

**National Watermelon
Promotion Board**

**Financial Statements and
Supplementary Information**

March 31, 2024 and 2023

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Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Renee C. Varga
Richard F. Hayes
Frank J. Guida
Angela Harr
Rachel Brouwer

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

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, 2024 and 2023, 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, 2024 and 2023, 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 24, 2024 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 24, 2024

National Watermelon Promotion Board

STATEMENTS OF FINANCIAL POSITION

March 31, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 338,191	\$ 521,354
Assessments receivable	96,066	136,567
MAP receivable	4,092	6,002
Prepaid expenses and other assets	83,449	84,888
Certificates of deposit	704,000	704,000
Total current assets	1,225,798	1,452,811
Operating lease right-of-use-assets	150,727	203,730
Property and equipment, net	42,433	43,164
Deposits	5,007	5,007
Total assets	\$ 1,423,965	\$ 1,704,712
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 33,711	\$ 26,556
Accrued payroll and related expenses	138,834	135,821
Other current liabilities	6,660	5,671
Operating lease liabilities	56,160	52,413
Total current liabilities	235,365	220,461
Other long-term liabilities	2,113	7,351
Non-current operating lease liabilities	97,475	153,636
Total liabilities	334,953	381,448
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Undesignated	385,012	619,264
Board-designated for frozen reserve	704,000	704,000
Total net assets without donor restrictions	1,089,012	1,323,264
Total liabilities and net assets	\$ 1,423,965	\$ 1,704,712

See independent auditor's report and accompanying notes.

National Watermelon Promotion Board

STATEMENTS OF ACTIVITIES

Years Ended March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
REVENUES		
Assessments - domestic	\$ 2,173,556	\$ 2,026,412
Assessments - import	1,168,928	1,155,347
MAP revenue	277,086	307,909
Interest and other income	<u>38,763</u>	<u>51,775</u>
Total revenues	<u>3,658,333</u>	<u>3,541,443</u>
EXPENSES		
Program expenses	3,236,737	3,457,323
General and administrative expenses	<u>655,848</u>	<u>645,129</u>
Total expenses	<u>3,892,585</u>	<u>4,102,452</u>
Change in net assets without donor restrictions	(234,252)	(561,009)
Net assets without donor restrictions, beginning of year	<u>1,323,264</u>	<u>1,884,273</u>
Net assets without donor restrictions, end of year	<u>\$ 1,089,012</u>	<u>\$ 1,323,264</u>

See independent auditor's report and accompanying notes.

National Watermelon Promotion Board

STATEMENTS OF CASH FLOWS

Years Ended March 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets without donor restrictions	\$ (234,252)	\$ (561,009)
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	53,003	50,933
Depreciation and amortization	3,121	37,547
Loss on disposal of equipment	-	8,564
Cash provided by (used for):		
Assessments receivable	40,501	(17,497)
MAP receivable	1,910	(3,632)
Prepaid expenses and other assets	1,439	(6,237)
Accounts payable and accrued expenses	7,155	(13,621)
Operating lease liabilities	(52,414)	(48,614)
Accrued payroll and related expenses	3,013	8,096
Net cash used in operating activities	(176,524)	(545,470)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal	-	1,450
Purchase of equipment	-	(1,938)
Purchase of certificates of deposit	(1,122,000)	(990,932)
Proceeds from maturity of certificates of deposit	1,122,000	990,932
Net cash used in investing activities	-	(488)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on finance lease	(6,639)	(4,896)
Net cash used in financing activities	(6,639)	(4,896)
Decrease in cash and cash equivalents	(183,163)	(550,854)
Cash and equivalents, beginning of year	521,354	1,072,208
Cash and equivalents, end of year	\$ 338,191	\$ 521,354
SUPPLEMENTAL DISCLOSURE CASH FLOW INFORMATION		
Cash paid for interest	\$ 337	\$ 395
SIGNIFICANT NON-CASH TRANSACTIONS		
Operating lease right-of-use asset	\$ -	\$ 254,663
Operating lease liability	-	(254,663)
Other current liabilities	2,390	17,157
Other long-term liabilities	(2,390)	(17,157)
	\$ -	\$ -

See independent auditor's report and accompanying notes.

