



National Mango Board

**Financial Statements and
Supplementary Information**
Years Ended December 31, 2017 and 2016

National Mango Board

Financial Statements and Supplementary Information
Years Ended December 31, 2017 and 2016

National Mango Board

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Independent Auditor's Report

Executive Committee
National Mango Board

Report on the Financial Statements

We have audited the accompanying financial statements of National Mango Board (the "Board"), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board as of December 31, 2017 and 2016, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2018 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

BDO USA LLP

BDO USA, LLP
Certified Public Accountants
March 13, 2018

Financial Statements

National Mango Board
Statements of Financial Position

<i>December 31,</i>	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,768,761	\$ 4,633,888
Accounts receivable	517,502	384,133
Prepaid expenses	23,367	66,585
Total current assets	7,309,630	5,084,606
Property and equipment, net (Note 2)	119,376	157,697
Deposit	6,029	6,029
	\$ 7,435,035	\$ 5,248,332
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 605,920	\$ 502,683
Assessment refund liability	218,749	318,609
Accrued payroll	49,216	37,410
Total current liabilities	873,885	858,702
Unrestricted net assets:		
Unrestricted	5,861,150	3,739,630
Board designated (Note 3)	700,000	650,000
Total unrestricted net assets	6,561,150	4,389,630
	\$ 7,435,035	\$ 5,248,332

See accompanying notes to financial statements.

National Mango Board

Statements of Activities

<i>Year Ended December 31,</i>	2017	2016
Revenues:		
Assessments	\$ 8,329,903	\$ 7,374,170
Interest income	197	60
Total revenues	8,330,100	7,374,230
Expenses:		
Program expenses:		
Marketing	3,605,627	3,862,199
Industry relations	436,366	644,205
Research	1,223,654	1,247,792
Board meetings	119,657	115,275
Total program expenses	5,385,304	5,869,471
General and administrative expenses:		
Overhead	478,091	467,476
USDA and US custom fees	144,057	124,049
Rent	88,369	84,869
Depreciation and amortization	43,605	39,837
Loss on disposal of equipment	19,154	-
Total general and administrative expenses	773,276	716,231
Total expenses	6,158,580	6,585,702
Change in unrestricted net assets	2,171,520	788,528
Unrestricted net assets, beginning of year	4,389,630	3,601,102
Unrestricted net assets, end of year	\$ 6,561,150	\$ 4,389,630

See accompanying notes to financial statements.

National Mango Board

Statements of Cash Flows

<i>Year Ended December 31,</i>	2017	2016
Cash flows from operating activities:		
Change in unrestricted net assets	\$ 2,171,520	\$ 788,528
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation and amortization	43,605	39,837
Loss on disposal of equipment	19,154	-
Cash provided by (used for):		
Accounts receivable	(133,369)	(13,546)
Prepaid expenses	43,218	(48,088)
Accounts payable and accrued expenses	103,237	12,931
Assessment refund liability	(99,860)	318,609
Accrued payroll	11,806	(7,723)
Net cash provided by operating activities	2,159,311	1,090,548
Cash flows from investing activities:		
Purchases of equipment	(24,438)	-
Increase in cash and cash equivalents	2,134,873	1,090,548
Cash and cash equivalents, beginning of year	4,633,888	3,543,340
Cash and cash equivalents, end of year	\$ 6,768,761	\$ 4,633,888

See accompanying notes to financial statements.

National Mango Board

Notes to Financial Statements

1. Organization and Summary of Significant Accounting Policies

Organization and Nature of Activities

The National Mango Board (the “Board”) was established on November 3, 2004, and is authorized by the Commodity Promotion Research and Information Act (the “Act”) of 1996 (Public Law 104-127) and is considered an instrumentality of the United States Department of Agriculture (“USDA”) which conducts the administrative oversight of its activities. The Board’s mission is to increase demand for mangos through promotion, research and education.

