

U.S. Highbush Blueberry Council

FINANCIAL STATEMENTS
December 31, 2024 and 2023

U.S. Highbush Blueberry Council

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 14
SUPPLEMENTARY INFORMATION	
Schedules of Revenue and Expenditures - Actual Compared to Budget	15 - 16
Schedules of Program Expenditures - Actual Compared to Budget	17 - 20
Schedules of General and Administrative Expenditures - Actual Compared to Budget	21 - 22
Schedules of Cash Receipts and Disbursements	23
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 <i>GOVERNMENT</i> <i>AUDITING STANDARDS</i>	24 - 25
SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS	26

INDEPENDENT AUDITOR'S REPORT

To the U.S. Highbush Blueberry Council
Folsom, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of U.S. Highbush Blueberry Council (the "Council") which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of U.S. Highbush Blueberry Council as of December 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 U.S. Highbush Blueberry Council 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 U.S. Highbush Blueberry Council's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial 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 U.S. Highbush Blueberry Council'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 U.S. Highbush Blueberry Council'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 15 – 23, which included the schedules of revenue and expenditures – actual compared to budget, schedules of program expenditures – actual compared to budget, schedules of general and administrative expenditures – actual compared to budget, and schedule of cash receipts and disbursements, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and, except for the portion marked "unaudited," 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, except for the information marked "unaudited", is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2025, on our consideration of U.S. Highbush Blueberry Council'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 U.S. Highbush Blueberry Council'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 U.S. Highbush Blueberry Council's internal control over financial reporting and compliance.

Other Reporting Required by the United States Department of Agriculture

In connection with our audits of the years ended December 31, 2024 and 2023, nothing came to our attention, insofar as it relates to financial and accounting matters, that causes us to believe that the U.S. Highbush Blueberry Council:

- Failed to comply with laws and regulations and U.S. Department of Agriculture Agricultural Marketing Service ("USDA AMS") Guidelines for AMS Oversight of Commodity Research and Promotion Programs applicable to the Council;
- Failed to comply with Section 1218.48 of the Blueberry Promotion, Research and Information Order, relating to the use of assessment funds for the purpose of influencing legislation or governmental action or policy;
- Expended assessment funds for purposes other than those authorized by the Commodity Promotion, Research and Information Act of 1996 and the Blueberry Promotion, Research and Information Order;
- Expended or obligated assessment funds on any projects prior to the fiscal year in which those funds were authorized to be expended by the U.S. Highbush Blueberry Council's approved Budget and Marketing Plan;
- Did not adhere to the original or amended Budget and Marketing Plan for the years ended December 31, 2024 and 2023;
- Did not obtain a written contract or agreement with any person or entity providing goods or services to the U.S. Highbush Blueberry Council;
- Failed to comply with USDA AMS Directive 2210.2, relating to the limitations on the types of investments which may be purchased by the U.S. Highbush Blueberry Council and the insurance or collateral that must be obtained for all U.S. Highbush Blueberry Council deposits and investments;
- Failed to comply with disclosure requirements for lease commitments;
- Failed to comply with standards established relating to contracts and USDA approval letters (if necessary); or
- Failed to comply with the by-laws of the U.S. Highbush Blueberry Council or any other policy of the U.S. Highbush Blueberry Council, specifically as they relate to all financial matters, including time and attendance, and travel.

However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

Brogg Christensen Caniglia LLP

April 1, 2025
Roseville, California

U.S. Highbush Blueberry Council

STATEMENTS OF FINANCIAL POSITION

December 31, 2024 and 2023

	ASSETS	
	2024	2023
Current assets:		
Cash	\$ 11,481,435	\$ 8,871,772
Accounts receivable, net	1,427,043	1,274,122
Contributions receivable	1,469,242	1,193,022
Prepaid expenses	74,145	15,080
Total current assets	14,451,865	11,353,996
Equipment, net	-	-
Operating lease right-of-use asset	126,097	275,345
Total assets	<u>\$ 14,577,962</u>	<u>\$ 11,629,341</u>
	LIABILITIES AND NET ASSETS	
Current liabilities:		
Accounts payable	\$ 1,469,396	\$ 2,493,600
Health research contract obligations	1,252,234	1,790,924
Deferred crop assessments	5,204,328	4,564,354
Operating lease obligation, current portion	140,440	162,349
Total current liabilities	8,066,398	9,011,227
Long-term liabilities:		
Operating lease obligation, less current portion	-	140,440
Total liabilities	8,066,398	9,151,667
Net assets:		
Without donor restrictions	6,511,564	2,477,674
Total liabilities and net assets	<u>\$ 14,577,962</u>	<u>\$ 11,629,341</u>

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

U.S. Highbush Blueberry Council

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2024 and 2023

	2024	2023
Revenue:		
Domestic crop assessments	\$ 4,700,508	\$ 4,295,965
Foreign crop assessments	6,996,682	5,990,700
Contributions	3,050,143	2,204,632
Grant revenue	707,628	1,181,826
Other revenue	183,232	182,820
Total revenue	15,638,193	13,855,943
Expenses:		
Program expenses:		
Market promotion and publicity	3,647,332	6,213,997
Export market promotion	1,709,805	2,561,664
Health research and nutrition	235,143	498,110
Industry relations	395,933	513,035
Data and measurement	647,543	756,919
Good practices	5,015	43,403
Blueberry technology	125,000	123,655
Total program expenses	6,765,771	10,710,783
Management and General:		
USHBC program fees	407,363	327,847
General expenses	447,074	511,437
Operating expenses	3,045,538	2,379,706
Travel and meeting expenses	938,557	1,017,442
Total Management and General	4,838,532	4,236,432
Total expenses	11,604,303	14,947,215
Change in net assets without donor restrictions	4,033,890	(1,091,272)
Net assets without donor restrictions, beginning of year	2,477,674	3,568,946
Net assets without donor restrictions, end of year	\$ 6,511,564	\$ 2,477,674