National Watermelon Promotion Board

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended March 31, 2024

	Program Expenses					Total	General and Administrative Expenses	Total
	Marketing	Communications	Industry Affairs	Program Research	Food Service			
Payroll	\$ 142,119	\$ 252,086	\$ 221,285	\$ -	\$ 176,768	\$ 792,258	\$ 226,386	\$1,018,644
Advertising/ promotions	355,103	-	-	-	44,038	399,141	-	399,141
Employee benefits	21,895	49,609	55,815	-	44,793	172,112	149,053	321,165
Match MAP program	286,865	-	-	-	-	286,865	-	286,865
Research studies	-	-	-	239,739	-	239,739	-	239,739
Digital communication	-	237,496	-	-	-	237,496	-	237,496
Agency fees	18,081	36,746	23,972	1,167	19,248	99,214	40,770	139,984
Industry meetings/ events	-	-	10,890	-	128,342	139,232	-	139,232
Press outreach	-	130,858	-	-	-	130,858	-	130,858
Travel	26,413	33,409	-	-	29,849	89,671	33,668	123,339
Industry outreach	-	35,618	-	-	77,885	113,503	-	113,503
Retail operations contracts	110,585	-	-	-	-	110,585	-	110,585
Board meeting	-	-	-	-	-	-	105,822	105,822
Consulting fees	-	90,121	-	-	-	90,121	-	90,121
Rent and utilities	10,016	20,355	13,279	646	10,662	54,958	23,175	78,133
Special events	-	65,572	-	-	-	65,572	-	65,572
Consumer communication	-	56,345	-	-	-	56,345	-	56,345
Strategic planning and research	-	-	40,731	-	-	40,731	-	40,731
Software/ hardware maintenance	-	-	3,589	-	-	3,589	26,845	30,434
Audit fees	3,271	6,648	4,337	211	3,482	17,949	7,376	25,325
Tradeshaw	24,291	-	-	-	-	24,291	-	24,291
Training	3,554	11,802	-	-	-	15,356	-	15,356
Telephone	1,964	3,992	2,604	127	2,091	10,778	4,429	15,207
Rental equipment	-	-	-	-	-	-	12,989	12,989
Industry compliance	-	-	12,706	-	-	12,706	-	12,706
Culinary education	-	-	-	-	11,851	11,851	-	11,851
Insurance	-	-	-	-	-	-	11,620	11,620
Postage and delivery	1,807	1,837	1,846	-	3,244	8,734	794	9,528
Office supplies	1,163	2,365	1,543	75	1,239	6,385	2,623	9,008
Miscellaneous	903	-	-	-	-	903	5,183	6,086
Depreciation and amortization	403	819	535	26	429	2,212	909	3,121
Bank charges	-	-	-	-	-	-	2,328	2,328
Fulfillment storage	2,230	-	-	-	-	2,230	-	2,230
Printing	-	-	-	-	-	-	1,541	1,541
Ongoing opportunities	-	-	-	-	1,352	1,352	-	1,352
Interest	-	-	-	-	-	-	337	337
Total	\$ 1,010,663	\$ 1,035,678	\$ 393,132	\$ 241,991	\$ 555,273	\$ 3,236,737	\$ 655,848	\$ 3,892,585

See independent auditor's report and accompanying notes.