The Board is composed of eight importers, one first handler, two domestic producers and eight foreign producers of mangos in the United States. The rules and regulations the Board follows provide for assessments to be derived from all handled and imported mangos into the United States.

Basis of Accounting

The financial statements of the Board are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Board considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. As of December 31, 2017 and 2016, the board has designated cash reserves of \$700,000 and \$650,000, respectively, which are included in cash and cash equivalents (see Note 3).

Investments

The Board is required to follow the Agricultural Marketing Service (“AMS”) investment policy. Accordingly, the Board 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, and must mature within one year or less from the date of purchase. The Board did not hold any investments at December 31, 2017 and 2016.

Concentrations of Risk

The Board’s financial instruments that are exposed to concentrations of credit risk consist of cash and cash equivalents, which include accounts placed with federally insured financial institutions. Such accounts may at times exceed federally insured limits. The Board has not experienced any losses on such accounts. All accounts were fully insured as of December 31, 2017 and 2016.

During the years ended December 31, 2017 and 2016, two countries accounted for approximately 66% and 11% and two countries accounted for approximately 68% and 13%, respectively, of the Board’s import assessment revenues. The loss of these major country’s mango crops could have a significant impact on the Board’s revenues and operations.

Accounts Receivable

Accounts receivable represent assessments due from handlers and importers. Assessments are collected by United States Customs from handlers and importers and then remitted to the Board. There are no collectibility issues as the receivables are recorded based on reports from the USDA of assessments already collected from the third parties.

National Mango Board

Notes to Financial Statements

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of their estimated useful lives or the remaining term of the related lease.

Fair Value of Financial Instruments

Fair value measurements of financial instruments are determined using a three-level hierarchy based on the transparency of valuation inputs as of their measurement date. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

Level 1 - Valuation based on quoted prices in active markets for identical assets or liabilities.

Level 2 - Valuation based on observable quoted prices for similar assets and liabilities in active markets.

Level 3 - Valuation based on inputs that are unobservable and are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximates their fair values due to the short-term nature of these instruments. These financial instruments include accounts receivable, accounts payable and accrued expenses and accrued payroll. The Board has no Level 1, 2 or 3 financial assets or liabilities.

Revenue Recognition and Assessment Refund Liability

Revenues from assessments are derived from first handlers and importers of mangos and are recorded based on monthly reports submitted by first handlers and importers through U.S. customs. The rate of assessment is proposed by the Board and approved by the USDA. The assessment rate for the years ended December 31, 2017 and 2016 was .0075¢ per pound.

Importers and first handlers of less than 500,000 pounds of mango during any calendar year may claim an exemption from these assessments. Also, first handlers of mangos produced domestically and exported outside the United States may annually claim exemption. Effective February 29, 2016, the exemption was amended to include any organic mangoes produced. An exemption application must be provided to the Board in order for these importers and first handlers to receive a refund of the assessments previously charged. For assessments previously charged and paid during 2016 and 2017, importers and first handlers must have applied for this refund by February 28, 2018, at which time the exemption for those years expired. At December 31, 2016, management had estimated this liability to be \$318,609. At December 31, 2017, the liability of \$218,749 represents the remainder of the refunds relating to 2016 and 2017 that were submitted for reimbursement before the February 28, 2018 expiration date. Estimated refunds were netted against assessment revenue in the year in which they are determined.

Penalties and interest are assessed in accordance with the Act and are recorded as earned.

National Mango Board

Notes to Financial Statements

Advertising

In accordance with its mission, the Board has approved the development of direct and nondirect response advertising and promotional activities. All costs related to these activities are charged to expense as incurred. Advertising expenses during the years ended December 31, 2017 and 2016 were \$1,565,128 and \$1,703,402, respectively.

Income Taxes

The Board is considered an instrumentality of the U.S. Department of Agriculture which conducts the administrative oversight of its activities. As such, the Board is exempt from federal and state income taxes.

