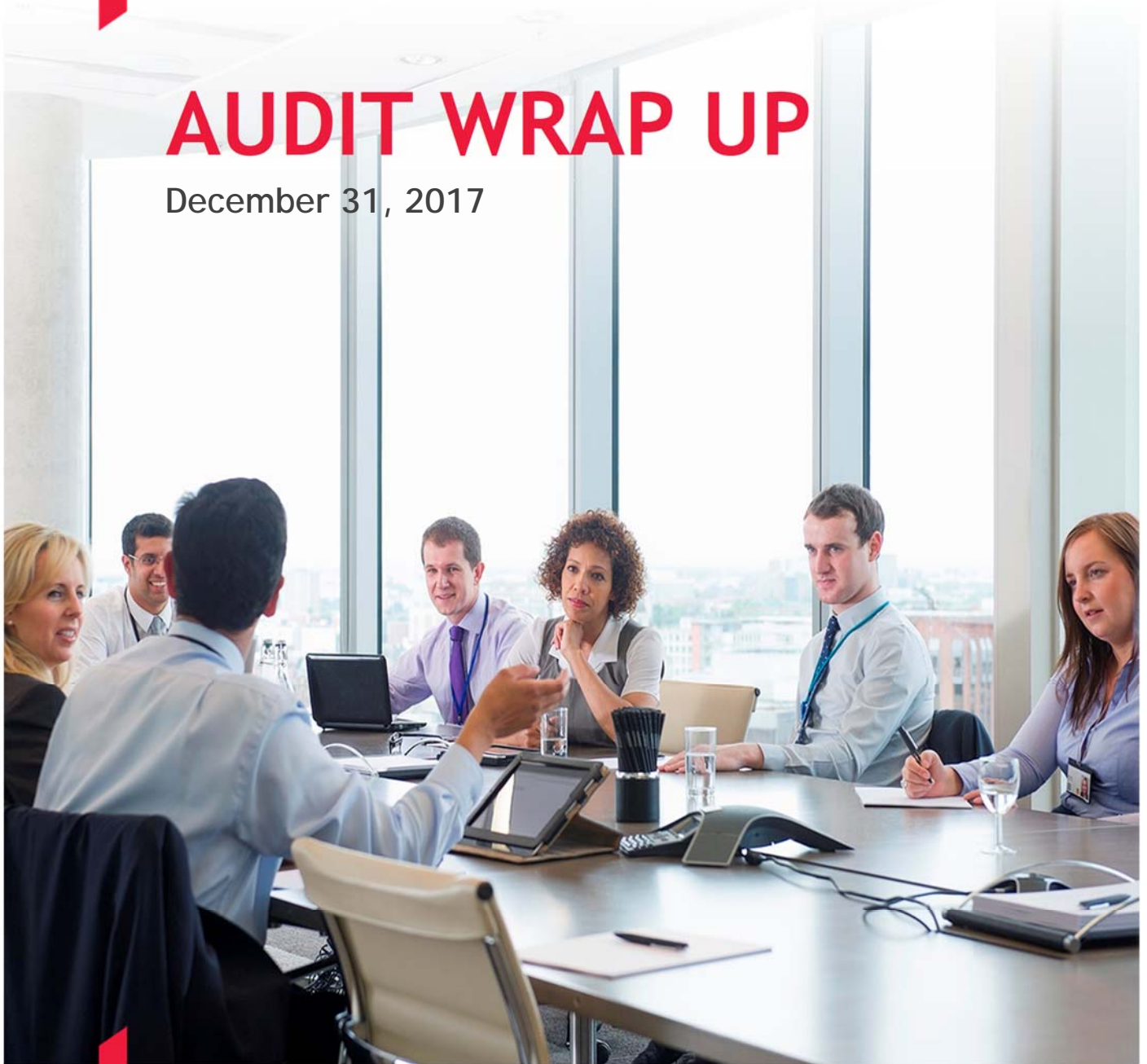




# AUDIT WRAP UP

December 31, 2017



The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Governing Board and Audit Committee) and, if appropriate, management of the entity and is not intended and should not be used by anyone other than these specified parties.

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March 13, 2018

Executive Committee  
National Mango Board

Professional standards require us to communicate with you regarding matters related to the audit, that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. On January 25, 2018, we presented an overview of our plan for the audit of the financial statements of National Mango Board (the Board) as of and for the year ended December 31, 2017, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the Board's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the Board and look forward to meeting with you to discuss our audit results, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

A handwritten signature in black ink that reads "BDO USA LLP". The signature is written in a cursive, slightly slanted style.

BDO USA, LLP

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# Discussion Outline

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# Status of Our Audit

We have completed our audit of the financial statements as of and for the year ended December 31, 2017. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

- The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning communications.
- We have issued an unmodified opinion on the financial statements and released our report on March 23, 2018.
- As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Board's compliance with those requirements. We did not report any findings in our report on compliance.
- All records and information requested by BDO were freely available for our inspection.
- Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of Board's personnel throughout the course of our work.