National Watermelon Promotion Board

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended March 31, 2023

	Program Expenses					Total	General and Administrative Expenses	Total
	Marketing	Communications	Industry Affairs	Program Research	Food Service			
Payroll	\$ 140,042	\$ 241,075	\$ 221,570	\$ -	\$ 172,971	\$ 775,658	\$ 215,156	\$ 990,814
Advertising/ promotions	321,587	-	-	-	57,771	379,358	-	379,358
Match MAP program	332,028	-	-	-	-	332,028	-	332,028
Employee benefits	20,436	38,403	61,054	-	49,630	169,523	154,678	324,201
Research studies	-	-	-	301,031	-	301,031	-	301,031
Digital communication	-	229,721	-	-	-	229,721	-	229,721
Press outreach	-	180,910	-	-	-	180,910	-	180,910
Industry meetings/ events	-	-	6,376	-	160,189	166,565	-	166,565
Industry outreach	-	37,746	-	-	88,549	126,295	-	126,295
Travel	28,306	23,183	-	-	32,201	83,690	35,524	119,214
Consulting fees	-	114,449	-	-	-	114,449	-	114,449
Agency fees	14,605	29,681	19,364	942	15,547	80,139	32,932	113,071
Board meeting	-	-	-	-	-	-	108,381	108,381
Retail operations contracts	96,383	-	-	-	-	96,383	-	96,383
Consumer communication	-	95,683	-	-	-	95,683	-	95,683
Rent and utilities	10,378	21,090	13,759	670	11,047	56,944	20,537	77,481
Strategic planning and research	-	-	46,332	-	-	46,332	-	46,332
Special events	-	45,340	-	-	-	45,340	-	45,340
Tradeshaw	42,638	-	-	-	-	42,638	-	42,638
Depreciation and amortization	4,850	9,856	6,430	313	5,163	26,612	10,935	37,547
Training	15,675	10,471	-	-	-	26,146	-	26,146
Audit fees	3,291	6,687	4,363	212	3,503	18,056	7,420	25,476
Software/ hardware maintenance	-	-	3,000	-	-	3,000	15,299	18,299
Culinary education	-	-	-	-	16,224	16,224	-	16,224
Telephone	1,999	4,062	2,650	129	2,128	10,968	4,507	15,475
Industry compliance	-	-	14,709	-	-	14,709	-	14,709
Insurance	-	-	-	-	-	-	12,923	12,923
Rental equipment	-	-	-	-	-	-	9,471	9,471
Gain/loss on disposal of fixed assets	-	-	-	-	-	-	8,564	8,564
Postage and delivery	719	2,156	528	-	3,979	7,382	833	8,215
Office supplies	789	1,603	1,046	51	840	4,329	1,779	6,108
Fulfillment storage	4,966	-	-	-	-	4,966	-	4,966
Dues and subscriptions	-	-	-	-	-	-	3,365	3,365
Bank charges	-	-	-	-	-	-	2,310	2,310
Miscellaneous	1,514	-	-	-	-	1,514	-	1,514
Ongoing opportunities	-	-	-	-	730	730	-	730
Interest	-	-	-	-	-	-	395	395
Legal	-	-	-	-	-	-	120	120
Total	\$ 1,040,206	\$ 1,092,116	\$ 401,181	\$ 303,348	\$ 620,472	\$ 3,457,323	\$ 645,129	\$ 4,102,452

See independent auditor's report and accompanying notes.

National Watermelon Promotion Board

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

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, 2024 and 2023, 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, 2024

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, 2024 and 2023.

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, 2024

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, 2024 and 2023, 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 March 31, 2024 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 are entitled to apply for a refund of the assessments paid. As of March 31, 2024 and 2023, 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, 2024 and 2023, reimbursements due from FAS to the Board are \$4,092 and \$6,002, respectively, and are considered fully collectible.

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.

National Watermelon Promotion Board

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

2. Summary of Significant Accounting Policies (continued)

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, 2024 and 2023 the Board's Level 2 investments consist of debt securities, which include certificates of deposit.

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.

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.

National Watermelon Promotion Board

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

2. Summary of Significant Accounting Policies (continued)

Accounting Pronouncements Adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, that requires lessees to put most leases on its balance sheets and recognize expenses on its income statements in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The Board adopted the lease standard effective April 1, 2022 using the optional transition method, which applies the provisions of the standard at the effective date without adjusting the prior period.

