	-	40,731
Software/ hardware maintenance	-	-	3,589	-	-	26,845	30,434
Audit fees	3,271	6,648	4,337	211	3,482	7,376	25,325
Tradeshow	24,291	-	-	-	-	-	24,291
Training	3,554	11,802	-	-	-	-	15,356
Telephone	1,964	3,992	2,604	127	2,091	4,429	15,207
Rental equipment	-	-	-	-	-	12,989	12,989
Industry compliance	-	-	12,706	-	-	-	12,706
Culinary education	-	-	-	-	11,851	-	11,851
Insurance	-	-	-	-	-	11,620	11,620
Postage and delivery	1,807	1,837	1,846	-	3,244	794	9,528
Office supplies	1,163	2,365	1,543	75	1,239	2,623	9,008
Miscellaneous	903	-	-	-	-	5,183	6,086
Depreciation and amortization	403	819	535	26	429	909	3,121
Bank charges	-	-	-	-	-	2,328	2,328
Fulfillment storage	2,230	-	-	-	-	-	2,230
Printing	-	-	-	-	-	1,541	1,541
Ongoing opportunities	-	-	-	-	1,352	-	1,352
Interest	-	-	-	-	-	337	337
<b>Total</b>	<u>\$ 1,010,663</u>	<u>\$ 1,035,678</u>	<u>\$ 393,132</u>	<u>\$ 241,991</u>	<u>\$ 555,273</u>	<u>\$ 655,848</u>	<u>\$ 3,892,585</u>

See independent auditor's report and accompanying notes.

# **National Watermelon Promotion Board**

## **NOTES TO FINANCIAL STATEMENTS**

**March 31, 2025**

### **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 nine 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 estimates and records expected credit losses over the lifetime of the accounts receivable and adjusts these estimates periodically based on current conditions and reasonable forecasts. Accounts receivable that are ultimately deemed uncollectible are written off against the established allowance for credit losses. Management determined all accounts were collectible at March 31, 2025 and 2024, and an allowance was not necessary.

#### ***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.

#### ***Leases***

The Board leases certain buildings and equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

**National Watermelon Promotion Board**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2025**

**2. Summary of Significant Accounting Policies (continued)**

***Leases (continued)***

Operating leases are included in operating lease right-of-use ("ROU") assets, operating lease liabilities, and non-current operating lease liabilities in the statement of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities in our balance sheets.

ROU assets represent the Board's right to use an underlying asset for the lease term, and lease liabilities represent the Board's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Board uses the implicit rate when it is readily determinable. Since most of the Board's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the Board's incremental borrowing rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Board's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise the option.

The Board elected the practical expedient not to separate lease and nonlease components for all of our building leases.

***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, 2025 and 2024.

***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 7 for more information on the composition of net assets without donor restrictions.

**National Watermelon Promotion Board**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2025**

**2. Summary of Significant Accounting Policies (continued)**

***Net Assets With Donor Restrictions***

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed restrictions, time and/or purpose restrictions.

The Board reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

As of March 31, 2025 and 2024, the Board has no net assets with donor restrictions and is unable to receive donor-restricted funds, respectively.

***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, 2022 through January 22, 2025 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. Effective January 22, 2025, the Secretary of Agriculture approved an increase in the assessment rate to 9¢ per hundredweight, to be split between producers and handlers and paid in total by importers. Importers of less than 150,000 pounds of watermelon during any calendar year are entitled to apply for a refund of the assessments paid. As of March 31, 2025 and 2024, there were no refund liabilities.

***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 50% of total amounts reimbursed by the program, which are recorded as MAP matching expenses within marketing expenses. At March 31, 2025 and 2024, reimbursements due from FAS to the Board are \$1,545 and \$4,092, respectively, and are considered fully collectible.

**National Watermelon Promotion Board**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2025**

**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.

As of March 31, 2025 and 2024 the Board's Level 2 investments consist of debt securities, which include certificates of deposit.