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# Results of Our Audit

## ACCOUNTING PRACTICES, POLICIES, ESTIMATES AND SIGNIFICANT TRANSACTIONS

The following summarizes the more significant required communications related to our audit concerning the Board's accounting practices, policies, estimates and significant unusual transactions:

The Board's significant accounting practices and policies are those included in Note 1 to the financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within Note 1 to the financial statements.

- A summary of recently issued accounting pronouncements is included in Note 1 to the Board's financial statements.
- There were no changes in significant accounting policies and practices during 2017.

Significant estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The Board's significant accounting estimates, including a description of management's processes and significant assumptions used in development of the estimates, are disclosed in the financial statements and are as follows:

### Significant accounting estimates include:

Assessment refund liability (\$218,749)

Allocation of expenses (Program - 87%, G&A - 13)

- Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in 2017.

The methods used to account for significant transactions, and related disclosures, are considered appropriate. These transactions include the following:

### Accounts Receivable, Assessment Refund Liability and Assessment Revenue

- We tested assessments revenue and accounts receivable through our review of collection and assessment reports and bank statements. Due to the fact the Board collects its assessments directly from the US Customs and Border Patrol and the accounts receivable were all collected subsequent to year end, there is no allowance for doubtful accounts considered necessary. There was no change in the Board's revenue recognition policy during the year.
- Importers and first handlers of less than 500,000 pounds of mango during any calendar year and those that produce only organic mangoes may claim an exemption from annual assessments. Effective February 29, 2016, this exemption was amended to include any organic mangoes produced by importers and first handlers that also produce conventional mangoes. 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. At December 31, 2017, management has estimated this liability to be \$218,749, which represents all refund applications submitted for 2016 and 2017 assessments before the expiration date for such refunds of February 28, 2018. Refunds are netted against assessment revenue in the year in which they relate. Based upon our review of management's estimate and the related supporting documentation, BDO considers the estimate to be reasonable.

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# Results of Our Audit

## Accounts Payable and Accrued Expenses

- We tested accounts payable by examining cash disbursements and related invoices paid subsequent to year-end to determine if they relate to 2017 and were properly accrued. We also tested the retail promotions accrual by reviewing supporting documentation noting amounts related to promotions which occurred during 2017.

## Vendor Contracts

- Based on the stipulations of the US Department of Agriculture (“USDA”), the Board is required to enter into signed contracts with vendors in which goods or services are to be provided in excess of \$5,000. These contracts must also be submitted to the USDA for approval. We examined all vendor contracts entered into during the year ended December 31, 2017, over \$5,000 and examined the contract for proper approval by the USDA. We found that all contracts were properly approved.
- In addition to the procedure above, for a sample of the contracts tested above, we also tested that the expenses incurred during 2017 in relation to those contracts did not exceed the maximum amount as stipulated in the contract. Based upon our testing, we did not note any expenses which exceeded stated maximum amounts.

## Budget to Actual Comparisons

- The Board’s budget is prepared on an accrual basis of accounting and is approved by the USDA. Our review of variances between budget and actual results did not identify anything unusual.

## Compliance with USDA/AMS Regulations & Guidelines

- The Board is required to adhere to certain regulations as imposed by the Commodity Promotion, Research and Information Act of 1996 and Guidelines for Agricultural Marketing Service (“AMS”) Oversight of Commodity Research and Promotion Programs to ensure funds are used in accordance with its rules, regulations and policies. Nothing came to our attention that caused us to believe that the Board had failed to comply with these rules and regulations as further discussed in our Independent Auditor’s Report.

## **CORRECTED AND UNCORRECTED MISSTATEMENTS**

There were no corrected or uncorrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we brought to the attention of management.

## **QUALITY OF THE BOARD’S FINANCIAL REPORTING**

A discussion was held regarding the quality of the Board’s financial reporting, which included the following:

- Qualitative aspects of significant accounting policies and practices
- Our conclusions regarding significant accounting estimates
- Significant unusual transactions
- Financial statement presentation

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# Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Board’s internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the Board’s internal controls over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

| Category                       | Definition  |
|--------------------------------|---|
| Deficiency in 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. |
| Significant Deficiency         | A deficiency or 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.   |
| Material Weakness              | A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Nonprofit’s financial statements will not be prevented, or detected and corrected on a timely basis.     |

In conjunction with our audit of the financial statements, we noted no material weaknesses.

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# Other Required Communications

Following is a summary of those required items, along with specific discussion points as they pertain to the Board:

| Requirement   | Discussion Points   |
|---|---|
| Significant changes to planned audit strategy or significant risks initially identified | There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications.  |
| Obtain information from those charged with governance relevant to the audit             | There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding the Board's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.  |
| Consultations with other accountants  | We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.   |
| Disagreements with management   | There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the Board's financial statements or to our auditor's report.   |
| Significant difficulties encountered during the audit                                   | There were no significant difficulties encountered during the audit.  |
| Representations requested from management   | Please refer to the management representation letter.   |
| Independence communication  | Our engagement letter to you dated December 19, 2017 describes our responsibilities in accordance with professional standards and certain regulatory authorities and <i>Government Auditing Standards</i> with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the Board with respect to independence as agreed to by the Board. Please refer to that letter for further information. |