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. Debt Securities

Debt securities have been classified according to management's intent. The amortized cost of held-to-maturity securities, which include Certificates of Deposit held as board designated reserves, totaled \$704,000 as of March 31, 2024 and 2023, respectively. These securities have interest rates ranging from 5.15% to 5.3% and maturities of less than one year.

4. Property and Equipment

Property and equipment consists of the following at March 31:

	Useful Lives (Years)	2024	2023
Computer hardware	5	\$ 46,456	\$ 44,066
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	191,043
Less: accumulated depreciation and amortization		(151,000)	(147,879)
		<u>\$ 42,433</u>	<u>\$ 43,164</u>

Depreciation and amortization expenses were \$3,121 and \$37,547 for the years ended March 31, 2024 and 2023, respectively.

National Watermelon Promotion Board

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

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 \$87,651 and \$84,799 for the years ended March 31, 2024 and 2023, 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, 2024:

Operating Lease

Operating lease right-of-use-assets	<u>\$ 150,727</u>
Operating lease liabilities	\$ 56,160
Non-current operating lease liabilities	<u>97,475</u>
Total operating lease liabilities	<u>\$ 153,635</u>

Finance Lease

Property and equipment	\$ 19,548
Accumulated depreciation	<u>(2,872)</u>
Property and equipment, net	<u>\$ 16,676</u>
Other current liabilities	\$ 6,660
Other long-term liabilities	<u>2,113</u>
Total finance lease liabilities	<u>\$ 8,773</u>

The following summarizes the weighted average remaining lease term and discount rate as of March 31, 2024:

Weighted Average Remaining Lease Term

Operating lease	31 months
Finance lease	18 months

Weighted Average Discount Rate

Operating lease	5.50%
Finance lease	3.23%

National Watermelon Promotion Board

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

6. Leases (continued)

The maturities of lease liabilities as of March 31, 2024 were as follows:

Year ending March 31:	Operating	Finance
2025	\$ 63,215	\$ 6,845
2026	64,215	2,130
2027	37,806	-
Total lease payments	165,236	8,975
Less amounts representing interest	(11,601)	(202)
Present value of lease liability	\$ 153,635	\$ 8,773

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended March 31, 2024:

Operating lease expense included in rent	\$ 62,818
Finance lease costs:	
Amortization of lease assets included in depreciation and amortization	\$ 2,872
Interest on lease liabilities included in interest	337
Total finance lease costs	\$ 3,209

The following summarizes cash flow information related to leases for the year ended March 31, 2024:

Cash paid for amounts included in measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 62,229
Operating cash flows from finance leases (i.e. interest)	396
Financing cash flows from finance leases (i.e. principal payments)	6,449

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:

	2024	2023
Undesignated	\$ 385,012	\$ 619,264
Board-designated frozen reserve	704,000	704,000
	\$ 1,089,012	\$ 1,323,264

The purpose of this frozen reserve is to cover operational expenses in case of emergencies.

National Watermelon Promotion Board

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

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.

	<u>2024</u>	<u>2023</u>
Financial Assets		
Cash and cash equivalents	\$ 338,191	\$ 521,354
Assessments receivable	96,066	136,567
MAP receivable	4,092	6,002
Certificates of deposit	<u>704,000</u>	<u>704,000</u>
Financial assets at the end of the year	1,142,349	1,367,923
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>\$ 438,349</u>	<u>\$ 663,923</u>

At March 31, 2024, the Board has \$438,349 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.

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.