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

U.S. Highbush Blueberry Council

STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2024 and 2023

	2024		
	Program Services	Management and General	Total
Market promotion and publicity	\$ 3,647,332	\$ -	\$ 3,647,332
Export market promotion	1,709,805	-	1,709,805
Research	235,143	-	235,143
Industry relations	395,933	-	395,933
Data and measurement	647,543	-	647,543
Good practices	5,015	-	5,015
Blueberry technology	125,000	-	125,000
USDA/AMS administration fee	-	287,363	287,363
NABC resources and service fee	-	120,000	120,000
Office rent	-	155,181	155,181
Insurance and taxes	-	13,817	13,817
Subscriptions	-	110,029	110,029
Printing	-	13,478	13,478
Office expenses and supplies	-	59,569	59,569
Telephone and fax	-	19,678	19,678
Computer IT service	-	47,357	47,357
Equipment repairs and maintenance	-	200	200
Equipment rental	-	3,707	3,707
Postage and shipping	-	15,258	15,258
Offsite document storage	-	3,437	3,437
Bank charges	-	5,363	5,363
Salaries, payroll taxes, and insurances	-	2,468,382	2,468,382
Workers compensation	-	6,197	6,197
Recruitment services	-	46,308	46,308
Administrative support services	-	203,049	203,049
Bookkeeping service	-	43,200	43,200
Professional development	-	81,795	81,795
Retirement program administration	-	4,549	4,549
Audit fees	-	31,098	31,098
Legal counsel fees	-	56,006	56,006
Depreciation	-	431	431
Credit Losses	-	104,523	104,523
Travel expenses	-	483,741	483,741
Meeting expenses	-	454,816	454,816
	<u>\$ 6,765,771</u>	<u>\$ 4,838,532</u>	<u>\$ 11,604,303</u>

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

U.S. Highbush Blueberry Council

STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
For the Years Ended December 31, 2024 and 2023

	2023		
	Program Services	Management and General	Total
Market promotion and publicity	\$ 6,213,997	\$ -	\$ 6,213,997
Export market promotion	2,561,664	-	2,561,664
Research	498,110	-	498,110
Industry relations	513,035	-	513,035
Data and measurement	756,919	-	756,919
Good practices	43,403	-	43,403
Blueberry technology	123,655	-	123,655
USDA/AMS administration fee	-	207,847	207,847
NABC resources and service fee	-	120,000	120,000
Office rent	-	152,163	152,163
Insurance and taxes	-	13,024	13,024
Subscriptions	-	168,486	168,486
Printing	-	13,273	13,273
Office expenses and supplies	-	46,267	46,267
Telephone and fax	-	10,622	10,622
Computer IT service	-	59,793	59,793
Equipment repairs and maintenance	-	106	106
Equipment rental	-	3,901	3,901
Postage and shipping	-	34,417	34,417
Offsite document storage	-	2,736	2,736
Bank charges	-	6,649	6,649
Salaries, payroll taxes, and insurances	-	1,922,247	1,922,247
Workers compensation	-	2,822	2,822
Recruitment services	-	36,059	36,059
Administrative support services	-	110,959	110,959
Bookkeeping service	-	38,884	38,884
Professional development	-	78,851	78,851
Retirement program administration	-	3,632	3,632
Audit fees	-	27,500	27,500
Legal counsel fees	-	64,551	64,551
Depreciation	-	719	719
Unallocated operating expenses	-	93,482	93,482
Travel expenses	-	412,660	412,660
Meeting expenses	-	604,782	604,782
	<u>\$ 10,710,783</u>	<u>\$ 4,236,432</u>	<u>\$ 14,947,215</u>

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

U.S. Highbush Blueberry Council

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Cash received from growers and governmental agencies	\$ 15,693,166	\$ 15,987,599
Cash paid to vendors and employees	(13,134,840)	(15,970,171)
Interest received	51,337	25,578
Net cash provided by operating activities	2,609,663	43,006
Net increase in cash	2,609,663	43,006
Cash, beginning of year	8,871,772	8,828,766
Cash, end of year	<u>\$ 11,481,435</u>	<u>\$ 8,871,772</u>
Reconciliation of change in net assets without donor restrictions <u>net cash provided by operating activities:</u>		
Change in net assets without donor restrictions	\$ 4,033,890	\$ (1,091,272)
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Amortization of operating lease right-of-use asset	149,248	129,846
Bad debt expense	104,523	-
Change in operating assets and liabilities:		
Accounts receivable	(257,444)	1,377,330
Contributions receivable	(276,220)	522,346
Prepaid expenses	(59,065)	177,108
Accounts payable	(1,024,204)	55,766
Health research contract obligations	(538,690)	(1,247,550)
Deferred crop assessments	639,974	257,558
Operating lease obligation	(162,349)	(138,126)
Net cash provided by operating activities	<u>\$ 2,609,663</u>	<u>\$ 43,006</u>