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# BDO Institute for Nonprofit Excellence<sup>SM</sup> Resource Center

## BDO INSTITUTE FOR NONPROFIT EXCELLENCE<sup>SM</sup> - OUR CONTINUED COMMITMENT TO THE NONPROFIT INDUSTRY

BDO is one of the only national accounting firms with a strategic commitment to the nonprofit industry. This commitment is perhaps best embodied by The BDO Institute for Nonprofit Excellence<sup>SM</sup> (Institute). Since the development of the Institute in 2001, we have been helping nonprofits thrive by specializing in meeting the needs of the nation's nonprofit sector. Based in our Greater Washington, D.C. Metro Office, the Institute's dedicated team of assurance, tax and consulting professionals supports and collaborates with BDO offices and nonprofit organizations around the country to develop innovative accounting and operational strategies for tax-exempt organizations.

The Institute provides BDO professionals, clients and the nonprofit industry at-large with practical, transformative [thought leadership](#) and educational resources that can help organizations navigate this dynamic and challenging industry. We produce numerous publications, including a newsletter as well as our [blog](#), The Nonprofit Standard. BDO also regularly sponsors [educational seminars](#) on a variety of industry-specific accounting and management issues.

## AN INCREDIBLE RESOURCE AT YOUR FINGERTIPS

The BDO Institute for Nonprofit Excellence<sup>SM</sup> Resource Center was born from the need to have a comprehensive, online, and easy-to-use resource for topics relevant to nonprofit governing boards and financial executives. We encourage you to visit the Center often for up-to-date information and insights you can rely on.

What you will find includes:

- ▶ Guidance and best practices related to the unique regulatory, economic, accounting, reporting and auditing aspects for nonprofits
- ▶ Thought leadership, blog posts, tools, and newsletters
- ▶ Technical updates and insights on emerging nonprofit issues
- ▶ Opportunities to engage with BDO thought leaders
- ▶ Events and webinars geared toward the unique issues affecting nonprofit organizations

For more information about BDO's Institute for Nonprofit Excellence<sup>SM</sup> Resource Center please go to <https://www.bdo.com/resource-center/institute-for-nonprofit-excellence>.

To begin receiving email notifications regarding BDO publications and event invitations (live and web-based), visit <https://www.bdo.com/member/registration> and create a user profile.

If you already have an account on BDO's website, visit the My Profile page to login and manage your account preferences <https://www.bdo.com/member/my-profile>.

To subscribe to receive posts from our Nonprofit Standard Blog, please go to <https://www.bdo.com/blogs/nonprofit-standard> and fill out the subscription form on the right-hand side of the page.

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# BDO Institute for Nonprofit Excellence<sup>SM</sup> Resource Center

## NONPROFIT FINANCIAL REPORTING RESOURCE CENTER

For the past two years, we have been closely monitoring updates from the Financial Accounting Standards Board (FASB) regarding the organization's Not-for-Profit Financial Statement Reporting Project.

On August 18, 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The new guidance simplifies and improves how not-for-profit entities classify net assets as well as the information presented in financial statements and notes about liquidity, financial performance, and cash flows. Read the full [Accounting Standards Update](#).

To assist organizations in understanding the ASU and its impacts, we have compiled a full list of resources surrounding the FASB's project and nonprofit financial reporting.

Visit the [Nonprofit Financial Reporting Resource Center](#) for more information.

BDO has authored a book entitled, *How to Read Nonprofit Financial Statements: A Practical Guide*, which is an invaluable resource for anyone who works with these all-important documents. Written by Andrew S. Lang, LangCPA Consulting, [William Eisig](#), [Lee Klumpp](#), and [Tammy Ricciardella](#), this guide incorporates the extensive experience and deep industry knowledge of professionals in the top of their field. Whether you're a nonprofit executive unfamiliar with the language of financial statements or a seasoned pro, *How to Read Nonprofit Financial Statements: A Practical Guide, 3rd Edition* is a key resource that will help you read, interpret, and use nonprofit financial statements, including everything you need to know about the new FASB ASU 2016-14 nonprofit reporting standard.

## EFFECTIVE AUDIT COMMITTEES FOR NONPROFIT ORGANIZATIONS

The focus of BDO's governance initiatives is to provide those charged with governance with essential, relevant information through clear and concise executive summary-type communications. In this spirit, we have created the [Effective Audit Committees For Nonprofit Organizations](#) publication as a practical guide to forming and running an effective audit committee. Within this publication, we provide answers to certain frequently asked questions (FAQs) centering on the WHYs, WHOs, WHATs, WHENs and HOWs of audit committees. More specifically, these FAQs summarize the common functions and responsibilities of audit committees to help you and your organization form and maintain an effective audit committee and set an appropriate agenda for its ongoing activities.

Audit committees are vital to the health of any nonprofit, be it large or small. The audit committee and its individual members are crucial partners in the safeguarding of integrity, mission and, ultimately, success.

Throughout this publication, we focus on some of the more challenging aspects facing audit committees. To that end, in addition to our commentary, we have included links and references to other relevant BDO practice aids and tools as well as certain valuable external resources.