National Watermelon Promotion Board

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

11. Subsequent Events

The Board has evaluated events and transactions occurring subsequent to March 31, 2024 as of July 24, 2024, which is the date the financial statements were available to be issued. Subsequent events occurring after July 24, 2024 have not been evaluated by management. No material events have occurred since March 31, 2024 that require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

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, 2024, and our report thereon dated July 24, 2024, 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 24, 2024

National Watermelon Promotion Board

SCHEDULE OF REVENUES AND EXPENDITURES - ACTUAL COMPARED TO BUDGET

Year Ended March 31, 2024

	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES			
Assessments - domestic	\$ 2,173,556	\$ 2,252,583	\$ (79,027)
Assessments - import	1,168,928	1,136,981	31,947
MAP revenue	277,086	294,313	(17,227)
Interest and other income	38,763	37,219	1,544
 Total revenues	 3,658,333	 3,721,096	 (62,763)
EXPENSES			
Program expenses			
Marketing	1,010,663	966,007	(44,656)
Communications	1,035,678	954,292	(81,386)
Industry affairs	393,132	392,500	(632)
Program research	241,991	299,465	57,474
Food service	555,273	522,239	(33,034)
 Total program expenses	 3,236,737	 3,134,503	 (102,234)
 General and administrative expenses	 655,848	 821,422	 165,574
 Total expenses	 3,892,585	 3,955,925	 63,340
 Change in net assets without donor restrictions	 \$ (234,252)	 \$ (234,829)	 \$ 577

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, 2024

	Actual	Budget	Variance Favorable (Unfavorable)
Marketing Expenses			
Fulfillment storage	\$ 2,230	\$ 5,500	\$ 3,270
Tradeshows	24,291	34,000	9,709
Postage and shipping	1,807	2,000	193
Retail promotions and marketing	333,479	300,500	(32,979)
Retail advertising	21,624	23,000	1,376
Retail education and promo	3,554	4,800	1,246
Miscellaneous expenses	6,086	1,500	(4,586)
MAP matching expenses	9,779	12,055	2,276
MAP expense reimbursed	277,086	294,313	17,227
Retail contracts	110,585	96,645	(13,940)
Staff support	190,427	191,694	1,267
Allocated indirect expenses	29,715	-	(29,715)
Total Marketing Expenses	<u>1,010,663</u>	<u>966,007</u>	<u>(44,656)</u>
Communication Expenses			
Program travel	33,409	30,000	(3,409)
Postage and shipping	1,837	2,500	663
Third-party consultants	90,121	92,750	2,629
Special events	65,572	64,450	(1,122)
Press outreach	130,858	131,645	787
Consumer communications	56,345	51,450	(4,895)
Industry communications	35,618	22,850	(12,768)
Digital communications	237,496	246,500	9,004
Training	11,802	12,000	198
Staff support	301,695	300,147	(1,548)
Allocated indirect expenses	70,925	-	(70,925)
Total Communication Expenses	<u>1,035,678</u>	<u>954,292</u>	<u>(81,386)</u>
Industry Affairs Expenses			
Compliance program	12,706	15,000	2,294
Computer hardware	-	9,000	9,000
Computer software	3,589	-	(3,589)
Handler report re-printing	-	500	500
Postage and shipping	1,846	2,500	654
Database programming	-	6,000	6,000
Strategic planning session	40,731	40,000	(731)
Industry meetings	10,890	10,000	(890)
Staff support	277,100	309,500	32,400
Allocated indirect expenses	46,270	-	(46,270)
Total Industry Affairs Expenses	<u>393,132</u>	<u>392,500</u>	<u>(632)</u>
Program Research Expenses			
Program research	239,739	299,465	59,726
Allocated indirect expenses	2,252	-	(2,252)
Total Program Research Expenses	<u>241,991</u>	<u>299,465</u>	<u>57,474</u>
Food Service Expenses			
Culinary education	11,851	9,500	(2,351)
Public relations	77,885	80,000	2,115
Industry events	128,342	125,600	(2,742)
Promotions	44,038	50,000	5,962
Ongoing opportunities	1,352	2,500	1,148
Onsite coordination	29,849	32,000	2,151
Postage and shipping	3,244	3,400	156
Staff support	221,561	219,239	(2,322)
Allocated indirect expenses	37,151	-	(37,151)
Total Food Service Expenses	<u>555,273</u>	<u>522,239</u>	<u>(33,034)</u>
Total Program Expenses	<u>\$ 3,236,737</u>	<u>\$ 3,134,503</u>	<u>\$ (102,234)</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 EXPENSES -
ACTUAL COMPARED TO BUDGET**