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

U.S. Highbush Blueberry Council

Notes to Financial Statements

December 31, 2024 and 2023

NOTE 1: NATURE OF THE COUNCIL

The North American Blueberry Council (the "NABC") submitted a proposal to the Agricultural Marketing Service Division (the "AMS") of the U.S. Department of Agriculture (the "USDA") for a national research and promotion program covering domestic and imported cultivated blueberries in December 1998. The program is authorized by the Commodity Promotion, Research and Information Act of 1996 (the "Act"). In March 2000, AMS held a referendum in which producers and importers of cultivated blueberries approved the Blueberry Promotion, Research and Information Order (the "Order"), thereby establishing the U.S. Highbush Blueberry Council (the "Council"). The Council is considered an instrumentality of the USDA which conducts administrative oversight of the Council's activities.

The purpose of the Council is to conduct promotion and research, and to provide consumer and industry information to maintain and increase the global awareness of highbush blueberries. As required by the Act, the Council must conduct an independent evaluation every five years to determine if the blueberry producers favor the termination or suspension of the Order.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Council have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Council presents its financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, Subtopic 210 (FASB ASC 958-210), *Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASC 958-210, the Council is required to report information regarding its financial position and activities according to the following two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to stipulations;

Net assets with donor restrictions - Net assets that are subject to stipulations that will be met by actions or the passage of time.

Revenues and gains and losses from operations are reported as changes in net assets without donor restrictions. Expenses are reported as changes in net assets without donor restrictions. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Donor-restricted contributions are reported as revenues which increase net assets with donor restrictions. However, donor-restricted contributions whose restrictions are met in the same reporting period have been reported as net assets without donor restrictions. As of December 31, 2024 and 2023, U.S. Highbush Blueberry Council had no net assets with donor restrictions.

Cash and Cash Equivalents

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

U.S. Highbush Blueberry Council

Notes to Financial Statements

December 31, 2024 and 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (Continued)

The Council maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Deposits that exceed the federally insured limit are collateralized by the financial institution with Freddie Mac mortgage-backed securities. In order to comply with the Agricultural Marketing Service's investment policy, the Council is responsible for investing its funds only in interest-bearing accounts that are risk-free and short-term. At December 31, 2024 and 2023, all deposits were fully collateralized.

Investments

The Council is required to follow the AMS investment policy. Accordingly, the Council is authorized to invest in securities consisting of obligations issued or fully insured or guaranteed by the U.S. or any U.S. government agency, including obligations of government-sponsored corporations, which must mature within one year or less from the date of purchase.

Accounts Receivable

Accounts receivable primarily consist of foreign and domestic crop assessments and grant reimbursements. At December 31, 2024, the Council's accounts receivable balance was \$1,427,043, which is net of an allowance for credit loss of \$24,839. At December 31, 2023, the Council's accounts receivable balance was \$1,274,122. Management considers accounts receivable as of December 31, 2023, to be fully collectible; accordingly, no allowance was recorded.

Current Expected Credit Losses

On January 1, 2024, the Council adopted FASB Accounting Standards Update 2016-13, *Financial Instruments – Credit Losses*, and all related subsequent amendments. The guidance significantly changed how the Council will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing the Council's exposure to credit risk and the measurement of credit losses. Financial assets held by the Council that are subject to this guidance were trade accounts receivables.

The Council adopted the standard effective January 1, 2024. The impact of the adoption was not considered material to the financial statements and primarily resulted in new or enhanced disclosures.

The Council adopted the standard using a modified retrospective method for all financial assets measured at amortized cost and off-balance-sheet credit exposures. Results for reporting periods beginning after January 1, 2024, are presented under the standard, while prior period amounts continue to be reported in accordance with previously applicable GAAP.

Equipment

Equipment is stated at cost or, if donated, at fair market value at date of receipt. The Council provides for depreciation over the estimated useful lives of equipment using the straight-line method. Maintenance and repairs are charged to expense as incurred. Renewals and betterments, which extend the useful lives of assets, are capitalized.

U.S. Highbush Blueberry Council

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Crop Assessments

Domestic growers are assessed based upon pounds of blueberries produced in the previous crop year. Domestic assessments received for the current crop year are deferred and reported as revenue in the Council's following financial reporting year. Foreign assessments are collected by the United States Customs and Board of Protection for all foreign-grown blueberries. Those assessments are sent to the Council the month after collection. Domestic assessments are self-reported by the growers and are collected when the growers send in their growth reports.

Contributions

The Council receives unconditional pledged contributions from NABC, which are recognized as revenue in the period the promise is made. These contributions are funded by pledges NABC receives as a result of memorandums of understanding with various blueberry importer and exporter organizations. At December 31, 2024 and 2023, contribution receivable was \$1,469,242 and \$1,193,022, respectively. The contributions receivable is expected to be collected in full within one year; accordingly, no collectability allowance or discount is reflected.

Program and Functional Expenses

The costs of providing program services have been summarized on a functional basis in the Statements of Functional Expenses. Costs specifically identified with programs or fundraising are directly allocated to those functions. All costs not identifiable with a specific program or fundraising activity, but indispensable to the conduct of such programs and activities and to the Council's existence, are included as management and general expenses. Expenses that benefit more than one function of the Council are allocated among the functions based generally on the amount of time and effort spent by personnel on each function.

Advertising Expenses

The Council uses advertising in its mission to maintain and increase the global awareness of highbush blueberries and the costs of the advertising are expensed as incurred.