As of March 31, 2025 and 2024 the Board did not have any Level 1 or Level 3 investments.

***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.

***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. The Board's financial stability remains secure due to the USDA's approval of the budget, which accounts for the anticipated losses.

# National Watermelon Promotion Board

## NOTES TO FINANCIAL STATEMENTS

March 31, 2025

### 2. Summary of Significant Accounting Policies (continued)

#### *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 Adopted*

Effective April 1, 2023, the Board adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Board adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Board's financial statements, but did change how the allowance for credit losses (i.e. doubtful accounts) is determined.

### 3. Restricted Investments

Restricted investments have been classified according to management's intent. The fair value of the securities, which includes Certificates of Deposits and Money market funds held as board designated reserves, totaled \$704,000 as of March 31, 2025 and 2024, respectively. These securities have interest rates ranging from 4.4% to 5.25% and maturities of less than one year.

Included in the Board's investment accounts with Ameriprise are the following investments as of March 31, 2025:

	2025			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 365,620	\$ -	\$ -	\$ 365,620
Certificates of deposit	-	338,380	-	338,380
Total investments	<u>\$ 365,620</u>	<u>\$ 338,380</u>	<u>\$ -</u>	<u>\$ 704,000</u>

Included in the Board's investment accounts with Ameriprise are the following investments as of March 31, 2024:

	2024			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 704,000	\$ -	\$ 704,000
Total investments	<u>\$ -</u>	<u>\$ 704,000</u>	<u>\$ -</u>	<u>\$ 704,000</u>

**National Watermelon Promotion Board**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2025**

**4. Property and Equipment**

Property and equipment consists of the following at March 31:

	Useful Lives (Years)	2025	2024
Computer hardware	5	\$ 26,908	\$ 26,908
Leased computer equipment	5	19,548	19,548
Office furniture and equipment	5-7	26,074	26,074
Website	3	107,400	107,400
Leasehold improvements	3-5	13,503	13,503
		193,433	193,433
Less: accumulated depreciation and amortization		(156,233)	(151,000)
		<u>\$ 37,200</u>	<u>\$ 42,433</u>

Depreciation and amortization expenses were \$5,233 and \$3,121 for the years ended March 31, 2025 and 2024, respectively.

**5. 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 \$89,406 and \$87,651 for the years ended March 31, 2025 and 2024, respectively, which is included in employee benefits expense on the accompanying statements of functional expenses.

**6. Leases**

The following summarizes the line items in the statements of financial position which include amounts for operating and finance leases as of March 31, 2025:

**Operating Lease**

Operating lease right-of-use-assets	<u>\$ 94,964</u>
Operating lease liabilities	\$ 60,354
Non-current operating lease liabilities	<u>37,121</u>
Total operating lease liabilities	<u>\$ 97,475</u>

**National Watermelon Promotion Board**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2025**

**6. Leases (continued)**

**Finance Lease**

Property and equipment	\$ 19,548
Accumulated depreciation	(6,782)
Property and equipment, net	<u>\$ 12,766</u>
Other current liabilities	\$ 2,113
Other long-term liabilities	-
Total finance lease liabilities	<u>\$ 2,113</u>

The following summarizes the weighted average remaining lease term and discount rate as of March 31, 2025:

**Weighted Average Remaining Lease Term**

Operating lease	19 months
Finance lease	6 months

**Weighted Average Discount Rate**

Operating lease	5.50%
Finance lease	3.23%

The maturities of lease liabilities as of March 31, 2025 were as follows:

Year ending March 31:	Operating	Finance
2026	\$ 64,215	\$ 2,130
2027	37,806	-
Total lease payments	102,021	2,130
Less amounts representing interest	(4,546)	(17)
Present value of lease liability	<u>\$ 97,475</u>	<u>\$ 2,113</u>

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended March 31, 2025:

Operating lease expense included in rent	<u>\$ 62,818</u>
Finance lease costs:	
Amortization of lease assets included in depreciation and amortization	\$ 6,782
Interest on lease liabilities included in interest	185
Total finance lease costs	<u>\$ 6,967</u>