Year Ended March 31, 2024

	Actual	Budget	Variance Favorable (Unfavorable)
Administrative Expenses			
Staff travel	\$ 27,668	\$ 18,000	\$ (9,668)
Legal	-	3,000	3,000
Bank charges	2,328	2,700	372
Dues and subscriptions	-	1,200	1,200
Office equipment lease / rental	12,989	9,000	(3,989)
Computer equipment	-	3,600	3,600
Furniture	-	1,200	1,200
Interest expense	337	-	(337)
Annual audit	25,325	28,700	3,375
Office supplies	9,008	12,000	2,992
Printing	1,541	1,200	(341)
Postage and shipping	794	1,200	406
Office lease and utilities	78,133	75,600	(2,533)
Equipment maintenance	26,845	14,400	(12,445)
Staff support	393,059	392,202	(857)
Telephone service and support	15,207	16,800	1,593
Total Administrative Expenses	<u>593,234</u>	<u>580,802</u>	<u>(12,432)</u>
Board Expenses			
Meeting travel	16,202	19,000	2,798
Board meeting accommodations	32,913	18,000	(14,913)
Staff support	56,707	56,620	(87)
Total Board Expenses	<u>105,822</u>	<u>93,620</u>	<u>(12,202)</u>
Agency Fees			
USDA Agricultural Marketing Service user fees	139,984	147,000	7,016
Total Agency Fees	<u>139,984</u>	<u>147,000</u>	<u>7,016</u>
Depreciation and Amortization	3,121	-	(3,121)
Less: allocated indirect expenses	<u>(186,313)</u>	<u>-</u>	<u>186,313</u>
Total General and Administrative Expenses	<u>\$ 655,848</u>	<u>\$ 821,422</u>	<u>\$ 165,574</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, 2024

	Total
Sources of Cash and Cash Equivalents	
Receipts:	
Assessments - domestic	\$ 2,214,057
Assessments - import	1,168,928
MAP program revenue	278,996
Interest and other income	38,763
Total Receipts	3,700,744
Uses of Cash and Cash Equivalents	
Disbursements:	
Marketing	965,631
Communications	964,753
Industry affairs	346,862
Program research	239,739
Food service	518,122
Administrative	596,355
Board meetings	105,822
Agency fees	139,984
Total Disbursements	3,877,268
Cash and Cash Equivalents Used by Operations Before Other Sources	(176,524)
Other Sources (Uses) of Cash and Cash Equivalents	
Proceeds from maturity of certificates of deposit	1,122,000
Purchase of certificates of deposit	(1,122,000)
Payments on finance lease	(6,639)
Total Other Sources of Cash and Cash Equivalents	(6,639)
Decrease in Cash and Cash Equivalents	(183,163)
Cash and equivalents, beginning of year	521,354
Cash and equivalents, end of year	\$ 338,191

See independent auditor's report.

National Watermelon Promotion Board

SCHEDULE OF PROPERTY AND EQUIPMENT

Year Ended March 31, 2024

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	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
	Total Computer Hardware	46,456
	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	878
07/18/2016	Digital Tent Top and Tent (10'x20')	2,903
09/13/2016	Canon EOS Rebel T6l 24.2 MP Camera	749
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	\$ 193,433

See independent auditor's report.



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Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
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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, 2024, 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 24, 2024.

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 24, 2024



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W. Ed Moss, Jr.
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REPORT ON COMPLIANCE WITH LAWS, REGULATIONS, AND CONTRACTS

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, 2024, 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 24, 2024.

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, 2024 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 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 24, 2024