Lobbying Expenses

The Council is prohibited from using assessment funds collected in activities influencing legislation, governmental action or policy, other than recommending to the Secretary amendments to the Order. Accordingly, the Council incurs no lobbying expenses.

Income Taxes

The Council is considered an instrumentality of the U.S. Department of Agriculture. As such, the Office of Chief Counsel of the Internal Revenue Service has ruled that Councils such as the Council are not subject to federal income taxation and are generally exempt from other forms of taxation such as state income taxes, personal and real property taxes, and sales taxes.

Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

U.S. Highbush Blueberry Council

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Council presents its leases in accordance with the provisions of FASB ASC 842, *Leases*. Leases with an initial term of 12 months or less, which are not expected to be renewed beyond one year, have not been recorded on the balance sheet and are recognized as lease expense on a straight-line basis over the lease term.

Subsequent Events

Events and transactions have been evaluated for potential recognition or disclosure through April 1, 2025, the date that the financial statements were available to be issued.

NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

U.S. Highbush Blueberry Council's working capital and cash flows are consistent throughout the year as assessment fees are collected at various dates in the year. Monthly cash outflows vary each year based on the specific requirements of promotional and marketing campaigns.

The Council's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	2024	2023
Cash	\$ 11,481,435	\$ 8,871,772
Accounts receivable, net	1,427,043	1,274,122
Contributions receivable	1,469,242	1,193,022
Financial assets available to meet cash need for expenditures within one year	<u>\$ 14,377,720</u>	<u>\$ 11,338,916</u>

NOTE 4: ADMINISTRATIVE SERVICES AGREEMENT

The Council entered into an agreement with the NABC in which NABC provides certain administrative services to the Council. Specifically, the agreement provides that NABC will maintain the Council's business office, which includes managing day-to-day operations and all correspondence and financial affairs.

The NABC also assists in planning and implementing the Council's budget and in carrying out the Council's programs. In addition, NABC handles the collection and disbursement of the Council's assessment funds.

Based on projections of staff time and involvement, most general and administrative expenses are allocated approximately 15% to NABC and 85% to the Council. General and administrative expense reimbursements to NABC totaled \$4,706,808 and \$3,828,404 for the years ended December 31, 2024 and 2023, respectively. Additionally, the Council paid NABC annual service fees of \$120,000 for each of the years ended December 31, 2024 and 2023.

At December 31, 2024 and 2023, payables to NABC of \$1,001,047 and \$920,891 respectively, are included in accounts payable.

U.S. Highbush Blueberry Council

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 5: ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at December 31, 2024 and 2023:

	2024	2023
Domestic crop assessments, net	\$ 90,687	\$ 74,828
Foreign crop assessments	986,118	614,950
Grant reimbursements from USDA	350,238	584,344
	<u> </u>	<u> </u>
Total accounts receivable	<u>\$ 1,427,043</u>	<u>\$ 1,274,122</u>

NOTE 6: EQUIPMENT

Equipment consists of the following at December 31, 2024 and 2023:

	2024	2023
Office equipment	\$ -	\$ 7,628
Accumulated depreciation	<u>-</u>	<u>(7,628)</u>
	<u> </u>	<u> </u>
Total	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2016, equipment was fully depreciated. As of December 31, 2024, the equipment has been disposed.

NOTE 7: HEALTH RESEARCH CONTRACT OBLIGATIONS

In accordance with the Order and to fulfill its purpose, the Council enters into contracts to provide grant funding to various blueberry related health research programs. Health research contract funding which has been authorized but remains unpaid at year-end is reported as a liability. Health research contract obligations at December 31, 2024 and 2023, totaled \$1,252,234 and \$1,790,924, respectively.

NOTE 8: OPERATING LEASE OBLIGATIONS

The Council entered into an operating lease agreement for office space on March 17, 2020. The lease began on August 1, 2020, and will expire on November 30, 2025. The terms of the operating lease provided for monthly payments which ranged from \$13,721 to \$14,133 during 2023 and 2024, and will increase by 3% each November throughout the remainder of the lease term, of which 5% is allocated to NABC.

U.S. Highbush Blueberry Council

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 8: OPERATING LEASE OBLIGATIONS (CONTINUED)

The future minimum lease payments and a reconciliation of undiscounted cash flows under operating lease obligation at December 31, 2024, of which NABC will be allocated approximately 5%, are as follows:

Year Ending December 31:

2025	\$ 141,320
Total undiscounted cash flows	141,320
Less: discount on lease obligation	(880)
Total operating lease obligation	140,440
Less: current portion of operating obligation	(140,440)
Operating lease obligation, less current portion	\$ -

For the years ended December 31, 2024 and 2023, the Council's long-term lease expense was \$155,181 and \$152,163, respectively. At December 31, 2024 and 2023, operating lease right-of-use asset was \$126,097 and \$275,345, respectively, and operating lease obligation was \$140,440 and \$302,789, respectively. Cash payments made on operating lease obligation totaled \$165,474 and \$160,652, respectively, for the years ended December 31, 2024 and 2023. The Council elected to use the risk-free rate in determining operating lease obligation. The weighted average discount rate used to determine the operating lease obligation was 1.37%. The weighted average remaining lease term of long-term operating lease obligation is approximately .83 years and 1.83 years for the years ended December 31, 2024 and 2023, respectively.