Budget

The Board's Budget and Marketing Plan is prepared on an accrual basis (revenues are recognized when earned and expenses are recognized when incurred). Schedules comparing the budgetary basis to actual results are included in the supplementary information to the financial statements.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting Pronouncements Issued but Not Yet Adopted

Financial Statement Presentation of Not-for-Profit Entities

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) - Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statements of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. The Board is currently evaluating the impact of this ASU on its financial statements.

National Mango Board

Notes to Financial Statements

Revenue

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

The standard is effective for annual periods beginning after December 15, 2018, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). The new standard allows for early adoption for annual periods beginning after December 15, 2016. The Board is currently evaluating the impact of its pending adoption of ASU 2014-09 on its financial statements and has not yet determined the method by which it will adopt the standard.

Leases

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement.

This new standard is effective for fiscal years beginning after December 15, 2019. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Board is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

2. Property and Equipment

Property and equipment consists of the following:

<i>December 31,</i>	<i>Useful Lives</i>	2017		2016	
Leasehold improvements	5 years	\$	26,438	\$	26,438
Computer equipment	3-5 years		42,771		50,941
Office equipment	10 years		2,629		2,629
Software	3 years		1,073		1,073
Furniture and fixtures	10 years		7,525		7,525
Website development costs	5 years		170,738		170,738
			251,174		259,344
Less accumulated depreciation and amortization			(131,798)		(101,647)
		\$	119,376	\$	157,697

National Mango Board
Notes to Financial Statements

3. Board Designated Net Assets

The Board of Directors has designated \$500,000 of its cash and cash equivalents to be maintained as a frozen reserve to cover expenses to wind down operations if the Board is dissolved. In addition, as of December 31, 2017 and 2016, the Board of Directors designated a crisis reserve which totaled \$200,000 and \$150,000, respectively.

4. Operating Leases

The Board leases its office space and equipment under operating leases that expire at various dates through April 2022. The approximate future minimum rentals under these leases are as follows:

<i>Year Ending December 31,</i>	<i>Amount</i>
2018	\$ 84,800
2019	86,700
2020	83,000
2021	20,600
2022	6,900
	<hr/>
	\$ 282,000

Rent expense under these leases for the years ended December 31, 2017 and 2016, was approximately \$78,400 and \$80,000, respectively.

5. Employee Benefit Plan

The Board has a defined contribution retirement plan (the “Plan”) covering substantially all of its employees. Under the provisions of the Plan, the Board contributes 3% of gross payroll costs on a monthly basis. Participants’ rights to benefits vest immediately. Employer contributions for the years ended December 31, 2017 and 2016, in connection with the Plan were approximately \$9,000 and \$14,000, respectively.

6. Contingencies

In the normal course of business, the Board occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the financial position, results of operations or cash flows of the Board.

7. Subsequent Events

The Board has evaluated events and transactions occurring subsequent to December 31, 2017 as of March 13, 2018, which is the date the financial statements were available to be issued. Subsequent events occurring after March 13, 2018 have not been evaluated by management. No material events have occurred since December 31, 2017 that require recognition or disclosure in the financial statements.

Supplementary Information



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Independent Auditor's Report on Supplementary Information

Executive Committee
National Mango Board

Our audits of the financial statements included in the preceding section of this report were conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

BDO USA LLP

BDO USA, LLP
Certified Public Accountants
March 13, 2018

National Mango Board

Schedule of Revenues and Expenditures - Actual Compared to Budget

<i>Year Ended December 31, 2017</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues:			
Assessments	\$ 8,329,903	\$ 6,556,033	\$ 1,773,870
Interest income	197	-	197
Total revenues	8,330,100	6,556,033	1,774,067
Expenses:			
Program expenses:			
Marketing	3,605,627	3,944,551	338,924
Communications	436,366	564,272	127,906
Research	1,223,654	1,339,091	115,437
Board meetings	119,657	140,200	20,543
Total program expenses	5,385,304	5,988,114	602,810
General and administrative expenses:			
Overhead	478,091	600,014	121,923
USDA and US custom fees	144,057	195,000	50,943
Rent	88,369	94,200	5,831
Depreciation and amortization	43,605	43,800	195
Loss on disposal of equipment	19,154	-	(19,154)
Total general and administrative expenses	773,276	933,014	159,738
Total expenses	6,158,580	6,921,128	762,548
Change in unrestricted net assets	\$ 2,171,520	\$ (365,095)	\$ 2,536,615

Note: The Budget represents the Budget and Marketing Plan approved by the U.S. Department of Agriculture and is prepared on the accrual basis of accounting.

