

**U.S. Highbush Blueberry
Council**

**Financial Statements with
Independent Auditor's Report**

**Year ended
December 31, 2025**

U.S. Highbush Blueberry Council

TABLE OF CONTENTS DECEMBER 31, 2025

	<u>PAGE</u>
Independent Auditor's Report.....	1
Basic Financial Statements:	
Statement of Net Position	4
Statement of Revenues, Expenses, and Changes in Net Position	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7
Supplementary Information:	
Schedule of Revenues and Expenses – Actual Compared to Budget	11
Schedule of Program Expenses – Actual Compared to Budget.....	12
Schedule of General and Administrative Expenses – Actual Compared to Budget	14
Schedule of Expenditures of Federal Awards.....	15
Notes to Schedule of Expenditures of Federal Awards	16
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 Auditing Standards</i>	17
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	19
Schedule of Findings and Questioned Costs.....	22

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 the U.S. Highbush Blueberry Council (Council), a nonprofit instrumentality of the United States, as of and for the year ended December 31, 2025, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Council, as of December 31, 2025, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Council’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 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 the 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.

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Council's basic financial statements. The accompanying schedule of revenues and expenses – actual compared to budget, schedule of program expenses – actual compared to budget, schedule of general and administrative expenses – actual compared to budget, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are

presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, schedule of revenues and expenses – actual compared to budget, schedule of program expenses – actual compared to budget, schedule of general and administrative expenses – actual compared to budget, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2026, on our consideration of the 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 the 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 the Council’s internal control over financial reporting and compliance.

Other Reporting Required by the United States Department of Agriculture (USDA)

In connection with our audit of the year ended December 31, 2025, nothing came to our attention, insofar as it relates to financial accounting and other matters that cause us to believe that the U.S. Highbush Blueberry Council:

- Used funds for influencing government policy or action;
- Failed to adhere to the Agricultural Marketing Service investment policy;
- Failed to establish internal controls over funds;
- Failed to use funds only for projects and other expenses authorized in a budget approved by USDA; or,
- Used funds in manner other than in accordance with the USDA rules, regulations and policy.

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

Gilbert CPAs

GILBERT CPAs
Sacramento, California

March 27, 2026

U.S. Highbush Blueberry Council

STATEMENT OF NET POSITION DECEMBER 31, 2025

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 12,213,067
Accounts receivable	1,671,159
Contributions receivable	1,698,962
Prepaid expenses	<u>115,955</u>
Total current assets	15,699,143

RIGHT-TO-USE LEASE ASSET, Net	<u>602,375</u>
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TOTAL ASSETS	<u>16,301,518</u>
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LIABILITIES

CURRENT LIABILITIES:

Accounts payable	1,729,688
Health research contract obligations	759,897
Current portion of lease payable	<u>86,346</u>
Total current liabilities	2,575,931

LEASE PAYABLE, Net	<u>525,904</u>
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TOTAL LIABILITIES	<u>3,101,835</u>
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DEFERRED INFLOWS OF RESOURCES RELATED TO CROP ASSESSMENTS

4,750,506

NET POSITION:

Net investment in capital assets	(9,875)
Unrestricted	<u>8,459,052</u>

TOTAL NET POSITION	<u>\$ 8,449,177</u>
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U.S. Highbush Blueberry Council

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION YEAR ENDED DECEMBER 31, 2025

OPERATING REVENUES:

Domestic crop assessments	\$ 5,588,526
Foreign crop assessments	7,293,688
Grant revenue	1,655,837
Contributions	3,090,499
Other revenue	239,021
Total operating revenues	<u>17,867,571</u>

OPERATING EXPENSES:

Program expenses:

Market promotion and publicity	6,960,069
Export market program	2,892,397
Health research and nutrition	1,033,304
Industry relations	1,524,858
Data and measurement	1,117,037
Good practices	83,260
Blueberry technology	151,839
Total program expenses	<u>13,762,764</u>

General and administrative:

USHBC program fees	531,258
General expenses	466,330
Operating expenses	90,454
Travel and meeting expenses	1,079,152
Total general and administrative	<u>2,167,194</u>
Total operating expenses	<u>15,929,958</u>

INCREASE IN NET POSITION 1,937,613

NET POSITION, Beginning of Year 6,511,564

NET POSITION, End of Year \$ 8,449,177

U.S. Highbush Blueberry Council

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from crop assessments	\$ 11,819,178
Cash received from grants	2,020,935
Cash received from contributions	2,860,779
Cash received from other revenue	239,021
Payment of program expenses	(14,255,101)
Payment of general and administrative	<u>(1,812,740)</u>
Net cash provided by operating activities	872,072