NOTE 9: RETIREMENT PLAN

Through the Administrative Services Agreement with NABC described in Note 4, the Council participates in a 401(k) plan. Effective January 1, 2012, NABC converted a previous Simplified Employee Pension plan to a plan under section 401(k) of the Internal Revenue Code ("401(k) plan"). The 401(k) plan covers all employees, except excluded employees, who are at least 21 years of age and have worked at least 1,000 hours during the twelve month period following the date of hire. During 2024 and 2023, the Council made a Safe Harbor non-elective contribution equal to 3% of employees' compensation. The Council may also make additional discretionary matching contributions.

Total retirement plan expense allocated to the Council for the years ended December 31, 2024 and 2023, was \$126,817 and \$98,642, respectively.

SUPPLEMENTARY INFORMATION

U.S. Highbush Blueberry Council

SCHEDULES OF REVENUE AND EXPENDITURES
ACTUAL COMPARED TO BUDGET
For the Years Ended December 31, 2024 and 2023

	2024				
	Actual	Encumbrances (Unaudited)	Total	Budget (Unaudited)	Actual Over (Under) Budget
Revenue:					
Domestic crop assessments	\$ 4,700,508	\$ -	\$ 4,700,508	\$ 4,700,000	\$ 508
Foreign crop assessments	6,996,682	-	6,996,682	6,400,000	596,682
Grant revenue	707,628	-	707,628	711,476	(3,848)
Contributions	3,050,143	-	3,050,143	2,250,000	800,143
Other revenue	183,232	-	183,232	125,000	58,232
Total revenue	15,638,193	-	15,638,193	14,186,476	1,451,717
Expenditures:					
Program expenditures:					
Market promotion and publicity	3,647,332	733,745	4,381,077	4,553,905	(172,828)
Export market promotion	1,709,805	-	1,709,805	1,794,026	(84,221)
Health research and nutrition	235,143	-	235,143	501,750	(266,607)
Industry relations	395,933	-	395,933	598,000	(202,067)
Data and measurement	647,543	-	647,543	725,750	(78,207)
Good practices	5,015	-	5,015	50,000	(44,985)
Blueberry technology	125,000	-	125,000	125,000	-
Total program expenditures	6,765,771	733,745	7,499,516	8,348,431	(848,915)
Other expenses:					
USHBC program fees	407,363	-	407,363	343,000	64,363
General expenses	447,074	-	447,074	502,500	(55,426)
Operating expenses	3,045,538	-	3,045,538	3,101,200	(55,662)
Travel and meeting expenses	938,557	-	938,557	1,188,500	(249,943)
Total other expenses	4,838,532	-	4,838,532	5,135,200	(296,668)
Total expenditures	11,604,303	733,745	12,338,048	13,483,631	(1,145,583)
Excess (deficit) of revenues over expenses	\$ 4,033,890	\$ (733,745)	\$ 3,300,145	\$ 702,845	\$ 2,597,300

See independent auditor's report.

U.S. Highbush Blueberry Council

SCHEDULES OF REVENUE AND EXPENDITURES
ACTUAL COMPARED TO BUDGET (CONTINUED)
For the Years Ended December 31, 2024 and 2023

	2023				
	Actual	Encumbrances (Unaudited)	Total	Budget (Unaudited)	Actual Over (Under) Budget
Revenue:					
Domestic crop assessments	\$ 4,295,965	\$ -	\$ 4,295,965	\$ 4,372,000	\$ (76,035)
Foreign crop assessments	5,990,700	-	5,990,700	5,900,000	90,700
Grant revenue	1,181,826	-	1,181,826	1,185,232	(3,406)
Contributions	2,204,632	-	2,204,632	2,252,000	(47,368)
Other revenue	182,820	-	182,820	125,000	57,820
Total revenue	13,855,943	-	13,855,943	13,834,232	21,711
Expenditures:					
Program expenditures:					
Market promotion and publicity	6,213,997	-	6,213,997	6,782,798	(568,801)
Export market promotion	2,561,664	-	2,561,664	2,649,451	(87,787)
Health research and nutrition	498,110	-	498,110	568,417	(70,307)
Industry relations	513,035	-	513,035	502,000	11,035
Data and measurement	756,919	-	756,919	777,570	(20,651)
Good practices	43,403	-	43,403	43,000	403
Blueberry technology	123,655	-	123,655	125,000	(1,345)
Total program expenditures	10,710,783	-	10,710,783	11,448,236	(737,453)
Other expenses:					
USHBC program fees	327,847	-	327,847	263,000	64,847
General expenses	511,437	-	511,437	468,660	42,777
Operating expenses	2,379,706	-	2,379,706	2,388,122	(8,416)
Travel and meeting expenses	1,017,442	-	1,017,442	1,051,000	(33,558)
Total other expenses	4,236,432	-	4,236,432	4,170,782	65,650
Total expenditures	14,947,215	-	14,947,215	15,619,018	(671,803)
Excess (deficit) of revenues over expenses	\$ (1,091,272)	\$ -	\$ (1,091,272)	\$ (1,784,786)	\$ 693,514

See independent auditor's report.