National Mango Board

Schedule of Program Expenses - Actual Compared to Budget

<i>Year Ended December 31, 2017</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance Favorable (Unfavorable)</i>
Marketing:			
Retail promotions and marketing projects	\$ 1,354,181	\$ 1,474,650	\$ 120,469
Consumer PR and marketing	907,043	939,920	32,877
Marketing overhead	910,694	1,076,281	165,587
Foodservice marketing	215,766	225,000	9,234
Nutrition PR and marketing	147,034	156,000	8,966
Website	49,300	50,000	700
Trade shows and memberships	21,609	22,700	1,091
Total marketing	3,605,627	3,944,551	338,924
Industry:			
Industry events	132,336	195,200	62,864
Industry relations overhead	128,160	151,400	23,240
Trade media outreach	89,187	94,000	4,813
Organization & industry communication	48,848	67,720	18,872
Industry compliance	3,217	11,100	7,883
Communication support	1,057	9,352	8,295
Crisis communication	33,561	35,500	1,939
Total industry relations	436,366	564,272	127,906
Research:			
Research expenses	969,097	1,025,485	56,388
Research program overhead	254,557	313,606	59,049
Total research	1,223,654	1,339,091	115,437
Board meetings:			
Travel	60,789	67,100	6,311
Interpretation/translation	23,947	23,500	(447)
Conference/events/food	13,615	25,000	11,385
Legal	11,900	12,800	900
Meetings miscellaneous expenses	6,555	10,000	3,445
Transportation	2,851	1,800	(1,051)
Total board meetings	119,657	140,200	20,543
Total program expenses	\$ 5,385,304	\$ 5,988,114	\$ 602,810

Note: The Budget represents the Budget and Marketing Plan approved by the U.S. Department of Agriculture and is prepared on the accrual basis of accounting.

National Mango Board

Schedule of General and Administrative Expenditures - Actual Compared to Budget

<i>Year Ended December 31, 2017</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance Favorable (Unfavorable)</i>
Overhead expenses:			
Staff salaries, wages and benefits	\$ 317,280	\$ 363,904	\$ 46,624
Telephone	21,606	30,700	9,094
Professional services	21,639	25,000	3,361
Office expenses	12,405	18,150	5,745
Information technology	37,360	65,860	28,500
GAGAS audit	21,543	25,000	3,457
Staff travel	13,652	25,000	11,348
Insurance	13,695	14,400	705
Miscellaneous	6,411	12,000	5,589
Education, development and training	2,500	10,000	7,500
New and expanded initiatives	10,000	10,000	-
Total overhead expenses	478,091	600,014	121,923
USDA and US customs fees:			
AMS user fee	144,057	195,000	50,943
Rent:			
Office rent	62,365	62,500	135
Equipment rental	16,048	21,000	4,952
Repairs and maintenance	9,956	10,700	744
Total rent	88,369	94,200	5,831
Depreciation and amortization	43,605	43,800	195
Loss on disposal of equipment	19,154	-	(19,154)
Total general and administrative expenses	\$ 773,276	\$ 933,014	\$ 159,738

Note: The Budget represents the Budget and Marketing Plan approved by the U.S. Department of Agriculture and is prepared on the accrual basis of accounting.

