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INDEPENDENT AUDITOR'S REPORT

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, 2026 and 2025, 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, 2026 and 2025, 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 17, 2026 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 17, 2026

National Watermelon Promotion Board

STATEMENTS OF FINANCIAL POSITION

March 31, 2026 and 2025

	2026	2025
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,018,375	$ 361,049
Assessments receivable	169,140	194,401
MAP receivable	4,338	1,545
Prepaid expenses and other assets	113,746	86,731
Restricted investments	704,000	704,000
Total current assets	2,009,599	1,347,726
Operating lease right-of-use-assets	37,121	94,964
Property and equipment, net	37,198	37,200
Deposits	5,007	5,007
Total assets	$ 2,088,925	$ 1,484,897
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 52,675	$ 36,670
Accrued payroll and related expenses	107,959	141,592
Financing lease liabilities	5,078	2,113
Operating lease liabilities	37,121	60,354
Total current liabilities	202,833	240,729
Non-current financing lease liabilities	7,930	-
Non-current operating lease liabilities	-	37,121
Total liabilities	210,763	277,850
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Undesignated	1,174,162	503,047
Board-designated for frozen reserve	704,000	704,000
Total net assets without donor restrictions	1,878,162	1,207,047
Total liabilities and net assets	$ 2,088,925	$ 1,484,897

National Watermelon Promotion Board

STATEMENTS OF ACTIVITIES

Years Ended March 31, 2026 and 2025

	2026	2025
REVENUES		
Assessments - domestic	$ 3,678,746	$ 2,123,995
Assessments - import	1,771,874	1,417,618
MAP revenue	479,448	326,312
Interest and other income	71,217	69,159
Total revenues	6,001,285	3,937,084
EXPENSES		
Program expenses	4,668,961	3,187,799
General and administrative expenses	661,209	631,250
Total expenses	5,330,170	3,819,049
Change in net assets without donor restrictions	671,115	118,035
Net assets without donor restrictions, beginning of year	1,207,047	1,089,012
Net assets without donor restrictions, end of year	$ 1,878,162	$ 1,207,047

National Watermelon Promotion Board

STATEMENTS OF CASH FLOWS

Years Ended March 31, 2026 and 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets without donor restrictions	$ 671,115	$ 118,035
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by activities:		
Amortization of operating lease right-of-use-assets	57,843	55,763
Depreciation and amortization	6,051	5,233
Loss on disposal of equipment	7,037	-
Cash provided by (used in):		
Assessments receivable	25,261	(98,335)
MAP receivable	(2,793)	2,547
Prepaid expenses and other assets	(27,015)	(3,282)
Accounts payable and accrued expenses	16,005	2,959
Operating lease liabilities	(60,354)	(56,160)
Accrued payroll and related expenses	(33,633)	2,758
Net cash provided by operating activities	659,517	29,518
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal	2,400	-
Purchase of restricted investments	(467,000)	(913,000)
Proceeds from maturity of certificates of deposit	467,000	913,000
Net cash provided by investing activities	2,400	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on finance lease	(4,591)	(6,660)
Net cash used in financing activities	(4,591)	(6,660)
Increase in cash and cash equivalents	657,326	22,858
Cash and equivalents, beginning of year	361,049	338,191
Cash and equivalents, end of year	$ 1,018,375	$ 361,049
SUPPLEMENTAL DISCLOSURE CASH FLOW INFORMATION		
Cash paid for interest	$ 250	$ 185
SIGNIFICANT NON-CASH TRANSACTIONS		
Financing lease right-of-use asset	$ 15,486	$ -
Financing lease liability	(15,486)	-