U.S. Highbush Blueberry Council

SCHEDULES OF PROGRAM EXPENDITURES
ACTUAL COMPARED TO BUDGET
For the Years Ended December 31, 2024 and 2023

	2024				
	Actual	Encumbrances (Unaudited)	Total	Budget (Unaudited)	Actual Over (Under) Budget
Market promotion and publicity:					
Domestic consumer publicity	\$ 2,349,913	\$ 587,100	\$ 2,937,013	\$ 2,314,367	\$ 622,646
Domestic health professional	51,516	-	51,516	368,038	(316,522)
Food service	127,624	89,145	216,769	225,000	(8,231)
Food manufacturing	34,216	-	34,216	208,000	(173,784)
American heart association certificate	2,573	-	2,573	3,500	(927)
Digital refresh	-	-	-	115,000	(115,000)
Retail effort	1,081,490	57,500	1,138,990	1,220,000	(81,010)
Unallocated market promotion	-	-	-	100,000	(100,000)
Total market promotion and publicity	3,647,332	733,745	4,381,077	4,553,905	(172,828)
Export market promotion:					
Export consumer promotion	863,171	-	863,171	988,550	(125,379)
USDA grant program expenditures	707,628	-	707,628	711,476	(3,848)
Technical export assistance	51,620	-	51,620	94,000	(42,380)
Comprehensive blueberry MRL memo	10,442	-	10,442	-	10,442
MRL trade monitoring	76,944	-	76,944	-	76,944
Total export market promotion	1,709,805	-	1,709,805	1,794,026	(84,221)
Health research and nutrition:					
Grant management program	8,828	-	8,828	13,750	(4,922)
Blueberry research bank	57,174	-	57,174	125,000	(67,826)
Sponsorships	3,919	-	3,919	4,000	(81)
Blueberry researcher meeting	33,308	-	33,308	60,000	(26,692)
Research screeners and advisory	24,095	-	24,095	37,500	(13,405)
Pointer study rebate	15,000	-	15,000	28,000	(13,000)
Nourish study blueberries	5,369	-	5,369	10,500	(5,131)
Nutrition projects	87,450	-	87,450	90,000	(2,550)
Research programs	-	-	-	133,000	(133,000)
Total health research and nutrition	235,143	-	235,143	501,750	(266,607)

See independent auditor's report.

U.S. Highbush Blueberry Council

SCHEDULES OF PROGRAM EXPENDITURES
ACTUAL COMPARED TO BUDGET (CONTINUED)
For the Years Ended December 31, 2024 and 2023

	2024				
	Actual	Encumbrances (Unaudited)	Total	Budget (Unaudited)	Actual Over (Under) Budget
Industry relations:					
Industry communications	\$ 104,784	\$ -	\$ 104,784	\$ 208,000	\$ (103,216)
Election material prep and distribution	4,735	-	4,735	15,000	(10,265)
Association memberships	35,750	-	35,750	35,000	750
Website refresh	216	-	216	-	216
Industry leadership development	70,449	-	70,449	150,000	(79,551)
Grower incentives, paint and ship	23,876	-	23,876	-	23,876
Assessment collection expenses	-	-	-	50,000	(50,000)
Association management systems	61,016	-	61,016	35,000	26,016
Vision and strategic planning	78,331	-	78,331	105,000	(26,669)
Industry relations unallocated	16,776	-	16,776	-	16,776
Total industry relations	395,933	-	395,933	598,000	(202,067)
Data and measurement:					
Data research and analysis	438,220	-	438,220	437,000	1,220
Data subscriptions	209,323	-	209,323	288,750	(79,427)
Total data and measurement	647,543	-	647,543	725,750	(78,207)
Good practices:					
Food safety and sustainability	5,015	-	5,015	50,000	(44,985)
Total good practices	5,015	-	5,015	50,000	(44,985)
Blueberry technology:					
Technology programs	125,000	-	125,000	125,000	-
Total blueberry technology	125,000	-	125,000	125,000	-
Total program expenditures	\$ 6,765,771	\$ 733,745	\$ 7,499,516	\$ 8,348,431	\$ (848,915)

See independent auditor's report.

U.S. Highbush Blueberry Council

SCHEDULES OF PROGRAM EXPENDITURES
ACTUAL COMPARED TO BUDGET (CONTINUED)
For the Years Ended December 31, 2024 and 2023

	2023				
	Actual	Encumbrances (Unaudited)	Total	Budget (Unaudited)	Actual Over (Under) Budget
Market promotion and publicity:					
Domestic consumer publicity	\$ 2,844,330	\$ -	\$ 2,844,330	\$ 2,768,500	\$ 75,830
Domestic health professional	657,431	-	657,431	694,000	(36,569)
Food service	662,186	-	662,186	791,500	(129,314)
Food manufacturing	314,596	-	314,596	307,000	7,596
American heart association certificate	3,500	-	3,500	3,500	-
Digital ecosystem	122,644	-	122,644	186,748	(64,104)
Retail effort	1,594,123	-	1,594,123	1,996,550	(402,427)
Unallocated market promotion	15,187	-	15,187	35,000	(19,813)
Total market promotion and publicity	6,213,997	-	6,213,997	6,782,798	(568,801)
Export market promotion:					
Global food manufacturing programs	97,470	-	97,470	100,000	(2,530)
Export consumer promotion	1,152,645	-	1,152,645	1,201,819	(49,174)
USDA grant program expenditures	1,181,826	-	1,181,826	1,185,232	(3,406)
Technical export assistance	102,323	-	102,323	110,000	(7,677)
Comprehensive blueberry MRL memo	-	-	-	10,500	(10,500)
MRL trade monitoring	27,400	-	27,400	16,900	10,500
Unallocated export market promotion	-	-	-	25,000	(25,000)
Total export market promotion	2,561,664	-	2,561,664	2,649,451	(87,787)
Health Research and nutrition:					
Grant management program	5,437	-	5,437	5,500	(63)
Research programs	67,540	-	67,540	-	67,540
Blueberry research bank	137,504	-	137,504	138,261	(757)
Sponsorships	-	-	-	4,000	(4,000)
Blueberry researcher meeting	10,702	-	10,702	11,000	(298)
Research screeners and advisory	40,875	-	40,875	45,000	(4,125)
Pointer study rebate	20,000	-	20,000	30,000	(10,000)
Nourish study blueberries	3,422	-	3,422	16,000	(12,578)
Nutrition projects	204,144	-	204,144	310,156	(106,012)
Unallocated health research	8,486	-	8,486	8,500	(14)
Total health research	498,110	-	498,110	568,417	(70,307)