National Mango Board

Schedule of Cash Receipts and Disbursements

Year Ended December 31, 2017

Sources of cash

Receipts:

Assessments	\$ 8,123,500
Interest income	197

Total receipts

8,123,697

Uses of cash

Disbursements:

Marketing	3,461,216
Research	1,243,874
Industry relations	377,813
Board meetings	86,216
USDA and US customs fees	174,828
Administrative overhead	571,911
Rent expense	72,966

Total disbursements

5,988,824

Increase in cash and cash equivalents

2,134,873

Cash and cash equivalents, beginning of year

4,633,888

Cash and cash equivalents, end of year

\$ 6,768,761

National Mango Board
Schedule of Property and Equipment

December 31, 2017

<u>Date Acquired</u>	<u>Description</u>	<u>Original Cost</u>
12/15/09	Leasehold improvements - office space	\$ 26,438
Computer equipment:		
09/21/09	Camcorder	2,069
09/24/09	Firewall	1,667
05/02/11	Camera	1,056
09/02/11	Desktop computer	1,045
01/20/12	1 laptop	2,848
05/01/14	5 flat panels	1,149
05/01/14	3 laptops	6,513
06/23/15	Desktop computer	1,986
01/31/17	10 tablets	22,661
01/31/17	1 tablet	1,778
Total computer equipment		42,772
Software:		
08/03/11	Adobe software	1,073
Office equipment:		
10/06/14	10 headsets	1,998
01/20/15	Vertical fortress	631
Total office equipment		2,629
Furniture and fixtures:		
10/11/06	Office furniture	5,306
12/27/13	Desks	1,264
02/24/15	Office chairs	955
Total furniture and fixtures		7,525
Website development costs:		
09/01/15	Website development costs	170,738
Total property and equipment		\$ 251,175

Report Required by *Government Auditing Standards*



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

Executive Committee
National Mango Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of National Mango Board (the “Board”), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 13, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board’s internal control. Accordingly, we do not express an opinion on the effectiveness of Board’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Board’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 may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA LLP

BDO USA, LLP
Certified Public Accountants
March 13, 2018

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



Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

Executive Committee
National Mango Board

Report on Compliance

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of National Mango Board (the “Board”), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated March 13, 2018.

In connection with our audit of the Board’s financial statements, we tested compliance with selected provisions of applicable laws, regulations, and contract consistent with our auditor’s responsibility discussed below and in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We caution that noncompliance may occur and not be detected by these tests.

Management’s Responsibilities

The Board’s management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the Board.

Auditor’s Responsibilities

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements that have a direct effect on the determination of material amounts and disclosures in the financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the Board.



Results of Our Tests for Compliance with Laws, Regulations, and Contracts

During the course of our testing, no instances of noncompliance for the year ended December 31, 2017 came to our attention that would be required to be reported under generally accepted auditing standards in the United States of America or under *Government Auditing Standards*, issued by the Comptroller General of the United States, that would cause us to believe that the Board failed to comply with certain provisions of the Mango Order of the Commodity Promotion, Research and Information Act of 1996 (the Order) as described below in items a) through e), insofar as they relate to accounting matters.

- a) funds were not discovered to be used for influencing government policy or action,
- b) the Board adhered to the AMS investment policy,
- c) the Board complied with its internal control policies,
- d) funds were used only for projects and other expenses authorized in a budget approved by USDA, and
- e) funds were used in accordance with Guidelines for Agricultural Marketing Service Oversight of Commodity Research and Promotion Programs

However, the objective of our tests was not to provide an opinion on compliance with all laws, regulations, and contracts agreements applicable to the Board. Accordingly, we do not express such an opinion. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Board's noncompliance with the above-referenced terms, provisions, or conditions of the Order, insofar as they relate to accounting matters.

The purpose of this report on compliance with laws, regulations, and contracts is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, and contracts and the results of that testing, and not to provide an opinion on compliance. This report on compliance with laws, regulations, and contract is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, and contracts is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Directors and management of the Board, others within the organization, and the U.S. Department of Agriculture and is not intended to be, and should not be, used by anyone other than these specified parties.

BDO USA LLP

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