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:

Principal and interest payments on lease payable	<u>(140,440)</u>
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INCREASE IN CASH AND CASH EQUIVALENTS 731,632

CASH AND CASH EQUIVALENTS, Beginning of Year 11,481,435

CASH AND CASH EQUIVALENTS, End of Year \$ 12,213,067

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 1,937,613
Amortization	135,972
Reconciliation to net cash provided by operating activities:	
Changes in:	
Accounts receivable	(244,116)
Contributions receivable	(229,720)
Prepaid expenses	(41,810)
Accounts payable	260,292
Health research contract obligations	(492,337)
Deferred inflows of resources related to crop assessments	<u>(453,822)</u>

Net cash provided by operating activities \$ 872,072

NON-CASH CAPITAL FINANCING ACTIVITIES:

Right-to-use lease asset acquired through lease payable	<u>\$ 612,250</u>
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U.S. Highbush Blueberry Council

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025

1. ORGANIZATION AND OPERATIONS

The U.S. Highbush Blueberry Council (the Council), an instrumentality of the U.S. Department of Agriculture (the USDA) was created to conduct promotion and research, and to provide consumer and industry information to maintain and increase the global awareness of highbush blueberries.

The North American Blueberry Council (NABC) submitted a proposal to the Agricultural Marketing Service Division (AMS) of 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The Council's financial statements have been presented using an economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when an obligation has been incurred.

All activities of the Council are accounted for within a proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

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, 2025 contribution receivable totaled \$1,698,962. The contributions receivable is expected to be collected in full within one year; accordingly, no collectability allowance or discount is reflected.

U.S. Highbush Blueberry Council

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025

Grant revenue consists of revenue earned from USDA federal marketing program grants and is recognized in the period the related expenses are incurred.

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.

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.

Accounts receivable primarily consist of foreign and domestic crop assessments and grant reimbursements. At December 31, 2025, the Council's accounts receivable balance was \$1,671,159. Management considers accounts receivable as of December 31, 2025, to be fully collectible; accordingly, no allowance was recorded.

Leases with a noncancellable period of more than one year are recognized as a lease liability and an intangible right-to-use lease asset (lease asset) at the commencement of a lease and are initially measured at the present value of payments expected to be made during the lease term. The lease liability is reduced by the principal portion of lease payments made and the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The Council uses its estimated incremental borrowing rate as the discount rate for expected lease payments.

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, 2025 totaled \$759,897.

Income taxes – The Council is a nonprofit instrumentality of the USDA and is exempt from federal and state income taxes.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

Domestic crop assessments	\$ 95,468
Foreign crop assessments	954,671
Grant reimbursements from USDA	<u>621,020</u>
Total accounts receivable	<u>\$ 1,671,159</u>

U.S. Highbush Blueberry Council

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025

4. CAPITAL ASSETS

Capital assets consist of the following:

	<u>Balance</u> <u>1/1/25</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/25</u>
Right-to-use lease asset	\$ 607,456	\$ 612,250	\$ -	\$ 1,219,706
Less accumulated amortization	<u>(481,359)</u>	<u>(135,972)</u>	<u>-</u>	<u>(617,331)</u>
Total	<u>\$ 126,097</u>	<u>\$ 476,278</u>	<u>\$ -</u>	<u>\$ 602,375</u>

5. LEASES AND LEASE PAYABLE

The Council leases office space in Folsom, California. The office lease, which was scheduled to expire November 30, 2025, was amended in 2025 to extend the lease term through January 2031. The terms of the new lease are summarized as follows:

	<u>Date</u>	<u>Term</u>	<u>Total Lease Liability</u>	<u>Balance at December 31, 2025</u>
Office suite	12/1/2025	62 mos.	\$ 612,250	\$ 612,250

The lease for office facilities is recorded by the Council as an intangible right-to-use lease asset totaling \$612,250. The asset is amortized over the lease term. The lease payable was determined using a discount rate of 7%.