See independent auditor's report.

U.S. Highbush Blueberry Council

SCHEDULES OF PROGRAM EXPENDITURES
ACTUAL COMPARED TO BUDGET (CONTINUED)
For the Years Ended December 31, 2024 and 2023

	2023				
	Actual	Encumbrances (Unaudited)	Total	Budget (Unaudited)	Actual Over (Under) Budget
Industry relations:					
Industry communications	\$ 159,538	\$ -	\$ 159,538	\$ 174,000	\$ (14,462)
Annual report	11,638	-	11,638	-	11,638
Trade and industry publication	12,495	-	12,495	-	12,495
Election material prep and distribution	-	-	-	15,000	(15,000)
Association memberships	40,105	-	40,105	40,000	105
Industry leadership development	70,165	-	70,165	45,000	25,165
Assessment collection expenses	29,974	-	29,974	50,000	(20,026)
Association management systems	39,550	-	39,550	40,000	(450)
Vision and strategic planning	146,770	-	146,770	135,000	11,770
Industry relations unallocated	2,800	-	2,800	3,000	(200)
Total industry relations	513,035	-	513,035	502,000	11,035
Data and measurement:					
Data research and analysis	481,736	-	481,736	485,000	(3,264)
Data subscriptions	275,183	-	275,183	292,570	(17,387)
Total data and measurement	756,919	-	756,919	777,570	(20,651)
Good practices:					
Food safety and sustainability	9,990	-	9,990	8,000	(8,000)
Crisis management	33,413	-	33,413	35,000	(1,587)
Total good practices	43,403	-	43,403	43,000	(9,587)
Blueberry technology:					
Technology programs	123,655	-	123,655	125,000	(1,345)
Total blueberry technology	123,655	-	123,655	125,000	(1,345)
Total program expenditures	\$ 10,710,783	\$ -	\$ 10,710,783	\$ 11,448,236	\$ (747,443)

See independent auditor's report.

U.S. Highbush Blueberry Council

SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENDITURES
ACTUAL COMPARED TO BUDGET
For the Years Ended December 31, 2024 and 2023

	2024				
	Actual	Encumbrances (Unaudited)	Total	Budget (Unaudited)	Actual Over (Under) Budget
USHBC program fees:					
USDA/AMS administration fee	\$ 287,363	\$ -	\$ 287,363	\$ 222,000	\$ 65,363
U.S. Office of General Counsel fee	-	-	-	1,000	(1,000)
NABC resources and service fee	120,000	-	120,000	120,000	-
Total USHBC program fees	407,363	-	407,363	343,000	64,363
General expenses:					
Office rent	155,181	-	155,181	165,000	(9,819)
Insurance and taxes	13,817	-	13,817	12,000	1,817
Subscriptions	110,029	-	110,029	126,000	(15,971)
Printing	13,478	-	13,478	20,000	(6,522)
Office expenses and supplies	59,569	-	59,569	58,000	1,569
Telephone and fax	19,678	-	19,678	12,000	7,678
Computer IT services	47,357	-	47,357	60,000	(12,643)
Equipment repairs and maintenance	200	-	200	5,000	(4,800)
Equipment rental	3,707	-	3,707	7,000	(3,293)
Postage and shipping	15,258	-	15,258	20,000	(4,742)
Offsite document storage	3,437	-	3,437	2,500	937
Bank charges	5,363	-	5,363	15,000	(9,637)
Total general expenses	447,074	-	447,074	502,500	(55,426)
Operating expenses:					
Salaries, payroll taxes, and insurances	2,468,382	-	2,468,382	2,600,000	(131,618)
Workers compensation	6,197	-	6,197	6,000	197
Recruitment services	46,308	-	46,308	83,000	(36,692)
Administrative support services	203,049	-	203,049	200,000	3,049
Bookkeeping service	43,200	-	43,200	43,200	-
Professional development	81,795	-	81,795	100,000	(18,205)
Retirement program administration	4,549	-	4,549	3,000	1,549
Audit fees	31,098	-	31,098	30,000	1,098
Legal counsel fees	56,006	-	56,006	35,000	21,006
Depreciation	431	-	431	1,000	(569)
Bad debt expense	104,523	-	104,523	-	104,523
Total operating expenses	3,045,538	-	3,045,538	3,101,200	(55,662)
Travel and meeting expenses:					
Travel expenses	483,741	-	483,741	625,000	(141,259)
Meeting expenses	454,816	-	454,816	563,500	(108,684)
Total travel and meeting expenses	938,557	-	938,557	1,188,500	(249,943)
Total general and administrative expenditures	<u>\$ 4,838,532</u>	<u>\$ -</u>	<u>\$ 4,838,532</u>	<u>\$ 5,135,200</u>	<u>\$ (296,668)</u>

See independent auditor's report.