# National Watermelon Promotion Board

## NOTES TO FINANCIAL STATEMENTS

March 31, 2025

### 6. Leases (continued)

The following summarizes cash flow information related to leases for the year ended March 31, 2025:

Cash paid for amounts included in measurement of  
lease liabilities:

Operating cash flows from operating leases	\$	63,215
Operating cash flows from finance leases (i.e. interest)		185
Financing cash flows from finance leases (i.e. principal payments)		6,660

### 7. 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:

	2025	2024
Undesignated	\$ 503,047	\$ 385,012
Board-designated frozen reserve	704,000	704,000
	<u>\$ 1,207,047</u>	<u>\$ 1,089,012</u>

The frozen reserve represents cash and investments designated by the Board of Directors to cover operational expenses in case of emergencies. Moving amounts from the investment account requires approval by the Board of Directors.

### 8. 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.

	2025	2024
Financial Assets		
Cash and cash equivalents	\$ 361,049	\$ 338,191
Assessments receivable	194,401	96,066
MAP receivable	1,545	4,092
Restricted investments	704,000	704,000
Financial assets at the end of the year	<u>1,260,995</u>	<u>1,142,349</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>\$ 556,995</u>	<u>\$ 438,349</u>

**National Watermelon Promotion Board**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2025**

**8. Liquidity and Availability of Resources (continued)**

At March 31, 2025, the Board has \$556,995 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 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 with approval by the Board of Directors.

**9. 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.

**10. 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.

**11. Subsequent Events**

The Board has evaluated events and transactions occurring subsequent to March 31, 2025 as of July 21, 2025, which is the date the financial statements were available to be issued. Subsequent events occurring after July 21, 2025 have not been evaluated by management. No material events have occurred since March 31, 2025 that require recognition or disclosure in the financial statements.

## **SUPPLEMENTARY INFORMATION**



## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

### *Partners*

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To the Board of Directors  
National Watermelon Promotion Board

We have audited the financial statements of National Watermelon Promotion Board (the "Board") as of and for the year ended March 31, 2025, and our report thereon dated July 21, 2025, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
July 21, 2025

**National Watermelon Promotion Board**

**SCHEDULE OF REVENUES AND EXPENDITURES - ACTUAL COMPARED TO BUDGET**

**Year Ended March 31, 2025**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Assessments - domestic	\$ 2,123,995	\$ 2,278,954	\$ (154,959)
Assessments - import	1,417,618	1,164,638	252,980
MAP revenue	326,312	332,224	(5,912)
Interest and other income	69,159	36,590	32,569
	<u>3,937,084</u>	<u>3,812,406</u>	<u>124,678</u>
<b>EXPENSES</b>			
Program expenses			
Marketing	979,145	972,887	(6,258)
Communications	987,310	913,759	(73,551)
Industry affairs	391,368	349,403	(41,965)
Program research	291,510	285,000	(6,510)
Food service	538,466	505,298	(33,168)
	<u>3,187,799</u>	<u>3,026,347</u>	<u>(161,452)</u>
General and administrative expenses	<u>631,250</u>	<u>841,251</u>	<u>210,001</u>
Total expenses	<u>3,819,049</u>	<u>3,867,598</u>	<u>48,549</u>
Change in net assets without donor restrictions	<u>\$ 118,035</u>	<u>\$ (55,192)</u>	<u>\$ 173,227</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 financial statements.

See independent auditor's report.