A summary of the principal and interest amounts for the remaining lease liability as of December 31, 2025 is as follows:

<u>Fiscal year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 86,346	\$ 40,495
2027	108,800	33,378
2028	121,078	25,373
2029	134,368	16,477
2030	148,754	6,616
2031	<u>12,904</u>	<u>75</u>
Total minimum payments required	<u>\$ 612,250</u>	<u>\$ 122,414</u>

6. RELATED PARTY TRANSACTIONS

Management and administrative services agreement – The Council and NABC are parties to a management and administrative services agreement (the Agreement) for NABC to manage the day-to-day activities of the Council. Specifically, the Agreement provides that NABC will maintain the business office of the Council, which includes managing day-to-day operations and all

U.S. Highbush Blueberry Council

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025

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

Included in the Agreement is an agency fee calculated at 1.75% of Council's proposed annual budget.

Total management fees and agency fees charged by NABC to the Council in 2025 were \$4,561,234 and \$286,525, respectively. Accounts payable at December 31, 2025 includes \$981,453 due to NABC.

Office space – The Council shares its primary office space with NABC. The Council is named as the lessee in the lease agreement; however, rent is paid by NABC and the Council pays its allocated share of rent costs according to the management and administrative services agreement described above. See Note 5 for details of the lease agreement.

Contributions – As described more fully in Note 2, NABC receives unconditional contributions under memorandums of understanding with various blueberry importers and exporters. During 2025, NABC pledged contributions of \$3,090,499 to the Council, and as of December 31, 2025, \$1,698,962, of that amount remained receivable from NABC.

7. FEDERAL GRANTS

The Council has received federal marketing program funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, it is believed that any required reimbursements would be immaterial.

SUPPLEMENTARY INFORMATION

U.S. Highbush Blueberry Council

SCHEDULE OF REVENUES AND EXPENSES ACTUAL COMPARED TO BUDGET YEAR ENDED DECEMBER 31, 2025

	<u>Actual</u>	<u>Encumbrances (Unaudited)</u>	<u>Total</u>	<u>Budget (Unaudited)</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue:					
Domestic crop assessments	\$ 5,588,526	\$ -	\$ 5,588,526	\$ 5,400,000	\$ 188,526
Foreign crop assessments	7,293,688	-	7,293,688	7,000,000	293,688
Grant revenue	1,655,837	-	1,655,837	4,188,073	(2,532,236)
Contributions	3,090,499	-	3,090,499	2,550,000	540,499
Other revenue	239,021	-	239,021	142,000	97,021
Total revenue	<u>17,867,571</u>	<u>-</u>	<u>17,867,571</u>	<u>19,280,073</u>	<u>(1,412,502)</u>
Program expenses:					
Market promotion and publicity	6,960,069	80,627	7,040,696	7,286,500	245,804
Export market promotion	2,892,397	35,909	2,928,306	5,557,473	2,629,167
Health research and nutrition	1,033,304	30,176	1,063,480	1,238,000	174,520
Industry relations	1,524,858	-	1,524,858	1,573,000	48,142
Data and measurement	1,117,037	-	1,117,037	1,115,000	(2,037)
Good practices	83,260	-	83,260	93,000	9,740
Blueberry technology	151,839	-	151,839	205,000	53,161
Total program expenses	<u>13,762,764</u>	<u>146,712</u>	<u>13,909,476</u>	<u>17,067,973</u>	<u>3,158,497</u>
General and administrative expenses:					
USHBC program fees	531,258	-	531,258	509,525	(21,733)
General expenses	466,330	-	466,330	572,000	105,670
Operating expenses	90,454	-	90,454	105,000	14,546
Travel and meeting expenses	1,079,152	-	1,079,152	1,178,750	99,598
Total general and administrative expenses	<u>2,167,194</u>	<u>-</u>	<u>2,167,194</u>	<u>2,365,275</u>	<u>198,081</u>
Total expenses	<u>15,929,958</u>	<u>146,712</u>	<u>16,076,670</u>	<u>19,433,248</u>	<u>3,356,578</u>
Excess (deficit) of revenue over expenses	<u>\$ 1,937,613</u>	<u>\$ (146,712)</u>	<u>\$ 1,790,901</u>	<u>\$ (153,175)</u>	<u>\$ 1,944,076</u>

U.S. Highbush Blueberry Council

Schedule of Program Expenses Actual Compared to Budget Year Ended December 31, 2025