U.S. Highbush Blueberry Council

SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENDITURES
ACTUAL COMPARED TO BUDGET (CONTINUED)
For the Years Ended December 31, 2024 and 2023

	2023				
	Actual	Encumbrances (Unaudited)	Total	Budget (Unaudited)	Actual Over (Under) Budget
USHBC program fees:					
USDA/AMS administration fee	\$ 207,847	\$ -	\$ 207,847	\$ 142,000	\$ 65,847
U.S. Office of General Counsel fee	-	-	-	1,000	(1,000)
NABC resources and service fee	120,000	-	120,000	120,000	-
Total USHBC program fees	327,847	-	327,847	263,000	64,847
General expenses:					
Office rent	152,163	-	152,163	161,000	(8,837)
Insurance and taxes	13,024	-	13,024	14,000	(976)
Subscriptions	168,486	-	168,486	132,460	36,026
Printing	13,273	-	13,273	17,000	(3,727)
Office expenses and supplies	46,267	-	46,267	30,000	16,267
Telephone and fax	10,622	-	10,622	11,000	(378)
Computer IT services	59,793	-	59,793	56,000	3,793
Equipment repairs and maintenance	106	-	106	100	6
Equipment rental	3,901	-	3,901	4,200	(299)
Postage and shipping	34,417	-	34,417	30,000	4,417
Offsite document storage	2,736	-	2,736	2,400	336
Bank charges	6,649	-	6,649	7,000	(351)
Unallocated general expenses	-	-	-	3,500	(3,500)
Total general expenses	511,437	-	511,437	468,660	42,777
Operating expenses:					
Salaries, payroll taxes, and insurances	1,922,247	-	1,922,247	1,957,114	(34,867)
Workers compensation	2,822	-	2,822	3,000	(178)
Recruitment services	36,059	-	36,059	38,110	(2,051)
Administrative support services	110,959	-	110,959	112,106	(1,147)
Bookkeeping service	38,884	-	38,884	34,020	4,864
Professional development	78,851	-	78,851	62,000	16,851
Retirement program adminsitration	3,632	-	3,632	3,772	(140)
Audit fees	27,500	-	27,500	27,500	-
Legal counsel fees	64,551	-	64,551	55,000	9,551
Depreciation	719	-	719	500	219
Unallocated operating expenses	93,482	-	93,482	95,000	(1,518)
Total operating expenses	2,379,706	-	2,379,706	2,388,122	(8,416)
Travel and meeting expenses:					
Travel expenses	412,161	-	412,161	450,000	(37,839)
Meeting expenses	604,782	-	604,782	600,000	4,782
Unallocated travel and meetings	499	-	499	1,000	(501)
Total travel and meeting expenses	1,017,442	-	1,017,442	1,051,000	(33,558)
Total general and administrative expenditures	\$ 4,236,432	\$ -	\$ 4,236,432	\$ 4,170,782	\$ 65,650

See independent auditor's report.

U.S. Highbush Blueberry Council

SCHEDULES OF CASH RECEIPTS AND DISBURSEMENTS
For the Years Ended December 31, 2024 and 2023

	2024	2023
Receipts:		
Domestic crop assessments	\$ 5,220,100	\$ 5,111,918
Foreign crop assessments	6,625,514	6,027,873
Grant revenue	941,734	1,963,588
Contributions	2,773,923	2,726,978
Other revenue	183,232	182,820
Total receipts	15,744,503	16,013,177
Disbursements:		
Market promotion and publicity	4,320,402	5,957,029
Export market promotion	2,154,262	3,430,125
Research	856,184	1,825,166
Industry relations	366,834	492,656
Data and measurement	555,499	745,327
Food safety	5,015	46,734
Blueberry technology	125,000	123,655
USHBC program fees	389,779	290,140
General expenses	440,082	400,313
Operating expenses	2,997,904	1,862,650
Travel and meeting expenses	923,879	796,376
Total disbursements	13,134,840	15,970,171
Excess of receipts over disbursements	2,609,663	43,006
Cash, beginning of year	8,871,772	8,828,766
Cash, end of year	\$ 11,481,435	\$ 8,871,772

See independent auditor's report.

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

To the U.S. Highbush Blueberry Council
Folsom, California

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 U.S. Highbush Blueberry Council, which comprise the statement of financial position as of December 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 April 1, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered U.S. Highbush Blueberry Council'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of U.S. Highbush Blueberry Council's internal control. Accordingly, we do not express an opinion on the effectiveness of U.S. Highbush Blueberry Council'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 U.S. Highbush Blueberry Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of U.S. Highbush Blueberry Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering U.S. Highbush Blueberry Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Propp Christensen Caniglia LLP

April 1, 2025
Roseville, California

U.S. Highbush Blueberry Council
Schedule of the Status of Prior Audit Findings
December 31, 2024

Audit report, dated May 10, 2024, for the year ended December 31, 2023, issued by Propp Christensen Caniglia LLP, contained the following finding:

Finding No. 2003-001. We noted one instance during our testing of accounting discrepancies that indicated deficiencies in cutoff procedures.

Status: The Council hired a Director of Finance and has implemented a proper system of internal controls to address the cutoff procedures. The finding is resolved.