**National Watermelon Promotion Board**

**SCHEDULE OF PROGRAM EXPENSES - ACTUAL COMPARED TO BUDGET**

**Year Ended March 31, 2025**

	Actual	Budget	Variance Favorable (Unfavorable)
<b>Marketing Expenses</b>			
Fulfillment storage	\$ 1,857	\$ 3,000	\$ 1,143
Tradeshows	37,703	32,500	(5,203)
Postage and shipping	1,470	2,000	530
Retail promotions and marketing	261,901	276,000	14,099
Retail advertising	22,541	22,500	(41)
Retail education and promo	506	2,300	1,794
Miscellaneous expenses	298	1,500	1,202
MAP matching expenses	11,992	12,055	63
MAP expense reimbursed	326,312	332,224	5,912
Retail contracts	91,105	96,145	5,040
Staff support	186,057	192,663	6,606
Allocated indirect expenses	37,403	-	(37,403)
<b>Total Marketing Expenses</b>	<b>979,145</b>	<b>972,887</b>	<b>(6,258)</b>
<b>Communication Expenses</b>			
Program travel	16,703	18,020	1,317
Postage and shipping	1,868	1,500	(368)
Third-party consultants	77,741	79,175	1,434
Special events	45,863	49,000	3,137
Press outreach	96,500	95,500	(1,000)
Consumer communications	79,482	78,465	(1,017)
Industry communications	19,144	10,000	(9,144)
Digital communications	244,597	245,755	1,158
Training	28,818	28,750	(68)
Staff support	300,584	307,594	7,010
Allocated indirect expenses	76,010	-	(76,010)
<b>Total Communication Expenses</b>	<b>987,310</b>	<b>913,759</b>	<b>(73,551)</b>
<b>Industry Affairs Expenses</b>			
Compliance program	14,042	15,000	958
Computer hardware	110	9,000	8,890
Computer software	9,060	-	(9,060)
Handler report re-printing	-	500	500
Postage and shipping	706	2,500	1,794
Database programming	-	6,000	6,000
Strategic planning session	40,821	40,000	(821)
Industry meetings	14,557	10,000	(4,557)
Staff support	262,478	266,403	3,925
Allocated indirect expenses	49,594	-	(49,594)
<b>Total Industry Affairs Expenses</b>	<b>391,368</b>	<b>349,403</b>	<b>(41,965)</b>
<b>Program Research Expenses</b>			
Program research	289,097	285,000	(4,097)
Allocated indirect expenses	2,413	-	(2,413)
<b>Total Program Research Expenses</b>	<b>291,510</b>	<b>285,000</b>	<b>(6,510)</b>
<b>Food Service Expenses</b>			
Culinary education	9,439	10,000	561
Public relations	65,547	68,000	2,453
Industry events	117,026	110,000	(7,026)
Promotions	31,404	50,000	18,596
Ongoing opportunities	4,000	3,500	(500)
Onsite coordination	34,304	32,000	(2,304)
Postage and shipping	4,005	3,500	(505)
Staff support	232,926	228,298	(4,628)
Allocated indirect expenses	39,815	-	(39,815)
<b>Total Food Service Expenses</b>	<b>538,466</b>	<b>505,298</b>	<b>(33,168)</b>
<b>Total Program Expenses</b>	<b>\$ 3,187,799</b>	<b>\$ 3,026,347</b>	<b>\$ (161,452)</b>

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 EXPENSES -  
ACTUAL COMPARED TO BUDGET**