	Actual	Encumbrances (Unaudited)	Total	Budget (Unaudited)	Variance Favorable (Unfavorable)
Market promotion and publicity:					
Domestic consumer publicity	\$ 4,189,595	\$ (84,160)	\$ 4,105,435	\$ 3,533,825	\$ (571,610)
Food service	90,413	(87,713)	2,700	540,000	537,300
Food manufacturing	-	-	-	200,000	200,000
American heart association cert.	3,500	-	3,500	3,500	-
Digital ecosystem	-	-	-	400,000	400,000
Retail	1,323,457	252,500	1,575,957	1,000,000	(575,957)
Marketing promotion & publicity management	1,344,254	-	1,344,254	1,490,000	145,746
Unallocated market promotion	8,850	-	8,850	119,175	110,325
Total market promotion and publicity	<u>6,960,069</u>	<u>80,627</u>	<u>7,040,696</u>	<u>7,286,500</u>	<u>245,804</u>
Export market promotion:					
Export consumer promotion	544,782	35,909	580,691	632,000	51,309
USDA grant program expenditures	1,617,483	-	1,617,483	4,188,073	2,570,590
Technical export assistance	50,000	-	50,000	50,000	-
Comprehensive blueberry MRL memo	10,500	-	10,500	20,500	10,000
MRL trade monitoring	76,900	-	76,900	76,900	-
Export market promotion management	537,071	-	537,071	530,000	(7,071)
Unallocated export market promotion	55,661	-	55,661	60,000	4,339
Total export market promotion	<u>2,892,397</u>	<u>35,909</u>	<u>2,928,306</u>	<u>5,557,473</u>	<u>2,629,167</u>
Health research and nutrition:					
Research programs	281,718	18,676	300,394	285,000	(15,394)
Blueberry research bank	16,771	11,500	28,271	95,000	66,729
Sponsorships	14,000	-	14,000	15,000	1,000
Blueberry researcher meeting	17,465	-	17,465	20,000	2,535
Research screeners & advisory	14,074	-	14,074	20,000	5,926
Pointer study rebate	5,000	-	5,000	15,000	10,000
Nourish study blueberries	7,125	-	7,125	15,000	7,875
Nutrition projects	283,160	-	283,160	323,000	39,840
Health research management	393,092	-	393,092	450,000	56,908
Unallocated health research	899	-	899	-	(899)
Total health research and nutrition	<u>1,033,304</u>	<u>30,176</u>	<u>1,063,480</u>	<u>1,238,000</u>	<u>174,520</u>
Industry relations:					
Industry communications	276,659	-	276,659	220,000	(56,659)
Election material prep & distribution	-	-	-	18,000	18,000
Association memberships	37,315	-	37,315	40,000	2,685
Industry leadership development	100,282	-	100,282	175,000	74,718
Grower incentive print and ship	49,554	-	49,554	50,000	446
Association management systems	106,966	-	106,966	125,000	18,034

U.S. Highbush Blueberry Council

SCHEDULE OF PROGRAM EXPENSES ACTUAL COMPARED TO BUDGET YEAR ENDED DECEMBER 31, 2025

	<u>Actual</u>	<u>Encumbrances (Unaudited)</u>	<u>Total</u>	<u>Budget (Unaudited)</u>	<u>Variance Favorable (Unfavorable)</u>
Vision & strategic planning	177,414	-	177,414	175,000	(2,414)
Industry relations management	776,668	-	776,668	770,000	(6,668)
Industry relations unallocated	-	-	-	-	-
Total industry relations	<u>1,524,858</u>	<u>-</u>	<u>1,524,858</u>	<u>1,573,000</u>	<u>48,142</u>
Data and measurement:					
Data research and analysis	615,416	-	615,416	495,000	(120,416)
Data subscriptions	196,935	-	196,935	300,000	103,065
Data & measurement management	304,686	-	304,686	320,000	15,314
Data & measurement unallocated	-	-	-	-	-
Total data and measurement	<u>1,117,037</u>	<u>-</u>	<u>1,117,037</u>	<u>1,115,000</u>	<u>(2,037)</u>
Good practices:					
Food safety & sustainability	79,849	-	79,849	80,000	151
Good practices management	3,411	-	3,411	13,000	9,589
Good practices unallocated	-	-	-	-	-
Total good practices	<u>83,260</u>	<u>-</u>	<u>83,260</u>	<u>93,000</u>	<u>9,740</u>
Blueberry technology:					
Technology programs	150,000	-	150,000	175,000	25,000
Blueberry technology management	1,839	-	1,839	30,000	28,161
Blueberry technology unallocated	-	-	-	-	-
Total blueberry technology	<u>151,839</u>	<u>-</u>	<u>151,839</u>	<u>205,000</u>	<u>53,161</u>
Total program expenses	<u>\$ 13,762,764</u>	<u>\$ 146,712</u>	<u>\$ 13,909,476</u>	<u>\$ 17,067,973</u>	<u>\$ 3,158,497</u>