**Year Ended March 31, 2025**

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
<b>Administrative Expenses</b>			
Staff travel	\$ 25,732	\$ 21,600	\$ (4,132)
Legal	1,215	3,000	1,785
Bank charges	2,246	2,100	(146)
Dues and subscriptions	3,805	1,800	(2,005)
Office equipment lease / rental	9,334	9,000	(334)
Computer equipment	-	3,600	3,600
Furniture	-	1,200	1,200
Interest expense	185	-	(185)
Annual audit	25,830	28,700	2,870
Office supplies	8,286	9,000	714
Printing	-	600	600
Postage and shipping	646	900	254
Office lease and utilities	82,393	75,600	(6,793)
Equipment maintenance	23,317	26,400	3,083
Staff support	391,291	391,500	209
Telephone service and support	15,254	15,000	(254)
<b>Total Administrative Expenses</b>	<u>589,534</u>	<u>590,000</u>	<u>466</u>
<b>Board Expenses</b>			
Meeting travel	20,952	19,000	(1,952)
Board meeting accommodations	8,458	18,000	9,542
Staff support	59,741	59,451	(290)
<b>Total Board Expenses</b>	<u>89,151</u>	<u>96,451</u>	<u>7,300</u>
<b>Agency Fees</b>			
USDA Agricultural Marketing Service user fees	152,567	154,800	2,233
<b>Total Agency Fees</b>	<u>152,567</u>	<u>154,800</u>	<u>2,233</u>
<b>Depreciation and Amortization</b>	5,233	-	(5,233)
Less: allocated indirect expenses	<u>(205,235)</u>	<u>-</u>	<u>205,235</u>
<b>Total General and Administrative Expenses</b>	<u>\$ 631,250</u>	<u>\$ 841,251</u>	<u>\$ 210,001</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, 2025**

	<u><b>Total</b></u>
<b>Sources of Cash and Cash Equivalents</b>	
Receipts:	
Assessments - domestic	\$ 2,025,660
Assessments - import	1,417,618
MAP program revenue	328,859
Interest and other income	69,159
<b>Total Receipts</b>	<u>3,841,296</u>
<b>Uses of Cash and Cash Equivalents</b>	
Disbursements:	
Marketing	934,471
Communications	911,300
Industry affairs	341,774
Program research	289,097
Food service	498,651
Administrative	594,767
Board meetings	89,151
Agency fees	152,567
<b>Total Disbursements</b>	<u>3,811,778</u>
<b>Cash and Cash Equivalents Provided by Operations Before Other Sources</b>	<u>29,518</u>
<b>Other Sources (Uses) of Cash and Cash Equivalents</b>	
Proceeds from maturity of certificates of deposit	913,000
Purchase of restricted investments	(913,000)
Payments on finance lease	(6,660)
<b>Total Other Sources of Cash and Cash Equivalents</b>	<u>(6,660)</u>
<b>Increase in Cash and Cash Equivalents</b>	22,858
Cash and equivalents, beginning of year	<u>338,191</u>
Cash and equivalents, end of year	<u><u>\$ 361,049</u></u>

See independent auditor's report.

**National Watermelon Promotion Board**  
**SCHEDULE OF PROPERTY AND EQUIPMENT**  
**Year Ended March 31, 2025**

<b>Date Acquired</b>	<b>Description</b>	<b>Original Cost</b>
<b>Computer Hardware</b>		
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	579
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
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
07/14/2022	IMAC 24" Silver/8C 4.5k Retina	1,937
07/25/2022	CIT Apple Lease dated 7/25/22	17,158
01/17/2023	CIT Apple Lease dated 7/25/22	2,390
	<b>Total Computer Hardware</b>	<b>46,456</b>
<b>Office Equipment and Furniture</b>		
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	878
07/18/2016	Digital Tent Top and Tent (10'x20')	2,903
09/13/2016	Canon EOS Rebel T6I 24.2 MP Camera	749
04/01/2017	Ring Central Phone System	1,669
	<b>Total Office Equipment and Furniture</b>	<b>26,074</b>
<b>Website</b>		
11/30/2019	Supplier Database	30,600
11/30/2019	Watermelon Website Database	76,800
	<b>Total for Website</b>	<b>107,400</b>
<b>Lease Improvements</b>		
03/31/2016	Leasehold Improvements	9,400
06/13/2016	Kalos custom cabinets	4,103
	<b>Total Lease Improvements</b>	<b>13,503</b>
	<b>Total</b>	<b>\$ 193,433</b>

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**

***Partners***

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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, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 21, 2025.

**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 were not 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 21, 2025



## REPORT ON COMPLIANCE WITH LAWS, REGULATIONS, AND CONTRACTS

### *Partners*

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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, 2025, 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 21, 2025.

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, 2025 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 (Agricultural Marketing Service) 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 the United States Department of Agriculture (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 21, 2025