U.S. HIGHBUSH BLUEBERRY COUNCIL

SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES ACTUAL COMPARED TO BUDGET YEAR ENDED DECEMBER 31, 2025

	<u>Actual</u>	<u>Encumbrances (Unaudited)</u>	<u>Total</u>	<u>Budget (Unaudited)</u>	<u>Variance Favorable (Unfavorable)</u>
USHBC program fees:					
USDA AMS administration fee	\$ 244,733	\$ -	\$ 244,733	\$ 222,000	\$ (22,733)
US office general counsel fee	-	-	-	1,000	1,000
NABC resources & service fee	<u>286,525</u>	-	<u>286,525</u>	<u>286,525</u>	-
Total USHBC program fees	<u>531,258</u>	-	<u>531,258</u>	<u>509,525</u>	<u>(21,733)</u>
General expenses:					
Office rent	157,881	-	157,881	172,000	14,119
Insurance & taxes	11,032	-	11,032	15,000	3,968
Subscriptions	134,673	-	134,673	150,000	15,327
Printing	22,128	-	22,128	25,000	2,872
Office expenses & supplies	40,271	-	40,271	75,000	34,729
Phone & fax	14,203	-	14,203	20,000	5,797
Computer IT services	51,579	-	51,579	62,000	10,421
Equipment repairs & maintenance	-	-	-	5,000	5,000
Equipment rental	3,359	-	3,359	7,000	3,641
Postage & shipping	15,777	-	15,777	22,000	6,223
Offsite document storage	2,911	-	2,911	3,000	89
Bank charges	12,516	-	12,516	16,000	3,484
Unallocated general expenses	-	-	-	-	-
Total general expenses	<u>466,330</u>	-	<u>466,330</u>	<u>572,000</u>	<u>105,670</u>
Operating expenses:					
Audit fees	35,000	-	35,000	35,000	-
Legal counsel fees	55,454	-	55,454	70,000	14,546
Unallocated operating expenses	-	-	-	-	-
Total operating expenses	<u>90,454</u>	-	<u>90,454</u>	<u>105,000</u>	<u>14,546</u>
Travel and meeting expenses:					
Travel expenses	505,456	-	505,456	611,000	105,544
Meeting expenses	573,696	-	573,696	567,750	(5,946)
Unallocated travel & meetings	-	-	-	-	-
Total travel and meetings expenses	<u>1,079,152</u>	-	<u>1,079,152</u>	<u>1,178,750</u>	<u>99,598</u>
Total general and administrative expenses	<u>\$ 2,167,194</u>	<u>\$ -</u>	<u>\$ 2,167,194</u>	<u>\$ 2,365,275</u>	<u>\$ 198,081</u>

U.S. Highbush Blueberry Council

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2025**

	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:		
Market Access Program	10.601	\$ 522,669
Regional Agricultural Promotion Program	10.618	<u>1,133,168</u>
Total Market Access Program/Regional Agricultural Promotion Program Cluster		<u>\$ 1,655,837</u>

U.S. Highbush Blueberry Council

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DECEMBER 31, 2025

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards of the U.S. Highbush Blueberry Council (Council) is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. INDIRECT COST RATE

The Council did not elect to use the 15% de minimis indirect cost rate allowed under the Uniform Guidance (April 2024 revision) or the 10% de minimis indirect cost rate allowed under the Uniform Guidance (October 2023 revision).

**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 the U.S. Highbush Blueberry Council (the Council), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Council’s basic financial statements, and have issued our report thereon dated March 27, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 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

To the U.S. Highbush Blueberry Council

Page two

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 the 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 the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gilbert CPAs

GILBERT CPAs
Sacramento, California

March 27, 2026

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the U.S. Highbush Blueberry Council (the Council)’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Council’s major federal programs for the year ended December 31, 2025. The Council’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Council’s compliance with the compliance requirements referred to above.

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 or grant agreements applicable to the Council’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Council's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance 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 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 Council's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Council's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant

To the U.S. Highbush Blueberry Council

Page three

deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Gilbert CPAs

**GILBERT CPAs
Sacramento, California**

March 27, 2026

U.S. Highbush Blueberry Council

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2025**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?

Yes No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number</u>
Market Access Program/Regional Agricultural Promotion Program Cluster	10.601, 10.618

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 1,000,000

Auditee qualified as low-risk auditee?

Yes No

U.S. Highbush Blueberry Council
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

SECTION IV – STATUS OF PRIOR YEAR AUDIT FINDINGS

None noted.